

Status and Prospects of Employment Generation and Wage Enhancement in Telangana 2024-2029



January 2024



RAJIV GANDHI
INSTITUTE FOR CONTEMPORARY STUDIES

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Published by: Rajiv Gandhi Institute for Contemporary Studies,
New Delhi

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Rajiv Gandhi Institute for Contemporary Studies (RGICS)

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Jawahar Bhawa
New Delhi**

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1 Context of employment problem in Telangana

1.1 Overview

The state of Telangana is the youngest state in India. The total geographical area of the state is 1,12,077 square kilometres. The state has 33 districts, 594 revenue mandals, 12,769-gram panchayats and 141 towns. The population of the state is 3,50,03,764. Sex ratio is 988. The scheduled castes (SCs) constitute 15.45% of the state population and scheduled tribes (STs) 9.08%. The rural population is 61.12% and urban population is 38.88%. The literacy rate in Telangana is 66.46%.

The gross state domestic product (GSDP) of Telangana for the year 2022-23 was Rs. 13.27 lakh crores at current prices. The per capita income of Telangana in 2022-23 (at current prices) is estimated at Rs 3,17,115. The sectoral share of different sectors in GSDP were primary sector 20.1%, secondary sector 17.3% and tertiary sector 62.9%. Telangana continues to be one of the richest in terms of per-capita income in India. Yet, it suffers from challenges of sectoral, spatial and segmental inequalities. Unemployment is one of the major challenges being witnessed in the state.

Unemployment among youth was found to be high at 15.1% in 15-29 age category with male and female unemployment at 14.7% and 16.2% respectively as per PLFS 2022-23. Within youth, rural unemployment stood at 9.7% and urban unemployment at 25.4%. Within the working age population 15-59, the unemployment rate was 4.6% with male and female unemployment at 4.9% and 4.0% respectively. Educated youth unemployment is an emerging problem.

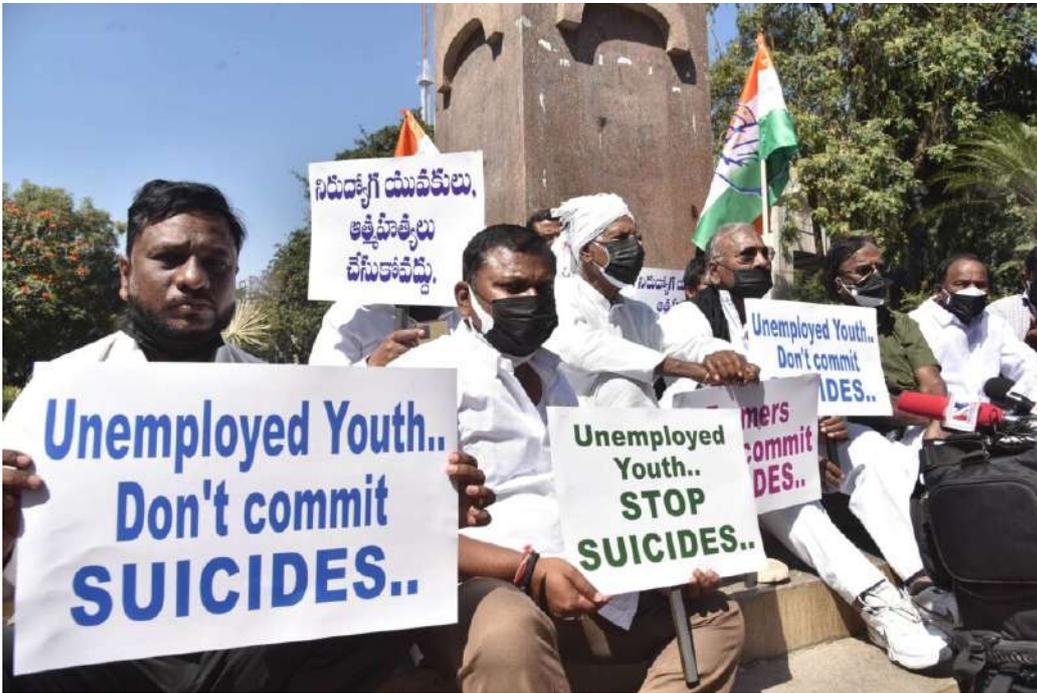


[Source: Image](#)

While different sectors of the economy are getting a boost, particularly the primary and tertiary sectors, it has not been adequately creating employment opportunities. Recruitments in public employment are limited by vacancies available and possibilities for recruitment, though it continues to be the preferred choice. Private sector employment is only providing employment to those at the higher levels of the pyramid with higher level technical skills.

As per the data last year, recruitments for many of the government posts had to be done which included 80,039 government vacancies, and also about 2.2 lakh government posts to be filled which included 17 thousand police posts, posts for Group 1, Assistant Engineer, DEOs etc. There are said to be 37 lakh unemployed youth in Telangana, which is more than the number as indicated by PLFS.

The social and psychological stress created by unemployment also results in suicides. There are said to be 96 incidents of suicides among the unemployed, which includes many from SC, ST and OBC. Given this scenario, there is a need to assess the unemployment situation in Telangana and identify potential solutions. A study was conducted in Telangana to assess the scenario of various socio-economic segments and occupational groups related to their employment & unemployment status and wage income status.



[Source: Image](#)

The scope of the study was four-fold. The first was to conduct a macro-analysis of developmental challenges including in livelihood and unemployment status among the socio-economic segments and occupational groups.

Secondly, to conduct micro-analysis of developmental challenges including in aspects of employment and livelihoods as witnessed in rural and urban settings by the socio-economic segments and occupational groups.

Thirdly, to understand the gaps in the current programs and policies which does not necessarily address the current deficits. Fourthly, to recommend suggestions which address development deficits among socio-economic segments and occupational groups including in livelihoods and employment and improve their overall development status.

Mixed method was adopted to conduct the study. About 4 districts were analysed to get pattern of livelihood scenario. The districts included Medak, Hyderabad, Khammam and Mahbubnagar.

1.2 Aspirations of various socio-economic segments and occupational groups

The current state of endowments and aspirations for livelihoods and development are as follows:

Social and Occupational Segment	Current Endowments	Aspiration for development and livelihoods in Telangana
Scheduled Caste	<ul style="list-style-type: none"> • Constitutional provisions for SC protection • Affirmative Action • Welfare and Empowerment schemes • Livelihood Skills • Growing educational levels • SC Sub-Plan, Finance corporation • Community based vigilance groups 	<ul style="list-style-type: none"> • Access to quality education • Eradication of Caste discrimination • Land ownership • Safe, secure, and sustainable livelihoods • Effective implementation of affirmative action policies
Scheduled Tribes	<ul style="list-style-type: none"> • FRA guarantees land ownership and pattas. • Tribal sub-plans with provisions for dedicated funds • Scope for participation in local governance through PESA • Assets – Land • Livelihood skills • Growing access to education 	<ul style="list-style-type: none"> • Protection of traditional lands and resources • Rights over podu land – land pattas • Quality healthcare and educational facilities in tribal areas. • Sustainable livelihood options. • Increased participation in decision making process. • Assured benefits under PESA for tribal areas
Minority	<ul style="list-style-type: none"> • Minority institutions – Minority finance corporation, Waqf Boards, Minority commission and welfare departments • Growing levels of education • Livelihood skills in non-farm sector 	<ul style="list-style-type: none"> • Equal access to opportunities • Nondiscrimination • Representation in government and public institutions • Access to education • Access to quality employment opportunities
Youth	<ul style="list-style-type: none"> • Growing levels of education • Availability of opportunities for enhancing skilling – TASK- Skill Mission • Availability of opportunities for mentorship in entrepreneurship – training R-SETI- T Hub, DIC, finance support MFIs 	<ul style="list-style-type: none"> • Access to quality education and skill development • Access to employment opportunities • Support for enterprise – financial, legal, business guidance and mentoring. • Meaningful participation in public life and decision making. • Increased voice and representation on public issues
Women	<ul style="list-style-type: none"> • Growth of SHG movement contributing to widening access to finance, social capital and livelihood skills • Growing educational levels of women and families more open to girl child education • Increased opportunities for accessing skill programs and finance. • Increased representation in local governance • Availability of institutions such as R-SETI for entrepreneurship training 	<ul style="list-style-type: none"> • Gender equality and freedom from discrimination • Access to quality education and healthcare • Economic empowerment and secure livelihoods • Safe and secure employment • Higher voice and representation

Social and Occupational Segment	Current Endowments	Aspiration for development and livelihoods in Telangana
Small and Marginal farmers	<ul style="list-style-type: none"> • Programs for input assistance such as Rythu Bandhu / Rythu Barosa, irrigation such as Mission Kakatiya, Sinchai yojana, credit access such as KCC, procurement programs through MSP • Availability of institutions to support farmers in extension – KVKs, ATMA • Traditional farming skills of the farmers • Emergence of collectives – FPOs 	<ul style="list-style-type: none"> • Improved productivity from land • Improved irrigation infrastructure and access to water • Financial assistance and access to credit • Adoption of modern farming techniques and crop diversification • Assured price for produce
Agricultural workers	<ul style="list-style-type: none"> • Programs of livelihood security – MGNREGA contributing to increased wage income • Scope for taking up cultivation through land leasing and land ownership. • Availability of alternative livelihood options 	<ul style="list-style-type: none"> • Improved wage incomes • Opportunities for land ownership • Diversification of livelihood opportunities • Protection for agricultural workers
Informal sector workers (manufacturing and service)	<ul style="list-style-type: none"> • Legal provisions for worker welfare – minimum wages, inter-state migrant workers act, social security welfare boards • Availability of institutions to assist in labor rights – Trade Unions, India labor line, occupation specific worker collectives 	<ul style="list-style-type: none"> • Improved livelihood and social security • Access to rights of workers • Access to skill development programs • Access to financial services for setting enterprise • Community ownership of enterprises

1.3 Livelihoods challenges of different social segments

Some of the developmental and livelihood challenges of communities that were observed included the following:

Social Segment	Development Challenges	Livelihood challenges
Scheduled Caste	<ul style="list-style-type: none"> • Low level and limited access to education • Poorer access to healthcare services leads to poor health outcomes. • Lack of access to good housing and proper sanitation • Social discrimination and exclusion • Violence against Scheduled Castes 	<ul style="list-style-type: none"> • Landlessness and insecure livelihoods • Limited reach and impact of schemes such as Dalit bandhu • Limited access to skill development and employment opportunities • Predominance of informal and precarious work • Vulnerability to debt and exploitation • Lack of affirmative action in private sector • Limited absorption in private sector employment • Benefits under SC sub-plans and SC finance corporation not forthcoming as expected

Scheduled Tribes	<ul style="list-style-type: none"> • Limited access to education • Lack of access to basic healthcare facilities • Land alienation and loss of traditional resources. • Displacement • Poor infrastructure in tribal villages – roads, electricity, sanitation facilities, drinking water. • Social discrimination and exclusion • Lack of benefits of STs for the conflict displaced population 	<ul style="list-style-type: none"> • Delay in implementation of FRA and allotment of podu land. • High dependence on traditional livelihoods • High control of middlemen limiting benefits for tribal farmers and producers • Limited access to skill development and employment opportunities • Vulnerability to exploitation and debt • Benefits under ST sub-plans and ST finance corporation not forthcoming as expected
Minority	<ul style="list-style-type: none"> • Low level of education and reliance on traditional / religious education • Lower access to quality health care • Low political representation in positions of power • Lack of comprehensive programs for socio-economic development of Muslim population 	<ul style="list-style-type: none"> • Lower labour force participation rates • High dependence on casual work and self-employment in non-agriculture occupations • Access to bank loans for financing enterprises limited. • Benefits through Muslim finance development corporation not required upto a limit
Youth	<ul style="list-style-type: none"> • Unequal access to quality education • High level of unemployment • Employment opportunities not forthcoming • Skill mismatch • Limited awareness and career guidance • Frustration and mental health issues due to low employment opportunities 	<ul style="list-style-type: none"> • High focus on government employment • Skilling not leading to formal employment. • Predominant employment in informal sector • Challenges in pursuing entrepreneurship due to obstacles in finance, infrastructure, and business development services • Limited opportunities for income enhancement
Women	<ul style="list-style-type: none"> • Low access to education – high dropouts • Low access to health care – reproductive health issues • Gender based violence and discrimination. • Unequal land ownership and limited access to inheritance rights 	<ul style="list-style-type: none"> • Low female labour force participation rates (LFPR) • Lack of employment opportunities for women • Low growth of sectors with potential for growth of women employment • Challenges related to women in informal sector related to work, income and working conditions – beedi workers, domestic workers, workers in handicraft sector
Small and Marginal farmers	<ul style="list-style-type: none"> • Limited land holdings limit scope for investing in farm improvements. • Limited access to irrigation limits crop productivity • High input costs • Inadequate access to credit and high cost of credit • Limited access to extension services 	<ul style="list-style-type: none"> • Low and insufficient income • Predominance of subsistence farming • Low crop diversification • Vulnerability to climate changes • Schemes such as Rythu Bandhu / Rythu Bharosa insufficient to cover up costs and yield higher income. • Inadequate loss compensation through Fasal Beema yojana • Minimum support price (MSP) limited to few crops

<p>Agricultural workers</p>	<ul style="list-style-type: none"> • Low wages and informality of work • Limited opportunities for wage enhancement • Lack of adequate employment opportunities 	<ul style="list-style-type: none"> • Seasonal unemployment and underemployment • Landlessness • Low livelihood diversification • Lack of alternative livelihood options • Lack of benefits from schemes such as Rythu Bandhu
<p>Informal sector workers (manufacturing and service)</p>	<ul style="list-style-type: none"> • Lack of livelihood and social security • Unstable and unpredictable income • Limited access to opportunities for education, skilling, and training • Vulnerability to shocks and crises 	<ul style="list-style-type: none"> • Informal employment relations • No work contract, paid leave, social security • Low wages • Poor working conditions • Limited opportunities for wage enhancement

2 Highlights of Labour and Employment Status in Telangana

2.1 Labour Force Participation Rate (LFPR) and Worker Population Ratio (WPR)



[Source: Image](#)

In case of more disadvantaged Scheduled Tribes, it was 49.2%, followed by Scheduled Castes 41.2%, other backward castes 40.7% and others 39.4%. Similar thing is found with WPR, where it was Scheduled Tribes 48.0%, Scheduled Caste 39.4%, Other backward castes 39.1% and other 37.5%.

While higher LFPR and WPR among disadvantaged groups indicates a positive trend, it is also a result of lower returns on labour work undertaken. The lower returns from labour activities forces a greater number of household members to engage in labour work. Similarly, in socially advantaged households, as there is economic advancement members from households particularly females are made to withdraw from labour engagement.

LFPR and WPR among the upper decile groups was higher than the overall state LFPR and WPR rates and also the unemployment rates. In Telangana, while LFPR was 40.1, among the last decile group the LFPR was 49.2%.

Similarly while WPR was 37.3%, for the last decile group it was 46.8%. Similar pattern is found in relation to unemployment rate where among the top two decile groups it was more than the state average. Hence with increased economic status, while there is higher LFPR and WPR, there is also greater unemployment rate as more labour is available for work to accept higher paying employment.

2.1.1 Gender factors lead to low female labour participation rates

Gender patterns reveal that LFPR in India was low among females with LFPR at 24.8% and male LFPR at 57.3%. A similar pattern can be seen across Telangana. Comparative LFPR between male and female in Telangana were 57.5% and 34.7%. High differentials in male and female LFPR despite the increasing female education access only indicates the lower absorption of women into the economy.

LFPR of Youth (15-29) age group was much below that of whole working age group (15-59) indicating lower youth absorption in labour force for youth in Telangana at 44.5%. This was much below that for whole working age group, which was Telangana 66.3%. This trend indicates that there is a growing joblessness of youth with not enough jobs getting created for youth in proportion to their availability for work.



[Source: Image](#)

2.1.2 WPR of youth below the state average for all age groups

WPR of youth at both national and state level was below the national and state average. At national level, while the WPR for population 15 and above was 39.6%, for the 15-29 age group it was 36.8%. Similarly, the WPR for youth in Telangana was 38.2%. This was below the overall WPR of 58.1% for population 15 and above. This indicates lower absorption of youth taking place in employment.

Educational progress brought slight improvements in WPRs. In Telangana, while overall WPR was 60.7%, it was 66.9% and 76.0% respectively for graduates and post-graduates, respectively. This indicates that higher education unlike anything below higher educational level has potential to absorb youth into better paying employment.

2.2 Employment by Sectors

In rural areas, the primary sector is the dominant sector of employment in Telangana with 65.1% dependent on it. In urban areas, the dominant sector of employment was tertiary sector in Telangana with 65.7% dependent on it. Hence income enhancement efforts should be focused on primary sector for rural areas and largely tertiary services in urban areas. Intra-sectoral income enhancement efforts should be undertaken. Partial intersectoral shifts should be attempted from primary sector in rural areas and service sector in urban areas.

While 59% were engaged in agriculture in rural areas, in urban areas the share of trade, hotels and restaurants were 22.8% and the share of manufacturing was 22.2%. In Telangana, the share of persons with agriculture employment was 68.5% in rural areas. The share of persons in manufacturing employment in urban areas in Telangana 16.93%, trade 18.56%, transport 7.34% and food services 3.06%.

2.3 Employment Status - Self-employment or wage and salaried employment



[Source: Image](#)

Both at the national level and in the state, self-employment in rural areas and wage and salary employment in urban areas was the dominant form of employment pattern. While about 54% were absorbed in self-employment in rural areas, about 43.2% were absorbed in wage / salary employment in urban areas. Self-employment in rural areas of Telangana was 67.2%. In urban areas, wage and salary employment was 45.8%. Higher self-employment in rural and urban areas is more forced and not opportunity self-employment emerging from desire for pursuing entrepreneurship. The lower share of salaried employment only indicates the level of informality.

2.3.1 Informality predominant in employment relations

At the national level, 62% wage / salaried employed did not have written contracts; 49.2% were not eligible for paid leave and 53.0% did not have any social security. Those without written contracts for Telangana were 54.9%, those without paid leave similarly 40.3%, those without social security 46.7% and with those none of these 31.1% for Telangana. The permeation of informal employment only indicates the quality of employment and thus suggests lacking aspects of decent work.

2.3.4 In self-employment, a greater proportion of female are unpaid helpers

In self-employment, both in rural and urban areas, there is a greater proportion of female engaged as helpers in own account enterprise. For Telangana it was 41.0%. This indicates that while most of the enterprise ownership is with male, the engagement of females has been more in form of helpers. This also means that female tend to be mostly unpaid workers assisting the family self-employment without adequate ownership over the same.

2.4 Wages



[Source: Image](#)

2.4.1 Wages received are less than the stipulated minimum wages

The average wages received by the workers were lesser than the minimum wages. In Telangana, while the minimum wages prescribed is Rs. 450 per day and Rs. 11,715 per month, the actual wages were Rs. 378 per day. Only in case of urban male, the actual wages were comparatively higher than the minimum at Rs. 527 per day.

In case of urban male, monthly income were more than the suggested minimum wages which was Rs. 20,417. Hence a need arises to ensure compliance with minimum wage standards in the informal sector both in rural and urban areas.

2.4.2 Gender differentials exist in wages and income

There tends to be differences in wages across males and females in both rural and urban areas. Sometimes it tends to be 1.5 times higher in rural areas and twice high in urban areas. There is a need to reduce this gender differential of wages.

2.5 Unemployment rate increases with increases in educational levels

Among those educated secondary and above, female unemployment was 12.6% and male unemployment 8.1% which was higher than other educational levels. This indicates that with additional acquisition of education, unemployment too grows as the educated prefer to find jobs relevant to the aspirations.

In case of Telangana 20% of graduates and 19.7% of Diploma / Certificate holders are unemployed. Hence the challenge of educated unemployment is a crisis that may need to be addressed.

2.5.1 Unemployment rate increases with more advantageous social position

Unemployment rate increases with more advantageous social position. Unemployment rates for different social categories were Scheduled Caste 2.4%, Scheduled Tribe 4.4%, Other backward castes 3.9% and others 4.9%.

Higher unemployment among others seems to be due to higher preference for blue colour jobs among other category but due to its lower availability.

Unemployment rate as per religion shows that for Hindus, Islam, Christians and Sikhs, they were 3.9%, 4.4%, 5.8% and 6.2% respectively. This shows that with increased minority status, unemployment rate increases.

2.5.2 Youth unemployment higher than the average across all age groups

At the national level, unemployment rate for youth was 15% in comparison to overall unemployment across all categories at 8.8%. Similarly, while the figures for overall unemployment in Telangana were 4.0%, in the case of youth it was 14.2%. This indicates the intensity of youth joblessness.



[Source: Image](#)

3 State, Private sector and voluntary initiatives for employment promotion

3.1 Initiatives by the state

In case of more disadvantaged Scheduled Tribes, it was 49.2%, followed by Scheduled Castes 41.2%, other backward castes 40.7% and others 39.4%. Similar thing is found with WPR, where it was Scheduled Tribes 48.0%, Scheduled Caste 39.4%, Other backward castes 39.1% and other 37.5%.

While higher LFPR and WPR among disadvantaged groups indicates a positive trend, it is also a result of lower returns on labour work undertaken. The lower returns from labour activities forces a greater number of household members to engage in labour work.

Similarly, in socially advantaged households, as there is economic advancement members from households particularly females are made to withdraw from labour engagement.

LFPR and WPR among the upper decile groups was higher than the overall state LFPR and WPR rates and also the unemployment rates. In Telangana, while LFPR was 40.1, among the last decile group the LFPR was 49.2%.



[Source: Image](#)

To strengthen startup, initiatives that have been started at national level include startup India, Atal India Mission (AIM), Make in India, Prime Minister's Employment Guarantee Program (PMEGP), Scheme of Fund for Regeneration of Traditional Industries (SFURTI).

Government of Telangana launched Innovation policy in 2016. T-Hub innovation Hub and Telangana Startup Genome are other initiatives.

Promotion of roads, highways, road and rail networks, power generation are other means. At state level Telangana state road transport Corporation (TSRTC), Telangana State Industrial Infrastructure Corporation (TSIIC), Telangana Infrastructure Development Corporation (TIDC), Telangana State Power Generation Corporation Limited (TSGENCO) participate in such efforts. Efforts in the direction of formalisation of workers for greater social security is through the role played by Employees Provident Fund Organization (EPFO), General Insurance Corporation (GIC), National Social Security Schemes.

Efforts in the direction of agriculture and rural development are through schemes such as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Pradhan Mantri Krishi Sinchai Yojana (PMKSY). In Telangana, there are schemes such as Rural Infrastructure Development Fund-Telangana (RIDF), Rythu Bandhu and currently Rythu Bharosa.

National Rural Livelihood Mission (NRLM) at national level and Society for elimination of Rural Poverty (SERP) at state level have been into promoting self-help groups, building rural development institutions, financial inclusion and micro-enterprise development for addressing the challenge of livelihoods.

3.2 Private Sector initiatives towards Employment promotion

Private sector has adopted direct and indirect approach towards employment promotion. The direct efforts are through hiring individuals in the company. Start of production and service units creates employment opportunities.

There are large units in pharmaceuticals, food processing, automobiles, electronics & technology, Information technology & IT enabled services, financial services, hotel & hospitality industry and health services.

Other initiatives are through providing skill trainings under industry networks such as that of Confederation of Indian Industry (CII) or through CSR foundations of Industries. Incubation and small business enterprise programs have also been offered.

3.3 Voluntary sector initiatives towards Employment promotion

Some of the voluntary sector initiatives for employment promotion have been through Development of Agri and Agri allied sectors through CSOs such as RDT, APMAS, IGS, BASIX etc. Many of the organizations such as Don Bosco Tech, ILFS, Tech Mahindra are offering skill training in a number of sectors.

Organizations such as BASIX, Ujjivan, Bandhan, Grameen Koota, Cashpor, SHARE, Spandana and SKS either in the past or currently provided microfinance services for enhancing self-employment of women.

Some of the voluntary sector initiatives for creating producer owned enterprises include the well-known Mulkanoor Cooperative which has a rice mill, and a dairy processing plant and farmers producers companies (FPOs) created by APMAS and BASIX.

3.4 Limitations of employment promotion programs

Despite the efforts made in employment promotion by state, private and voluntary sector, the challenge of unemployment continues. The limitations are summarised below:

Type of efforts	Limitations from employment generation perspective
Skill development programs	Misalignment between Skills and Market needs; Skill programs not sufficient to meet industry standards; Lack of industry involvement in developing skill programs; more focus on supply driven and not demand driven skilling; Weak Industry-Academia collaboration; Inadequate infrastructure of Skill training institutes; Shortage of qualified trainers; Access and awareness barriers among marginal groups – women, rural youth, person with disabilities; Ineffective marketing and outreach; High turnover in placed employment; Employment placement in informal employment with low pay and low social security
Entrepreneurship and start up programs	High failure rates of startup; Limited access to capital for aspiring entrepreneur; Lack of business skills and experience; Inadequate supportive ecosystem for mentoring, incubating and accelerating; Focus on niche markets; Regulatory and compliance challenges; Limited market access;
Infrastructure development programs	Misalignment of infrastructure projects with employment needs; Lack of skill matching and training; Limited employment of local communities in infrastructure development projects; Ineffective employment linkages; short term nature of employment generated;
Formalisation of workforce	High level of informal employment; high challenges in formalising workforce despite potential benefits; social protection gaps; Low awareness on social security; Complex and burdensome regulatory framework; Inadequate functioning of social security / labour welfare boards; Low incentive to formalize among informal enterprises as it may lead to tax burden; Absence of institutions to link workforce with social security
Rural development and Agricultural programs	Misalignment of programs with employment needs; Limited focus on skill development; Inadequate consideration of market dynamics; Limited focus on pro poor value chain development; Infrastructure and Resource constraints; Limited access to technology such as value-added processing; weak infrastructure and logistics; fragmented and overlapping programs and challenges in achieving convergence; weak monitoring and evaluation of programs; exclusion of vulnerable groups such as Adivasis, landless labourers, women;
NRLM / SRLM	Limited scaling up and sustainability of the micro-enterprises; higher focus on financial services and limited focus on building production-marketing-livelihood skills of women; Weak market linkages; Limited capacities at local level; Limited cases of evolution into strongly established SHG federations; Limited cases of CBOs negotiating with government, private agencies and NGOs;
Initiatives by CSOs	Challenges in replicating successful models in different spatial-segmental-sectoral situations; Challenges in attracting state support for long term end to end support for creating, scaling and replicating successful models; CSR focus more towards immediately visible rather than long term beneficial impact for the community
Initiatives by Private sector	Focus on achieving profitability leading to investment in automation and hiring contractual labour works against employment generation goal; Employment generation for high-end technical and managerial jobs are formal whereas for unskilled and low skilled are informal;
Large investments	Focus more on metros such as Hyderabad and in limited sectors such as IT and Pharma; Focus limited in employment potential sectors such as agriculture and manufacturing; Diversification of investment opportunities limited

While the above efforts are aimed at building the economy, which would also lead to employment creation, economic growth has not tended to translate automatically into job creation. As a result, there is a large segment of unemployed youth in Telangana. Given the above scenario, there is need for identification of unemployed youth, identify potential sectors with scope for job creation and plan investments for employment promotion in the times to come.

4 Policy Recommendations

4.1 Addressing employment challenges – an alternative strategy

The broader approach adopted for employment promotion is through ensuring intersectoral shifts in the economy. This means that those who were traditionally dependent on primary sector i.e., agri and agri allied sectors gradually shift to manufacturing and service sectors. However, unlike the western and southeast Asian economies, India is witnessing a trend whereby the movement to manufacturing and service sector has been slow, though there has been a drastic change in the relative share of the sectors to GSDP in the economy.

While in the Telangana economy, the share of manufacturing and service sector to GSDP has increased and that of primary sector reduced, this has not been the case when it comes to employment. As seen from the following table, more than half of the population is dependent on primary sector though it contributes only one-sixth to the share of GSDP in the economy.

Efforts in the direction of radical shift from one to the other sectors comes with its challenges related to skill upgradation to new sector, technological adaptations towards newer sectors of the economy, quicker economic diversification which is beyond the current sectors employed in, need for large scale shifts from rural to urban, need to adopt to new lifestyles of work, breaking away from the current patterns of living, current state of marginalisation of Women, SC, ST, OBCs, Minorities which may take time to address.



[Source: Image](#)

Moreover, in the current sectors in the economy where people are already employed, they only draw low incomes. Ensuring wage enhancements within current economic activities and sectors already employed may trigger changes towards sectoral shifts overall. Intra-sectoral proficiency enhancement rather inter-sectoral shifting seems to provide with solutions in the shorter to medium run. Based on the momentum that is built, intersectoral shifts can be ensured in the long run. The intersectoral shifts happen as there are changes in demand patterns in the economy.

Table 1 - Employment Share % by Sector as per PLFS 2021-22 in Telangana

Sector	Employment Share % as per PLFS 2021-22 in Telangana
Agriculture, forestry and fishing	50.65
Mining and Quarrying	0.19
Manufacturing	12.00
Electricity, gas steam, air condition supply	0.35
Water supply, sewerage, waste management and remediation activities	0.39
Construction	7.73
Wholesale and Retail Trade, Repair of Motorcycles and Motor vehicles	8.66
Transport and Storage;	4.45
Accommodation and food service activities	1.21
Information and Communication	3.22
Financial and Insurance activities	1.33
Real estate activities	0.53
Professional scientific and technical activities	0.63
Administrative and support service activities	0.85
Public administration and defence, compulsory social security	1.85
Education	2.04
Human health and social work activities	0.96
Arts, entertainment and recreation	0.17

Other service activities	1.38
Activities of households as employers, undifferentiated goods and services, produce activities for own use	1.39
Activities of extra territorial organizations and bodies	0.02

Given the above, it is important to adopt new approaches to employment promotion in the state. Some broader policy recommendations are discussed in the next section.

4.2 Changing approach from Inter-sectoral shifting to intra-sectoral proficiency enhancement

When we speak of employment, we generally focus on two objectives:

- (1) increasing the number of workers employed including self-employed to take care of
 - (a) net addition to the labour force, particularly the youth,
 - (b) those currently in labour force but unemployed and
 - (c) those who may want to move from not being in the labour force to joining it, particularly women. and
- (2) improving wages or income in case of the self-employed, along with social security benefits like PF, ESI and pensions, and improved working conditions.

For objective (1) the generally suggested strategy is to increase economic growth, on the assumption that it will also generate more jobs. However, the experience of the last decade has been "jobless growth".

We have seen moderate GDP growth between 5 to 7% per annum but low (1-2% per annum) employment growth, that also mostly in the over-crowded agricultural sector and the lower end of jobs in the construction, manufacturing and services sectors. A lot of these jobs are in self-employment as a last resort. If we exclude workers in household enterprises who are unpaid, the growth is almost zero.



[Source: Image](#)

As a result there is very little growth in wages and self-employed incomes if one adjusts for inflation. One strategy to counter this has been to try to move people out of the farm work to non-farm sector jobs.

But as saw earlier, inter-sectoral shift is difficult due to the need for workers to move from rural to urban areas. They also have to acquire new skills of working in new activities and living in strange places. Thus, a vast majority of workers who shift out of agriculture, remain in low paid, unskilled manual work on a casual employment basis, with no social security and poor working and living conditions.

We suggest an alternate strategy for both objectives (1) and (2) above. Instead of inter-sectoral shifting, policy should encourage intra-sectoral proficiency enhancement. This means, for example, those in agriculture staying in it, but shifting from cereal crop cultivation to, for example, growing vegetables in the first step, and then growing vegetables off-peak season, using polyhouses, in the next step. This twostep intra-sectoral proficiency enhancement could double the farmers' income using the same amount of land and own labour.

Some tentative movements that could be seen in intra-sectoral proficiency enhancement could be as below:

- low end cultivation to higher value agriculture/ horticulture
- crop cultivation to dairy, poultry, fishery, etc.
- agricultural services from soil testing to sorting and packaging of raw produce like vegetables & fruits
- low end manufacturing to higher value items whether made in household enterprises or factories e.g., wooden and metal furniture)
- centralised or non-existent utilities (telecom, power, gas, water, sewage, solid waste, etc) to decentralized, service-based enterprises (e.g., solar home systems).
- low-end proximate services to higher value proximate services (e.g. from roadside barbers to salons, or food bandis to sit down eateries)
- low end distant services to higher value distant services (e.g. data entry to application software design)

Some examples across sub-sectors are discussed below.

4.3 Intra-sectoral proficiency enhancement in various sub-sectors

4.3.1 Agriculture

Let us see what these two steps do for an agricultural worker in the same village. She would get more days of work in vegetable cultivation and higher wages, due to the need for timely and more careful operations - sowing, planting, watering, weeding, spraying, and harvesting often in multiple lots. Unlike in cereal cultivation, where operations have got mechanised, vegetables require manual workers. Polyhouse vegetable cultivation is even more skill and labour intensive.

Now let us see what happens in the third step of this intra-sectoral proficiency enhancement. Let us say there are many farmers in the village who started growing vegetables and they come together to form an FPO. To get a better price for their produce, they decide to set up a facility in the village for washing, drying, sorting, grading and packing the vegetables. This not only improves the net income of farmers but generates more wage employment for agricultural workers in the village, within reach of their skill level and their place of stay.

Agriculture is possible in Telangana through crop diversification into vegetables and millets. 2023 was declared as the international year of Millets. The benefits from farmer point of view in relation to millet is that it is climate resistant, growing health awareness due to increase of lifestyle diseases would create demand for millets.

Farmers could adopt improved millet varieties which are drought resistant, undertake organic farming, introduce cost effective tools for sowing, threshing and processing, provide value added products. Farmers skill and capacities can be built through skill training in production techniques, value addition and business management from institutions such as Indian Institute of Millets Research (IIMR) based in Hyderabad. IIMR offers skill trainings in seed quality improvement, post-harvest technologies, processing, value addition, marketing, agri-preneurship in Nutri cereals.



[Source: Image](#)

Intra-sectoral proficiency enhancement in millets can be taken up in Millets in Mahaboobnagar district. There could be entry into village level processing and production of value added products such as flour, flakes, porridge mixes, noodles, ready-to-eat snacks and gluten free alternatives. To enhance production, there could be adoption of precision agriculture, drip irrigation. Farmers could become part of FPOs so that they can buy inputs at lower cost and negotiate with buyers. Online platforms could also be accessed. Skill upgradations can be undertaken through institutes such as IIMR.

4.3.2 Handlooms / Handicrafts

Handloom weavers who produce items such as sarees, kurta churidar, with the artwork for festive occasions can also take up alternatives such as towels, curtains, bedsheets, blankets, tablecloths, dishcloths, cleaning cloths, handkerchiefs, wall hangings, cushion covers, handwoven bags, phone-cases, scarves and shawls. While the traditional produce can continue, the suggested produce are items of daily use with a large consumer base. The handloom weavers may only need to adopt their skills to produce items of daily use and not necessarily shift to a different sector.

This may help in expanding the market of produce by handloom weavers, reduce risk associated with market demand or market saturation, help in adopting to market trends and expand revenue streams, diversify produce range, utilize existing skills, ensure long term sustainability due to product diversification, explore new design and innovations.



[Source: Image](#)

Handloom sector may also alternatively adopt design softwares for creating innovative handloom designs, 3D and 4D technology in creating innovative designs that can be achieved with lesser time, use ecommerce platforms (amazon, meesho, craftsvilla) for marketing and reaching out to consumers.

Adoption of newer technologies may necessitate skill upgradation which can be taken up by the younger generation who are more exposed to digital technology. Such change agents can be created in the younger generation through exposing them to newer technologies that can be used in the handloom sector.

Handloom collectives (cooperatives or producer companies) may facilitate the adoption of newer technologies for creating new designs, newer production methods with upgraded machinery, branding, packaging, and digital marketing through online platforms.

In Pochampally and Narayanpet in Telangana, handloom weavers could be supported to diversify into clothing such as scarves, stoles, dresses, jackets and home decor items, incorporating contemporary designs, undergo skill training in producing new products, develop skills to use advanced machinery.

E-commerce platforms, services from District export hubs could be utilised for selling beyond the national boundaries.

4.3.3 Food services

In case of traditional food services, the traditional offering of food such as samosa, Jilebi, chat, idly, dosa can be diversified to include a product range that can also cater to global taste (e.g., Korean, Italian, Lebanese cuisine), fusion taste (Hyderabadi pizza, Mexican dosa), healthier options (such as multi millet upma, multi millet idly, salads).

This will help in creating a demand and liking for new taste among consumers, attract new consumers, expand the customer base, help stay ahead of the demand curve and boost revenue.

Good practices related to food hygiene can be introduced. This could be related to handwashing, handling food, cleaning utensils, using disinfectants for sanitization, storing food at appropriate temperatures, protecting from dust insect and contaminants, bins for proper waste disposal, well maintained hand washing station can improve the overall ambience thus attracting the customers.

For packaged foods, eco-friendly practices such as biodegradable packaging can be introduced. Food waste can be handled through composting the waste food, donating the surplus food.

Technological upgradation may involve linking with online food delivery services such as Swiggy and Zomato and delivering at doorstep. Digital payments such as through google pay, phone pe may be allowed.

Collectives of roadside food collectives can be explored, whereby the collectives are able to buy food raw material from vegetable or other markets at scale at a bargained price. This may bring down the cost of raw materials in their food outlets. Restaurants owned by food service owners' collectives can be set up at places with high traffic flow, highways, transportation hubs (such as bus stand, railway station, airport), tourist sightseeing locations, commercial locations (such as shopping locations).

These upgradations may help them remain within the sector, adopt skills and new practices according to customer requirements and achieve intra-sectoral proficiency enhancement.

4.3.4 Construction sector



[Source: Image](#)

Construction workers come under the category of unskilled workers. However, with little skill diversification there is scope for enhancement of incomes. Specialized skills required at construction sites can be picked up going beyond their regular roles.

The skills training could be acquired for roles such as that of General works supervisor, Highway works supervisor, land surveyor, storekeeper, electrical house wiring, plumbing and sanitation, formwork carpentry, building carpentry, masonry, bar bending, painting and decoration, welding, and architectural assistantship. There could also be skill enhancement through training related to compactor operator, Backhoe loader operator, Transit and self-loading mixer operator, Junior mechanic hydraulic.

There could also be specialized skills as that of construction safety health and safety technician. Exposure to LEED (Leadership in energy and design) sustainable energy practices can benefit construction workers professionally as growing environmental consciousness may give rise to green building concept. Exposure to building information modelling (BIM) can help construction workers through visualizing their tasks enabled through digital simulation. It may help in understanding the potential hazards that may occur.

Skilled construction workers either individually or collectively can take up small businesses such as home renovation, modular kitchen works, bathroom remodelling, minor electrical or plumbing work, painting works, roofing and tiling. Services related to assembling furniture, building shelves, gardening, landscaping may also be taken up through a network of skilled personal relevant for homes.

Thus, as can be seen, intra-sectoral proficiency enhancement offers opportunities where the workers are able to upgrade their skills within the sector, adopt to technologies within the sector, enhance income within existing sector, reduce stress that is associated with sectoral shift, reduces chances of moving from rural to urban, offer greater livelihood security etc. This gradually prepares them for sectoral shift in the long run.

4.3.5 Health services

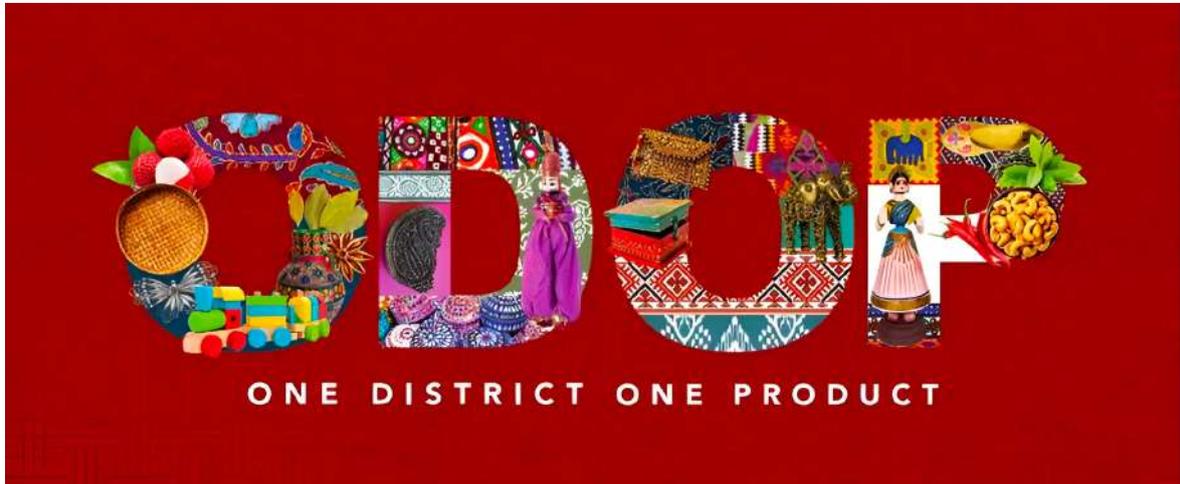


Sectoral Councils set up to boost skill enhancement have identified 8 levels based on skill enhancement requirements at different stages – 1 to 8 level for enhancing the proficiencies in different professions. Level 1 is that of a helper, level 2 assistant, level 3 junior technician, level 4 senior technician, level 5 junior technical supervisor, level 6 business unit manager, level 7 business unit CEO / CXO, level 8 board member.

With acquisition of knowledge and skills and improving proficiencies, the ones in health sector may rise up the level. One may start as Dresser (Medical) at level 3 but can rise to Deputy duty manager – Patient relation services at level 5.5 and Duty manager – Patient relation services at level 6. Similarly one may start as Emergency care assistant at level 3 and rise to emergency medical technician at level 4. Similarly, one may start as General Duty Assistant at level 3 and may rise to General Duty Assistant level 3.5 and General Duty Assistant level – Advanced level 4.0. The health sector has opportunities particularly for women.

5 New Approaches for Employment Promotion

5.1 One district, one product (ODOP) products for DISC strategy execution



[Source: Image](#)

ODOP program of the Government could be utilised for strengthening demand for products, infrastructure and input strengthening, skill building and capital enhancement. ODOP involves identification and formation of production clusters, focused efforts towards infrastructure development, capacity building and skill development, branding and marketing and financial support. It helps in boosting local economies, preserving traditional skills and crafts, promoting brand recognition and improving export potential.

Under ODOP, the following products are identified and could be promoted in the state.

Table 2 - Products identified district-wise under the One District One Product Scheme

Product	Districts
Soybean based products	Adilabad, Nirmal, Kamareddy
Chillies based products	Bhadradi Kothagudem, Khammam, Jayashankar Bhupalapally, Mulugu
Chillies (Bamboo chillity based) products	Warangal Rural
Ready to eat snacks (Snacks and Savouries)	Hyderabad, Medak, Medchal-Malkajigiri, Warangal Urban
Mango based products	Jagitial, Mancherial, Nagarkurnool
Rice based products (Scented rice – Chitthimuthyalu)	Jangaon

Millet based products	Komaram Bheem, Mahabubnagar
Sweet Orange based products	Nalgonda
Groundnut based products	Narayanpet, Wanaparthy
Turmeric	Nizamabad
Fish based products	Rajanna Sircilla
Vegetable processing	Rangareddy, Siddipet, Vikarabad
Milk based products	Sangareddy, Yadadri Bhuvanagiri
Handloom	Pochampally (Yadadri Bhuvanagiri district)

(Source: Ministry of Food Processing)

5.2 District Export hubs as centers for reaching external market

District export hubs could be sources from where exports could be facilitated. These hubs provide services such as market research and information, training and skill development, facilitating and networking. These hubs aim to provide opportunities for benefiting from export markets, attract investment in the district, handholding and support to exports, generating employment and enable in marketing through physical and digital means. Employment opportunities in following export zones could be considered.

Table 3 – Products identified district-wise for exports

District	Product	District	Product
Adilabad	Nirmal Toys, Paintings and furniture, Cotton Bales, Adilabad Dokra,	Bhadradi- Kothagudem	Paddy, Cotton, Maize, Red Gram, oil Palm, Chillies, Mango, Cashew from Agenda
Hyderabad	Gem and Jewellery/Pearls	Jagtial	Mango
Jangaon	Rice	Jayashankar- Bhupalpally	Chillies, Laterite, Fish and Eco Tourism
Jogulamba Gadwal	Ground Nut, Gadwal Saree from Agenda	Kamareddy	Rice, Soya, Sugar, Cotton from Agenda

Karimnagar	Mango, Polish Slabs, Silver Filigree of Karimnagar, Granite Rough Blocks	Khammam	Chillies, Granite
Mancherial	Mango, Cotton	Mehbubnagar	Mango, Jowar, General Engineering, Fabrication
Medak	Sweet Corn, Tomato, Rice, Vegetables, Quartz, Fish	Medchal	Pharma, Mines, Fisheries
Mulugu	Chillies	Nagarkurnool	Mango, Groundnut, Readymade Garments
Nalgonda	Rice, Cotton	Nirmal	Cotton Bales Nirmal Toys, Nirmal Furniture, Nirmal Paintings
Narayanpet	Cotton Textiles/Sarees	Nizamabad	Turmeric, Rice, Seed, Granite Blocks
Peddapalli	Wooden Furniture	Rajanna Sircilla	Fisheriers, Handlooms, Textlies, Dairy Products from Agenda
Rangareddy	Mango, Biscuits & Confectionery, Pharma & Healthcare, Packing Material, Manufacturing of Aero - Structures, Electronic Item Assembling/Electronic Components/Precision Engineering Products, Quartz & feldspar, Kraft Papers, Quartz Surface Slabs, Spices, Chilli Liquid and Powder, Flooring Tiles & Carpets, Gerkins Processing, Lead Acid Batteries, Lubricant Additives, Manufacturing of IC Engine Values, Non Dairy Whipping Cream, Socks, Solar Modules, Telecom Duct Pipes		
Sangareddy	Mango, General engineering products, seeds	Siddipet	Cheriyal Painting, Gollabama Sarees, Mangoes
Suryapet	Chilli, Laterite, Fish and Eco Tourism	Vikarabad	Stone Cutting, Polishing Slabs, Fullers Earth Granules and Powder, Pulses, Vegetables
Wanaparthy	Mango, Groundnut	Warangal Rural	Teja Chillies, Rice-RNR15048, Mango, Warangal Durries,
Warangal Urban	Chillies, Mango, Warangal Durries	Yadadri- Bhuvanagiri	Silk Cotton

(Source: Directorate General of Foreign Trade)

5.3 DISC approach for employment promotion

DISC approach is needed for employment promotion. The components are described below:

D for Demand – for the new product (vegetables) or service (sorting of vegetables). Fortunately, due to rising per capita incomes in the upper quartile of the country, there is rising demand for such products/services. Demand needs to be assessed across categories of socio-economic segments, customer types, geographies and future trends in demand.

I for inputs and infrastructure. In the current example, farmers cannot shift to vegetable cultivation unless right quality seeds and agro chemicals are available. Later polyhouses, and still later vegetable packaging crates are needed. Irrigation and road infrastructure is needed. Similarly, in handloom / handicrafts to produce new products for the market the existing machinery may not work, and hence new handloom machineries may also need to be integrated.

S for skills – a cereal growing farmer does not automatically know how to grow vegetables, even less so in a polyhouse. Similarly, women who know paddy transplanting or weeding do not automatically know the steps in vegetable cultivation. These skills must be imparted and learned. Similarly, the handloom / handicraft workers who produced goods such as sarees, kurta churidars need to learn to produce goods such as towels, blankets etc. For non-traditional activities, skill training is even more necessary. This has to be seen in the context that vocational education levels are very low. It was 3.4% for 15-59 age group and slightly better at 4.1% for the younger age group 15-29.

C for Capital. Intra-sectoral climb needs capital – for new equipment, machinery, processing facilities and more working capital. In the example we are discussing, vegetable cultivation needs more money to buy seeds and agrochemicals. The next step needs capital to install a polyhouse. The third step needs investment in vegetable sorting and grading facility. All stages need capital for investing in skill upgradation.

Measures for demand enhancement

Some of the measures that can be adopted for demand creation are conducting market initiatives such as trade fairs, Innovation grants to promote innovations in products, providing GI tags for specific commodities for quality assurance, promoting e-commerce platforms and mobile apps for market products, setting up export facilitation centres and where needed, imposing tariffs on artificially cheap imports.



Measures for Inputs and infrastructure

Some of the inputs and infrastructure that can be created for strengthening inputs and infrastructure in Agriculture in the state include setting up high quality seed banks, soil testing vans, polyhouse subsidies, irrigation infrastructure; in horticulture there could be setting up of storages and cold chain facilities, in handlooms it could be design innovation centres, machinery modernization programs, expanding raw material access and skill development centres, e-commerce and mobile based platforms for reaching consumers.

Measures for Skill development

Skill development needs to be strengthened in identified sectors in Telangana. Currently skill development is being done through T-Hub, Rajiv Gandhi University of Knowledge Technologies (RGUKT) and Telangana Academy of Skills Knowledge (TASK). In agriculture, there could be trainings related to precision farming, organic farming, use of advanced technology for agriculture.

IIMR provides skill trainings in post-harvest technologies, seed development, processing and value-added technologies. In Handloom, there could be trainings on new handloom technologies, courses on design development and innovation etc., In food processing, there could be skill trainings which can be offered by such as local branch of central food technological research institute (CFTRI), IIMR etc.

Measures for Capital Investment

Estimated unemployed population in Telangana is 10,32,240 in 2023. There would be an addition of 1,16,040 each year to the labour force at the current population growth and workforce addition rates. Considering the current unemployed and the average workers getting added each year, about 3,22,488 need to be provided with employment.

To create employment and make person fully employable, it requires an investment of Rs 65,60,833. About Rs. 10,57,905 crores investment needs to be made, which is about Rs. 2,11,581 each year. Details of how these estimates were made and where the resources can come from, are given in section 7 below.

5.3.1 Micro-Franchise Model for DISC strategy execution

In private sector, micro-franchisees could be promoted with support of small corporates. Micro-franchise model can be adopted for established chain of brands.

For example, in tea brands, it could be MBA Chaiwala, Tea world, Tea trance, Chaiduniya etc. Similarly, there could be franchises for Biryani such as Paradise Biryani, Bawarchi etc. Similarly there could be chaat franchisees such as Chaatkachaska, Agrawala, Gokul etc.

In services, it could be Gadget guru, freshen up laundry, wheel well two wheeler service, Handy fix mobile repair, Care connect dry cleaning, Javid Habib salon services. In retail sector it could include Nature's niche, Threads & Style, Pocket Boutique. Under franchise, an individual or group of youth can run an enterprise.

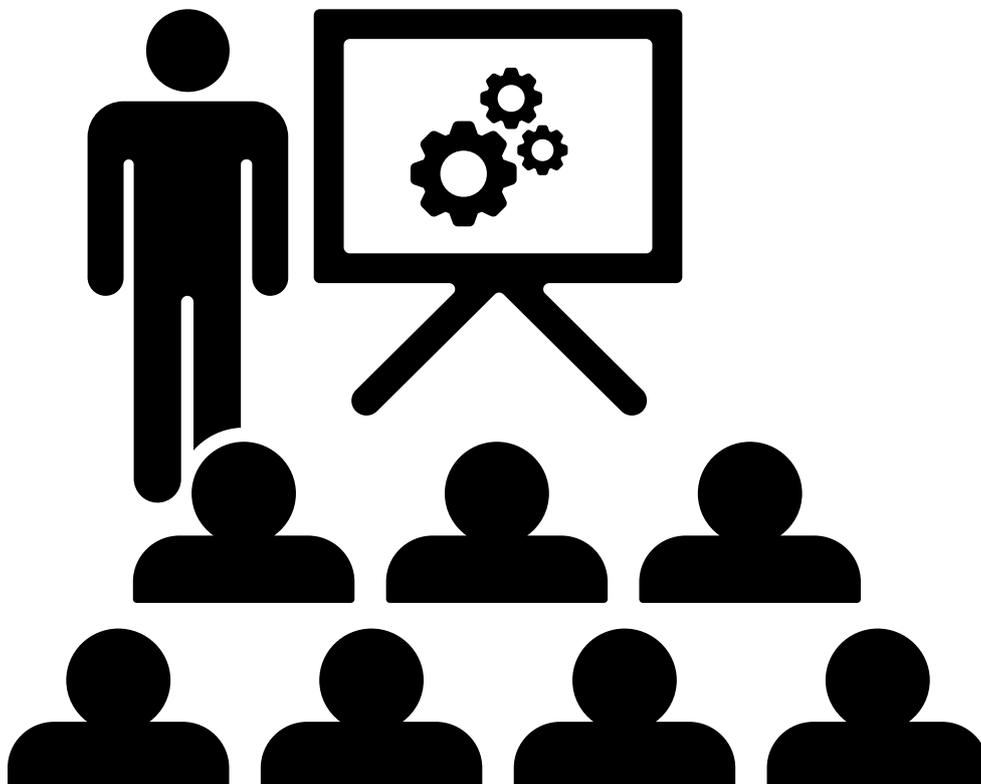
5.3.2 Attention on marginal social segments, locations and unskilled workers



In a socially and economically unequal society, the benefits of DISC approach may not penetrate equally across all socio-economic segments. Skill and capital access becomes much more challenging for social segments such as scheduled castes (SC), scheduled tribes, (ST), de-notified tribes (DNTs), other backward classes (OBCs), Minorities, Women, Youth and Disabled.

There may be a need for more specialised approaches to reach out to these segments. Similarly, attention to skill and capital access need to be based on locations with focus on rural areas and small towns upto district headquarters. Similarly, focus has to be on skilling the unskilled and semi-skilled and capital access to the skilled who are willing to set up their own enterprises.

Through careful policy interventions spanning DISC for various subsectors, we can ensure a lot more employment and wages/income in existing subsectors. This will then reduce pressure to shift workers across sectors, which can then happen at its natural pace.



6 Sectoral challenges and suggestions for addressing these

Given the above recommendation of intra-sectoral proficiency enhancement and DISC approach, it needs to be adapted to different sub-sectors of the economy in Telangana. The following section discusses the subsectors in Telangana.

6.1 Agriculture

Agriculture provides livelihood to 52% of the state population. About 4.90 million households as per NSSO are dependent on agriculture. The average landholding size as per the agricultural census is about 1 hectare. About 88.25% of the landholders are the small and marginal farmers and they hold about 61.67% of the total land. The cropping intensity is 136%.



[Source: Image](#)

The main crops grown during Kharif season is paddy, cotton, maize, soyabean and pulses. The main crops grown in Rabi season is paddy, groundnut, Bengal gram and food crops.

A point to be noted is that gross cropped area under paddy in the state increased from 27% in 2014-15 to 50% in 2020-21. This created challenges in marketing the produce despite the state guarantees to buy. Only about 5.5% area is under pulses. There is potential for expanding area under pulses production. The state is already paddy surplus state.

Further increase in production may only lead to saturation. The heavy dependence on paddy further puts burden on underground water resources. Only 0.02% of the area is under millets which are nutritionally rich cereals.

Diversification to millets may provide an opportunity to adopt to climate change as well as move towards nutritional diversification. It may also help in dealing with lifestyle diseases such as diabetes. Thus, focus on expanding to pulses and millets would be useful. So too diversification into horticultural crops such as vegetables. There is a large area under cotton cultivation. While it is profitable, it also comes with risks of pest attack. Large cases of farm suicides and farmer indebtedness is found among cotton farmers.

Reduction of area under cotton and diversification to other commercial crops may be essential to be explored. Intra-sectoral proficiency enhancement can happen through diversification to pulses, vegetable cultivation, adoption of polyhouses, micro-irrigation etc.

Across the state, there could be diversification into crops like pulses, minor millets and vegetables which have good potential in the state. Provision of good quality seeds can be increased. Satellite soil testing laboratories can be set up. To strengthen productivity, Agricultural extension centres may reach out to farmers groups about new technologies, improved crop management practices. Awareness may be created on adoption of Integrated Pest Management (IPM) practices. The area under organic farming can be expanded.

6.2 Horticulture

Currently 54.82 lakh metric tonnes of horticulture products are being produced from 12.94 lakh acres of land. During the period 2015-16 to 2021-22, the area under horticulture increased by 240% and production increased by 86.97%. The major horticultural crops cultivated in the state are Mango, Sweet orange, Acid Lime, Guava, Pomegranate, Tomato, Brinjal, Oil-palm, Cashew-nut, Chillies and Turmeric are the major horticulture crops cultivated in the State. The main vegetables grown are tomato, brinjal, green chilli, onion and Bhendi.

A point to be noted is that the state lacks infrastructure for storage and processing of horticulture produces. Development of cold storage facilities for increasing shelf life of produce as well as processing for value added produce such as juices, jams, sauce and pickles can be useful. Development of micro-irrigation facilities, green-houses and poly houses can help in increasing horticultural production.

Food processing companies can be set up in the districts. Cold storage facilities can be started at a distance accessible for the farmers. Introduction of climate resistant varieties may help in adopting to changing climate change patterns.

Nurseries can be financed for supply of good quality planting material. Financing may also be provided for providing protective irrigation, poly house cultivation and pandal based vegetable cultivation. There could be encouraging of ripening chambers and integrated pack houses for getting better price in the markets.

In Khammam district which is a ODOP cluster for Chillies, farmers could adopt improved farming practices such as precision agriculture, drip irrigation, shift to high yielding chilli varieties with higher capsaicin content, with higher market demand, joining cooperatives for accessing better inputs, credit and markets; diversifying into processing to produce chilly powder, flakes, sauces; directly linking to producer through online platforms and exploring export markets and leveraging on the GI tag. This would significantly lead to intra sectoral proficiency enhancement.

Similarly, Medak district has been identified as an ODOP district for 'Ready to eat snacks'. Intra-sectoral proficiency enhancement can happen through diversification into millet based snacks, fruit based snacks and spiced snacks. Millet based snacks such as millet bars, millet puffs and chikkis; fruit bars; namkeen mixtures, papads and savories could be produced.

6.3 Animal Husbandry



[Source: Image](#)

The livestock sector provides livelihoods in rural and semi-urban areas in the state. About 25.82 lakh families are engaged either in rearing livestock or related activities for their livelihood. The livestock population was 32.6 million as per the latest livestock census. The population of livestock in the state are cattle 42.33 lakhs, buffaloes 42.26 lakhs, sheep 190.63 lakhs, goat 49.35 lakhs, Pigs 178 lakhs and poultry 799.99 lakhs.

Telangana is first in sheep production, ranks 3rd in poultry production and 8th in livestock population. The state is a national leader in egg and meat production. During 2021-22, egg production was 1,725 crore eggs and the state ranks 5th in meat production.

A challenge in livestock sector is dependence on external sources for fodder. Due to reduction of average land size, land availability for fodder cultivation is limited. Occasional attacks by diseases such as foot and mouth disease lead to economic losses. Lack of reach of veterinary services in remote locations are common.

There is a need to strengthen the veterinary services. In locations close to forests, attacks by wild animals are seen. In poultry sector, there is dependence on soybean-based feed, which is not produced locally. Households resort to traditional rearing practices which does not result in efficiencies associated with modern rearing practices. Intra-sectoral proficiency enhancement can happen through value addition activities such as milk production to production of milk based dairy products, country chicken to broiler chicken can enable in enhanced incomes.

A mass program may be taken up for fodder cultivation in fallow lands for grazing of animals during summer. Investments may be made in bulk milk chilling units, milking machines, automatic milk collection units, refrigerated transport vehicle etc.

Fodder trees like Subabul, Avisa etc. can be supplied to Shepherds. Mobile veterinary clinics may be set up to improve reach of extension services. In Poultry, there could be establishment of layer breeding farms which would supply good quality day old chicks to farmers. Backyard poultry units with improved desi birds can be encouraged among SHGs at cluster level. The local birds such as Vanaraja, Giriraja and Gramapriya can be encouraged. Breeding units for these can be set up by private sector. Marketing centres for egg and chicken can be set up through SHGs. Export oriented meat processing units can be set up. Insurance product for goat, sheep can be developed.

6.4 Fisheries

The state is ranked 3rd in inland fishery resources and 8th in fish production. The sector currently supports 27 lakh people. There are 4,596 fishermen cooperative societies with 3.36 lakh members enrolled. The fish production in 2021-22 stands at 3.90 lakh tonnes. The state is having rich water resources in the form of reservoirs, ponds, tanks, small kuntas, rivers and canals. There are 77 large, medium and minor reservoirs and 4,647 departmental tanks. There are also 476 aquaculture ponds and long canals. Water bodies cover an area of 6.81 lakh hectares. Fisheries provides food, nutritional and employment security to the poor.



[Source: Image](#)

Some of the challenges related to fisheries in Telangana are unsustainable fishing practices such as overfishing and depletion in water bodies, inadequate fish seed availability and absence of efficient fish production and distribution system. Intra-sectoral proficiency enhancement can take place through adopting aquaculture, cage culture or ornamental fish farming.

Cold storages can be set up at mandal levels. Establishment of ice plant, cold storage and refrigeration unit would help in increasing the shelf life of the fish. Fish culture ponds, fish seed hatchery fish farmers training centres can be established. Fishermen JLGs can be set which can graduate to fish farmers producer organizations. Ornamental fish units and Ornamental aquaculture may be promoted.

6.5 Forestry

The state has a total forest cover of 26.98 lakh hectares which accounts for 24.07% of the total geographical area of the state. The forest products such as timber, bamboo, teak poles, fuel firewood, charcoal and beedi leaves support livelihood opportunities in rural areas. The state has two tiger reserves, 3 national parks and 9 wildlife sanctuaries.

Apart from protecting biodiversity, these locations provide opportunities for ecotourism-based employment opportunities. The various trees that have been harvested include Eucalyptus, Long bamboo, Bamboo industrial cuts and Cashew. Lack of community rights over forest produce limits opportunities to benefit. Dependence on middlemen, lack of access to direct markets for NTFPs and limited value addition and processing of NTFP limits forestry-based incomes for tribals and forest dwelling communities. Intra-sectoral proficiency enhancement can take place through developing storage facilities, taking up processing and marketing with state cooperatives.



[Source: Image](#)

6.6 Industry

It is estimated that Telangana is home to about 2.6 million MSMEs, out of which 565 are in rural areas and 44% in urban areas. As many as 19,954 registered MSMEs commenced their operations after the formation of the state. The employment generated by these units are 3,63,488. Currently the state has 78 incubators, accelerators and co-working spaces with focus on life sciences, Fintech, Agri tech, Digital etc. Within industry, the share of manufacturing sector to GSDP for secondary sector is 58.98%, construction 19.04%, mining and quarrying 12.33% and electricity and utilities 9.65%. About 21% of the state's population amounting to 29,90,043 are employed in the industrial sector. Within the sector, Construction sector absorbs 8.82%, manufacturing 10.95% and mining and electricity 1.23% of the workforce. Handlooms are the largest cottage industry in the state.

The major challenges being faced by MSME sector are shortage of working capital, high cost of credit, fluctuation in prices of raw material thereby affecting cost of production, stiff competition from large companies, lack of availability of skilled labour and fluctuations in demand for produce.

Service sector absorbs 63.22% of urban workers and 18.28% of the workforce in rural areas. Hyderabad has been nicknamed as 'Cyberabad' for it being a major IT and ITES hub. Much of the service sector jobs are created in the informal sector. High paying jobs in formal sector is only limited to few in limited subsectors such as IT, Banking etc.

Soft skills form an important requirement in service sector and skill training programs often seem to lack putting enough emphasis on this aspect in skills training. Entry of digital in services sector coupled with digital divide limits those at the bottom of the pyramid. It limits opportunities for skilling, reskilling and upskilling and thus accessing high paying jobs. Upgradation of skills through skilling, reskilling and upskilling in service sector can result in intra-sectoral proficiency enhancement.

In service sector, skills promoted could be related to travel and tour guides, tour leaders, destination specialists in tourism industry; food and beverage service, housekeeping, front desk operations and supervisory positions in hotel industry; event planning, event coordinator role in event management industry. In health care services, it could be as medical lab technicians, physiotherapy assistants and yoga instructors. In retail sector, it could be for supervisory roles in fashion boutiques and large retail chains, e-commerce customer support and real estate sales.

Many street food enterprises such as tiffin centres, fast food centres, biriyani points, tea stalls have emerged in Hyderabad which provide food to busy salaried employees at low cost. While at many busy points they do have demand, however adoption of a micro-franchisee model can enable them to get a brand image, standardise services and get a better price for the services offered and thus get better income.



[Source: Image](#)

7 Investments to address unemployment and wage enhancement

7.1 Investment Needed

Table 4 – Investments needed for new employment generation 2024-29

New Employment Generation	Number / Percentage	Investments (in Rs.)
Telangana population @ 2011	3,52,757	
Population – 2023	3,82,00,000	
Growth rate per annum between 2011-2023	0.66325%	
Population (all ages) LFPR as per PLFS 2022-23	45.8%	
Labour force in 2022-23	1,74,95,600	
WPR as per PLFS 2022-23 for all age groups	45.1%	
Working population in numbers in 2022-23	1,72,28,200	
Unemployment rate	5.9%	
Unemployment @ 5.9% across all age categories	10,32,240	
Increase in labour force per annum	1,16,040	
Number to be employed per year if employment is provided to eliminate unemployment in five years and also absorb the annual increase in labour force	3,22,488	
Average investment needed for creating one new job in Rs		65,60,833
Investment required in Rs. Crores (for five years)		10,57,905
Investment in Rs. Crores (required for one year)		2,11,581



Similarly, there would also be need for investments towards wage and income enhancement. About 80% of the workforce in Telangana is estimated to be in unorganized who receive low incomes for their services.

Table 5 - Investments needed for wage enhancement 2024-29

Wage enhancement of Low-income earners	Number / Percentage	Investments (in Rs.)
Telangana population @ 2011	3,52,757	
Population – 2023	3,82,00,000	
Growth rate per annum between 2011-2023	0.66325%	
Population (all ages) LFPR as per PLFS 2022-23	45.8%	
Labour force in 2022-23	1,74,95,600	
WPR as per PLFS 2022-23 for all age groups	45.1%	
Working population in numbers in 2022-23	1,72,28,200	
Increase in labour force per annum	1,16,040	
Number@ 80% of the workforce plus additions to workforce each year, whose wages need to be enhanced	1,42,46,722	
Average investment needed for five years with ICOR @ 3 with varied patterns for casual, self-employed and wage / salary workers		4,12,537
Investment required in Rs. Crores (for five years)		5,87,730
Investment in Rs. Crores (required for one year)		1,17,546

The annual investments that would be required for job creation and wage enhancement across sectors would be Rs. 3,29,127 crores. This level of investment is highly feasible as it is below the range of 30% of the GSDP. This is computed in the table below:



Table 6 – Total investments needed 2024-29

Investments towards Employment Promotion		Investments toward Wage enhancement		Total Investment
Employment to be generated per annum	3,22,488	Number of workers to be enhanced with wages @ 80% of the workforce plus additions to workforce each year	1,42,46,722	
Employment to be generated over five years	16,12,442			
Average investment needed for five years (per unemployed)	65,60,883	Average investment needed per year with varied investment patterns for casual labour, self-employed and daily wage worker	4,12,537	
Investment in Rs. Crores (for five years)	10,57,905	Investment in Rs. Crores (for five years)	5,87,730	16,45,635
Investments Rs. Crores (for one year)	2,11,581	Investment Rs. Crores (for one year)	1,17,546	3,29,127

7.2 Sources of Investment

Table 7 – Possible Sources of Investment

Investments towards Employment Promotion		Investments toward Wage enhancement		Total Investment
Total Credit by Banks for farm and non-farm activities	1,05,790	Total Credit by Banks for farm and non-farm activities	58,773	1,64,563
Capital expenditure by Government for unemployed	31,737	Capital expenditure by Government for low wage employed	17,632	48,969
Household investment @ 10% of total investment	21,358	Household investment @ 10% of total investment	11,755	33,293
Private sector investment @ 25% of total investment	52,895	Private sector investment @ 25% of total investment	29,387	82,282
Average investment (in Rs. Crores)	2,11,581	Average investment (in Rs. Crores)	11,546	3,29,127

8 Conclusion

It can be said that challenges of unemployment among rural and urban youth including young women in Telangana need an integrated approach. From the classical approach that focuses on inter-sectoral shifting, there is a need to try an alternative strategy of intra-sectoral proficiency enhancement.

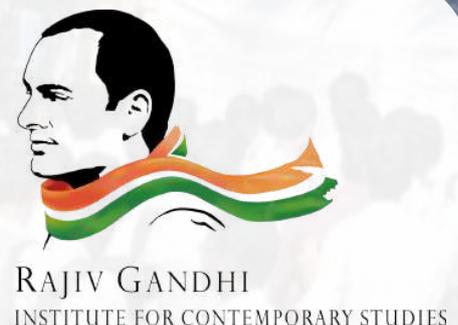
Initially demand estimations need to be undertaken based on market availability for produce and services. Infrastructure needs to be strengthened as per requirements for each sector. Skills need to be enhanced to develop market-oriented skills. Capital needs to be mobilised and invested for employment creation.

There is a need for targeted investments towards employment promotion and wage enhancement. As can be seen from analysis of unemployment numbers and investments for wage enhancement, about Rs. 3,29,127 crores need to be invested each year.

Financial resources could be mobilized from Banking sector which could be 50% of the bank funds allocated for farm and non-farm sector under priority sector lending, 15% of the capital expenditure of the state budget, 25% of the overall capital required from private sector and 10% from household contribution of the beneficiaries. This level of investment is highly feasible as it is in the range of 30% of the GSDP. With targeted investments unemployment gap and wage enhancement gaps can be reduced in the coming years.



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