SERVICES SECTOR

> "As incomes continue to rise, people's needs become less "material" and they begin to demand more services -in health, education, entertainment, and many other areas."
>
> **The World Bank Report on 'Beyond Economic Growth'**

The Services sector comprises trade & repair services; hotels & restaurants; transport, including railways, road, water, air & services incidental to transport; storages; communications & services relating to broadcasting; financial services; real estate, ownership of dwellings & professional services; public administration, and other services. This sector is a dominant sector in the State's economy in terms of contribution and growth in GSDP. The contribution of Services sector is estimated to be around 62% of total GVA for the year 2015-16 as per the Advance Estimates at current prices. Services sector is the largest employment provider in urban areas as 62.3 percent of total urban workforce was dependent on this sector for employment in 2013-14.

Sustaining growth momentum in this sector at present level is important for following reasons: (i) employment elasticity in some of the sub-services sector such as tourism, real estate sector are high and waiting to be tapped, (ii) there has been increase in the number of highly skilled professionals in the State seeking employment in the sector (iii) growth of services sector is important for the burgeoning urban population in the State, which is at 38.88 percent, at present.

Structure and Performance of Services Sector

Major services in the State include real estate, ownership of dwelling & professional services (including ITeS), and trade, repair, hotels and restaurants etc. Real estate, ownership of dwelling & professional services account for about one-third of total services sector GVA in the State, followed by trade, repair, hotels & restaurants (23%) and other services (15%). Details of sub-services sector contribution is given in the Figure 5.1.

Figure 5.1: Sub-Services Sector contribution to Services GVA in 2015-16 (AE)
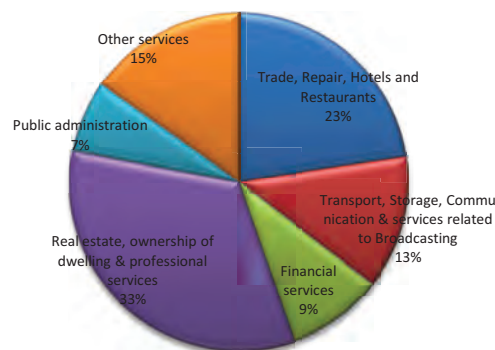
Growth in Services Sector using average annual growth rate reveals that most of the sub sectors in services have registered a double digit growth during period 2012-13 to 2015-16. The public administration sector experienced highest growth (AAGR of 19.9 percent) during 2012-13 to 2015-16. at current prices. Other services that grew at double digit are communication (13.9%), Real estate (18.6%) and trade, repair, hotels and restaurants (18.9%) during the same period. Annual average growth rates of services sub-sectors in current and constant prices is given in (Table 5.1).

Table 5.1: Growth in Sub-Services Sector of GVA during 2012-13 to 2015-16
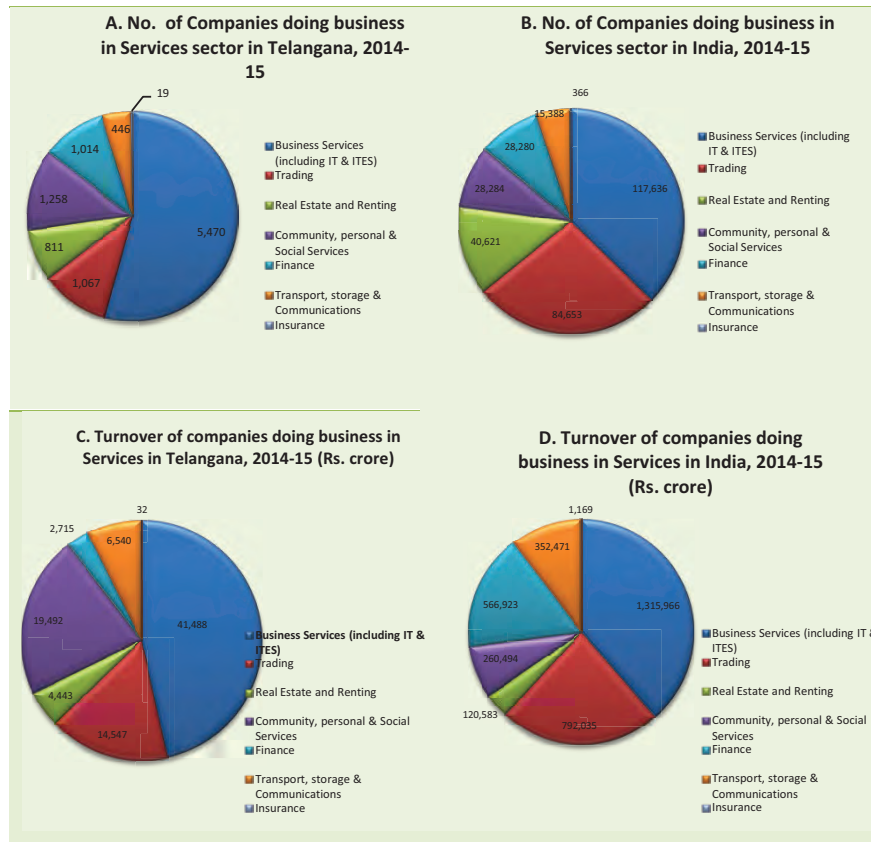
Sl. No.	Sub-sectors of Tertiary Sector	Annual Average Growth during 2012-13 to 2015-16 in Current prices	Annual Average Growth during 2012-13 to 2015-16 in Constant Prices
I	Trade, repair, hotels and restaurants	18.9	10.3
a	Trade & repair services	20.7	12.0
b	**Hotels & restaurants**	**10.5**	**2.5**
II	Transport, storage, communication & services related to broadcasting	13.9	7.9
a	Railways	5.7	2.1
b	Storage	7.4	1.7
c	Communication & services related to broadcasting	14.0	10.3
III	Financial services	9.6	8.0
IV	Real estate, ownership of dwelling & professional services	18.6	11.5
V	Public administration	19.9	12.6
VI	Other services	17.1	8.2
	Services Sector	**16.8**	**9.9**

Note: GVA figures are at basic price in 2011-12 base year.

Companies doing business in Services:

As Services sector includes diverse activities and is regulated by different departments of State and Central Governments it is difficult to provide comprehensive information on this sector. While information on unorganised services such as laundry, barbers, pot making, goldsmith, blacksmith, weaving etc., are not available annually, data on services relating to organised sector such as enterprises which are registered as companies are available with the Ministry of Corporate Affairs. By using the same, performance of services sector is assessed. Companies which filed their annual returns and profit and loss account with MCA-21 for the year 2014-15 (as on 21.01.2016) is considered for the analysis.

Figure 5.2: Comparison of performance of companies doing business in Services - Telangana and India

A. No. of Companies doing business in Services sector in Telangana, 2014-15

B. No. of Companies doing business in Services sector in India, 2014-15

C. Turnover of companies doing business in Services in Telangana, 2014-15 (Rs. crore)

D. Turnover of companies doing business in Services in India, 2014-15 (Rs. crore)

Note: Number of companies and turnover based on annual filings done with MCA-21, Ministry of Corporate Affairs for 2014-15.

There are about 10,085 companies in the State doing business in services sector, whose turnover was Rs. 89,257 crore in 2014-15. Majority of the sub-services sectors in the State include, business services (which predominantly consist of IT & ITeS companies), real estate and renting, trading, finance, insurance etc. In terms of number of companies and turnover, business services (IT&ITeS etc.) stands first; there are about 5,470 business services companies in 2014-15 with the turnover of Rs. 41,488 crore, followed by community, personal & social services, trading etc (Figure 5.2).

Important Services Sectors

I. Information and Communication Technology (ICT)

ICT industry in Telangana State consists of Business Processing Organisations and Knowledge Processing Organisations, providing professional services across the globe. State's ICT services is mainly oriented towards foreign markets and contributes largely to India's IT exports. Over a period of time, Hyderabad has become a premier global destination for IT and ITeS industry of India, next only to Bengaluru.

The IT industry in the State has grown by leaps and bounds in recent years. There are 1,300 IT units employing about 3.7 lakh professionals in the State, with an annual export turnover of Rs. 68,258 crore in 2014-15. About 89 new units were established during 2014-15 (Table 5.2).

Table 5.2: Performance of IT Industry in 2014-15

Sl. No.	Description	Total
1	Total number IT units in the State	1,300
2	New units registered during 2014-15	89
3	Total Employees engaged	3,71,774
4	Exports earnings from IT (Rs. crore)	68,258

Source: Department of Information Technology, Electronics and Communications, Government of Telangana.

The State Government has taken proactive initiatives to create state-of-the-art physical infrastructure for the growth of the Sector. However, in the wake of global economic slowdown, resulting in weak global demand for software exports, companies have adopted various methods such as diversification of market base towards emerging and developing countries, product diversification and cost reduction etc.

Major Initiatives to boost ICT Sector:

The State Government with an objective to provide a congenial environment to services producing companies to start and grow their business, has initiated policy initiatives in this direction, some of them are mentioned below:

1. T-HUB: T-Hub was launched on November 5, 2015 as a unique public/private partnership between the Government of Telangana, three of India's premier academic institutes (IIIT-H, ISB & NALSAR) and key private sector leaders. T-Hub aims to be the catalyst in building Hyderabad as a start-up city and Telangana, as a start-up State.

T-Hub located in the Indian Institute of Information Technology, Hyderabad (IIIT-H) campus, in Gachibowli, Hyderabad dedicated solely to entrepreneurship. An overwhelming number of startups registered to be a part of the T-Hub community. Extending to various fields like agri-tech, life sciences, financial technology, smart cities, IoT, clean technology etc, the startup community in Hyderabad has shown their interest in being a part of T-Hub. Within a short span of time, over 900 applications were received by the T-Hub team from startups across the country. T-Hub aims to become the largest innovation ecosystems in the country and eventually globally. The project aims to build upon Hyderabad's natural strengths in IT & entrepreneurship and intends to nurture a vibrant innovation ecosystem by providing all the requisite support to unleash the latent entrepreneurial spirit amongst the new-age youth, thereby driving job growth and wealth creation.

2. Information Technology Investment Region (ITIR) at Hyderabad: Government of India has cleared Information Technology Investment Region (ITIR), Hyderabad. As per the Draft Project Report (DPR), ITIR would export IT products worth Rs. 2,35,000 crore with additional direct employment to 15 lakh people and indirect employment to 53 lakh people. This is expected to generate about Rs. 30,170 crore additional tax revenues to the State Government.

3. IMAGE Incubation Centre: Gaming and animation sector has a potential of over US $42 Billion worldwide and about $ 1 Billion in India. Hyderabad region has been identified as one of the potential places for the growth of gaming and animation industry due to the presence of a vibrant industry and talented IT professional workforce. Hyderabad has a number of Gaming & Animation companies working at present and the region has potential to grow if right kind of infrastructure is made available. Keeping in view the potential of this sector, Software Technology Parks of India (STPI), in association with the State Government developed a state of the art incubation facility "IMAGE" at STPI complex, Hyderabad. This incubation facility is specially designed to support the SMEs working in gaming, animation, multimedia and entertainment industry.

4. Promotion of Tier-II/ III IT Locations: Warangal town has been identified as Tier-II IT hub with suitable infrastructure facilities to IT companies to start their operations through TSIIC.

5. New Policy framework for ICT, Animation & Gaming and Electronic Hardware: New policy framework for ICT, Animation & Gaming and Electronic hardware is being prepared by the State Government and expected to be announced shortly.

6. Telangana Academy for Skill & Knowledge (TASK): Telangana Academy for Skill & Knowledge (TASK) is a non-profit organization created by Government of Telangana for bringing synergy among institutions of government, industry and academia with an objective of offering quality human resources and services to the industry and enhance the employability quotient of youth in the State.

Figure 5.3: Enhancing Employability through TASK

Many new course models are being offered by reputed educational institutions under the TASK programme for enhancing the skills of students to meet the requirements of the industry.

7. Digital Telangana Program: Digital Telangana program was launched on 1st July, 2015 during Digital India week. The Programme has supply and demand side targets: (i) on supply side, the main aim is to ensure that digital facilities become available to each and every person in the State, and (ii) demand side objective is digital empowerment of every individual so that they can use digital facilities created.

Availability of digital facilities are made possible through: (i) laying optical fiber cable (OFC) to each household using the water grid trenches, (ii) providing 4G services in entire State, (iii) providing Wi-Fi in major cities and towns, (iv) e-Panchayat scheme under which a One Stop Shop kiosk is made available in each Panchayat.

Digital empowerment of all citizens is targeted to be achieved through: (i) digital literacy program under which one member of each household will be taught to become digitally literate, (ii) teaching every child from Class 6 onwards the basics of computers, (iii) expansion of Mee-Seva services, (iv) converting as many Mee-Seva services as possible on mobile platform thus making mobile governance a reality in Digital Telangana, and (v) identifying technology solutions for all Government agencies to provide better services to the citizens.

Government of Telangana in the last 6 months has been working on making the vision of Digital Telangana a reality by providing 4G services in Hyderabad and Warangal; enabling Wi-Fi facilities at Tank Bund, Necklace Road, Charminar, Public Gardens, Railway Stations, and similar 17 locations, expanding Mee-Seva services and working towards the goal of One- Stop-Shop (OSS) kiosks at each Gram Panchayat.

8. Palle Samagra Seva Kendram or Digital Telangana Centres: Palle Samagra Seva Kendram or Digital Telangana Centres launched on the Gandhi Jayanthi day, 2nd October, 2015, is a first of its kind program in the country. The Programme aims to provide a bouquet of services at village level like citizen services, pension payment services, MNREGA payments, banking services, white labelled ATMs, e-Mart, B2C services, insurance services etc., through a village level entrepreneur (a woman from SHG group) in villages through a single Electronic Service Delivery (ESD) platform separately built without middlemen and direct pre-paid wallet by ESD. The scheme was launched in 100 villages with the objective to cover all the Gram Panchayats (about 8695) in next three years.

Box-5.1: E-Governance Initiatives of Telangana Government

Apart from leading in software exports, Telangana is also one of the states using the ITC to strengthen its governance for the benefit of its people. Electronic-Governance (e-Governance) implies carrying out the functions and achieving the results of governance through the utilization of ICT.E-Governance is recognized as a tool for making the life of common man more easy, convenient and hassle free and more effective and efficient than the manual systems. E-Governance increases transparency and accountability, minimizes communication gap through instantaneous transmission of information, speeding up of government processes allowing faster decision making in government bureaucracy. It also creates equal opportunity to every citizen by operationalising the rules and process of the Government System.

At present various e-Governance projects are being implemented by the State government, such as Mee-seva, Simple File tracking System, SRDH, Mobile based Monitoring System, Online GO, Websites www.telangana.gov.in are used for enabling the citizen services.

(i) Telangana SRDH: Telangana State Resident Data Hub (TG-SRDH) is an integrated framework which provides unique centralized citizen database. It acts as a single source of truth for resident's information. TG-SRDH integrates all the departmental databases and links them with AADHAAR Number.

(ii) Telangana Portal: Telangana State Portal, www.telangana.gov.in, is a one-stop destination for comprehensive, accurate and current information related to Telangana Government and its offices. With

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proper landing pages, it also displays various services being provided by the Telangana Government for citizens and other stakeholders. The State Portal contains links to State and Central Government Departmental websites/ portals.

(iii) Society for Telangana State Network (SOFTNET): The Society for AP Network (SAPNET) has been renamed as Society for Telangana Network (SOFTNET). The Society caters to the needs of various Departments through a satellite based communication network, with the help of ISRO and Government of India. SOFTNET was established and utilized in the areas of Distance Education, Agriculture Extension, e-Governance, and Human Resource Development. It is an ongoing scheme to provide tele-education for schools in remote areas and thereby deliver benefits to disadvantaged sections/groups across the State.

II. Tourism

Telangana is one of the preferred destinations for domestic and foreign tourists as it is a home for famous heritage monuments, natural spots, and divine shrines. Of late, availability of advanced medical technology and its reputation made Hyderabad famous for medical and business tourism.

Number of tourist arrivals (including domestic and foreign) in the State doubled in the last decade (Figure 5.4). About 3.26 crore tourists visited the State in 2005, the same has increased to 9.46 crore by the end of 2015, indicating a surge in tourist arrivals. While domestic travels has increased, there is slump in foreign tourist arrivals in the State during last decade.

Figure 5.4: Number of Tourist Arrivals from 2005 to 2015

District-wise tourist arrivals: District-wise analysis of tourist arrivals in the State reveals that Karimnagar is the most attractive destination for domestic tourists, followed by Adilabad. Hyderabad and Rangareddy districts are the main attraction for foreign tourists visiting Telangana. Out of 1.26 lakh foreign tourists, 1.22 lakh have visited Hyderabad and Rangareddy districts in 2015. July month has been seeing highest number of tourists in the State. Usually, most of the tourists visit the State in the month of July and about 40% of the total tourists visited during this month.

Box-5.2: The Godavari Pushkaralu - 2015

The Godavari Pushkaralu comes once in 12 years, worshiping the river Godavari. Godavari Pushkaralu celebrated in the State from 14 to 25 July, 2015. As the river Godavari is passes five Districts (Adilabad, Nizamabad, Karimnagar, Warangal, and Khammam) of Telangana, the State became a main centre for celebrating Godavari Pushkaralu in 2015. The important Ghats of Godavari Pushkaralu include Basara, Dharmapuri, Kaleswaram, and Badracham. The State has made a elaborate arrangements in villages all along the river for the convenience of the devotees. People from accross the country visited Telangana to take a holy dip during Pushkaralu.

Box-5.3: Tourism Destinations in Telangana

Telangana has a wide spectrum of tourist destinations - heritage spots, destinations for nature discovery, adventure trips, shopping etc. District-wise details of tourist spots are given below:

District	Major Tourist Spots
Warangal	**Architecture, Monuments & Temples:** Thousand Pillars Temple, Ramappa Temple, Warangal Fort. **Natural Discovery:** Ramappa Lake, Pakhal Lake, Lakhnavaram Lake, Musical Garden, Rock Garden, Regional Science Centre, Van Vigyan Kendra, Eturnagaram Wild Life Sanctuary.
Hyderabad	**Architecture, Monuments:** Charminar, Birla Mandir, Macca Masjid, Salarjung Museum, QutubShahi Tombs, Golconda Fort, Birla Planetarium, Science Museum, Public Garden, Falaknuma Palace, Asman Garh Palace. **Natural Discovery:** Nehru Zoological Park, Vanasthali National Park.
Rangareddy	**Tourist Destination :** Ramoji Film City, Hi-tech city, Osmansagar Dam, Maheshwaram Religious Places, Shilparamam Theme Village, Ocean Park, Shamirpet Lake, Anantagiri Hills, HimayathSagar, Dhola-Ri-Dhani Theme Village. **Religious Places :** Chilkur Balaji temple, Sanghi temple, Keesaragutta,
Adilabad	**Religious Places:** Saraswathi temple at Basar. **Natural Discovery:** Kadam project, waterfalls situated at Kuntala and Potchera.
Karimnagar	**Pilgrim Centre:** Vemulawada Temple, Anjaneya Swamy Temple at Kondagattu, Sri Laxmi Narsimha Swamy Temple at Dharmapuri, Sri Kaleshwara & Mukteswara temple at Kaleshwaram **Ancient Monuments:** Elgandal Fort, Molanguru fort, Jagityala fort, Silver Filigree at Karimnagar, **Natural Discovery:** Shivaram Wildlife Sanctuary, Manthani, Ramagiri Khila, Peddapalli, Ujwala and Deer parks in Karimnagar, Lower Manair Dam, Karimnagar
Khammam	**Pilgrim Centres:** Bhadrachalam, Kallur, Parnasala, Gundala, Kusumanchi **Ancient Monuments:** Nelakondapalli Idols, Khammam Fort, **Natural Discovery:** Kinnerasani Wildlife Sanctuary, Perantalapalli Hills.
Mahabubnagar	**Pilgrim Centres:** Rameshwaram, Manyam Konda, Gangapuram, Uma Maheswaram, Sri Rama Temple, Sirisanagundla, Saneeswara SwamyTemple, KurumurthiRayadu, Jahangirpeer Dargha. **Tourist places:** PillalaMarri great Banyan Tree, Nallamala – Farahabad, Mallela Theertham, Gadwal Hill fort, Jurala, Koilsagar, Saralasagar.
Medak	**Religious Places :** Siddipet, Zaheerabad, Jharasangam, Lakshmi Narasimha Swamy Temple, Medak Cathedral, Sri Venugopala Swamy Temple, Koti Lingeswara Swamy Temple, Edupayala Durga Bhavani Gudi, Ramalingeswara Temple, Shri Saraswathi Kshetramu, Velupugonda Sri Tumburunatha Devalayam. **Ancient Monuments:** Archaeological Museum, Medak Fort, Gottam Gutta. **Natural Beauty:** Pocharam Wildlife Sanctuary, Pocharam Reservoir, Nizam Sagar Dam, Edithanur.

Nalgonda	**Architecture, Monuments & Temples:** Buddha Statue, Nagarjuna Konda, Yadagirigutta, Sunkishala Temple, Chaya Somalingeswara Temple, Pochampalli, Pillalamarri, Rachakonda, Bhongir Fort.
	Tourist Destination: Nagarjuna Sagar, Ethipothala Water Falls Nandikonda, Kolanupaka, Pangal, Matampalli.
Nizamabad	**Tourist Destination:** Nizamsagar Dam, Ali Sagar, Pochampadu Project, Bodhan, Ali Sagar Deer Park, Indur Utsav.
	Architecture, Monuments & Temples: Archaeological & Heritage Museum, and Nizamabad Fort.

Medical Tourism: Telangana is the home for some of the best health care institutions in the country. Health services offered by the reputed private hospitals located in Hyderabad are of world-class standards with less cost, thus made the State as popular medical tourism destination. There is an increase in both domestic and international tourists visiting the State for medical treatment.

A Study conducted by ASSOCHAM reveals that India is an affordable destination for getting best medical facilities, as the cost of the medical treatment in India is 1/8thof the cost charged in some of the advanced countries. The study also finds combined Andhra Pradesh, Karnataka, New Delhi, Kerala, Tamil Nadu and Maharashtra as popular medical tourism destinations. Some of the corporate hospitals in Telangana have been capitalizing on their expertise and infrastructure in order to attract the patients around the world.

Business Tourism: Conducting meetings, conferences and exhibitions is way of attracting tourists to the State. Hyderabad has certain advantages for being host for business tourism: (i) It is economically more viable, (ii) It is one of the leading business hubs in India, (iii) The State is home for leading Multi-National Companies (MNCs) in IT, pharmaceutical, R&D sectors and has reputed institutions, (iv) Telangana has rich culture and globally acclaimed cuisines, (v) Excellent international and domestic air connectivity, and (vi) Wide range of world-class hotels, a world-class Convention Centre, etc.

Hyderabad has been hosting various national and international meetings and conferences for long. In the year 2015, many conferences and meetings of international importance have been organized in Hyderabad such as, 19th International Children's Film Festival, India Economic Association Conference, 2015, Indo-Global Healthcare Summit & Expo 2015, Annual Conference of the International Federation for Theatre Research, Indo Global Pharma expo & summit, 2015, Bio-Asia, International Congress on Infectious Diseases, etc.

Box-5.4: Eco Tourism Circuit and Tribal Tourism Circuit in Telangana

In order to make Telangana an attractive destination for tourist, it is proposed to develop 2 mega tourism circuits with the assistance of Government of India, namely, integrated Development of Eco-tourism, with an outlay of Rs. 91.62 crore and Tribal Tourism Circuit in Warangal District, with an outlay of Rs. 92.11 crore. These circuits would include scenic and natural beauty of the region, pristine forests, Tiger & wildlife reserves, waterfalls, caves, rivers and reservoirs and ancient temples. Government proposes to develop road connectivity along with building ropeways, tourist cottages and cruise boats.

I. Integrated Development of Eco Tourism Circuit in Mahabubnagar District

The eco-tourism circuit in Mahabubnagar will cover following destinations:

1. Somasila Riverside Development:

Somasila reservoir is located 10 Kms. away from Kollapur. Someswara Swamy Temple a highly revered shrine located on the banks of this reservoir attracting millions of tourist round the year. A major draw is the festival, which is celebrated here once in 12 years. Pushkara Snanam - a dip in the Krishna river is considered auspicious on this occasion.

2. Singotam:

Tourist Facilitation centre, lounge, water supply and public convenience system are taken up for development.

3. Akkamahadevi Caves:

Akkamahadevi caves are located at about 18 Km from Srisailam. It is believed that Akkamahadevi, a great devotee of Shiva, meditated inside these caves.

4. Kadali Vanam:

The Tourism Department has proposed various works at Kadali Vanam such as upgrading of trekking path, improvement of steps etc

5. Farahabad:

Farhabad, which is literally means "Mount Pleasant" is at an altitude of 914 mts in the Nallamalla Hills in the Eastern Ghats. This holiday destination enjoys a salubrious climate encompassing cottages to attract tourist to the destination.

6. Mallela Theertham:

Mallela Theertham is a beautiful waterfall located in the midst of Nallamalla Forest. The fall originates from small Shiva Lingam and drops from a height of about 500 meters.

7. Srisailam:

This tourism circuit also touches Srisailam which is located on the ancient sacred hill of Srigiri, in the Nallamala range of Andhra Pradesh.

8. Uma Maheshwaram:

Uma Maheswaram is a temple dedicated to Lord Shiva located in the picturesque Nallamalla forest. It is the northern gateway of Srisailam-one of the Jyotirlingas.

II. Tribal Tourism Circuit

Tribal Tourism Circuit Project connects following tourist destinations: Mulugu - Laknavaram - Medaram - Tadvai - Damaravai - Mallur - Bogatha waterfalls.

1. Mulugu Gattamma: The Gateway to Medaram:

Mulugu Gattamma temple is considered as the gateway to the Medaram. Pilgrims visiting to Sammakka and Saralamma Jatara visits Gatamma temple during Jatara period.

2. Laknavaram:

Laknavaram Lake is one of the engineering marvels of the Kakatiya Kings, spread on a saucer-like land extending to about 10,000 acres, located in Govindraopet Mandal of Warangal District. A sprawling lake surrounded by a chain of beautiful green hillocks, serene water from lush green islands dotting the expansive tank and hanging bridge attracts large number of tourist round the year.

3. Medaram:

A popular religious congregation or Jatara called "Sammakka - Saralamma" Jatara takes place for three days biennially at Medaram. This is deemed to be the second largest congregation in India, only after the Kumbha Mela. This year "Sammakka - Saralamma" Jatara was celebrated during 17th to 20th February and about 1.30 crore devotees/tourists have been estimated to have come for the Jatara.

4. Tadvai:

Tadvai is also known as Sammakka Saralamma Tadvai, is a tribal village and mandal headquarters in Warangal district. Major portion of land is covered under wildlife and vegetation. In the view of forest vegetation and wildlife significance, the district forest department offers a unique experience to the nature lovers by opening "Vanajeevan".

5. Mallur Spring Waters:

"Chintamani Jalapatham" a natural spring runs through the dense forest believed to have medicinal qualities called malluru spring waters. Holy shrine of Lord Narasimha Swamy is also located in Malluru.
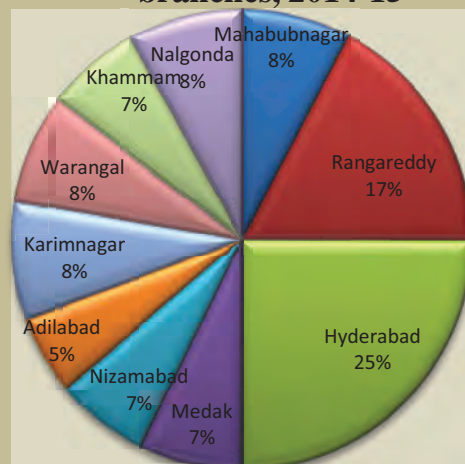
6. Bogatha Waterfalls:

Bogatha is a beautiful Waterfall, located in the dense forest at Koyaveerapuram G, Wazedu Mandal of Khammam district. This is the second largest waterfall in Telangana State.

The State has huge potential in tourism sector. With the increased living standards, improved connectivity and tourism infrastructure in the State, the potential for tourism growth has increased. Positive steps taken by the Government to improve connectivity and facilitation of tourists have shown encouraging results. Initiatives such as developing low-budgeted hotels, formation of 'Special Tourism Zone' and tourist clusters etc. could further improve tourism sector in the State.

III. Financial Services

Financial services are being provided by the financial institutions such as banks, insurance companies, pension agencies, micro-finance institutions, stock markets etc. These institutions mobilizes savings and allocate credit to business, thus becoming a sine-qua-non for the development of business. While financial sector includes a range of financial institutions, penetration of financial sector is analysed with the help of information available on commercial banks, which constitutes a significant portion of financial sector in India.

Figure 5.5: District-wise distribution of Scheduled Commercial Bank branches, 2014-15

- Mahabubnagar 8%
- Nalgonda 8%
- Khammam 7%
- Warangal 8%
- Karimnagar 8%
- Adilabad 5%
- Nizamabad 7%
- Medak 7%
- Hyderabad 25%
- Rangareddy 17%

District-wise concentration of Schedule Commercial Banks reveals that one fourth of the scheduled commercial banks are in the Hyderabad district (Figure 5.5). Hyderabad & Rangareddy districts together account for around 42 percent of the total scheduled commercial bank branches in the State. Adilabad is having the lowest number of bank branches per thousand population in the State.

Table 5.3: District-wise Banking Indicators in Telangana during 2014-15

Sl No	Districts	All Scheduled Bank	Population per (000's)	Credit (Rs. in crore)	Deposit (Rs. in crore)	credit-deposit ratio
1	Mahabubnagar	337	12	6,841	5,688	120
2	Rangareddy	762	7	21,290	46,908	45
3	**Hyderabad**	**1,094**	**4**	**2,35,448**	**1,91,709**	**123**
4	Medak	315	10	9,087	8,032	113
5	Nizamabad	289	9	6,266	5,669	111
6	Adilabad	243	11	5,317	6,105	87
7	Karimnagar	365	10	7,577	10,610	71
8	Warangal	337	10	8,742	9,303	94
9	Khammam	291	10	6,864	7,165	96
10	Nalgonda	350	10	8,322	5,648	147
	Total	**4,383**	**8**	**3,15,754**	**2,96,836**	**106**

Source: Reserve Bank of India

Indicators, such as population per bank and Credit-Deposit Ratio (CDR), are used for showing extent of banking penetration. On an average each bank branch is serving around 8000 population in 2014 as against 14000 per bank branch at all-India level. Credit-Deposit Ratio (CDR) in the State is about 106. Inter district analysis reveals that Rangareddy, Karimnagar, Adilabad, Warangal and Khammam districts have CDR less than 100 percent.

Box-5.5: Financial Inclusion

Growth theories argue that capital is primary not only for growth of the economy but also for poor catch up with the rest of the population. Capital is required for multiple reasons: Short-run capital requirement for buying raw material, fertilizer, pesticides, seeds, repair and maintenance of implements, paying rent etc. (ii) long-run capital requirement include expenditure on education, health, investment for enterprise, construction of house, cattle, implements, digging a well for irrigation purpose, procurement of land etc. (iii) Consumption needs especially during lean periods, drought, flood, or crop failure and (iv) for unproductive purposes such as social and religious functions, festivals, litigation etc.

Access to finance by the poor and vulnerable groups is a prerequisite for poverty reduction and social cohesion. Financial inclusion denotes delivery of financial services at an affordable cost to vast sections of the disadvantaged and low-income groups. Traditionally financial inclusion is understood as opening new bank branches and bank accounts in rural and unbanked areas. But now financial inclusion is seen to be something more than mere opening bank branches.

Financial inclusion means easy access to various financial services such as credit, savings, insurance and payments and remittance facilities by every citizen irrespective of his/her economic status. Both State and Central Government has initiated number of programs for financial inclusion such as encouraging SHG-Banking linkage programs, Jan Dhan Yojana, etc.

Outlook for the Services Sector

Services sector has been the main source of growth of the State economy. Availability of good quality infrastructure, educated and highly skilled professionals, with a cost advantage has helped the state to maintain double digit growth in the sector. At present, only 23 percent of the total workforce (rural and urban) in the state is employed in service sector and it contributes about 61 percent to State's GVA. Hence, there is scope for increase in employment share of this sector. Within Services sector, more focus needs to be given to Information, Communication and Technology (ICT), tourism, financial sector for employment generation.

Government has been using ICT for effective delivery of services for common people. Number of e-Governance initiatives have been taken up by the Government, which resulted in positive impact on the peoples' lives. Government started 'Digital Telangana' programme to facilitate digital empowerment of all its citizens. Tourism is one of the sectors, which has huge potential for income and employment generation in the State. After formation of the State, concerted efforts are being made to build a brand for 'Telangana Tourism'.

The biggest challenge that the State is facing in Services sector is, the skill-gap that exists in students who just passed out of colleges and universities and industry requirements. In order to fill the skill deficit, the Government has established Telangana Academy for Skill & Knowledge (TASK) to bring industry and academia on a single platform. This initiative is expected to increase the employability of students by imparting skills needed for the industry.

Eco Tourism Project, Mahabubnagar