STUDY AND DEVELOPMENT OF THE AGRICULTURAL ECONOMY OF ANDHRA PRADESH

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Abstract

Andhra Pradesh is one of the largest state in India, with agriculture as a major source of income for about 60% of its population. In the last 50 years, the annual growth rate of agriculture has been 2.88%, which is far below the target growth of 4% per annum. Further, Andhra Pradesh is divided into three district regions with growing demand for separate state from less developed regions. The paper examined regional disparities in agriculture in Andhra Pradesh since its formation in 1956. The study illustrates that there is a convergence among districts in agricultural growth, but least developed districts are left out of this convergence process. Both agricultural intensification and diversification strategies played important role in development of districts based on their resource endowment. Andhra Pradesh has been continuing to be significantly influenced by the face of its agricultural development.

Key words: agriculture, regional disparities, Andhra Pradesh

Introduction

Andhra Pradesh State is identified as the "bejewelled rice bowl of India". Agriculture plays a crucial role in the economy of Andhra Pradesh. Large segment of the population is dependent on the agriculture sector for employment and income. About the population of A.P. lives in rural areas and depends for its livelihood on agriculture and the rural non-farm sector. Expansion of farm incomes continues to be an effective strategy for reducing poverty. Rapid and sustainable growth in Agriculture has been identified not only as a key driver for economic development but also for achieving self-sufficiency and ensuring food security to the people.

Andhra Pradesh is blessed with a bounty of natural resources, endowed with fertile land, water and conductive agro-climatic conditions and it is an agriculturally-prosperous State. It ranks among the largest producers of food grains, fruits, vegetables, cotton maize, diary and poultry products in the country. Leading state in several agro based industries – Sugar, Edible oil, Seafood etc. Andhra Pradesh is a mineral-rich state, ranked second in India, containing a vast and variety of mineral wealth. There is still under tapped and untapped mineral wealth throwing up many opportunities in this field for the new entrepreneurs. The state accounts for considerable reserves of important minerals in the country.

Andhra Pradesh is an energy abundant state. It has an installed capacity for generating 10273.44 MW, the second highest in the country and many projects are under implementation to generate 4715 MW by 2009. In comparison to the other states of India, Andhra Pradesh has progressed furthest in reforming its energy sector (privatization, separation of generation from transmission and distribution). Andhra Pradesh was awarded the best state award for power for the year 2005-06.

Literature Review

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Radha. Y et al (2006) Due to high protein content (40-42 %) of soybean it is known as "poor man's meat". The average productivity of soybean in the country is about 1008 kg/ha, which is, much below than the average productivity of the world, 2148 kg/ha. Some of the major constraints in soybean production are the lack of suitable location specific cultivars, poor seed viability and non-availability of drought resistant varieties, poor storage life of soya oil, beany flavor and high linolenic acid content. From the present investigation, it is concluded that amongst the different soybean genotypes, G9 (EC-34332) produced the highest grain yield (2754 kg/ha). In the high yielding genotypes viz., G9 (EC-34332), G11 (PLSO-76), G10 (EC-39034), mean number of pods per plant, mean number of grains per pod, 1000 grain weight and mean harvest index (HI) were observed to be the major yield contributing characters.

Amarender Reddy.A (2011) Andhra Pradesh is one of the largest state in India, with agriculture as a major source of income for about 60% of its population. In the last 50 years, the annual growth rate of agriculture has been 2.88%, which is far below the target growth of 4% per annum. Further, Andhra Pradesh is divided into three district regions with growing demand for separate state from less developed regions. The paper examined regional disparities in agriculture in Andhra Pradesh since its formation in 1956. The study illustrates that there is a convergence among districts in agricultural growth, but least developed districts are left out of this convergence process. Both agricultural intensification and diversification strategies played important role in development of districts based on their resource endowment. Livestock based agricultural growth is evident in districts adjacent to large urban centres since the last two decades. Overall, TFP growth in agriculture and allied activities in Telangana is 13% per decade, 11% per decade in Coastal, while in Rayalaseema TFP growth has been stagnant from 1956 to 2009. Irrespective of region, the most backward districts in agriculture, that is Srikakulam, Visakhapatnam, Anantapur, Kadapa, Adilabad, Nalgonda, Mahbubnagar and Nizamabad showed stagnation in TFP growth during the last 50 years.

Ramana Reddy. NRV (2020) Andhra Pradesh State popularly known as the "rice bowl of India" has huge potential to agriculture. In the state, while majority of the population (62%) for their livelihood depend on agriculture related activities, it contributes only 27.84% to the state Gross Domestic Product and is growing at 6.2% (2018-2019). Andhra Pradesh has been continuing to be significantly influenced by the face of its agricultural development. The study aims to found the growth and instability in Area, Production and Productivity of paddy with time series data of paddy.The study reveals that the area, production and yield of paddy is in decreasing trend in Andhra Pradesh year by year. The instability analysis clearly shows that there is high instability in area, production and yield of paddy.

Agriculture in Andhra Pradesh

Agricultural sector in Andhra Pradesh still contributes to more than one-third of Gross State Domestic Product. It supports more than twothirds of the rural population. The development of agriculture is an essential pre-requisite to the state. The state could not make use of potentiality of water resources allocated by Bachavath Tribunal. Many of the proposed projects in Telangana and Andhra region could not be undertaken. While total canal irrigation through canals remained stagnant, tank irrigation declined during the last two decades.

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Similarly, cultivation under dugwells and borewells has increased significantly leading to power problems, and depleting water table below 600 feet in certain areas like Rayalaseema. The increase of electricity charges and gradual withdrawal of subsidies to agricultural sector also increased cost of cultivation unremunerative cultivation.

As per the Third Advance Estimates for the year 2019-20, the area and production of food grains are estimated to show an increase in comparison with the previous year achievements viz, 2018-19. While the area under food grains is estimated 40.91 lakh hectares in 2019-20 compared to 40.23 lakh hectares in 2018-19, an increase of 1.69%, the production of food grains in 2019-20 is estimated at 171.37 lakh tones as compared to149.56 lakh tonnes in 2018-19, an increase of 14.58%. The State Government has taken several landmark decisions to support the farmers. Some of these are - Extending financial assistance of Rs.13,500/- per farmer family per year (including Rs.6000/- from PM-KISAN) under Dr.YSR Rythu Bharosa- PM KISAN as an investment support to the farmers, covering 46.69 lakh farmer families including 1.58 lakh landless tenant SC, ST, BC and Minority farmer families who were provided with a benefit of Rs.6534.07 crores during 2019-20, Schemes like free crop insurance to all farmers to reduce financial burden on the farmers, activities such as providing interest free crop loans, 9 hours free power during day time are encouraging the farming community to continue the occupation.

Economic Aggregates

The GSDP of Andhra Pradesh at Current Prices for the year 2019-20 (Advance Estimates)is estimated at Rs.9,72,782crores as against Rs.8,62,957 crores for 2018- 19. As per the Advance Estimates, the GSDP at constant (2011-12) prices for the year 2019-20 is estimated at Rs.6,72,018crores as against Rs.6,21,301 crores for 2018- 19 (FRE) indicating a growth of 8.16% in comparison with the All India GDP growth rate of 5.0% for 2019-20 as per Advance estimates.

The sectoral growth rates of GVA of Andhra Pradesh for 2019-20 at constant (2011-12) prices are Agriculture: 8.60%, Industry: 5.67% and Services sector: 9.11%. The Per Capita Income (NSDP) of Andhra Pradesh at current prices has registered a growth of 12.14 percent as it increased from Rs.1,51,173 in 2018-19 (FRE) to Rs.1,69,519 in 2019-20, as compared to the Per Capita Income of All India which has increased from Rs. 1,26,521 in 2018-19 to Rs. 1,34,432 (AE) in 2019-20.

Agriculture broad sector

Livestock, Forestry & Logging and Fishing & Aquaculture sectors. The Agriculture & Allied Sectors as a key sector supporting more than 60% of the population, registered a growth rate of 8.60% in 2019-20 (AE) at Constant (2011- 12) Prices with a GVA of Rs.1,86,393 crores as compared to Rs.1,71,625 crores during 2018-19(FRE). As compared to 635.0 mm of rainfall received during 2018-19, 814.6 mm of rainfall is received during the current year. Due to favourable seasonal conditions, the 'Agriculture' sector GVA grew by 18.96% followed by 'Horticulture' sector with 11.67%. As per Second Advance Estimates, Paddy, Maize and Ground nut crops have shown increase in production in the current year. While Production of Paddy is estimated at 130.62 lakh MTs in 2019-20 as against 123.52 lakh MTs in 2018-19, Maize Production is estimated at 18.04 lakh MTs in 2019-20 as against 15.63 lakh MTs in 2018-19 and Groundnut is expected to show an increase of 2.88 lakh MTs in production, with

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an estimated Production of 7.50 lakh MTs in 2019-20 as compared to 4.62 lakh MTs in 2018-19. Among the non-food crops, Cotton and Tobacco too are estimated to register an increase. Production of Cotton is estimated at 11.62 lakh MTs in 2019-20 as against 7.60 lakh MTs in 2018-19 while the Production of Tobacco is estimated at 1.69 lakh MTs in 2019-20 as against 1.40 lakh MTs in 2018-19.

Most of the important horticulture crops are estimated to register an increase in the production. Banana crop is set to register an increase of over 11 lakh MTs in the current year, as the Production of Banana in 2019-20 is estimated at 73.26 lakh MTs as against 62.24 lakh MTs in 2018-19.
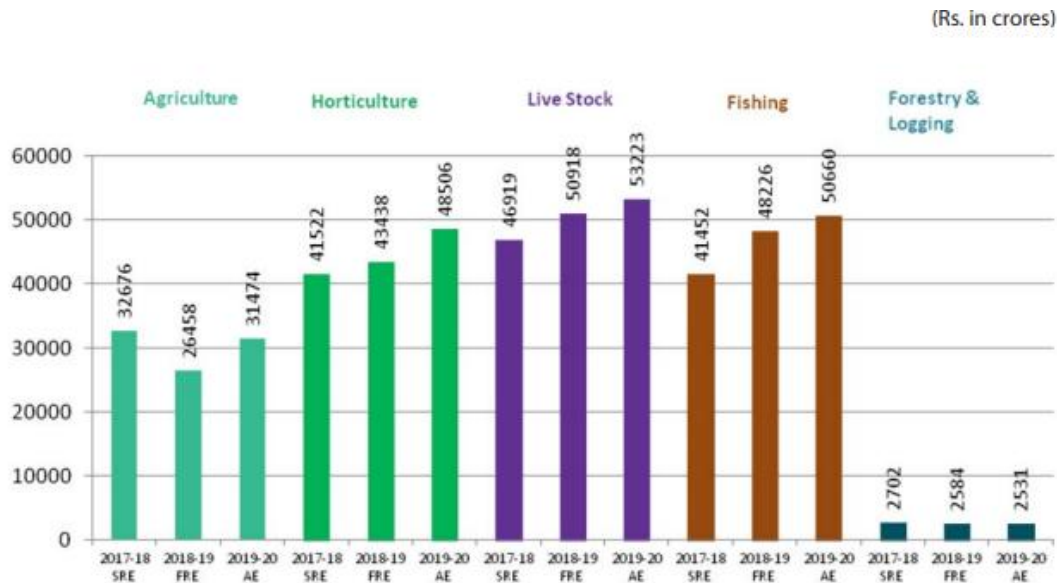
Graph: Agriculture & Allied Sector - GVA At Constant (2011-12) Prices from 2017-18 (SRE) To 2019-20 (AE)

Institutional Framework for Agricultural Development in Andhra Pradesh

A comparative analysis of successful and unsuccessful farmer enterprises suggests that there are three major factors underlying the success of enterprises. First, external financial and technical support and handholding in the start-up phase contribute to the growth and stabilization of farmer enterprises. For instance, in the initial phase of the Timbaktu Organic, which later transformed into the Dharani FaM Coop Ltd. was financially supported by Sir Dorabjee Tata Trust; the Coconut Board had provided subsidies and coconut saplings for the promotion of the Chicacole Coconut Farmers Producer Company Limited (CCFPCL) and the Vegetables and Fruit Promotion Council Kerala (VFPCK) got financial and technical support from the Government of Kerala. Second, farmers federations led by government or professional Boards such as the National Dairy Development Board (NDDB) and Coconut Development Board have an added advantage in terms of scale, bargaining power in the market and diffusion of knowledge. The success of the VFPCK as well as the Dairy Cooperatives promoted by NDDB is due to formation of the Farmers federations. Third, a favourable legal system particularly relating to tenancy, land alienation and marketing, appropriate State and national level macro-economic policies, and efficient delivery systems in the areas of credit, inputs, insurance and extension are the pre-conditions for the success of

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farmer enterprises. Needless to say, the empowerment of farmers led by farmers federations, particularly those promoted by government, will exert pressure for reforming the policies and improving the efficiency in delivery systems.

Contributors of Agricultural Output Growth

Yield has contributed more in the case of non-food grain crops as compared to the food grain crops. Among the food grain crops, the yield effect is most evident in the case of paddy and the interaction effect of yield and area is marked in the case of Maize. Regression analysis of the determinants of the value of agricultural output reveals that the expansion of net cropped area, mechanization, irrigation and road connectivity have contributed (statistically) significantly to agricultural growth in the State during the recent period (2009- 19). These factors may be the future drivers of agricultural growth. The acceleration of agricultural productivity growth during 2009-2019 is largely attributable to the higher rate of expansion in gross irrigated area during that period. To sustain accelerated agricultural growth, it is imperative to accord greater priority to irrigation.
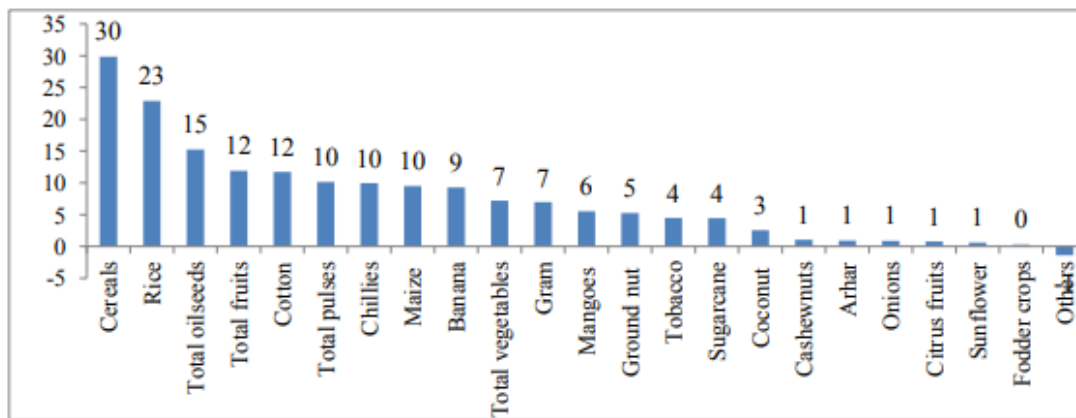
Graph: Percentage Contribution of Crops to Changes in Agricultural Output (1990-2019)

Profitability of Agriculture

The growth prospects of agriculture in the State depend upon the trends in net income both in absolute and in relative terms. The last decade (TE 2002 to TE 2010) witnessed a steep increase in the cost of farming particularly of traditional crop. The cost of cultivation doubled regardless of whether one used the cost A2 or cost C2 criterion. The increase in cultivation costs was not compensated for by output price increases and thus agriculture became almost unviable. State intervention is often delayed as well as grossly inadequate.

Table: Costs of Cultivation and Net Returns of Crops (2002 and 2010)

Crop	Triennium Ending 2011				Triennium Ending 2019			
	Cost A2/ha	Cost C2/ha	Net return over cost A2/ha	Net return over cost C2/ha	Cost A2/ha	Cost C2/ha	NR A2/ha	NR C2/ha
Sugarcane	29.1	54.1	32.3	7.3	57.5	106.6	74.4	25.3
Paddy	16.1	28.9	14.3	1.4	30.1	54.4	29.7	5.4
Cotton	11.9	20.5	7.6	-1.1	26.0	47.3	28.2	6.9

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Onion					31.3	50.8	26.2	6.7
Maize	6.1	11.6	9.6	4.1	30.7	49.3	25.6	7.0
Black gram	4.4	**8.3**	**6.2**	2.3	10.3	20.0	17.7	8.0
Groundnut	9.7	16.5	3.2	-3.6	23.0	41.2	14.6	-3.6
Gram					17.6	29.3	13.6	1.9
Ragi	13.0	25.3	-3.7	-15.9	18.3	40.7	11.1	-11.3
Red gram	9.9	18.2	-1.3	-9.5	20.6	42.2	9.2	-12.4
Jowar	5.4	10.6	3.9	-1.3	14.9	25.4	5.8	-4.6
Green gram	4.9	8.8	1.8	-2.1	6.1	12.5	4.7	-1.8
Sunflower	9.8	17.6	2.5	-5.3	15.8	25.0	3.8	-5.4
Total	14.0	25.3	11.7	0.4	28.1	50.6	27.9	5.3

Crops such as sugarcane and urad (black gram) were profitable in most years. The remaining crops, including the principal food grain crops, incurred losses. Of these, jowar, ragi, maize and groundnut suffered losses in greater number of years during this time period. These facts raise doubts about the sustainability of the rapid agricultural growth recorded in the recent period. Horticulture crops hold promise but the problems of rain-fed horticulture particularly in Rayalaseema, have to be addressed squarely.

Conclusion

India's economic reform and structural transformation are passing through a phase wherein farm production is experiencing the challenges that come with rising rural wages as economic growth accelerates and declining farm size along with a growing rural population. Using data on Andhra Pradesh, this study focused on how to promote overall agriculture growth and efficiency of farm production. The agricultural development in the less developed districts is a big challenge as they are resource poor regions and crops are grown under more risky agroecological conditions, over the time they become specialized in dry land crops, which are technologically less productive and high risk crops, farmers are deprived of physical and financial capital, higher costs in developing, delivering and accessing services (for input or output markets, or research, extension from both public and private sectors), greater competition in their output markets make their agriculture unsustainable. Many of these difficulties are endogenous, such as agro ecological, vocational, demographic and socio-economic which affects agricultural transformation is a direct result of these differences. So far in this paper, we have argued that agricultural growth, particularly cereal based intensification, offers the best potential in the Coastal region. This leaves policy makers with a major challenge as external action to reduce transaction costs and raise the profitability of agricultural diversification led growth.

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