



MANGAL ANALYTICS AND[®]
RESEARCH CONSULTING
Delivering Excellence, Partnering Success.

MARC Insights

TELANGANA MSME POLICY 2024: LIFE SCIENCES & PHARMA FOCUS SECTORS

January 2024



Table of Contents

1	<u>About the policy</u> Page 02-06	4	<u>Life Sciences sector's contribution to state merchandise exports</u> Page 9
2	<u>SWOT Analysis</u> Page 7	5	<u>Growth Projections (2025-2030) & Impact</u> Page 10
3	<u>Life Sciences Industry: Telangana Vs. Rest of India</u> Page 8	6	<u>Conclusion</u> Page 11

About the policy

The Telangana MSME Policy 2024 was officially launched on March 9, 2024, by Chief Minister K. Chandrashekhar Rao.



Mission

To achieve a **10% increase in the MSME** sector's contribution to the Gross State Domestic Product (GSDP) and a **15% year-on-year growth** in registered MSMEs through strategic initiatives and support mechanisms.



Vision

To foster inclusive and diverse **employment, equitable growth, and technological advancement** within the MSME sector, thereby contributing significantly to the state's **economic development**.



Encourages the establishment and expansion of MSMEs in pharma and biotech industries, targeting **25,000+ new enterprises**.



Created **51,000 direct jobs** and **1,50,000 indirect jobs**, driving workforce development in the life sciences sector.



Hyderabad known as the **Pharma City** provides dedicated zones for greenfield* manufacturing, R&D facilities, and incubation centers.



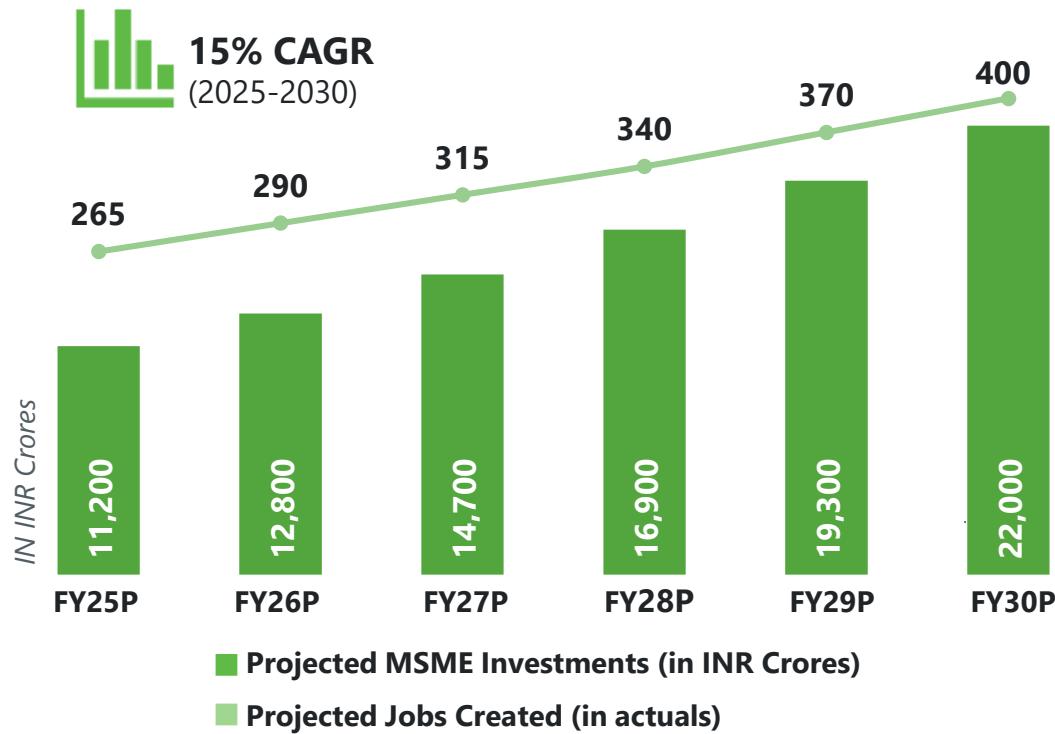
Telangana has around **2.6 million MSMEs**, with **56% in rural** areas, driving local economies, and **44% in urban** centers, contributing to industrial growth.

Source: [Telangana Life Sciences Vision 2030](#)

*Greenfield manufacturing is setting up new facilities on unused land.

MSME Sector in Telangana

Since its formation **on June 2, 2014**, Telangana has witnessed the establishment of over **19,954** registered MSME units, attracting investments totaling **INR 31,023 crore** and generating employment opportunities for approximately **3.6 lakh** individuals.



Source: *Telangana Economic Survey 2024*.



Telangana's MSME sector has grown by approximately **25% annually**, and the state is projected to establish **25,000** new MSMEs by **2029**.



Telangana aims to add **25,000** new MSMEs in the next **five years**, with a **15% annual growth** target under the MSME Policy 2024.



MSMEs in Telangana contributed to **20% export value** over last 3 years.



Over **1,00,000 MSME workers** trained in advanced skills.



The state's government has implemented robust policies, including an **INR 4,000 crore** MSME policy, aimed at **boosting** the MSME sector.



Recovery post-COVID-19 is visible, with investments reaching **INR 7,800 Cr** in 2021-22 and **INR 8,400 Cr** in 2022-23.

Key Objectives of the MSME Policy

Foster MSME Growth and Sustainability

Create a nurturing **ecosystem** that supports the growth of MSMEs by offering financial support, subsidies, and policy incentives to enhance their competitiveness.



Attract Investment for Economic Growth

Draw **INR 10,000 crore in investment** over the next five years to stimulate industrial output and fuel the state's economic development.

Promote Job Creation and Inclusive Employment

Facilitate the **creation of 1.50,000 jobs** within MSMEs by 2024, with a focus on ensuring opportunities for women and marginalized communities.

Boost Export Potential and Forge Global Partnerships

Foster a **15% annual growth in MSME exports** by improving trade facilitation, expanding international market access, and supporting global partnerships.

Invest in Skill Development and Workforce Empowerment

Train 50,000 workers annually in advanced manufacturing, technology, and management skills to empower the MSME workforce and meet industry demands.

Source: [Telangana Life Sciences Vision 2030](#)

Incentives under Telangana MSME Policy

Special incentives- are provided under the T-PRIDE scheme, including higher capital investment subsidies and additional support measures to encourage entrepreneurship among Scheduled Castes, Scheduled Tribes, and women.

Tax holidays- for newly established and biotech and pharma startups in the first 5 years.

Zero GST- Zero GST on pharmaceutical and life sciences exports.



Capital investment subsidies- of up to 15%, capped at INR 3 crore. Interest subsidies on loans for up to 7 years.

SGST Reimbursement- 100% reimbursement of net SGST for five years, up to INR 50 lakh annually

Tax rate- As low as 15% for companies with turnovers below INR 100 crore. Double deduction for R&D expenditure in pharmaceutical and life sciences sectors, up to 200% of eligible R&D expenses.

Source: [Telangana Life Sciences Vision 2030](#)

SWOT Analysis

R&D Investment and Innovation

Investment in **R&D** and life sciences innovation was set to reach **₹2,500 crore by 2024**, driving innovation in drug discovery and vaccines development.

Established Pharmaceutical Manufacturing Hub

Generic drug production, manufacturing **33% of the country's vaccines**.

Telemedicine and Digital Health

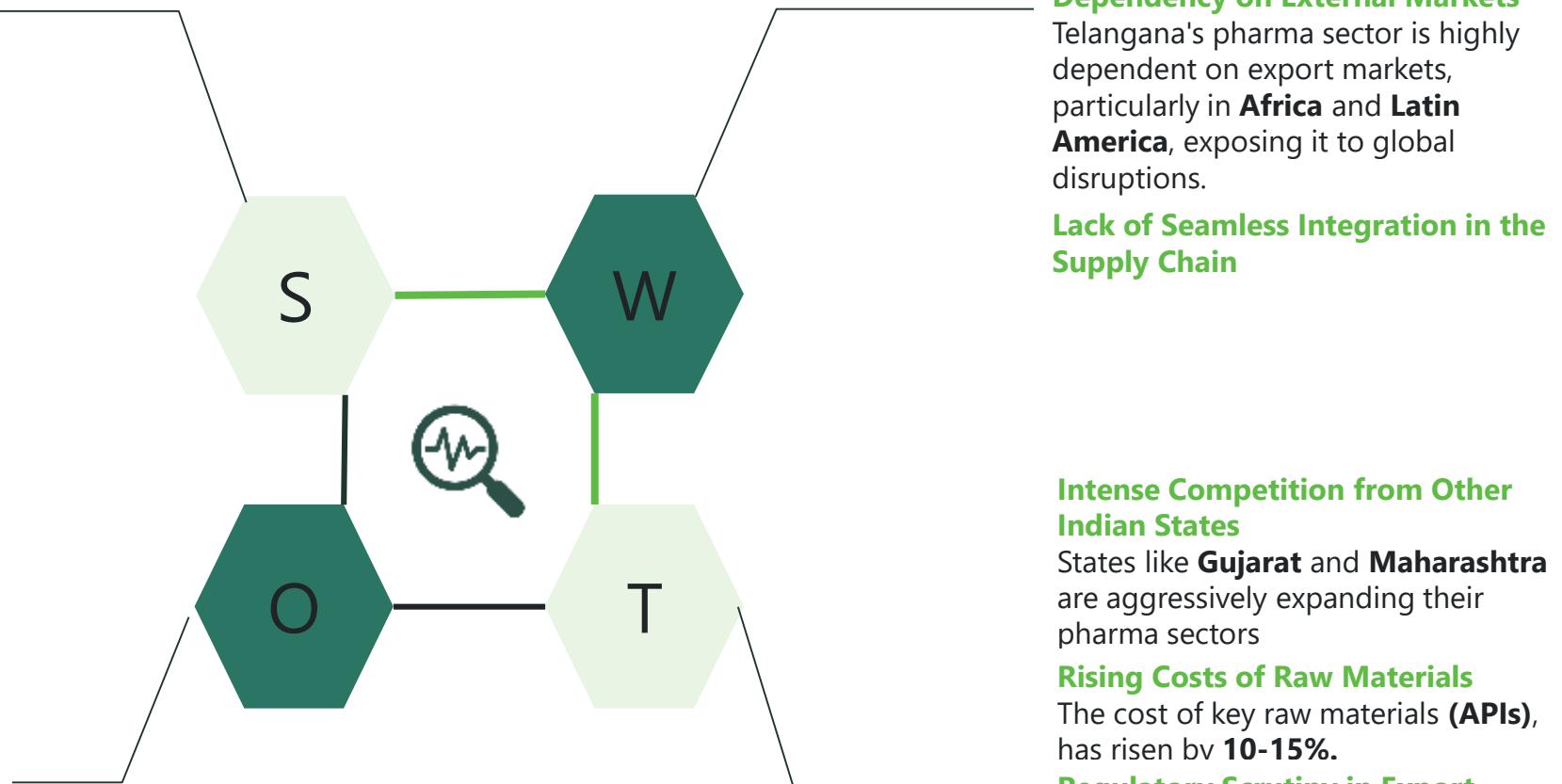
Projected- **CAGR of 31%** from 2020 to 2025.

Focus on Nutraceuticals and Wellness

Market in India - **CAGR of 21%** from 2022-2030.

Biologics and Vaccines Expansion

The vaccine demand projected to grow at **CAGR of 10.4%** globally by 2030.



Dependency on External Markets

Telangana's pharma sector is highly dependent on export markets, particularly in **Africa** and **Latin America**, exposing it to global disruptions.

Lack of Seamless Integration in the Supply Chain

Intense Competition from Other Indian States

States like **Gujarat** and **Maharashtra** are aggressively expanding their pharma sectors

Rising Costs of Raw Materials

The cost of key raw materials (**APIs**), has risen by **10-15%**.

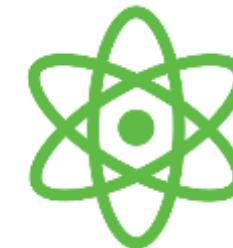
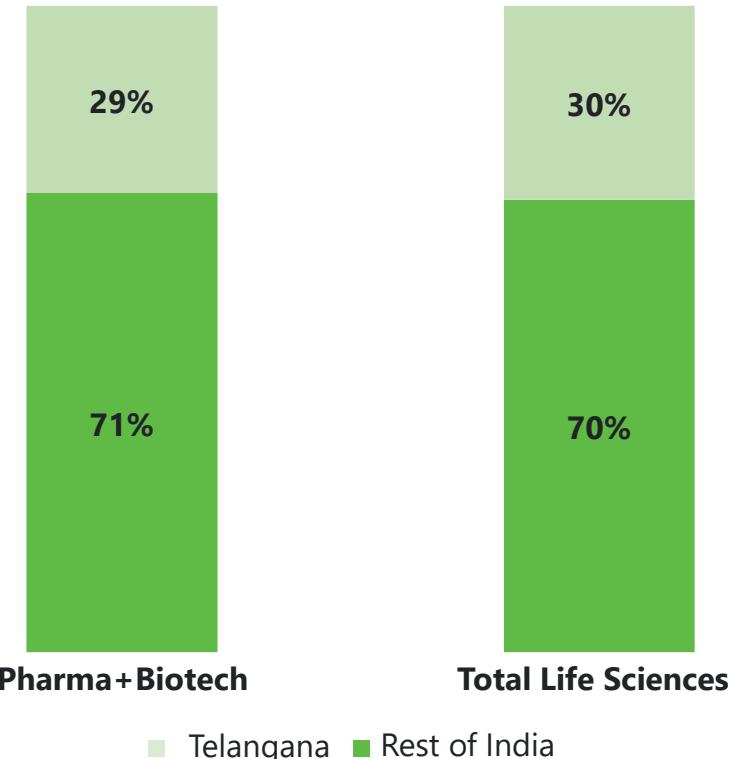
Regulatory Scrutiny in Export Markets

Source: *Telangana Socio-Economic Outlook*

Life Sciences Industry: Telangana Vs. Rest of India

Telangana constitutes around ~30% of India's total Life Sciences Industry

Telangana v/s Rest of India

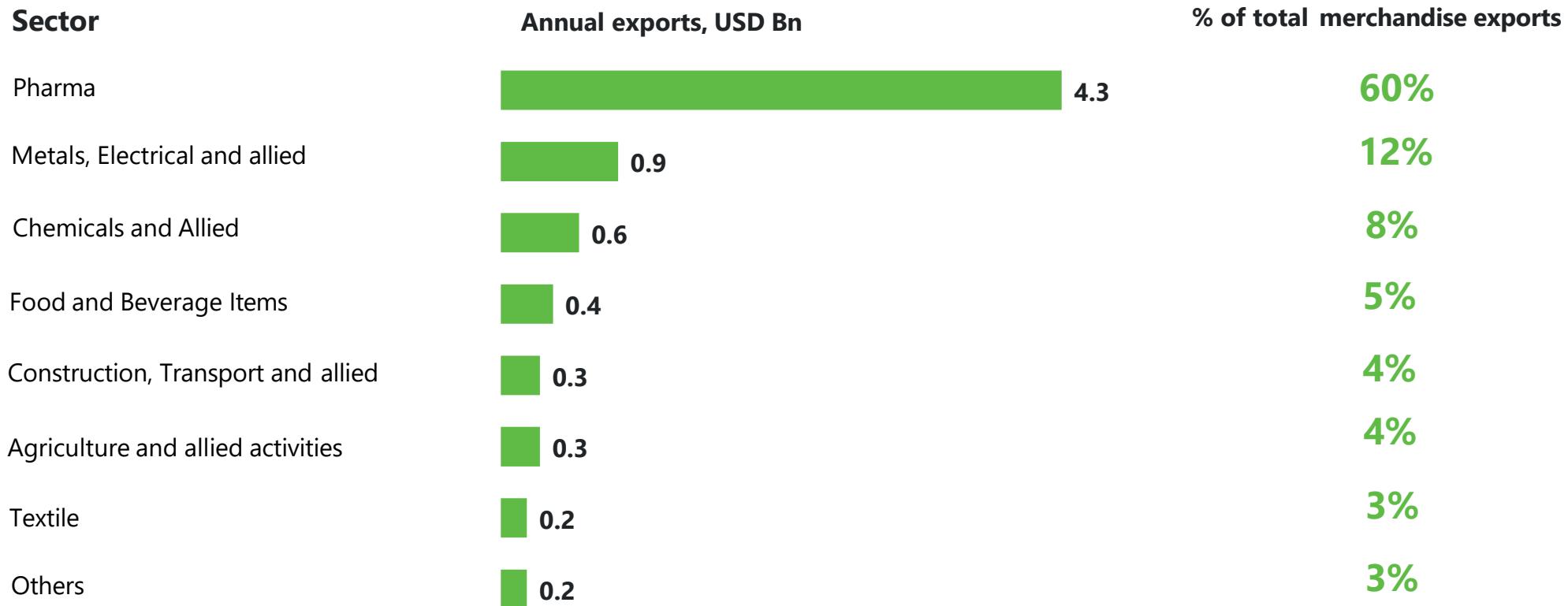


The Indian pharmaceuticals sector is responsible for around **3.6%** of the global pharmaceuticals sector by value. In 2024, Telangana's life sciences and pharmaceuticals sector contributed **INR 1,26,450 crore**, accounting for **30%** of India's total industry revenue of **INR 4,21,500 crore**. The remaining **70%** came from **other states**, including Maharashtra, Karnataka, and Tamil Nadu. **Hyderabad**, the capital of Telangana, produces approximately **one-third** of the **global vaccine** supply.

Source: [Telangana Life Sciences Vision 2030](#)

Life Sciences sector's contribution to state merchandise exports

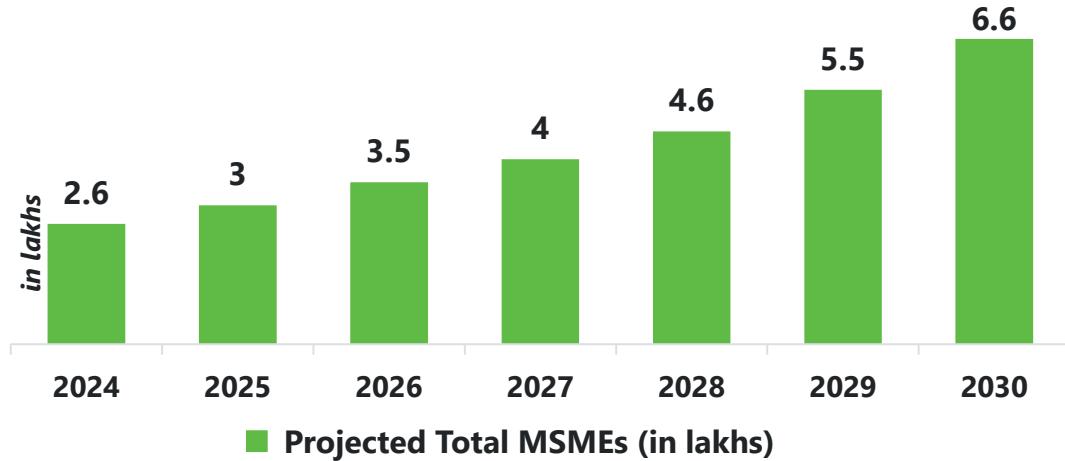
Telangana's life sciences sector accounts for ~60% of the state's merchandise exports



Source: [Telangana Life Sciences Vision 2030](#)

Growth Projections (2025-2030) & Impact

Telangana's MSME sector has been on an upward trend, with an anticipated annual growth rate of 15-20%.



As per the Government of Telangana Portal

MSMEs are likely to see profit growth of **12-18% CAGR**

MSMEs to increase their share in Telangana's GSDP from **7% to 10% by 2025**.

15% YoY growth in number of MSME's registered on **TG-iPASS**



Pharma and Life Sciences Sector: To reach INR 55,000 crore, driven by export growth and infrastructure development by 2029.



Job generation: Expected to generate approx. 5 lakh new jobs annually, with policy support by 2030.



Investments: Annual MSME investments projected to grow from INR 9,500 crore in 2023-24 to over INR 20,000 crore by 2030.



Sectorial growth: Growth in allied sectors such as biotechnology, food processing, and renewable energy, ensuring diversification and resilience.



Contribution to GSDP: MSME contribution to Telangana's GSDP projected to grow from 15% in 2024 to 30% by 2030.

Source: [Telangana Economic Survey \(2024\)](#) [Telangana.gov.in](#)

Conclusion



Policy Achievements and Impact

The Telangana MSME Policy 2024 has driven 15% annual growth in MSME registrations, creating 25,000+ enterprises and boosting industrial output by 18%. Focused on Life Sciences and Pharma, it has positioned the state as an innovation hub, with exports rising by 15% annually.



Way Forward for Telangana 2030

To ensure sustainable growth in Telangana's life sciences sector, the state must focus on fostering innovation, building a world-class ecosystem, and supporting long-term development. This includes providing infrastructure for start-ups, enhancing funding opportunities, strengthening industry-academia collaborations, and developing key facilities like Pharma City. Attracting multinational companies, improving talent training, and simplifying operational processes will further solidify Telangana's position as a global leader in life sciences by 2030.



Key Challenges for future

- **Import Dependence:** Reliance on imported Key Starting Materials (KSMs) and intermediates increases costs and supply risks, underscoring the need for self-reliance.
- **Pricing Pressure:** Domestic Competition: Fragmented market structure erodes generic drug pricing.
- **International Competition:** Emerging economies with cost advantages heighten competition.
- **Quality Compliance:** Frequent FDA inspections and evolving GMP standards pose compliance challenges, delaying product launches.
- **Revenue Diversification:** Transitioning to high-value niche products requires significant innovation and investment, impacting growth.



MANGAL ANALYTICS AND[®]
RESEARCH CONSULTING

Delivering Excellence, Partnering Success.

Research by: Viyana Naik Parpati

Contact



+91-9359628675



contact@marcglocal.com



www.marcglocal.com



2nd floor, CMM bldg. Rua de Ourem,
Panaji Goa 403001