

## Telangana's Agricultural Growth Experience

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The following discussion is in connection with the paper 'Agricultural Growth and Irrigation in Telangana: A Review of Evidence' by Vamsi Vakula-bharanam (*EPW*, Vol 39(13), March 27-April 2, 2004: 1421-26).

Telangana has been known for its backwardness in all respects – social, economic, cultural and political development. This backwardness is attributed to its geographical, historical and cultural reasons. The historical reasons, for example, point towards the rule of non-progressive Nizam state. Being the most privileged state among the princely states under the British paramountcy, its socio-economic development was far below to that of its fellow princely states. People's sufferings under the oppressive, semi-feudal relations and thereby a breakout under the guise of 'The Great Telangana Armed Struggle', are known stories.

Andhra Pradesh was formed on the linguistic basis out of the regions, viz, Andhra of erstwhile composite Madras and Telangana of Nizam's Hyderabad, with different levels of resource endowments and development experiences. At the time of state formation, in fact, the very same state reorganisation commission rather than joining Telangana with Andhra suggested to remain it as a separate state. Nevertheless the state was formed with assurances of giving proper consideration and development priorities. Moreover, it was felt that Telangana's interests would be considered, as there had been an objective of balanced regional development in Indian economic planning. However, hitherto it remained unclear how far, since the state formation, the needs and aspirations of people and thereby the planning promises have been fulfilled. The perception of the people especially of middle and elite classes remained as they are being neglected. As a consequence, it resulted into 'Separate Telangana Movement' in the late 1960s, which served political mileage for some rather than any advantage to the region except the reiteration

of development priority assurances under the Six Point formula. However, the feelings of Telangana's backwardness continued to persist even after more than 40 years.

Apart from political aspirations, the economic dimension of the feeling – 'we are being neglected' – is much associated with agrarian economy. This kind of feeling arose because there were no equity concerns in state's development initiatives which left aside the interests of areas having in-built growth potentials. Also, there has been an intellectual debate on Telangana's backwardness in general and agricultural growth in particular. In this context, Vamsi's paper is quite appreciable for providing an understanding of the long-run agricultural growth patterns in the region.

One of the central observations of this paper derived from his growth rate exercise challenges the popular perception by arguing that there is no evidence of Telangana being 'backward and stagnant'. One may agree with this observation but with proper qualifications. It is evident that a region is called backward only in relative terms, i e, it lags behind with reference to the developed regions, and the term stagnant implies the lack of movement in any direction, i e, growth either positive or negative. Therefore, in light of these clarifications, Vamsi's refutation of Telangana being backward and stagnant is not valid fully. It is not growth rate per se but the levels that matter while talking about backwardness. Suppose if a region has shown high growth rates but it grows at levels lower than other regions, then will it be right to refer that this region is not backward? We hold that it cannot be. We agree that his analysis based on growth rates may nullify the 'stagnation' component of the popular perception but not the other part of backwardness as it is a relative concept. For most of the agricultural development parameters, Telangana's relative position remained backward though there has been positive changes since the state formation. For instance, though the percentage of net sown area

under irrigation increased from 16 per cent to 36 per cent between 1955-58 to 1996-99 in Telangana, it remained below that of coastal Andhra (58 per cent). The value of output per hectare when estimated for 1996-99 triennium turns out to be Rs 26,163, Rs 15,171 and Rs 19,466 for coastal Andhra, Telangana and the state average respectively. And the per capita (rural person) value of output is Rs 4,600, Rs 3,338 and Rs 4,225 in coastal Andhra, Telangana and the state average respectively [Subrahmanyam 2002]. In fact, the edited volume by Krishana Rao and Subrahmanyam (2002) is more illustrative on regional disparities in Andhra Pradesh with respect to growth and levels. Vamsi's paper though being a complementary piece is not complete per se. Some concepts need more clarity and explanations – especially on immiserisation of marginal peasantry and agricultural labourers.

Irrigation is a vital input to agriculture. Adequately developed irrigation potentials can determine the growth of agricultural output. Investment in a planned economy facilitates the development of irrigation potentials. This investment comes from two sources, public and private. In the welfare state context, the agrarian economy is transformed from principal source of state revenue to the destination of state investment. Irrigation is an important area having large requirements for state investment. The equity concerns in the context of Telangana's backwardness puts forward the case for providing a large degree of state help in the form of public investment. This investment if made in the form of building up irrigation networks promises returns too as Telangana have the potential for agricultural development. Subrahmanyam (2002) has shown that the output elasticity with respect to irrigation has remained high in Telangana in comparison to rest of Andhra Pradesh. Unfortunately, neither of these aspects attracted state attention and consequently, there has remained a paucity of funds required for the expansion of adequate irrigation networks.

The initial conditions were quite different in coastal Andhra where the expansion of canal irrigation network got momentum in mid-19th century. This initial effort played a significant role in transforming this once-famine-ridden region into a prosperous one and thereby leaving coastal Andhra with large areas under

irrigation. The net sown area at the time of state formation was 45 per cent. This was higher than that of Telangana (only 15 per cent; one-third of coastal Andhra) [Krishna Rao 2002:30]. Given the promises of development priorities to the people of Telangana at the time of state formation, one would expect that to materialise in irrigation – a crucial determining factor behind agricultural growth and thereby people's livelihood in the region. But the experience has been far from expected. Though Telangana's achievement in bringing eight lakh hectares (out of 16 lakh hectares in the state) under irrigation during the last 45 years seems to be remarkable, the whole perception changes when one considers the source of irrigation. The role of public effort in building up this irrigation potential is minimal, as large contribution has been made with private initiatives. In 1960-61 the share of irrigated area by canal, tank and wells was 19, 62 and 18 per cent respectively. These sources of irrigation have undergone changes over the period of time and the composition has changed to 18, 19 and 63 per cent respectively in 1999-2000 [Subrahmanyam 2002:90]. If we consider both canal and tank irrigation as public sources and wells as private one, it is evident that the increase in area under irrigation during the period took place mainly out of private investment.

This has implications in the context of changing agrarian structure in the state. There has been an increase in area and the number of holdings under marginal and small holdings vis-a-vis that under medium and large holding [Parthasarathy 2002]. This change may have different implications for regions with varying levels of factor endowments.

Unlike coastal Andhra, the agricultural cost of production in Telangana includes an extra element of irrigation cost (expenditure on digging wells and lifting water). This additional irrigation cost has left marginal and small farmers of this region in a most disadvantageous position because the irrigation cost enhances the cost of production and thereby leaves the farmer with little surplus or even deficit in some cases. The farmers, not only by putting all physical and financial resources at their disposal but also by borrowing money are producing enough output which result in high output growth rates and stability in agricultural output [as Vamsi observed, p 1424]. It is important to note that this growth in output is accompanied by an increase in area under non-foodgrains, mostly commercial. This crop composition also has a bearing on farmers' financial

position. Unlike food crops, the cultivation of these crops makes the farmers more vulnerable to market fluctuations. Owing to this, the farmers in spite of producing enough are not able to maintain a decent standard of living out of their earnings. This disability also arises due to lack of adequate credit facilities. The agricultural credit (disbursed by commercial banks) per agricultural population (cultivators and labourers) after excluding Hyderabad for the year 2000 has been Rs 1,899 in Telangana in comparison to Rs 2,856 in coastal Andhra. In the absence of adequate credit facilities, the farmers easily fall into usurious non-institutional debt trap which in the presence of continuously rising input costs has led to farmers' suicides in Telangana [Revathi 1998]. This phenomenon when seen as a whole may be considered a major factor behind the immiserisation of peasantry especially small and marginal, in the region.

But, in case of agricultural labourers, it remains still unclear how, as observed by Vamsi, the immiserisation process takes place in the region. It needs some clarification in the light of the fact that the agricultural wage rate in Telangana is at par with coastal Andhra. When the consumption levels of agricultural labourers are determined by their wages, then why

is the immiserisation of agricultural labourers taking place only in Telangana and not in coastal Andhra! There are possibilities of having almost same wage rates but at different levels of man-days employed in a year. Keeping this in mind, the declining number of man-days employed in Telangana may provide a better description of the immiserisation of agricultural labourers in the region. **EPW**

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