



## Prospects of The Agriculture Sector in Andhra Pradesh: An Overview

### KEYWORDS

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Andhra Pradesh is strategically located on the south-eastern coast of India and is considered as gateway to East & South East Asia. It is fourth largest state in the country spread over an area of 2,76,754 sq. kms and fifth largest by population. The State capital is Hyderabad. Andhra Pradesh, situated south of the Vindhyas, is surrounded by Madhya Pradesh, Orissa, the Bay of Bengal in the east and Tamil Nadu and Karnataka in the south and by Maharashtra in the west. Andhra Pradesh State Powered by its robust economic growth over the decade and more particularly its spectacular growth of Nine percent and more in the last four years – Andhra Pradesh acquired national prominence and international recognition. A State that was considered an agrarian state, a few decades back, has transformed and emerged into a veritable hub of knowledge and a vibrant and fast growing industrial powerhouse. Andhra Pradesh is the third largest economy in the country. It is among the top three States in attracting investments from domestic and foreign investors. The contribution of industrial sector to the State GDP, last year at 25.1 percent, was higher than that of agriculture. Industry has grown at an average annual rate of 8.6 percent in the past five years, recording a double-digit growth in 2007-08. The State considers industrial growth as a means to mitigate poverty and unemployment. Industrial development promotes higher capital formation; raises wage incomes to higher levels; and absorbs surplus workforce, bottled up in rural areas, to industry. To realize these benefits and hasten up the socio-economic changes, industrial development is accorded top priority by the State government. The Andhra Pradesh "Industries Investment Promotion Policy, 2010-15 (IIPP 2010-15) is aimed at "advancing the cause of inclusivity, distributive justice, and creating employment opportunities across different skill sets".

Agriculture with more than half of the State's population still dependent for their livelihoods either wholly or significantly on some form of farm activity, expansion of farm incomes continues to be the potent weapon 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. Over the decades, Andhra Pradesh has witnessed a gradual transformation in the agriculture sector. The nature of the transformation itself has undergone change overtime. The initial and noteworthy transformation that took place during 1980s was the shift from a traditional cereal-based system towards commercial commodities such as oilseeds, cotton and sugarcane. However, during 1990s, when the crop sector witnessed high volatility due to consecutive droughts and decelerating crop yields, the transformation although continued, was more towards high-value commodities such as fruits, vegetables, milk, meat, poultry and fish. In fact, the high-value commodities performed impressively and rescued the agriculture sector to a great extent. Achieving a growth rate in excess of 4% in Agriculture sector during 11th Five Year Plan period was set with the objective of shifting a sizable excess labor force from the Agriculture sector to other non-farm rural sectors especially to rural industry through skill development, with ultimate object of improvement of

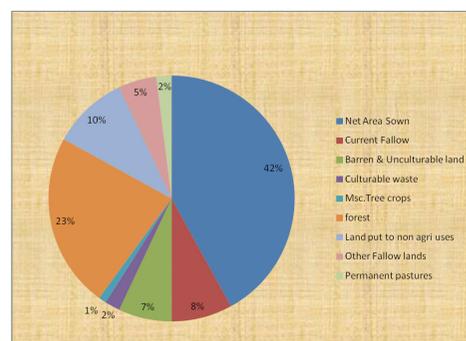
productivity in agriculture sector. Ensuring Food security and providing gainful employment to the labor force continues to be the essential premise for the socio economic development of the people and employment guarantee schemes like Mahatma Gandhi Rural Employment Guarantee Scheme (MGNREGS) and other Rural Livelihoods programmes are effectively catering to this objective. Improving farm incomes and ensuring sustainable growth in the agriculture and allied sectors is on the top of the agenda for the state. Overwhelming priority accorded to the irrigation sector on one hand and the various farmer friendly initiatives put in place on the other, appeared to have helped the State achieve the growth targets during the 11th Plan so far in Agriculture. The state enjoys a position of pre-eminence in respect of crop production. Andhra Pradesh is set to scale new heights in agriculture during the 12th Five Year Plan, especially with renewed focus on micro irrigation, Sri Cultivation micronutrient application, development of dry land agriculture, Farm mechanization increasing storage capacity and other agriculture related strategies.

### Land Utilization

The pattern of Land Utilization in the state is depicted in the following diagram.

Net Area Sown Forest Current Fallow Land put to Non Agri. Uses Barren & Uncultivable Land Other Fallow Lands Culturable Waste Permanent pastures Misc. Tree crops. The total Geographical area of the State is 275.04 lakh hectares. Out of the Geographical area, 41.04 % is under Net Area Sown (112.88 lakh hectares), 22.65 % under Forest (62.30 lakh hectares), 8.10 % under current fallow lands(22.29 lakh hectares), 10.08% under Land put Non Agricultural uses (27.71 lakh hectares), 7.37 % under Barren and uncultivable land (20.26 lakh hectares) and remaining 10.76 % under other fallow land, cultivable waste, permanent Pastures and other grazing lands and Land under miscellaneous tree crops and groves not included in the Net Area Sown (29.60 lakh hectares). The Land Utilization particulars from 1956-57 to 2010-11 are given in Diagram

### Land Utilisation in Andhra Pradesh 2010-11



Source : Directorate of Economics & Statistics, Department of Agriculture & cooperation.

## Gross area under Major Crops

Commodity	2007-08	2008-09	2009-10	2010-11	2011-12
Foodgrains	124.1	122.8	121.3	126.7	125
Kharif	73.6	71.4	69.5	72.4	72.1
Rabi	50.5	51.4	51.8	54.3	52.9
Cereals	100.4	100.7	98.0	100.3	100.2
Kharif	62.1	61.6	58.9	60.1	60.7
Rabi	38.4	39.1	39.1	40.2	39.5
Pulses	23.6	22.1	23.3	26.4	24.8
Kharif	11.5	9.8	10.6	12.3	11.3
Rabi	12.1	12.3	12.7	14.1	13.4
Rice	43.9	45.5	41.9	42.9	44.0
Kharif	39.5	40.8	37.6	38.0	40.1
Rabi	4.5	4.7	4.3	4.8	3.9
Wheat	28.0	27.8	28.5	29.1	29.9
Jowar	7.8	7.5	7.7	7.4	6.3
Kharif	3.5	2.9	3.2	3.1	2.6
Rabi	4.3	4.6	4.5	4.3	3.7
Maize	8.1	8.2	8.3	8.6	8.7
Bajra	9.6	8.8	8.9	9.6	8.7
Gram	7.5	7.9	8.2	9.2	8.3
Tur	3.7	3.4	3.5	4.4	4.0
Oilseeds <sup>b</sup>	26.7	27.5	26.0	27.2	26.4
Kharif	17.9	18.5	18.0	18.2	18.5
Rabi	8.8	9.0	8.0	9.0	8.0
Groundnut	6.3	6.2	5.5	5.9	5.3
Kharif	5.3	5.3	4.6	5.0	4.3
Rabi	1.0	0.9	0.9	0.9	1.0
Rapeseed and Mustard	5.8	6.3	5.6	6.9	5.9
Cotton	5.1	4.4	4.2	4.9	5.1
Jute and Mesta	9.4	9.4	10.1	11.2	12.2
Jute	1.0	0.9	0.9	0.9	0.9
Mesta	0.8	0.8	0.8	0.8	0.8
Plantation crops	0.1	0.1	0.1	0.1	0.1
Tea					
Coffee (Plucked area)	0.6	0.6	0.6	0.6	0.6
Rubber (Tapped area)	0.3	0.4	0.4	0.4	0.4
Potato	0.6	0.7	0.7	0.7	0.7

Source: Directorate of Economics & Statistics, Department of Agriculture & co-operation.

As per the second advance estimates, the area as well as production of food grains for the year 2011-12 are expected to show a decline in comparison with the previous year, viz, 2010-11. While the area under food grains is expected to be 70.60 lakh hectares as against 80.29 lakh hectares in 2010-11, showing a decline of 12.07%, the total production of food grains for the year 2011-12 is estimated to decline by about 30 lakh tones over the previous year - a decrease of 14.81%, from 203.14 lakh tonnes during 2010-11 to 173.05 lakh tonnes in 2011-12. **Kharif:** The area under food grains in Kharif 2011-12 is expected to be 43.06 lakh hectares while it was 45.81 lakh hectares in 2010-11 - a decline of 6%. Similarly, the production estimate of food grains in Kharif 2011-12 is

also expected to marginally decline from 98.52 lakh tonnes in 2010-11 to 98.03 lakh tones, a decline of 0.5%. . The estimate of the area under rice in Kharif 2011-12 is expected to be 28.69 lakh hectares while it was 29.22 lakh hectares in 2010-11. Similarly, the production estimate of rice in Kharif 2011-12 is also expected to be 77.46 lakh tonnes while it was 75.10 lakh tonnes in 2010-11. **Rabi:** The estimate of the area under foodgrains in Rabi 2011-12 is expected to be 27.54 lakh hectares while it was 34.48 lakh hectares in 2010-11. Similarly, the production estimates under food grains in Rabi 2011-12 is also expected to be 75.02 lakh tonnes while it was 104.62 lakh tonnes in 2010-11. The estimate of the area under rice in Rabi 2011-12 is expected to be 11.37 lakh hectares while it was 18.30 lakh hectares in 2010-11. Similarly, the production estimates under rice in Rabi 2011-12 is also expected to be 41.73 lakh tonnes while it was 69.10 lakh tonnes in 2010-11. The area and production of Food grains from 1975-76 to 2011-12 are given in Annexure 5.4 The season wise area, production and productivity of selected crops are given in Annexures 5.5, 5.6 and 5.7 respectively. Unfavourable seasonal conditions like drought, floods and heavy rains prevailed in the State during the decade have contributed to fluctuations in the area and production of food grains. With the cultivation of High Yielding Varieties, improved seed and cultivation practices, the production of food grains however in general maintained an increasing trend.

### Industrial Scenario in Andhra Pradesh

The State's ambition to scale new heights in the economic growth trajectory perhaps is not too far off due to its brisk transition into an international, market based economy. Though late, there is a due recognition of the state's economic strengths and potentials, yet, the state has to go a long way to optimally exploit its natural resources for rapid industrialization which ensure unprecedented opportunities for growth. Surmounting the socio - economic disturbances and infrastructure bottlenecks the State today created base for many industries in the area of engineering, chemical, petrochemical, mineral processing, aqua culture and the frontier areas of electronics and information technology. The State has occupied an apex position in the manufacture of drugs and pharmaceuticals, IT and ITES. There is a paradigm shift in the State's industrial policy of 50s and 60s that emphasized more on the import substitution, extensive public investment and development of heavy industry in the public sector supplemented by private investments towards development of ancillary units and small and medium scale industries in the New Industrial policy (2005-2010). The industrial policy of the State shifted to distinguishing the responsibility of the State versus the private individuals/sector. Accordingly it started moving away from manufacturing to delivering services and infrastructure compatible with international standards, spreading a red carpet for those who would like to invest and generate employment. The current thinking is that the state should be a facilitator rather than the prime mover and regulator. Launching of economic reforms led to the privatization of some of the State public sector units. On the other side, the public sector units like IDPL, Synthetic Drugs and ECIL were the first ones to lay foundation for making Hyderabad as the bulk drug capital of India and as the center for TV manufacture and IT hub respectively. In fact the State has made great strides in areas like biotechnology, Pharmaceuticals, and soft ware technology. The main objective of the Industrial policy of 2005 was to establish more of small and medium enterprises on one side and to encourage FDIs through Special Economic Zones on the other. The State does not intend to have let up in capturing the growing demand for IT and IT enabled services concurrently. Despite efforts and incentives in industrial policy the post 1990s did not see the birth of a single large industry in the State. Growth has not been commensurate with its resource endowment. Entrepreneurship in the State shifted to areas that were capable of securing quicker fortunes than manufacturing and those lay in IT and ITES in tune with globalization that went underneath.

Average annual growth of the agriculture and allied sector during the Eleventh Five year Plan at 3.6 per cent fell short of the 4 per cent growth target. Realised growth, however, has been much higher than the average annual growth of 2.5 and 2.4 per cent achieved during the Ninth and Tenth Plans, respectively. Growth has also been reasonably stable despite large weather shocks during 2009 (deficient south west monsoon), 2010-11 (drought/deficient rainfall in some states), and 2012-13 (delayed and deficient monsoon). An important reason for this dynamism has been due to a step-up in the gross capital formation (GCF) in this sector relative

to GDP of this sector, which has consistently been improving from 16.1 per cent in 2007-8 to 19.8 per cent in 2011-12 (at constant 2004-5 prices) (Table 8.1). 8.4 Overall GCF in agriculture (including the allied sector) almost doubled in last 10 years and registered a compound average annual growth of 8.1 per cent (Fig 8.1). Rate of growth of GCF accelerated to 9.7 per cent in the Eleventh Plan (2007-12) compared to a growth of 2.7 per cent during the Tenth Plan (2002-07). Average annual growth of private investment at 12.5 per cent during Eleventh Plan (first four years) was significantly higher as against nearly stagnant investment during the Tenth Plan

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