

ANDHRA PRADESH: powerful BRAND; major challenges

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“ With the experience gained during the last few years through implementation of several welfare and developmental programmes reinforced with fiscal discipline, Andhra Pradesh is confident of achieving a growth of 10 per cent during the 12th Plan period. The corresponding sectoral growth targets would be six per cent for agriculture, 10.5 per cent for industry and 11.5 per cent for services.”

– **N. Kiran Kumar Reddy**,
Chief Minister Andhra Pradesh
at the NDC meet October 2011

That Andhra Pradesh has evolved into a powerful brand over the past two decades is not disputed. Yet few states have been faced with so many problems, natural and political and, of course, related to corrupt practices and misgovernance. The messages coming from the government are a mixed package: populist in nature on the one hand and wooing industry on the other. Like every other Chief Minister, Mr Reddy talks of “the basket of ongoing innovative schemes and new initiatives undertaken for the welfare of the farmers, women, students, youth, SCs, STs, BCs, minorities and the poorest of the poor-and which have definitely made their lives brighter”.



Agriculture resurgence

Agriculture sector in the state has regained dynamism in the recent past. The growth rate in excess of seven per cent registered during the first four years of the 11th Plan period is the result of the several farmer-friendly initiatives of the Government. We would like to improve agriculture growth rate in the State and this requires multidimensional strategies to be adopted. The primary requirement is of institutional support for purchase of input and output through self help groups. Technical support for soil testing and micro irrigation and infrastructure development through storage and warehousing with private sector participation for reduction in post-harvest losses is required. – Chief Minister Kiran Kumar Reddy



areas of its economy. These relate to finance, health, insurance, early education and rural roads, amongst others.

Well-endowed state

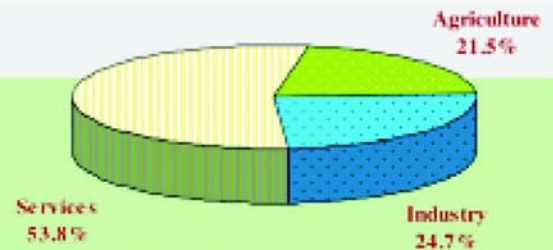
Spread over 275.04 lakh hectares, Andhra Pradesh accounts for 8.37 per cent of India's area and is the fourth largest state in the country. Its population (March 1, 2011) is estimated at 84.7 million or 7.16 per cent of India's population, making it the fifth most populous Indian state. It is situated in a tropical region and its 974 km long coastline

Andhra Pradesh's per capital income is better than the national average and the rate of growth in per capital income too is better than the country's. The point is that Andhra Pradesh is such a richly endowed state that it should achieve excellence in development even with a small measure of good governance and a little commitment to inclusive growth.

Andhra Pradesh's success as a leading state will depend on how it addresses agriculture and its countryside: the focus must be on farming, irrigation and rural development. Indeed, had Andhra been able to get its shared prosperity formula right it would have been spared a great deal of agony that begins with the separatist movement for the under-developed Telengana region to the ultra movement and the pathetic plight of a section of its farmers. Thus even as the state makes a bid for the commanding heights in industry and technology it must first address issues around the farm and rural sectors: from irrigation to finance needs of these critical



Sectoral Composition of GSDP at Constant (2004-05) Prices in 2010-11(Advance Estimates)



is the second longest in the country, making for an excellent marine fishery base. The state's natural endowments extend to forests as well, spread of 63,814 square kms (23.2 per cent of its geographic area); high hills, undulating plains to a coastal deltaic environment. More importantly, the state has major rivers flowing: the Godavari, Krishna, Pennar, Vamsadhara and 36 rivulets. The land is fertile and spread over a range of agro-climatic zone, making the state not only the largest rice producer in India but a leading producer of cash crops like tobacco, groundnut, chillies, turmeric, oilseeds, cotton, sugar and jute. It produces some of the finest fruit varieties of mango, grapes, guava, sapota, papaya and bananas. It also has an evolved tourism industry and is a rich source of intelligent manpower supported by some excellent centres of learning. In a nutshell, Andhra Pradesh has all that it takes to be a powerful brand.

Yet there are pockets of grave concern. As per the official estimates, poverty ratios of rural areas and urban areas of the state for 2004-05 were 11.2 per cent and 28 per cent respectively and that for the state as a whole was 15.8 per cent. The corresponding figures for All India during the same period were 28.3 per cent, 25.7 per cent for rural and urban areas and 27.5 per cent for the country. While the percentage below the poverty line has declined the paradox in the state was that urban poverty was higher than the rural poverty.

Agriculture

There is fairly wide acceptance of Andhra's growing industrial prowess but it is

Per Capita Income of A.P. and All India at Current Prices

(in Rupees)

Year	Andhra Pradesh		All India	
	Per Capita Income	Growth Rate (%)	Per Capita Income	Growth Rate (%)
2004-05	25,321	-	24,143	-
2005-06	28,539	12.7	27,123	12.3
2006-07	33,135	16.1	31,198	15.0
2007-08*	39,727	19.9	35,820	14.8
2008-09#	45,007	13.3	40,605	13.4
2009-10\$	51,025	13.4	46,492	14.5
2010-11@	60,224	18.0	54,527	17.3

*Revised, # Provisional, \$ Quick, @ Advance

Source:-Directorate of Economics and Statistics, Andhra Pradesh and C.S.O., New Delhi.

agriculture that is causing it concerns because the state has not quite been able to manage the problem of farm indebtedness, suicides and the latest problems around the microfinance industry have not been particularly edifying for the state. There are 12 million farmers whose welfare must remain as the focal point of the state agenda and, indeed, the government has been talking of a series of initiatives to make life easier for its farmers. Making his presentation to the National Development Council, the Chief Minister talked of simple to more advanced measures like the Agriculture Technology Mission, which should help the state achieve 300 lakh metric tonnes of food grain production by the end of 12th plan from the current 195 lakh metric

For achieving an overall growth target of 10 per cent during the 12th Plan, Agriculture and allied sectors have to grow at six per cent; livestock (nine per cent) and fisheries (7.5 per cent) would be the major contributors, followed by the crop sector and horticulture (4.5 per cent) and forestry (2.5 per cent). This re-emphasizes the focus on activities and strategies relating to animal husbandry and fisheries sub sectors, says the Chief Minister.





tonnes, in 2010-11.

"This requires a Second Green Revolution and the thrust areas for achieving this would be: promoting the system of rice intensification cultivation in five lakh hectares by 2016-17, seed replacement, focus on oil palm development, cluster development for value addition up to 50 per cent, avoidance of handling losses and agri-business strategy involving investment of at least Rs 20,000 crores in next five years. Correcting micro nutrient deficiency will be a major initiative in the 12th Plan supported by seed management, farm mechanization, and better water management practices in rain fed areas and ensuring equitable distribution of water and increasing efficiency of its use. Agriculture diversification to high value commodities has been gaining importance in the rain-fed areas", said Kiran Reddy.

On a more populist scale has been the state initiative to provide free power to 29 lakh pump sets to irrigate 70 lakh acres and benefit 35 lakh families with an annual outlay of Rs



Andhra Pradesh is the "home of the Self Help Groups (Indira Kranti Patham) movement in the country and pioneer in the implementation. Our success in organizing the rural poor women into self-help groups (SHGs) and promoting their financial inclusion by accessing bank credit for productive activities has been a precursor to the National Rural Livelihood Mission" – N Kiran Reddy

5,000 crores. The state also offers interest free crop loans up to Rs 1 lakh upon prompt repayment from rabi, 2011, benefitting 95 lakh farmers. The other focal point that offers considerable business opportunity is the thinking around reducing input cost and avoiding wastage of food grains through a massive farm mechanization programme with an outlay of Rs 1,000 crores in the coming three years and the plans to construct 25 lakh tonnes of scientific storage space, with an outlay of Rs 2,500 crores. The state is targeting at a reduction in post-harvest losses from 40 per cent to less than 25 per cent by post-harvest infrastructure facilities like cold storages, integrated pack houses, ripening chambers and reefer vans and such others apart from strengthening the linkages between production clusters and buyers. Overall, the focus is on bringing 26 lakh licensed cultivators into the mainstream and ensuring access of all benefits viz. crop loans, input subsidy, crop insurance, seed and fertilizer subsidy. Andhra Pradesh is the only state to have

The Jalayagnam projects will contribute approximately 60 per cent of the new ayacut in the country. 100 lakh acres of new ayacut and 22 lakh acres of stabilization will ensue. It will meet the drinking water need for 1.95 crore population. It will generate 1,850 MW of hydel electricity. It will supply of 46 TMC of water for industrial use. 12 projects are completed and 21 projects are partly completed and a new IP of 26 lakh acres has been created. In the next three years, another 48 projects will create a new IP of 30 lakh acres.

enacted the landmark AP Land Licensed Cultivator Ordinance, 2011.

- Andhra Pradesh ranks first in micro irrigation and will enhance micro irrigation to a further 10 lakh hectares under Andhra Pradesh Micro Irrigation Project, benefiting 12.5 lakh farmers.

- Andhra Pradesh is also first in the production of spices and fruits and third in the production of flowers.

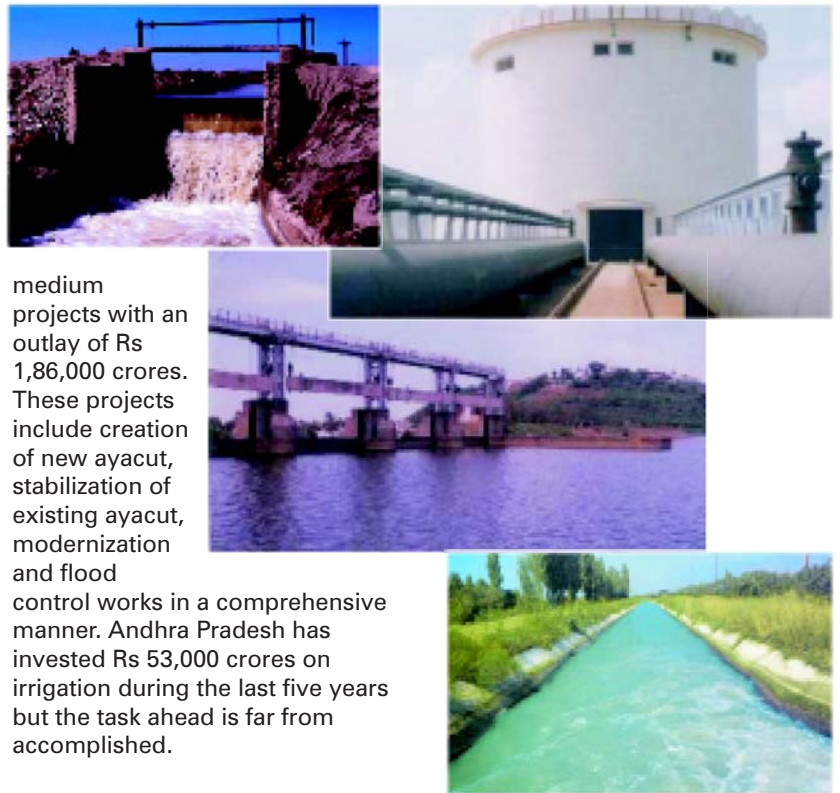
- Andhra Pradesh is second in milk production in the country with a production of 112 lakh metric tonnes. It is focusing on increasing milk production and productivity of the milch cattle through the Rs 6,000-crore State Milk Mission.

- Andhra Pradesh is first in the country in meat and egg production, in which area it seeks to achieve an annual growth rate of nine per cent.

- Andhra Pradesh accounts for 40 per cent of Indian fishery export. This sector contributes 2.58 per cent to the GSDP. About five lakh families are engaged in marine fishing and it supports livelihoods of approximately 15 lakh people. The state plans to maintain its strength in brackish water shrimp, fresh water prawn and fresh water fish production.

Irrigation

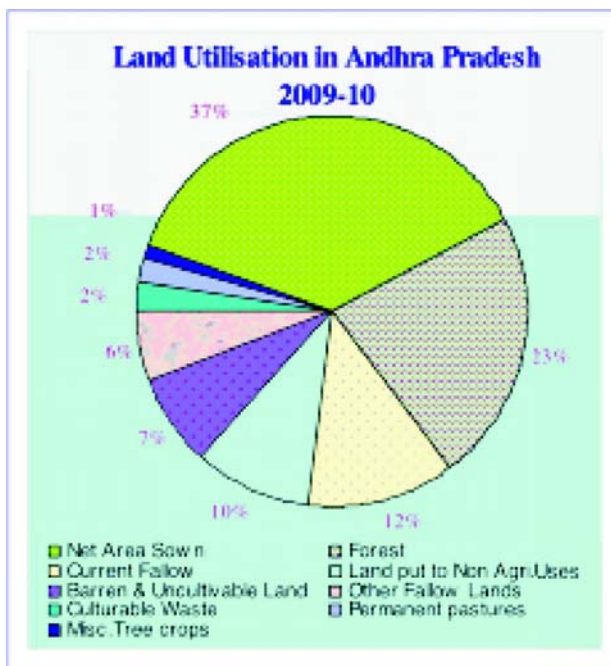
Andhra's water woes are another area of concern because the state has large water sources and large areas of land in need of irrigation: 2,000 TMC of flood water goes to the sea unutilized, every year. The state's "Jalayagnam", initiative has been focusing on accelerated development of irrigation sources since 2004 and 86 major and



medium projects with an outlay of Rs 1,86,000 crores. These projects include creation of new ayacut, stabilization of existing ayacut, modernization and flood control works in a comprehensive manner. Andhra Pradesh has invested Rs 53,000 crores on irrigation during the last five years but the task ahead is far from accomplished.

Rachabanda

The government has also launched a Rachabanda initiative to instill confidence among the public. It is based on on-the-spot grievance redressal, taking the administration to the doorsteps of the people. The programme conducted between in early 2011 in 24,845 gram panchayats/municipal wards out of 26,763 GPs/Wards reported a 93 per cent success rate and saw 4.63 lakhs temporary ration cards issued; pensions given to 1.31 lakh eligible applicants, sanction letters to 2.89 lakhs people under housing programme and 1.93 lakh patta/possession certificates issued; payment made to 90,542 beneficiaries who have constructed houses up to basement level; 1.75 lakh job cards and 7.31 lakh work



allocation orders under MGNREGS; Rs 288.27 crores amount disbursed to 4.96 lakhs SHGs in rural areas and Rs 80.30 crores disbursed to 1.47 lakhs urban SHG groups under Paavla Vaddi, among others. The scheme provides an effective three per cent rate of interest on the prompt repayment of the bank loans. The interest subvention (average nine per cent) amounts to Rs 600 crores and is being met by the government.

Rural development

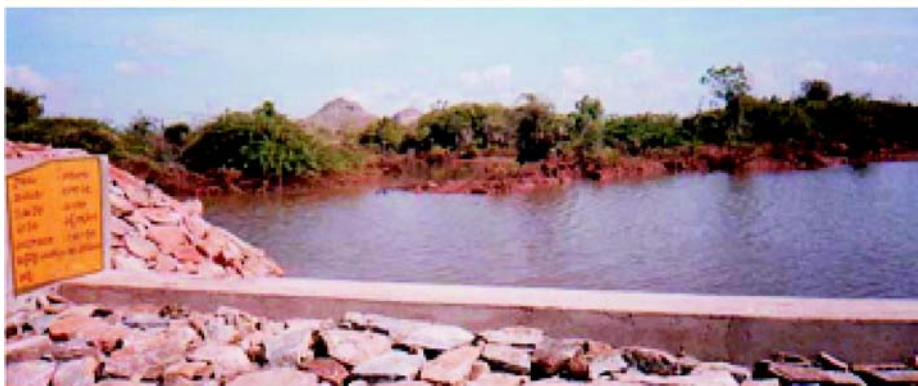
At the core of Andhra Pradesh's strategy to bring posterity to its rural areas is the creation of more earning opportunities. The state has a good record in terms of implementing MGNREGS and is focused on bringing the under-utilized and fallow lands under cultivation by improving irrigation facilities, water shed development, land use planning and such like. Some 9.7 lakh acres of SC/ST land was developed in 11th Plan, including 3.5 lakh acres under horticulture. It is important to do so to prevent distress migration from rural to urban areas. It is also important to synchronize MGNREGS with agriculture in order to ensure that it continues to benefit the agricultural labour.

"MGNREGS has promoted the mechanization of the agricultural activities in response to the increase in the agricultural wages. This trend is likely to accentuate



An important initiative of the IKP is the setting up of nutritional cum day care centres. The NDCCs are run by the SHGs and provide three nutritious hot cooked meals everyday to every pregnant woman. "The villages where the NDCCs have been established have shown encouraging results comparable with the best in the world and three kg average weight of child at birth. Therefore, my government has decided to increase the number of the NDCCs from the present 4,000 to 40,000 centres, linked with the ICDS anganwadi centres", says the Chief Minister.

further and the availability of private agricultural labour is likely to shrink as a result of the increased mechanization. This shortage may have to be compensated by increasing the number of wage days under MGNREGS from the present 100 days, which will lead to an increased programme cost", says the Chief Minister who suggests a link between the various agriculture-related labour activities with MGNREGS to enable farmers and the wage labourers co-exist harmoniously. "The wages towards tilling, sowing, weeding, harvesting and threshing even in privately owned farms should be paid under MGNREGS by increasing its scope. This proposal needs serious





programmes are in place. How well Andhra Pradesh delivers on these promises will determine the level of popular acknowledgment of the work that the new administration seeks to do. There is a sense of realism in assessing itself. The Chief Minister told the NDC meet that the state is



yet to achieve the Millennium Development Goals and remains behind the other southern states. He promised that the 12th Plan programmes would focus on achieving Millennium Development Goals by 2015 on poverty, literacy, gender balance, and access to health and drinking water. That would



consideration by the Central Government”, Mr Reddy says.

Essentially, the state is focusing on harnessing its administrative and self-help infrastructure to launch development work and enable financial inclusion in the state by creating income-generating activities with a special focus on women. There are a host of programmes for providing finance at different levels. There are also several initiatives to focus on health and nutrition, insurance, early childhood education, literacy, gender issues and improving agricultural productivity through community-based sustainable agriculture amongst others.

Of the 72,407 habitations in the state, 45,785 habitations (54 per cent of the rural population) receive safe drinking water and 26,243 habitations are partially covered. Over the 12th Five Year Plan, the remaining 46 per cent will be covered. 22,981 habitations have been covered with sanitation facilities, including water supply to schools, school toilets and anganwadis.

Clearly the lessons have been learnt from past mistakes and the plans and



go a long way in strengthening brand Andhra

