Public sector spending- a way to agriculture development in Telangana

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Abstract

1. Introduction

In the infancy of newly formed state Telangana was carved out of Andhrapradesh as 29th state and 7th largest state in India having the population of 3.70 crores. Telangana has made significant progress in agricultural, industrial and service sectors of the economy since its formation. Agriculture sector plays a vital role in the development and shaping of a golden Telangana. Telangana has recorded 7.4% annual average growth rate in agriculture sector where as national annual average growth rate is 2.7%. State Government’s objective is to achieve a well agriculture growth rate by spending public investment and reduce farmers’ suicides. The economy of Telangana state is mainly supported by agriculture sector. Rice is the major food crop and other local important crops are cotton, sugarcane, mango, tobacco etc. Farmers in Telangana mainly depend on rain fed water sources for irrigation.
There are many irrigation projects are being constructed under Godavari and Krishna river basin. The gross state value added (GSVA) from primary sector that includes agriculture and allied activities is likely to register an impressive growth of 17.2% at current prices due to good monsoon and other supportive measures by the Government to revamp the rural economy [1-3].

2. Significance of agriculture sector in Telangana

Agriculture sector provides food security and supplies raw material for industries and provides employment that 74% of rural population is still dependent on agriculture and allied activities. Agriculture has been the chief source of income for the state’s economy. Agriculture sector contributes 15.6% of GSDP and 55.6% of workforce is dependent on agriculture. It creates demand for industrial products. Agriculture sector has importance in exports and earning foreign exchange. Telangana agriculture and allied sectors valued reached to 28706 crores (2013-14). Telangana has good position in various agriculture products. The state occupies 1st place in sheep, 3rd in eggs production and 13th place in milk production. Agriculture sector turns the corner, with 12% growth with a good monsoon following two years of drought. Agriculture sector had shrunk at the rate of 9.5% and 6.3% last two years. Sustainable and economical crop production is the life of a farmer who strides not only for his livelihood but also for the survival of the non-farming community. It is more important that Telangana state is endowed with excellent climate conditions which are suitable for seed production of paddy varieties, pulses, oilseeds and hybrids of cotton, maize, bajra, and sunflower and vegetables crops. Best quality seed is produced due to congenial climate prevailing for seed production and the farmers have become expert in seed production of different crops over a period of four decades of seed production in Telangana. The state is involved in production and supplies of good quality seed to farmers all over India and also to other countries [4].

3. Objectives of the study

1. To know the need of public investment in agriculture sector
2. To study the pattern of public sector investment in agriculture
3. To examine the public sector investment since 2014 in Telangana
4. To make appropriate suggestions to boost the agriculture sector.

4. Need of the public sector investment in agriculture sector

Agricultural development depends on the simultaneous growth of farm-level production and productivity and value of chains to which it is linked. These value chains include a wide range of small and large scale activities that involve supplying farm inputs, processing, storing, distributing, wholesaling, retailing and exporting farm products. There is a need to look at both farm level investment as well as investment in agro industries. Investment for a farm agricultural capital stock will have positive impact on production and productivity. The primary factors of production in agriculture are land and labour. The form of capital consists of newer methods and newer technologies for doing things. The possible combinations labour, land capital augmented labour, and capital augmented land provide a range of possibilities for productivity. The public spending is required. The significance of capital formation in agriculture for growth is evident from the fact that investment in machinery equipment enables the farm worker to work on land and make use of other forms of capital such as livestock. The investment is machinery and equipment augments labour, renders it more production and offsets the effects of diminishing returns. Public spending on agriculture with other forms of expenditures to impact on agricultural performance and poverty. Agricultural output depends on the amounts of direct inputs used which include labour, land irrigation, seeds and agrochemicals such as fertilizers and pesticides. Public expenditure on agriculture seems to also support the formation of non-farm capital stock. The level and composition of public investment is considered to be determined by political and economic concerns. Appropriate public investment can also enhance returns to private investment and improve incentives to invest. It can be seen that the main source of investment for agriculture for farm-level capital formation are farmers themselves. The public sector comes next at a distant second.
In terms of promoting investment by farmers and the private sector in general, there has been much discussion and debate over the complementarities between the two and the importance of appropriate policies for creating an enabling environment for investment. It is often argued that public sector investment and enabling environment promotes private investment. The relationship between public and private sector investment remains a matter of great debate. In India, the focus on the subject became intense due to its implications for policy directions influencing capital formation promoting investment in agriculture for increased production and productivity. Some believe public investment induces private investment which would suggest strong complementarities between the two types of investment while others see no apparent complimentarily at all.

The Telangana state was born in the time of drought and agricultural distress. Telangana Chief Minister Sri K. Chandrashekar Rao rightly said ‘Agriculture is a way of life and it cannot be considered as a commercial activity. The years of distress and despair triggered suicides due to years of neglect and discrimination by successive Governments in the unvided state’. Uncertainty in the rainfall and climate change decides the crop production. Moreover the cropping pattern has shifted from food crops to commercial crops. In Telangana between 2001-16 irrigated lands decreased from 70% to 53.50%. It shows the need of public spending in agriculture sector. In 1956-57 in Telangana 23 lakh acres were under irrigation. It was slight increase to 26.7 lakh acres till 1967-68. In Telangana 63% of cultivation land depends on rainfall. For the last 45 years 25000 crores are spent by farmers on bore wells in Telangana. So huge public investment is required. In Telangana 75% of cultivated land is under bore wells. This increases the cultivation cost of the farmers which leads to decrease in the income of the farmers force them into debt trap. Gradually prior to 2014 the cultivation under tanks decreased. Almost one lakh is spent for one acre for cultivation. So cultivation burden is increased. But if public spending one lakh is spent under canals projects by collecting ₹200 the cultivation cost will be hugely decreased. The new state is also upper riparian to coastal A.P and needs to invest in water infrastructure for itself. In Telangana 85% of farmers are marginal and small farmers and belong to the poor section of the community. So the state Government has to spend more investment in agriculture sector.

5. Public investment in agriculture sector since 2014-15

As per the census 2011 in Telangana 31.51 lakh farmers and 59.15 lakh agricultural labourers are there in the state. The Telangana state Government continues its focus on agriculture since its formation. The state has tried to improve its agricultural output by allocating one-fifth of its expenditure to the irrigation sector. The Government is trying to drought proof the state’s agriculture by investing in major and minor irrigation projects. The share of irrigation in the total expenditure is 21% in 2016-17. The Government has started a flagship scheme Mission Kakatiya in 2014 for the development of chain linked tanks and improve efficiency of storage capacity of water. The programme was taken up as phased manner to revive 28652 tanks in the state. The storage capacity increased to 3.88 TMC water. The Government has taken up large and medium irrigation projects to fully utilize the state’s share from Godavari and Krishna rivers. In 2018-19 budget 25000 crores are allocated for irrigation projects. As a young and new state since 2014 the objective of Telangana is to provide irrigation water to 1 crore acres of land. Many projects are taken up and some of them are redesigned and started Kaleshwaram lift irrigation project by spending about 70000 crores. The Telangana Government is the first state to spend such a huge amount on irrigation in India. For the last 4 years 65000 crores are allocated to irrigation sector. This is equal for 10 years of the budget allocation to various projects under Jalayagnam started in 2004. This indicates how the Government is giving top priority to irrigation sector as shown in Table 1.

The Telangana state Government has been supplying round the clock power supply to agriculture from January 1, 2018 by spending substantial amount. The Government has announced a new scheme for all the farmers in the state ‘Farmers Investment Support Scheme (FISS) named as Rytu BANDU. Under this scheme the farmers will be provided ₹10000 per acre per year as financial assistance. In 2018-19 financial year ₹12000 crores have been allocated for this scheme. This money can be used for purchase of seeds, fertilizers, pesticides and the potential expenses and loan waivers will not be required with the implementation of this scheme and is expected to reduce the farmer’s suicides. Under this scheme 1.42 crore farmers will be benefitted by covering an area of 1.72 crore of agricultural land.
The Government has formed Rytu Samanayya Samithis for the implementation of minimum support prices to the crops. Under farmers insurance scheme to provide insurance to the farmers ₹500 crore have been allocated to cover ₹5 lakh insurance as death benefit. Rytu Vedika has been formulated for every 5000 thousand acres and 158 crore are allocated. The Government started and completed LRUP (Land Records Updating Programme) and updated 96% of land records after 1934 year to find out the ownership of the farmers.

<table>
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<th>Year</th>
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<th>Mission Kakatiya</th>
<th>Free power supply</th>
<th>Agriculture Dept &amp; Various schemes</th>
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*Source: Agricultural portal-T.S*

6. Conclusion

With full control of water for irrigation, resources and employment- Nellu, Nidhulu and Niyamakalu the state is poised to realize its full potential and even expand the growth frontiers much beyond its present potential. As a new born state agriculture sector needs more public spending. The Rytu Samanayya Samitis should take active role regarding minimum support prices, marketing facilities, storage facilities and crop loans. The MGNREGS should be linked up with the agriculture sector and 50% wage of labourers should be paid through MGNREGS. This should continue to grow at a pace must faster than the country as a whole and the growth translating into the welfare of the poorest sections and development of backward districts. Only then the promise Golden Telangana will be fulfilled.

7. References