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A DECADE OF INDUSTRIAL GROWTH IN TELANGANA: AN OVERVIEW OF TG - IPASS

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Abstract

Telangana, since its formation in 2014, has undergone a significant transformation in its industrial landscape. The introduction of the Telangana State Industrial Project Approval and Self-Certification System (TG-IPASS) was a landmark policy aimed at removing bureaucratic hurdles, facilitating ease of doing business, and promoting rapid industrialization. Before the implementation of TG-IPASS, investors and industries faced prolonged approval processes, fragmented regulatory frameworks, and a lack of transparency, which hindered industrial growth. Recognizing these challenges, the government launched TG-IPASS as investor-friendly policy that introduced single-window clearances, time-bound approvals, and self-certification mechanisms. The policy has led to a surge in industrial approvals, attracting domestic and foreign direct investments

This research paper provides an in-depth examination of TG-IPASS on Telangana's industrial growth over the past ten years. It explores the trajectory of industrial approvals, investment patterns, and employment generation. The research tries to identify areas for improvement, including the need for expanding industrial growth. Despite its success, certain challenges remain, such as fluctuating investment trends post-2019 and the need for stronger policy initiatives to encourage industrialization in rural districts. The findings of this study underscore the importance of continuous policy evolution to maintain Telangana's momentum in industrial growth. By focusing on future-ready solutions, workforce development, and infrastructure expansion, Telangana can solidify its position as a leading industrial hub in India. This paper concludes that TG-IPASS has been a game-changer for Telangana's economic landscape and offers recommendations for enhancing its effectiveness in the coming years.

Keywords: Industrial Growth, TG-IPASS, Telangana Economy, Investment Trends, industrial approvals, Employment Generation, Ease of Doing Business.

1. INTRODUCTION

Before the formation of Telangana in 2014, the region faced several industrial and economic challenges. The erstwhile Andhra Pradesh saw an uneven distribution of industries. Bureaucratic red tape, lack of transparent policies, and infrastructural deficiencies hindered investment in the region.

The demand for a separate Telangana was driven in part by the aspiration for economic self-sufficiency and industrial growth. After its formation, the Telangana government recognized the urgent need for a streamlined industrial policy to attract investments, boost employment, and accelerate economic development. The traditional approval processes for industrial projects were cumbersome, time-consuming, and often deterred potential investors.

To address these challenges, the Telangana government introduced the Telangana State Industrial Project Approval and Self-Certification System (TG-IPASS) in 2015. This policy aimed to create an investor-friendly ecosystem by ensuring time-bound approvals, self-certification mechanisms, and a single-window clearance system. Over the years, TG-IPASS has played a crucial role in transforming Telangana into one of India's most industrially progressive states. By simplifying regulatory procedures and providing incentives for businesses, it has significantly boosted industrial growth, employment generation, and foreign direct investment in the state.



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2. TG-IPASS

The Telangana State Industrial Project Approval and Self-Certification System (TG-IPASS) is a revolutionary policy aimed at promoting ease of doing business and attracting investments in Telangana. Enacted in 2015, TG-IPASS is founded on the principles of single-window clearance, self-certification, and time-bound approvals.

1.1 Provisions of TG-IPASS

- **Single-Window Clearance:** The policy ensures that all necessary approvals are obtained through a single online portal, reducing bureaucratic hurdles and enhancing efficiency.
- **Self-Certification Mechanism:** Investors are permitted to self-certify their compliance with various industrial regulations, expediting the approval process and minimizing unnecessary delays.
- **Time-Bound Approvals:** Depending on the size and type of industry, approvals must be granted within a stipulated timeframe (15 days for mega projects and 30 days for others). If the timeline is exceeded, the project is automatically deemed approved.
- **Penalty for Delays:** Officials responsible for delays beyond the prescribed timeframe are held accountable and subjected to penalties.
- **Categorization of Industries:** Industries are classified based on size and environmental impact, ensuring customized regulatory requirements.
- **Priority to Mega and Large-Scale Industries:** High-priority status is given to large-scale industries and strategically important sectors to encourage greater capital investment and employment generation.
- **Incentives and Subsidies:** Various financial and infrastructural incentives such as tax reimbursements, land allocation, and power subsidies are provided to eligible businesses, particularly those in backward regions.
- **Special Focus on MSMEs and Women Entrepreneurs:** TG-IPASS extends additional incentives to micro, small, and medium enterprises (MSMEs) and initiatives led by women entrepreneurs to promote inclusive industrial growth.
- **Environmental and Labor Compliance Simplifications:** The policy integrates streamlined environmental and labor approvals, balancing industrial growth with sustainability.

The implementation of TG-IPASS has been technology-driven, utilizing an online platform where entrepreneurs can submit applications, track progress, and receive approvals electronically. The state government has also set up dedicated investor facilitation cells to assist businesses in navigating the process. Over the years, Telangana has witnessed a substantial rise in industrial approvals, investments, and employment generation due to this seamless approach.

While TG-IPASS has already demonstrated significant potential in reducing administrative bottlenecks and fostering a more conducive business environment, its ability to address challenges such as socio-economic inequality, environmental sustainability, and the changing demands of global industries will be crucial in ensuring its continued relevance and success.

3. LITERATURE REVIEW

Dewantara & Bado (2024) highlight the impact of business licensing policies on industrial growth, emphasizing the need for regulatory simplifications to boost economic contributions.

Dhanpal (2024) evaluates Telangana's Industrial Policy 2014, showing its role in industrial expansion, employment growth, and economic transformation in Karimnagar, while noting sustainability challenges.



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Mane (2024) analyzes India’s Ease of Doing Business reforms, noting improvements in rankings, investment growth, and regulatory efficiency but highlighting ongoing land and SME challenges.

Li et al. (2023) assess industrial green development in China, emphasizing technological innovation’s role in employment structure optimization across regions.

Saragih et al. (2023) examine Indonesia’s Online Single Submission system, finding that despite improving business efficiency, regulatory misalignment hindered investment growth.

Xu et al. (2023) investigate Ease of Doing Business and FDI, confirming that streamlined regulations significantly impact foreign investment in developing economies.

Bikshapathi (2022) studies TG-IPASS’s role in boosting Telangana’s industrial growth, decentralizing investments, and enhancing employment opportunities.

Deepthi (2022) examines TG-IPASS and T-Hub’s contributions to Telangana’s business environment, emphasizing innovation and economic expansion.

Mekha & Reddy (2018) assess TG-IPASS’s impact on GDP growth and industrial decentralization, noting challenges in employment distribution.

Natarajan & Raza (2017) review India’s regulatory bottlenecks in Ease of Doing Business, calling for deeper reforms to attract investment and employment.

Ani (2015) links ease of doing business reforms to GDP growth, emphasizing that regulatory efficiency drives industrial expansion and competitiveness.

4. RESEARCH GAP

Although TG-IPASS is widely recognized as a business-friendly reform, research assessing its quantifiable impact on Telangana’s GDP and investment attraction remains limited. Existing literature and government reports highlight the state’s overall economic growth but lack a sector-specific analysis of TG-IPASS’s influence on manufacturing, IT, pharmaceuticals, and infrastructure. Without such insights, it is unclear which industries benefited the most, the challenges faced, and whether the policy met its objectives.

Most studies focus on ease-of-doing-business rankings rather than empirical evidence of investment trends before and after TG-IPASS. Additionally, data is lacking on whether faster approvals, reduced bureaucratic hurdles, and the single-window system have effectively boosted investment inflows and job creation. The long-term adaptability of TG-IPASS to economic shifts, emerging industries, and global investment trends remains unexplored.

Addressing these gaps will provide a comprehensive understanding of TG-IPASS’s impact, helping policymakers make data-driven decisions.

5. RESEARCH QUESTIONS

1. How has the number of industrial approvals under TG-IPASS evolved from 2014 to 2024?
2. What are the key trends in investment inflows in Telangana over the past decade?
3. How has employment generation been impacted by the implementation of TG-IPASS?

6. OBJECTIVES OF THE STUDY

1. To analyze the year-on-year growth in industrial approvals under TG-IPASS from 2014 to 2024.
2. To assess investment trends in Telangana from 2014 to 2024.



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3. To evaluate employment trends in Telangana’s industrial ecosystem.

7. RESEARCH METHODOLOGY

This study adopts a quantitative descriptive approach to analyze the industrial growth trends under TG-IPASS in Telangana from 2014 to 2024.

The study is based on secondary data obtained from various government and institutional sources. Key sources include the Telangana Socio Economic Outlook, Telangana State Industrial Infrastructure Corporation (TSIIC), and Department for Promotion of Industry and Internal Trade (DPIIT) for data on investment flows, industrial approvals, and infrastructure development.

The research focuses on three key variables:

- (1) Number of industrial approvals,
- (2) Investment inflows, and
- (3) Employment generation.

The study employs statistical tools like trend analysis, growth calculations, and comparative assessment to analyze industrial growth patterns using Advanced Excel. The findings are visually represented through bar charts for year-on-year approvals, investments, and employment, line graphs to track growth trends, and pie charts to illustrate distribution.

8. DATA ANALYSIS AND INTERPRETATION

Table:1. Year-on-Year Industrial Approvals, Investments, and Employment (2014-2024)

Financial Year	No. of Industries	Total Investments (Rs. Crores)	Total Employment (No. of Jobs)
2014-2015	174	1805.8	5051
2015-2016	1526	28954.6	94196
2016-2017	1697	33493.25	95062
2017-2018	2789	57661.01	273362
2018-2019	2776	34214.65	599358
2019-2020	3005	40069.31	314845
2020-2021	3384	16047.52	162597
2021-2022	4015	18151.58	99766
2022-2023	3109	26917.97	101014
2023-2024	2671	28135.33	84891
Total	25146	285451.02	1830142

Source: Compiled by researcher from secondary sources.



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Chart:1.1

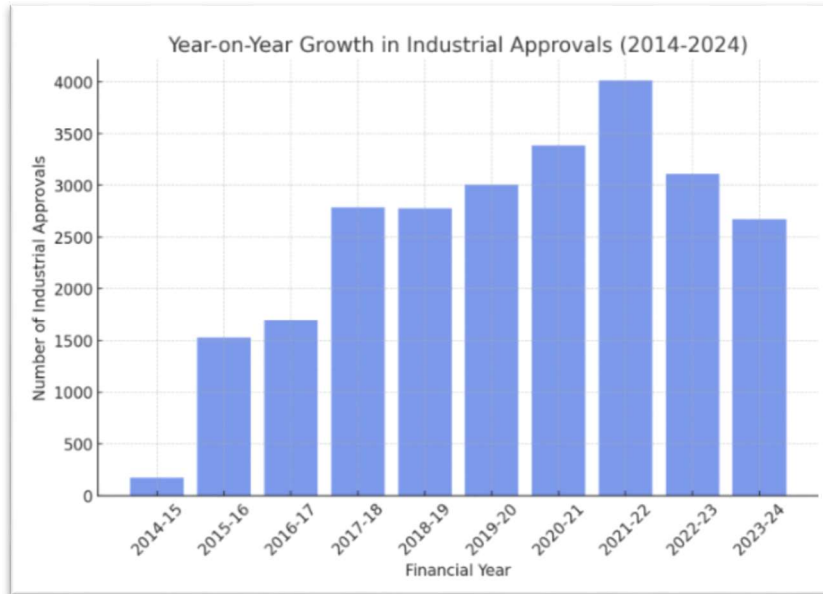


Chart 1.2

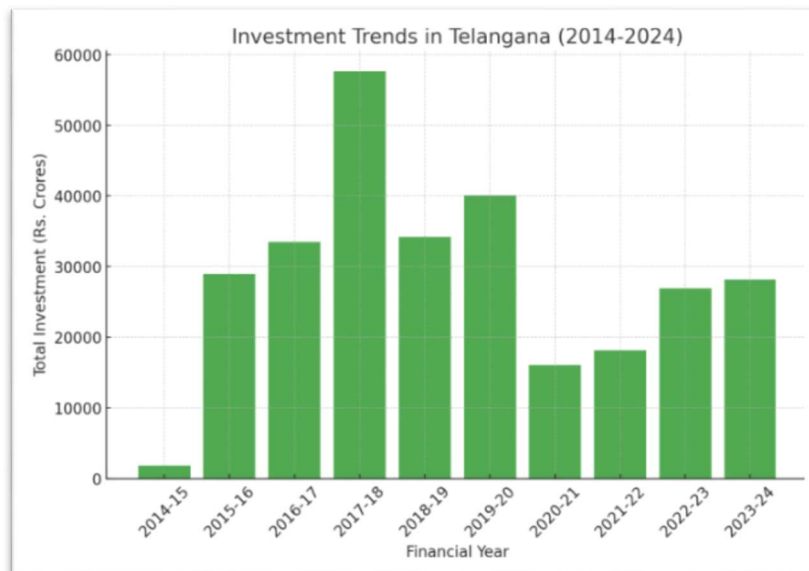
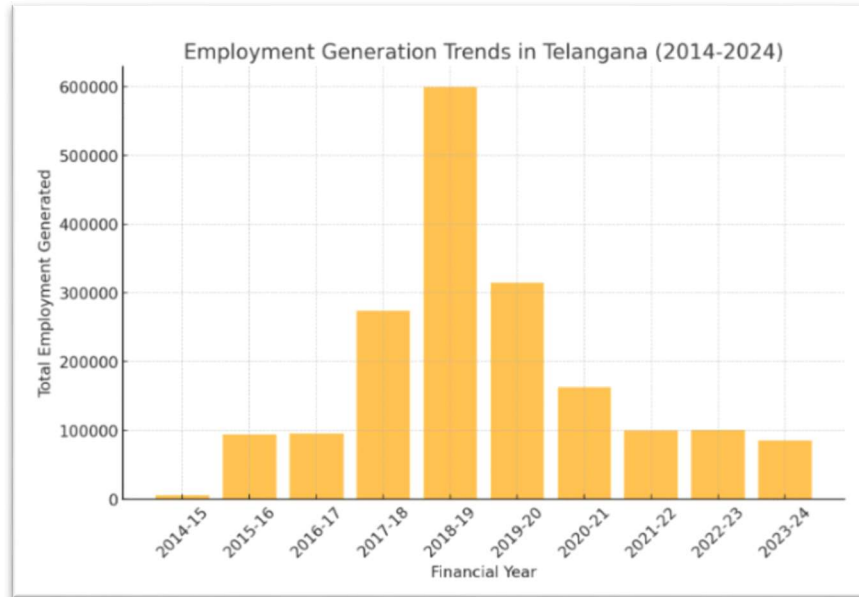


Chart:1.3



The year-on-year growth analysis of industrial approvals, investments, and employment under TG-IPASS has been shown in Chart 1.1, Chart 1.2, Chart 1.3 respectively.

It reveals a significant transformation in Telangana’s industrial landscape.

- Industrial Approvals:** The number of industrial approvals witnessed a steady increase from 174 in 2014-15 to a peak of 4,015 in 2021-22. The highest growth phase (2015-2022) corresponds to the successful implementation of TG-IPASS, streamlining bureaucratic processes and boosting investor confidence. However, a downturn is observed post-2022, with approvals declining to 2,671 in 2023-24, suggesting potential policy saturation.
- Investments:** The investment trends follow a similar pattern, reaching a peak of ₹57,661 Cr in 2017-18. The subsequent decline in 2020-21 (₹16,047 Cr) can be linked to COVID-19-related disruptions, followed by partial recovery in 2022-23 (₹26,917 Cr) and 2023-24 (₹28,135 Cr). However, the volatility in investment flows can be clearly seen.
- Employment Generation:** Employment generation showed a strong correlation with investment trends, peaking at 599,358 jobs in 2018-19. However, post-2019, employment saw a steady decline, dropping to 84,891 jobs in 2023-24.

Table:2. Percentage Growth in Industrial Approvals, Investments, and Employment

Year	Approvals Growth (%)	Investment Growth (%)	Employment Growth (%)
2016-17	11.21%	15.68%	0.92%
2017-18	64.35%	72.16%	187.56%
2018-19	-0.47%	-40.66%	119.25%
2019-20	8.25%	17.11%	-47.47%
2020-21	12.61%	-59.95%	-48.36%



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2021-22	18.65%	13.11%	-38.64%
2022-23	-22.57%	48.30%	1.25%
2023-24	-14.09%	4.52%	-15.96%

Source: Compiled by researcher from secondary sources.

Chart:2.1

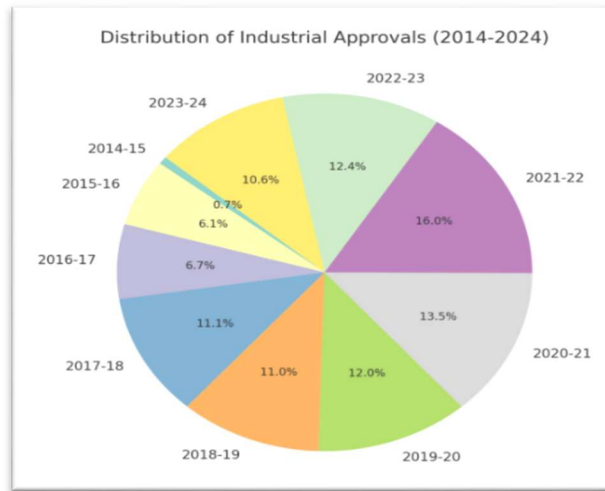


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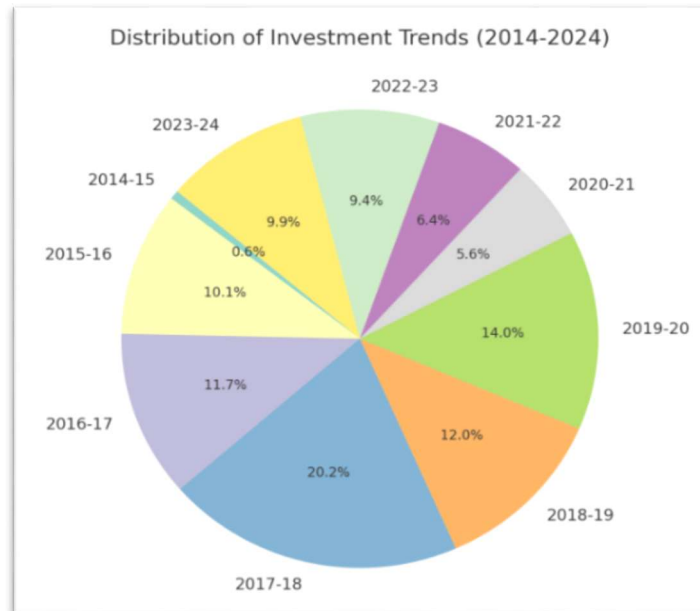
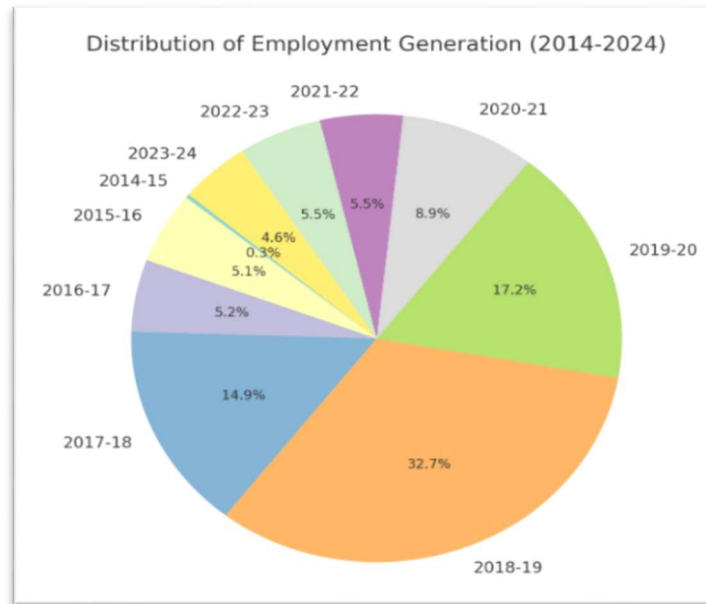


Chart 2.3



The percentage growth analysis of industrial approvals, investments, and employment under TG-IPASS has been shown in Chart 2.1, Chart 2.2, and Chart 2.3, respectively, and detailed in Table 2.

- Industrial Approvals:** The highest growth rate (+64.35%) was observed in 2017-18, marking a rapid industrial expansion under TG-IPASS. The approvals consistently increased until 2021-22; however, a decline of -22.57% in 2022-23 and -14.09% in 2023-24 suggests a slowdown in industrial momentum.
- Investments:** Investment growth peaked in 2017-18 (+72.16%), reflecting strong investor confidence and policy success. However, a sharp contraction of -59.95% in 2020-21 due to COVID-19 economic disruptions impacted industrial capital flows. While a partial recovery was noted in 2022-23 (+48.30%), the growth slowed to 4.52% in 2023-24, indicating the need for renewed investment incentives.
- Employment Generation:** The employment trends closely align with industrial growth. The highest employment growth (+187.56%) was recorded in 2017-18, but a decline of -15.96% in 2023-24 raises concerns about job sustainability. The post-2019 downward trend in employment suggests a need for targeted workforce development strategies to sustain job creation.

The trends clearly indicate that while TG-IPASS facilitated rapid industrial expansion, sustaining long-term investment and employment growth remains a challenging task.

Table:3. Distribution (%) Among Total (2014-2024)

Financial Year	Industries (%)	Investments (%)	Employment (%)
2014-2015	0.70%	0.60%	0.30%
2015-2016	6.10%	10.10%	5.10%
2016-2017	6.80%	11.70%	5.20%
2017-2018	11.10%	20.20%	14.90%



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2018-2019	11.00%	12.00%	32.70%
2019-2020	12.00%	14.00%	17.20%
2020-2021	13.50%	5.60%	8.90%
2021-2022	16.00%	6.40%	5.40%
2022-2023	12.40%	9.40%	5.50%
2023-2024	10.60%	9.90%	4.60%
Total	100.00%	100.00%	100.00%

Source: Compiled by researcher from secondary sources.

Chart:3.1

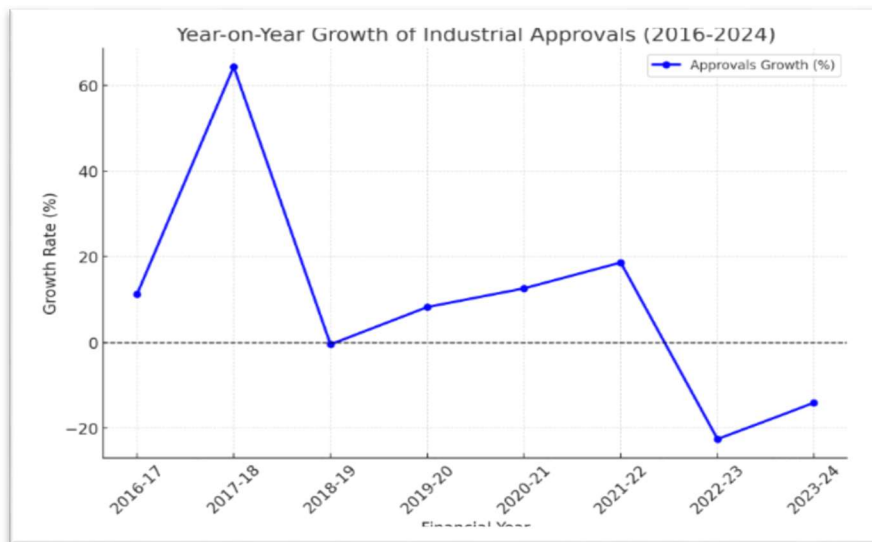


Chart:3.2

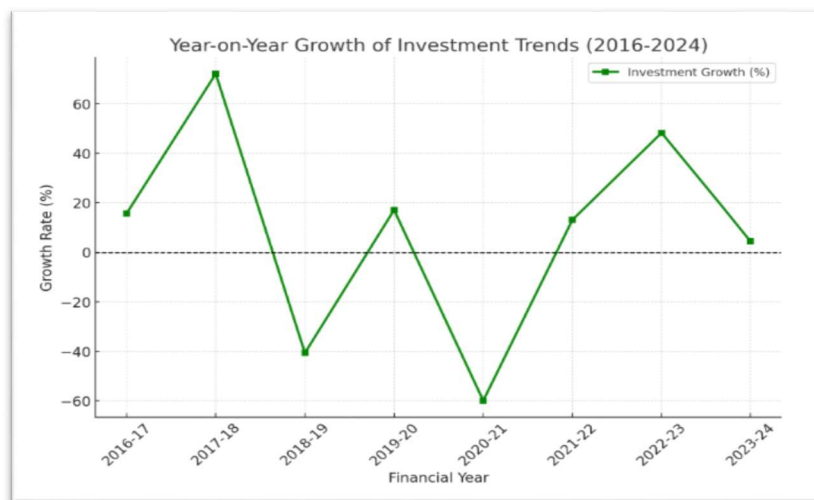
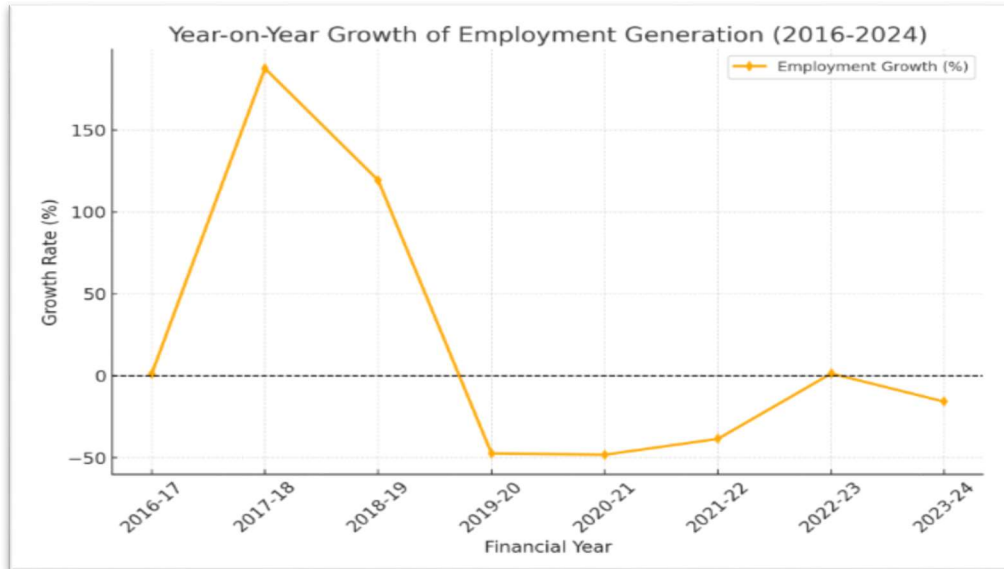


Chart:3.3



The YoY percentage distribution of industrial approvals, investments, and employment among the total contributions from 2014-2024 has been depicted in Chart 3.1, Chart 3.2, and Chart 3.3, and detailed in Table 3.

- Industrial Approvals:** The largest share of total approvals (16.0%) was recorded in 2021-22, as shown in Chart 3.1. However, the share declined to 10.6% in 2023-24, signaling a need for policy adjustments to sustain industrial growth.
- Investment Contribution:** 2017-18 had the highest share of total investments (20.2%), reflecting peak industrial expansion, as indicated in Chart 3.2. The lowest contribution (5.6%) was in 2020-21, due to the economic downturn caused by COVID-19. The investment share in 2023-24 (9.9%) suggests a partial recovery but remains lower than the peak years.
- Employment Contribution:** 2018-19 accounted for the highest share (32.7%) of total employment, indicating that the industrial growth phase significantly boosted job creation. However, employment contribution declined to 4.6% in 2023-24, highlighting the challenge of job creation.

The findings in Table 3 reinforce that TG-IPASS effectively promoted industrial expansion, but recent trends indicate the need for interventions to stabilize investment flows and employment generation.

9. CONCLUSION

TG-IPASS has played a pivotal role in transforming Telangana into a leading industrial hub by streamlining approvals, attracting investments, and generating employment. The policy's success is evident in the steady rise of industrial approvals and record-high investments, particularly between 2017-2022. However, recent trends indicate a slowdown in approvals, fluctuating investments, and declining employment rates, highlighting the need for renewed policy interventions. To sustain growth, Telangana must focus on expanding industrialization beyond urban centers, ensuring stable investment inflows, and strengthening workforce development. With strategic refinements, TG-IPASS can continue driving long-term industrial and economic prosperity in the state.



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