

**Changing Scenario of Rural Economy in Telangana state: Insights from the selected villages of Mahabubnagar district**

**ABSTRACT**

This study assess and document the changes in the rural economy with special focus on agrarian indicators and modernization of rural economy between 2009 and 2019 through focused-group discussions in ten randomly selected villages in Mahabubnagar district of Telangana State. The data were analyzed by simple statistical tools like averages, percentages to quantify the changes in key indicators. Findings indicated that number of actual cultivators declined by about 30% while, number of tenant farmers has been significantly increased by about 80% between 2009 and 2019 in the selected villages. About three-fourths of farmers and agriculture labourers owned mobile phone and motor-bikes. On an average, 3% of agricultural land every year has been diverted into non-farm uses over the past ten years. There was not much increase in the yield of many crops except paddy over the past ten years. The increase in farm gate prices of major crops are not in par with the increased input prices leading to decline in real profitability in farming. This is the key source of rural crisis in rural Telangana rural distress. Therefore, rural people are facing the problems of poverty and exploitation which is impacting the rural economy.

**Keywords:**

*Agrarian economy, Rural distress, Focused group discussions, Rural economy, Telangana.*

**1. Introduction:**

Telangana is basically a rural based state with about 27,000 villages including small and tribal hubs. Nearly, two-thirds of the population lives in rural areas whose primary livelihood is farming. Thus, improvement of farmers' welfare and development of agriculture is always the top priorities for public policy in the state. However, increased suicides among the farmers, high rural indebtedness, lack of non-farm income sources, frequent droughts, poor rural infrastructure, increase in household expenditure more than household incomes due to privatisation of education and health, etc. are a few serious problems, experienced in

rural Telangana over the past two decades. These are key issues that led to rise of a popular "Separate Telangana Movement", initially in the 1960s and later in the early 2000s, and finally the state of Telangana was created in June 2014. Expectations were arisen exorbitantly among people of Telangana, especially among rural communities after creation of separate state. The state government has focused to address some of the above stated rural issues after 2014 to fulfill some of the aspirations of people. It may take some more time to experience the impacts of creation of separate state of Telangana on rural economy of the state.

Telangana play a significant role in agriculture contributing 12.3% growth rate of total agricultural GDP of India. The major crops grown in Telangana are cotton, rice and maize which accounts for 85% of state's net cropped area. The productivity and profitability of these crops determine the level of rural livelihood in the state. There has been a rapid change in the structure and composition of rural economy in the country over the past ten years in view of fast economic transformation in the 2000's. In particular, agrarian economy has been changed with respect to both positive and negative indicators.

An agrarian economy is the dynamic set of technological, socio-economic and cultural factors that affect the farmers' livelihood. It mostly relies upon the production, consumption and marketing of agricultural commodities including livestock. Rural economy is a reflection of an agrarian economy in India. In the agrarian economy, agriculture is the primary source of livelihood. It is the most oscillating sector as it depends upon the monsoon and the weather conditions. This sector of the economy is thus important to feed the nation.

An attempt has been made to understand the dynamics of rural economy in Mahabubnagar district of Telangana. The present study is taken up to understand the changes that took in various socio-economic parameters of the rural society between 2009 and 2019, based on focused group discussion in ten villages in Mahabubnagar district of Telangana state.

### **Objectives:**

1. To elucidate the changes in the demographic and agrarian features of Rural Telangana over the last ten years.
2. To assess the modernization of rural India and perception of farmers' towards rural transformation from 2009 to 2019.

## 2. Material and Methods

This study was conducted in Mahabubnagar district of Telangana, one of the backward districts located in southern part of Telangana state. It is widely known as "home for migrant labourers" due to low rainfall and absent of non-farm activities.

To understand the dynamics of agrarian economy in this district, 10 villages were randomly selected from 3 *mandals* to represent a typical rural economy of the district. A focused group discussion approach was followed to conduct a personal discussion with a group of experienced and knowledgeable farmers as well as non-farm professionals in the village. Each focused group comprised of 8 to 10 respondents to represent all categories of the village profession. A structured schedule was prepared to elicit the socio-economic and demographic changes that took place in the village both qualitatively and quantitatively over the past 10 years (2009 and 2019). Data were analyzed with the help of simple statistical and arithmetic measures.

## 3. Results and Discussion

The estimated changes in key indicators of rural economy over the past ten years were documented and discussed under sub-sections below.

### 3.1. Changes in demographic and agrarian features, 2009 and 2019

Table 1 summarized the changes that were experienced in the study villages with respect to key indicators of demographic and agrarian economy between 2009 and 2019. It was notably observed that number of actual cultivators in the studied villages have been declined by 30% over last 10 years. It implies that on an average about 3% of the actual cultivators were moving out of agriculture. This could be primarily due to declining profitability in farming and losing interest among rural youth, as reported by NSSO (2018). Further it was also noted that during the focused group discussion in the studied villages, no single youth entered into farming in the last 10 years. This reflects serious reluctance of youth towards agriculture because of its non-remunerativeness.

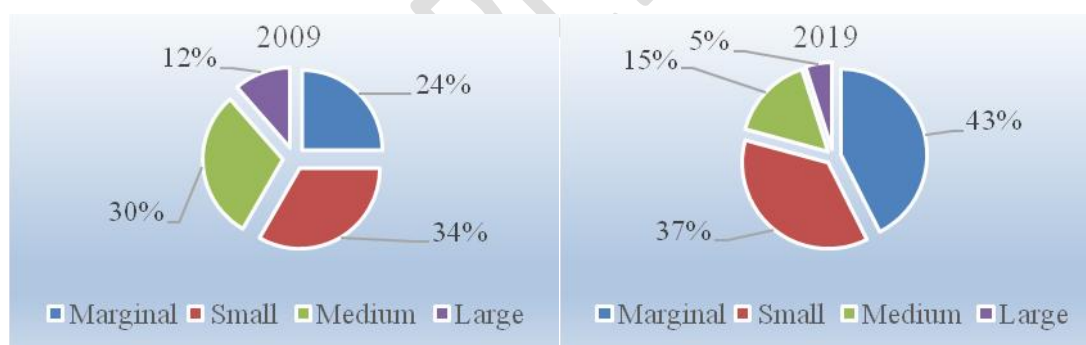
**Table 1: Changes in key indicators of demographic and agrarian features in the study villages, 2009 and 2019**

S.No.	Particulars	2009 (number)	2019 (number)	% Change
1.	Average population	2157	2704	25.35

2.	Total households	382	508	32.98
3.	Farm households	288	372	29.16
4.	Female headed farm households	10	22	120
5.	Actual cultivators	313	221	-29.39
6.	Tenant farmers	19	34	78.94
7.	Agriculture labour	70	96	37
8.	Self help groups	16	30	87.5
9.	Cropped area (acres)	1151	946	-17.81
10.	Number of cattle	910	573	-37.03
11.	Number of Goats and sheep	2580	2003	-22.36

**Source: Field Survey Data, 2019**

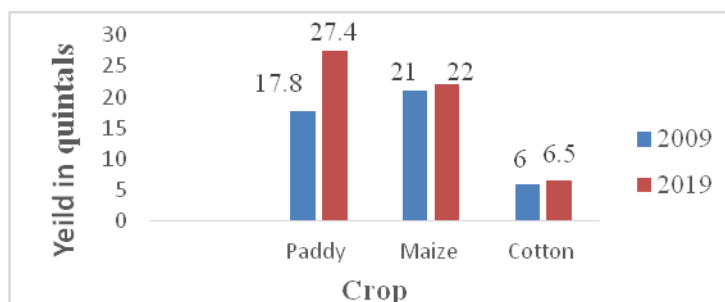
In Paradoxical situation, share of small and marginal farmers had significantly increased from 58% in 2009 to 80% in 2019 (Fig.1). This indicates a fast fragmentation of land holdings in rural areas. Tenancy in agriculture has also been increased between 2009 & 2019. Number of tenant farmers has been increased by 79% in 2019 over 2009. Number of landless persons engaged in agriculture as labourers has also been increased by 37% due to limited opportunities in non-farm sector. Interestingly, women self-help groups (WSHG) have been nearly doubled over the last 10 years largely due to empowerment of rural women with respect to accessing easy credit from WSHGs (Table 1).



**Fig 1: Distribution of farmers by size of land holdings in the study villages**

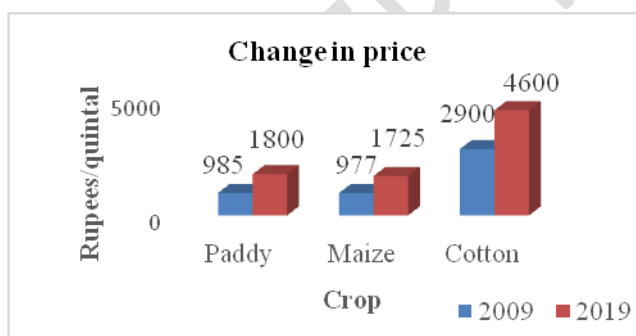
As expected, it was found that there was a substantial decline in net sown area by 18% over the last 10 years. This trend shows that on an average 1.8% of the net farmland has been diverting every year for non-agriculture uses such as housing, industries, institutions etc. It was not unusual to observe diversion of land resources from farming to non-farm activities as economy intensifies due to industrialization and urbanization. As reported by NSSO

(2018) livestock population in the studied areas has also been substantially declined over the past 10 years (Table 1).



**Fig. 2: Changes in the average yield of major crops in the study villages, 2009 and 2019.**

Paddy, cotton, and maize were major crops in Telangana state accounting around 85-90% of gross cropped area. Similar cropping pattern was also observed in Mahabubnagar district of state. From the studied villages, there was a yield increase in paddy by 50% between 2009 and 2019, while increase in yield of other crops like cotton and maize was negligible (Fig 2).



**Fig.3: Change in farm gate price of major crops in the study villages, 2009 and 2019.**

Another important indicator that affects the farmer income was farm gate price, actually received by the farmers for produce. There was about 83% hike in farm gate price of paddy, 76% in maize, and 58% in cotton over the last 10 years (Fig.3). The extent of increase in farm gate price of major crops over last 10 years was less than bank interest rate during the same period. This showed that the farm gate prices of major crop produce was not increasing on par with inflation as well as increasing costs of key farm inputs. This resulted in decline of real farmers' income over period.

### 3.2. Changes in the source and extent of irrigated area, 2009 and 2019.

Irrigation brings prosperity to rural economy. The changes in the source and extent of irrigated area in the studied villages between 2009 and 2019 were documented in table 2. Gross irrigated area as percentage of gross sown area in the studied villages was 53% in 2009, which has been declined to 45% only by 2019. It may be noted Mahabubnagar district is largely rainfed district, where bore wells and tanks were only major source of irrigation. From the studied villages, it was observed that number of live bore wells have been declined by 38%, due to shrinking of ground water table, while live tanks have been increased from 2 to 6 over the last 10 years. In the recent prestigious scheme “*Mission Kakatiya*” [Tanks rehabilitation scheme] has contributed to bring several dead tanks into live tanks, thereby increasing irrigated area under tanks.

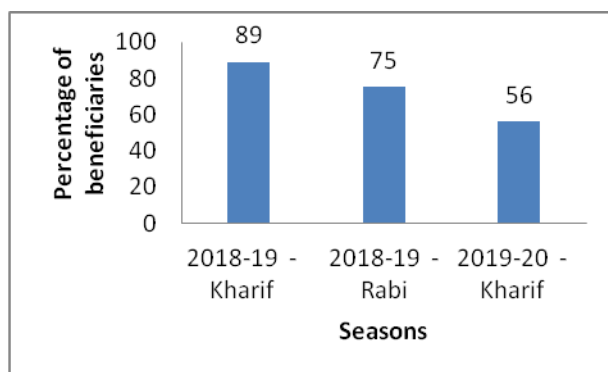
**Table 2. Changes in the extent of irrigated area in the study villages, 2009 and 2019.**

Source	2009	2019
% Gross irrigated area (Kharif + Rabi)	53	45
Number of live bores	207	129
Number of live tanks	2	6

### **3.3. RYTHU BANDHU SCHEME Farmers’ perception**

Telangana was the first state in India, that introduced direct cash transfer scheme to the farmers-popularly known as *Rythu Bandhu* scheme (RBS) during 2018-19, Under this scheme, all land-owners-irrespective of whether they are in farming or non-farming are eligible to receive financial support at the rate of Rs.4000 per acre per season irrespective of land holding size and subsequently increased to Rs.5000 per acre per season in 2019-20. The perception of the selected focused groups on RBS was documented in the study.

As presented in Fig.4, about 90% of the land-owned farmers received investment support during the 2018 Kharif (year of scheme introduction). However only 56% of the farmers have received investment support under RBS during 2019-20. It was found during the focused group discussion that nearly half of the farmers omitted from the scheme in the next year of scheme introduction [2019 and 2020]. Some farmers expressed that 90% of the farmers benefited under RBS during the year of scheme introduction (2018-2019), mainly due to state assembly elections held in the late 2018.



**Fig 4: No. of land-owned farmers received financial support under RBS (2018-19 and 2019-20).**

### **3.4. Changes in the key indicators related to modernization of rural economy.**

Despite a sharp decline in the number of actual cultivators as well as net sown area in the study years over the last one decade, it was interesting to note that about 82% of the rural people at present owned mobile phones largely smart phones as compared to only 27% in 2009. Further three-fourths of the rural mass or their family members owned one or other type of two-wheeler in 2019 while only one-fourth of them owned similar vehicles 10 years ago. Number of agricultural labourers owning two wheeler vehicles are 74% in 2019. These numbers clearly indicated that rural people including farmers have been acquainted with the use of latest communication technologies and transport (Table 3).

Another significant development observed in the studied villages was that about 42% of the farmers have been covered under crop insurance scheme during 2019 as compared to only 9% crops insured in 2009. However only 5% of farmers have reported that they received claims in the event of crop damages. Similarly about 70% of the farmers have been benefited from institutional credit, lent by different financial institutions in 2019. There was also a visible improvement with respect to access of quality seed, modern farm machinery between 2009 and 2019 (Table 3).

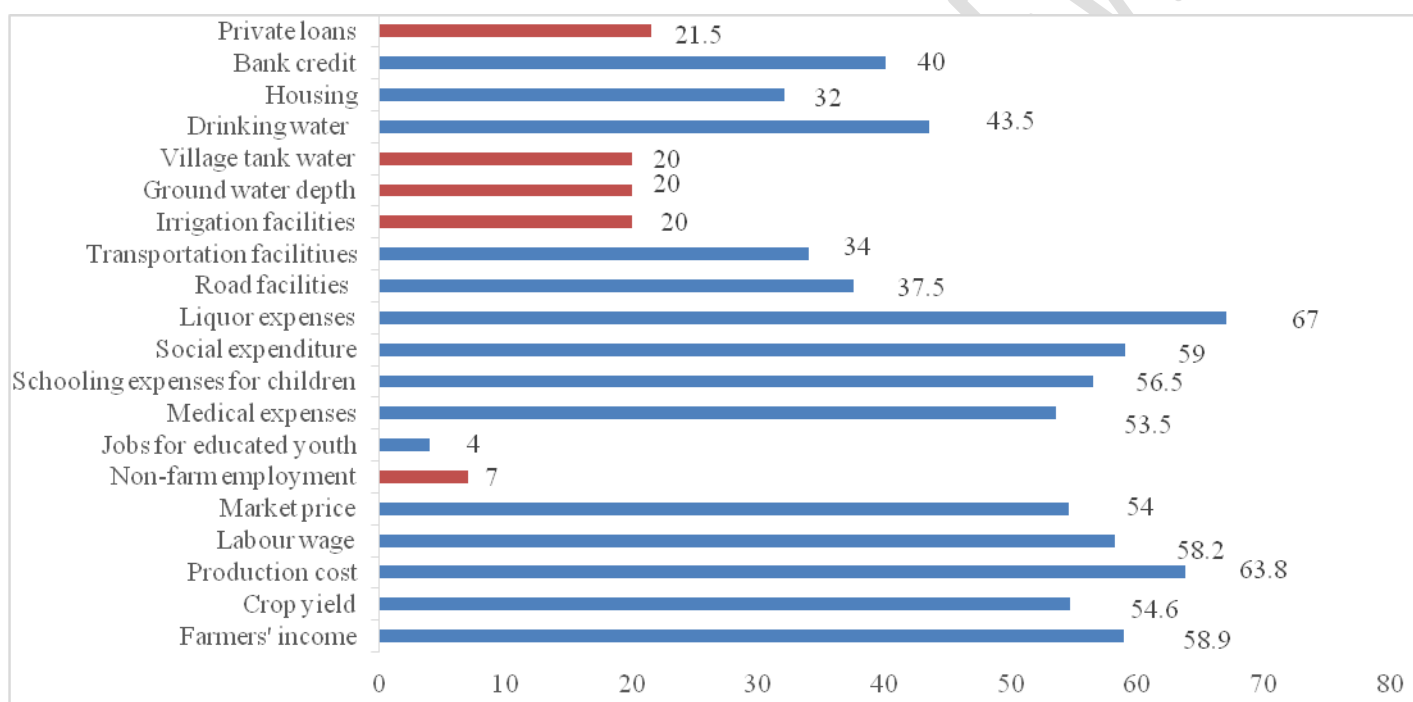
**Table 3: Changes in the key indicators related to modernization of rural economy in the study villages, 2009 and 2019.**

% of Farmers	2009	2019
Owning mobile phones	27	82
Owning 2-wheeler vehicles	28	74
Agricultural labour owning 2 wheelers	20	74

Insured their crops	9	42
Farmers received claim in the event of crop-damages	0	5
Farmers received loans from institutional sources	50	70
Farmers received quality seeds of crops	12	62
Improved farm machinery owned by farmers	5	12

### 3.5. Farmers perception of rural transformation:

An open-ended questionnaire has been raised with the selected focused group in each selected village and elicited their perception on various indicators of rural transformation over the last 10 years.



**Fig 5: Farmers' perception of rural transformation over the past 10 years (2009 –2019) in study villages**

The results of farmers' perception are graphically presented in Figure 5. Farmers' income has been increased by about 59% over the past 10 yrs while, the production cost in agriculture has increased by 64% in the same period. Similarly labour wages increased by 58% and market price for major crop produce by 54% between 2009 and 2019. It is heart-burning to note that there was a substantial increase in household expenditure on liquor (67%), education (59%) and health (53.5%) during the same period. On the other hand, ground water depth has been depleted by 20% and overall irrigation facilities by 20%. Perception of rural people revealed that there was an appreciable improvement in housing,



drinking water, institutional credit and transportation. It was also revealed that substantial increase in household expenditure on health, education, liquor, production cost and social expenditure (marriages, other functions) are key reasons for present rural distress besides low rural income levels. Whatever increase in crop yield and market price does not able to compensate for increase in household expenditure in rural areas, leading to rural indebtedness.

#### **4. Summary and Conclusions**

There was a drastic change observed in the livelihood of rural population in Telangana state over the past one decade. Agriculture was continued to be the major source of livelihood for rural Telangana. However, there was significant decrease in the number of actual cultivators over the past ten years. The net area sown, irrigation facilities and net returns have been decreased year after year. On an average, 1.8% per annum of agricultural land has been diverted into non-farm uses over the past ten years in the studied villages. The livestock population has also decreased over the decade as most of them found it non-profitable. The increase in the number of female households, WSHG, and girls' education indicates the improvement towards women empowerment. It was found that 82% of the rural masses have owned mobile phones during 2019 while only 29 % of them used mobile phones in 2009. The access of credit from institutional sources has also increased over the last 10 years. The farm gate price of crops has also almost doubled during the decade but it was not compensated with increase in costs of inputs. There was a significant increase in the household expenditure on education, health and liquor and social events by 55 to 65% during the period 2009 to 2019. This calls for need to hike public investment to education, health and basic infrastructure in order to reduce economic pressure on rural households and to increase non farm income opportunities.

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- Note:** The Munich University Library is part of the University of Munich, a public corporation research university located in Munich, Germany.

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