

Pattern of Development in India - A Study of Andhra Pradesh

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Government of India

Main Findings of the Study

Andhra Pradesh was formed on 1st November 1956. It comprises of Coastal Andhra, Rayalaseema and Telangana regions. Each region has its own distinct characteristics. It is the fifth largest state in terms of the area in our country.

There is significant improvement in literacy level of the rural population during 1990's. But the employment opportunities have not improved. As a result, there is huge stock of educated unemployed constituting both male and female in rural areas of Andhra Pradesh.

Although, the state has achieved remarkable progress in establishing schools, Junior Colleges and Degree colleges during 1980-81 and 2000-01, most of them were in private sector. The number of high schools increased from 4106 to 10,359, Junior Colleges 398 to 2449, Degree Colleges 450 to 1157 during the same time. There is marketisation of education in Andhra Pradesh in recent years. Only the elite class children could reap the benefits of private education.

The economy of the state is basically agrarian in character. The percentage of irrigated area is very low i.e., below 40 percent. The plan allocations by the state Government for irrigation had been declining from plan to plan. Though the state is well endowed with natural resources and minerals, it is lagging behind other states in the country with regard to per capital income, literacy level and other parameters.

There is no significant improvement in the number of hospitals/ dispensaries available in the state during 1980-81 and 2000-01. But the availability of government doctors improved compared to availability of infrastructure, medicines and other facilities. However, in most of the hospitals, appointed doctors are on long leave or even on lien, causing hardships to the rural people, particularly Scheduled Castes, Scheduled Tribes and socially backward Sections of the society.

Though there is an increase of 20 percent of irrigation facilities through canal irrigation during the last 47 years of state formation. The tank irrigation declined from 10.68 lakh hectares in 1955-56 to 9.00 lakh hectares in 1980-81, to 7.47 lakh hectares in 1995-96 and it remained at 7.47 lakh hectares in 2000-01, while well irrigation increased by more than three fold during the same time. It is significant to note that the tubewell irrigation also increased by leaps and bounds.

The Gross area irrigated has been on the increase from 26.56 percent in 1956-57 to 44.12 over the years due to increase in dugwells and borewells. The percentage of area under food crops is higher in Coastal

Andhra when compared to Telangana and Rayalaseema. However, the proportion of area under non-food crops has been increasing over the years. This is due to the changes in cropping pattern as a result of commercialisation of agriculture.

Major irrigation projects were kept pending due to several reasons lack of finances and clearance from central government, inter state and intra-state disputes over the allocation of river water etc. At the same time, due to indifferent attitude of the successive governments most of the age-old irrigation tanks were prone to siltage and ultimately decline in irrigation potentiality from 10.68 lakh hectares in 1980 to 7.27 lakh hectares in 2000-01. With the introduction of massive public distribution system and 2 rupee rice scheme by the T.D.P. government in 1983. There was state assurance of minimum support price for paddy. This has mostly benefited the big farmers from Coastal Andhra. As a result, farmers in dry areas of Telangana and Rayalaseema also switched over to paddy cultivation from cereals. A significant proportion of area under dry cropping have been converted to paddy cultivating lands with the help of dugwells and subsequently tubewells. Paddy cultivation assured minimum returns while other crops could not. The mad competition among the big, small and marginal farmers to produce paddy led to going for energised tubewells. This has increased the number of tubewells and dugwells up to 24 lakhs. Consequently, there was depletion of water table in both regions Telangana and Rayalaseema. Most of the dugwells and tubewells are dried up. Now

people are suffering even for drinking water in most of the districts during the drought effected summers.

In view of the non-availability of water in wells and tubewells due to depletion of water table and drought followed by drought, farmers are now forced to keep major part of their dry lands as current fallow lands in Telangana, Rayalaseema and North Coastal Andhra. As a result, the area under fallow land is increasing year after year. It increased from 7.00 lakh hectares in 1955-56 to 14.17 lakh hectares in 2000-01.

There is a shift in cropping pattern also in the state. At the same time, the total area under jowar, bazra, castor and cereals decreased significantly, while the cultivable area under rice, maize, groundnut, oilseeds, cotton, pulses increased proportionately. The yield and production of these crops also increased. It is a definite change in favour of commercial crops.

Initially, the Green Revolution package seed fertilisers and assured irrigation technology provided to some districts like Krishna, West Godavari, East Godavari, Guntur and Nellore. This has resulted in increase in productivity and also promoted commercialisation and mechanisation. Big and progressive farmers of these districts have reaped advantages of new agricultural technology and generated surplus in agriculture. The surplus of some of these rich farmers have also converted into entrepreneurs in industrial sector and service sector transport, cinema, real estate, business and trade, finance were

some of the important areas they have promoted other regions like Telangana, Rayalaseema and North Coastal districts are lagging. This type of lopsided development has resulted in the widening of regional imbalances in the state resulting in unrest and leading for separate state of the backward region i.e., Telangana state.

Due to recurring drought conditions, most of the borrowers in rural areas of Telangana and Rayalaseema regions could not repay the loans borrowed earlier. In view of this, financial institutions kept those villages as de-faulted borrowers, included in the black list closing their chance of borrowing again. This has become a stumbling block to majority of the rural households in all the regions in the state particularly in Telangana and Rayalaseema regions. Consequently, the dependency on money lenders and private financiers is again on the increase leading to increase in the cost of production, unremunerative cultivation and increasing indebtedness.

The State needs to give priority for agriculture particularly, in the field of irrigation sector and cheap and assured credit facility. The focus should be on dry land farming, extension services and provision of quality seeds and fertilisers and timely assistance.

In recent years the plan allocations to the priority sectors such as agriculture, irrigation have been declining from plan to plan. Irrigation sector was neglected during 8th and 9th plan periods. Earlier, governments

have made adequate allocations for irrigational projects like Nagarjuna Sagar, Srisailem, 420 TMCs (390 TMCs) Pochampad (90 TMCs) (SRSP) major irrigation projects. These allocations have created assured irrigational facilities to Coastal Andhra leaving Rayalaseema and Telangana regions. This also caused in regional imbalances in the state. Allocations for other agricultural and allied activities also declined significantly due to populist and wasteful schemes found by Telugu Desam Party government. In recent times the allocations for transport, communications social and community services increased during the same period.

Agricultural sector in Andhra Pradesh still contributes to more than one-third of Gross State Domestic Product. It supports more than two-thirds 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. 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. This has led to unrest among the farmers resulting suicide deaths especially in Telangana region.

Andhra Pradesh state is lagging behind many other states in the field of industrial development. The index numbers of industrial production is self-explanatory. With regard to employment in factories the total number of workers remained stagnant during the period 1995-96 and 2000-01. The number of industrial workers increased only from 8,23,979 to 8,25,827 during the same period recording only a marginal increase. It is argued that whatever the industrial growth taking place in the State it is without additional jobs. The number of notified vacancies decreased from 53,431 in 1980-81 to 10,919 in 2000-01. The state has achieved significant progress in the field of establishment of financial institutions including urban and rural banks.

Public investment in industrial sector has been reduced. The growth of industrial sector declined from 7.36 percent to 6.2 percent between 1980s and the post-liberalisation period 2000-01.

With regard to power sector, the installation capacity, power consumption pattern also witnessed significant changes. But the power consumption by the industries could not be increased. The power sector is undergoing structural reforms and increased the tariff to all types of consumers including farmers since 1996-97. Farmers who depend on dugwells and tubewell in Telangana and Rayalaseema have been demanding subsidised power supply in view of the increase of cost of production in agriculture due to increased power tariffs charges.

Village and small industries also could not benefit due to liberalisation policies. On the other hand, whatever the artisan units were existing earlier, they also succumbed to the onslaught of liberalisation and globalisation. Lack of non-competitive nature of these units is one of the important reason for this crisis. Employment generation programmes and food for work programmes were snatched away by contractors, politicians and officials denying employment to the village labourers. As a result, employment and incomes have declined. Almost the entire state is witnessing unprecedented drought during 2002-'03. Most of the villagers from backward areas of Telangana, Rayalaseema and North Coastal Andhra have been migrating to nearest towns and cities in search of livelihood. There are imbalances between the regions like Coastal Andhra, Rayalaseema and Telangana. Within each region patterns of development also varied. This can also be observed again within a district. Development is still linked with availability of assured irrigation water in all the three regions of the state. West Godavari and Karimnagar districts achieved significant levels of development, particularly, in those mandals where canal irrigation was provided. Drought prone districts like Mahabubnagar in Telangana, Ananthapur district in Rayalaseema and Vizianagaram district in Coastal Andhra still remain far behind the developed districts in respect of income, employment and living conditions.

The service sector has overtaken the agricultural and industrial sector producing more than 48 percent of Gross State Domestic Product.

As a matter of fact, major portion of this hike is being shared by urban sector. Again within the urban sector, the major contribution is shared by 'knowledge sector' while Construction, Trading, Finance, Insurance, Real Estate also contribute significantly. Rural economy where 73 percent of the population is living has marginal role in this process of development. However, this hype in service sector activities cannot be sustained in the long-run in the absence of development of agriculture and industrial sectors.

In Andhra Pradesh the service sector is emerging as an important sector and contributes around 48 percent to the Gross State Domestic Product. In recent years, the government also has switched over to development of infrastructure for speedy development of the state economy in general and industries and service sector in particular.

The impact of liberalisation on the artisan households is also found devastating in nature. The small units hitherto surviving on a bare minimum have become vulnerable due to competition from multinational products. Occupations like weaving, tailoring, pottery, carpentry etc, are found in deep crisis. The suicide deaths of handloom weavers have become a common feature in Telangana region. This is very important sector in the village economy supporting significant proportion of population is crumbling and falling on the other sectors like agriculture and petty business sector, which can not bear any more burden. There is a total decay of this age-old industry without proper development of alternative.

As a matter of fact, majority of the households in villages are considered to be labourers. Real development of villages can only be achieved if the labour households' employment, wages and incomes are improved. It is observed that employment, wages and other living conditions of labour households are further deteriorated in recent times. Non-agricultural employment is found to be significant in those areas where canal irrigation is provided. With the development of agriculture, non-agricultural employment was also generated in the command areas. In other regions with the backward agriculture, frequent droughts in most of the mandals (Bheemadevarapally, Maldakal, Gadwal, Bommanahal, Thamballapally, Kuppam and Gummalaxmipuram) labour households find it difficult to get employment during lean seasons and prefer to migrate to far and near places. The process of migration has accelerated in the current year which is in recent years.

Due to lopsided developmental strategies pursued from time to time, balanced development of the state has become a casualty and regional imbalances went on widening. These imbalances have become stumbling blocks for the emotional integration of the people of all the three regions of the state. The state government has borrowed about Rs. 57,000 crores from internal and external sources but no irrigational projects were taken up. Public investments in both agriculture and industrial sectors have come down. Further, the process of implementation of economic reforms including privatisation is taking place at an accelerated pace in the state.

The policies of liberalisation, privatisation and globalisation have been displacing the masses from their opportunities. The benefits and subsidies meant for weaker sections are reduced year after year even these meant for the Scheduled Castes and Scheduled Tribes. This is not followed by a corresponding support in alternative occupations or opportunities.

With introduction of labour saving technology in the field of construction of roads and buildings, wage labourers have been badly effected in the state.

In view of the lopsided pattern of development, the state has been witnessing agitations, movements, rural unrest, farmer suicides and hunger deaths in recent years. The village economy is facing economic and social crisis. Agriculture is unable to absorb the over increasing working population. The growth rate of agriculture is recorded as 2.47 percent in 1990's, below the all India level. It is significantly lower than projected in much published Vision-2020 document of the State government. Further, the cost of production per unit of agricultural output in Andhra Pradesh now is higher compared to major agricultural States in India. The area under canal irrigation system declined in 1990s due to deceleration in public investment. In nutshell, the agricultural sector is neglected by the State government. There is a need to review this policy.

Though the state is providing planned allocations to infrastructure such as power, roads, communications and other services, still this needs accelerated efforts. State investment in the field of education and health may be further improved. Panchayat Raj institutions may be strengthened to eliminate rampant corruption in government departments. Corruption has become common in every public work leaking major proportion of government expenditure, showing little improvement in the conditions of poorer sections of people.

Small and marginal farmers have been worst effected. Majority of the small and marginal farmers still depend in informal or non-institutional sources of credit, particularly, money lenders private financiers at higher rates of interest, consequently, high cost of production and indebtedness.

Liberalisation and Privatisation process was initiated in the state with firm determination during 1996-'97. But its impact is not well received by all section of the people. Agricultural growth rates have gone down drastically. Employment situation in rural areas were not improved rather deteriorated. Whatever the employment opportunities have been created so far, they are largely low paid and casual in nature and insecure. Non-agricultural employment could not be generated to the levels of expectations. Villages have become markets for products of multinational, and big industries. Whatever the industries, or small scale industrial units were available earlier, they are unable to compete with global products either in

quality or prices. Backward areas like Telangana, Rayalaseema and North Coastal areas could not attract either domestic or foreign direct investment. Only coastal districts and Hyderabad and its surroundings could attract 'limited' investments which could not provide employment as promised by protagonists of LPG era.

There is an exodus of young persons from villages of backward and drought effected districts to towns and cities in search of livelihood. People from Sreeakulam and Vizianagaram districts migrate to Visakhapatnam, Vijayawada, while Chittoor people migrate to Bangalore and Chennai, Ananthapur people to Bangalore, Nalgonda, Warangal and Medak people to Hyderabad to get some livelihood or other. Only old age people keep staying in rural areas Rural people in some of the districts and parts of districts migrating like those from Mahabubnagar. The Information Technology could provide jobs to a few thousands of educated young people. The highly publicised and the pet scheme DWCRA, the Self-help Groups for women could not provide work as expected. This programme could enlighten rural women groups in political and social aspects. These groups could mobilise savings out of their hard earned income besides State/ Central assistance. As far as employment and income generation activity of this programme is concerned, very little is achieved. Whatever the products are produced by these groups, they are decorative and artistic, unable to compete with global multinational products. Mostly they are neither mass consumption oriented nor essentials. Hence,

they suffer from lack of demand. The scheme has become 'political wing' of ruling party for vote bank.

The state is over burdened with domestic and foreign debts to the extent of more Rs. 57,000 crores with annual interest payment commitment of nearly Rs. 7,000 crores. This is effecting the budgetary allocations to priority sectors like major irrigation projects, health and educational needs and industrial development.

In brief:

1. In all the three regions, Backward Class communities are numerically dominant, followed by Forward Castes, Scheduled Castes and Scheduled Tribes. Family size of the weaker section households is higher when compared to other communities. Similarly, family size of agricultural and labour households is also found to be higher in all the three regions of Andhra Pradesh state.
2. Literacy rate is relatively high in Coastal Andhra followed by Rayalaseema and Telangana. Female literacy is still low in backward regions. This is more so among Scheduled Castes and Scheduled Tribes.
3. Housing conditions in the state have significantly improved. Similarly, supply of drinking and usable water through taps is a remarkable achievement in the state. But there are gray areas in

Nalgonda and Mahabubnagar districts where people in 490 villages are drinking fluoride contaminated water which is very harmful to their health.

4. More than 75 percent of canal irrigation in the state is available to Coastal Andhra followed by 17 percent in Telangana 7.5 percent in Rayalaseema. Agricultural development in Telangana and Rayalaseema was neglected. As a result borewell and dugwell irrigation increased significantly. As a result, there was depletion of water table in Telangana and Rayalaseema regions.
5. Cropping pattern also changed in favour of water intensive crops and creating problems of irrigation water and depletion of ground water. The proportion of current fallow lands is increasing, resulting decline in the net area cultivated.
6. The state is experiencing deceleration of growth rate of agricultural sector and decline of employment in rural areas resulting in exodus of masses to urban areas, particularly from backward districts like Mahabubnagar, Medak, Nalgonda, Warangal, Ananthapur, Chittoor and Vizianagaram. Institutional finance to the agricultural sector has declined and the role of money lenders private finances is still dominant particularly in Telangana and Rayalaseema regions.

7. The state is lagging behind in respect of industrial development. In rural areas there is no industrial activity worth mentioning except rice mills, flour mills oil mills and village artisan units. The agro-based units are extenuating due to problems in agricultural sector. The status of village artisans is further deteriorating year after year. This segment of economy is facing technological, marketing and financial problems. The impact of liberalisation and globalisation on these units is devastating and destructive, depriving the opportunities hitherto possessed by the various weaker sections of society.
8. The share of non-agricultural income in the aggregate income has been increasing, but the employment and income of labour households has not improved. Similarly, labour households in Telangana and Rayalaseema get very less non-farm employment compared to Coastal Andhra. It is because of backward agriculture and recurring drought conditions.
9. Agricultural households are at disadvantageous position. It is because of large number of marginal and small farmers are facing agriculture as uneconomical in view of lack of irrigation facilities, non availability of institutional credit rising costs of inputs like fertilisers, seeds, chemicals, electricity, digging of wells development of borewells, unremunerative prices for agricultural products. Similarly, the present year happens to be an unprecedented year of drought

during the last 40 years. Income sources of rural households have declined. In drought effected villages, the economic position of small and marginal farmers, agricultural labourers is still worst when compared to other categories of households.

10. The household expenditure on education, medical and health is found to be significant. It is because the process of privatisation which is slowly eating away the purchasing power of rural households. There is a general deterioration in the economic position of rural people. Liberalisation, Privatisation and Globalisation process could not benefit the rural areas. In other words global market is making inroads in remote corners of rural Andhra Pradesh badly effecting their employment, income and consumption pattern.
11. In view of the above experience, particularly in the post-liberalisation scenario, there is a need to review the policies of the state government with regard to utilisation of cultivable land, utilisation of river water, improving institutional finance for agricultural development. There is a need to re-identifying the priorities of development towards rural areas instead of urban based service sector oriented approach.
12. The state prohibition policy during 1955-03 has spoiled the health and economic position of majority of households. In 1995 the state announced total prohibition, which improved savings capacity of

middle income and lower income groups. But due to corruption administrative and political mechanism, illicit liquor production has began to flow in every knock and corner of the villages. The spurious liquor production has grown in size and it has turned into a household industry the state since it is cheaply available, poorer section people are badly accustomed to drink it regularly. This is eating away the major portion of income of poor people. Similarly wine shops are opened in thousands to get revenue to the state. Though the total revenue exceeded Rs. 4000 crore annually, this policy is spoiling the social and economic fabric of AP State. There is an urgent need to review this destructive policy.

To sumup the state is lagging behind in respect of agricultural, industrial sectors. Similarly overall Human Development Index is also much below number of states in the country. Region wise also except those southern coastal districts - East Godavari, West Godavari, Krishna, Guntur, Prakasham and Nellore shared major gains of development leaving other regions far behind. The whole situation, we can say that during the last five decades, Telangana and Rayalaseema regions were neglected on irrigation front as a result, agricultural development suffered while Coastal districts have been reaping the benefits of canal irrigation. Non-agricultural sectors also could not develop due to lack of agricultural development. Hence poverty, unemployment, hunger and suicide deaths have become common in backward regions. Hence, unrest and agitations have been

erupted. Under these circumstances, there is a need to reverse the process of development to correct regional imbalances.

In view of social injustice and unrest prevailing in different parts of the three regions, it is necessary to tackle the problem of regional imbalances and backwardness, ultimately reducing unemployment and poverty. Therefore, following measures are suggested:

- i) Agriculture may be given top priority along with infrastructure development in backward regions. Constructions of flood flow canal Ichampally and Polavaram irrigation projects across river Godavari will benefit north Telangana and North Coastal districts. Similarly, through proper allocation and utilisation of Krishna river water will also benefit Nalgonda, Mahabubnagar and Kurnool districts in South Telangana and Rayalaseema.
- ii) Distribution of cultivable public lands surplus lands and cultivable waste lands among the rural poor provides some solution to the agricultural labourers.
- iii) There is an urgent need to change the cropping pattern in drought prone areas of the three regions to prevent further downside of under ground water table.

- iv) It is also necessary to identify backward districts in each of the regions in state and specific area programmes may be initiated through central grants.
- v) Rural and agricultural credit facilities have to be adequately provided to all the needy households keeping in view the growing dependency of farmers and rural artisans on money lenders and private financiers.
- vi) Both central financial transfers and use of policy instruments will be useful to attract private investment to the backward regions; and
- vii) Enhanced allocations for social development such as education, health, nutrition, empowerment of poor. Further democratization of rural institutions etc., will improve education, skills and entrepreneurial abilities of people in backward areas.