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From Resilience To Prosperity: Transforming The Agrarian Economy In Contemporary Andhra Pradesh

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Abstract

Andhra Pradesh, the "rice bowl of India", is writing a remarkable chapter in Indian agricultural history. The state's agricultural sector has achieved an impressive 10.14% growth rate, outpacing the national average, with a GSDP contribution of ₹5.39 lakh crore constituting 33.2% of the state economy, one of the highest agricultural shares in the country. While challenges exist, the state has responded with an ambitious, multi-pronged transformation agenda: expanding natural farming to 11 lakh hectares, launching AI-powered farmer services, establishing the world's first Cocoa City, and implementing direct marketing channels through Farmer Producer Organizations. Drawing on government budget documents, climate adaptation studies, policy announcements, and farmer success stories from 2025–2026, this article argues that Andhra Pradesh's agrarian economy is undergoing a *structural renaissance*, moving from vulnerability to resilience, from price-taking to price-making, and from monoculture to diversified, climate-smart agriculture. The state's innovative pivot toward natural farming, digital extension, and high-value horticulture represents a replicable model for post-green-revolution agriculture across India.

Keywords: Agrarian economy, climate-smart agriculture, digital extension, horticulture transformation, Farmer Producer Organizations (FPOs), Annadata Sukhibhava, agricultural policy, sustainable agriculture, direct marketing, climate adaptation, post-green-revolution agriculture

1. Growth with Purpose: 10.14% Expansion as a Foundation for Transformation

The official numbers tell a story of remarkable achievement. According to the state Planning Department, Andhra Pradesh's GSDP for 2025–26 is estimated at ₹17.62 lakh crore, reflecting a growth rate of 10.75%, significantly higher than the national average of 7.4%. The agriculture and allied sector grew by 10.14%, with per capita income rising to ₹2.94 lakh, a 10.43% increase. The state contributes nearly 10% of India's agricultural GDP, with farming accounting for one-third of its own economy, a testament to agriculture's enduring centrality to Andhra's prosperity.

The paddy sector—the state's agricultural heart—demonstrates both scale and opportunity. Kharif paddy cultivation expanded from 13.97 lakh hectares in 2024–25 to 15.59 lakh hectares in 2025–26, reflecting farmer confidence and government support. While cyclone impacts and unseasonal rains presented challenges, the government responded swiftly with relief measures, crop insurance activation, and moisture management guidance. Andhra Pradesh continues to be a major contributor to national food security, and ongoing investments in climate-resilient varieties promise to stabilize and enhance productivity.

Most encouragingly, the state government has acknowledged existing challenges transparently and developed comprehensive solutions. As outlined in Table 1, the government is actively addressing price gaps through multiple interventions:

Table 1. Government Interventions to Support Farmgate Prices, Rabi 2025–26

Crop	MSP (₹/quintal)	Market Price (₹/quintal)	Government Action
Maize	2,400	1,400–1,800	Price Deficiency Payment Scheme requested; farm-to-home model activated
Cotton	8,110	5,000–6,000	Crop insurance claims expedited; cyclone relief distributed
Chickpea	5,875	~5,000	Market intervention at MSP initiated
Paddy	2,200	as low as 1,400 (moisture-affected)	Moisture meters deployed; procurement relaxed for reasonable moisture

2. Climate as an Opportunity: Building Adaptive Capacity from the Ground Up

Rather than viewing climate change solely as a threat, Andhra's farmers and policymakers are treating it as a catalyst for innovation. A 2025 study of 240 paddy growers revealed that farmers are actively adopting climate-resilient practices at remarkable rates. The research showed that *education, farm income, and information-seeking behavior positively affect adaptation behavior*—meaning that Andhra's investments in farmer education and digital extension are directly translating into on-ground resilience.

The most widely adopted adaptation practices, ranked by adoption rate among the 240 surveyed farmers, demonstrate a farming community that is engaged, proactive, and ready for change:

Table 2. Climate Adaptation Practices Adopted by Paddy Growers, Andhra Pradesh (N=240)

Rank	Adaptation Practice	Full Adoption (%)	Impact
I	Deep summer ploughing	100%	Improved soil moisture retention
I	Use of suitable high-yielding varieties	100%	Enhanced climate resilience
II	Use of well-decomposed FYM	81.25%	Reduced chemical dependency
III	Risk management through crop insurance	81.66%	Financial protection for farmers
IV	Rearing of livestock / mixed crop-livestock systems	76.25%	Diversified income streams
V	Adoption of Direct Sow Rice (DSR)	27.91%	Water savings of 20–30%

Source: Babu, Sasidhar & Varghese (2025), Indian Journal of Extension Education

The adoption of DSR—a water-saving technology—at nearly 28% represents significant progress, with the government targeting rapid expansion through the Pre-Monsoon Dry Sowing (PMDS) initiative. The government has announced PMDS implementation across 20 lakh acres, expected to generate additional farmer income of ₹5,000–7,000 per acre while conserving precious water resources.

Farmers have identified opportunities for further improvement, and the government is systematically addressing each one:

Farmer-Identified Need	Government Response
Suitable varieties and quality seeds	Expanded seed multiplication centers; climate-resilient variety promotion
Price stabilization	Direct marketing channels; MSP enforcement; FPO strengthening
Technical knowledge on climate-resilient cultivation	AI-based agronomist services; Farmer App; RBK training programs
Weather-based insurance	Crop insurance modernization; faster claims processing
Adequate storage facilities	Warehouse expansion; decentralized storage at RBK level

The government has also proactively flagged El Niño preparedness for rainfed regions (Anantapur, Sri Sathya Sai, Kadapa, Kurnool, and Prakasam districts), with contingency plans already developed for pulses, oilseeds, and horticulture crops. This forward-looking approach turns climate uncertainty into managed risk.

3. A Policy Revolution: From Annadata Sukhibhava to Cocoa City

The TDP government has launched the most ambitious agricultural reform agenda in the state's history. The 2026–27 Agriculture Budget totals ₹53,752 crore—a clear statement of prioritization. Key allocations demonstrate strategic thinking across the entire agricultural value chain:

Table 3. Strategic Allocations in Andhra Pradesh Agriculture Budget 2026–27

Scheme / Sector	Allocation(₹ crore)	Purpose
Power subsidy to farmers	13,722	Reducing input costs
Irrigation (Water Resources)	14,277	Water security
Annadata Sukhibhava (PM-Kisan state share)	6,600	Direct income support
Horticulture department	1,124	High-value crop promotion
Fisheries department	524	Livelihood diversification
Agriculture Marketing	515	Market infrastructure
AP Horticulture University	504	Human capital development

Source: Deccan Chronicle, February 2026

The flagship **Annadata Sukhibhava** scheme provides each farmer with ₹20,000 in three instalments—with the state contributing ₹14,000 (nearly double the previous regime's assistance) and the Centre contributing ₹6,000 under PM-Kisan. This direct benefit transfer ensures that farmers have working capital for inputs, family welfare, and investment. The government has demonstrated administrative efficiency by clearing ₹10,816 crore in paddy procurement payments within 24 hours and settling ₹1,670 crore in pending dues—restoring farmer confidence in the system.

The truly transformative elements, however, lie in the state's forward-looking investments:

Digital Agriculture at Scale

- **AI-based agronomist services** providing personalized crop advice
- **Farmer App** with over 8 lakh registered farmers accessing soil test data, input usage tracking, crop-specific weather forecasts, and groundwater availability
- **RSK Intelligence Hub Dashboard** for real-time monitoring of Rythu Bharosa Kendras (RBKs)—the village-level agricultural service centers that bring government services to every farmer's doorstep

Natural Farming Revolution

- Expansion of natural farming from 9.26 lakh hectares (2025–26) to **11 lakh hectares** across all 13,300 gram panchayats by 2026–27, covering **25 lakh farmers**
- Exclusive counters for naturally grown produce in Rythu Bazaars and private markets
- Central support under the National Mission on Natural Farming (NMNF)

High-Value Horticulture Transformation

- **Cluster-based horticulture plan** leveraging ₹30,000 crore in government investment and ₹70,000 crore in private capital to transform Rayalaseema into a horticulture hub
- The world's first dedicated **Cocoa City**—a 250-acre project near Yadavolu in East Godavari district, positioning Andhra as a global cocoa player
- **AP Mushroom Mission 2026–31**, targeting 1 lakh metric tonnes annually, creating thousands of rural enterprises
- Pioneering **saffron cultivation in Araku** and **apple farming in Anantapur**—demonstrating that with proper technology and support, traditional crop boundaries can be transcended

4. Marketing Innovation: Creating Direct Farmer-Consumer Bridges

The most exciting transformation in Andhra's agrarian economy is occurring in marketing and price realization. Recognizing that production alone does not guarantee prosperity, the government has launched multiple initiatives to ensure farmers receive remunerative prices.

The maize sector demonstrates the government's proactive approach. Despite a bumper Rabi harvest (4.83 lakh hectares, 37.61 lakh metric tonnes), the government anticipated price pressure and, in March 2026, CM Naidu wrote to the Union Agriculture Minister requesting implementation of the **Price Deficiency Payment Scheme (PDPS)** under the Market Intervention Scheme. This proactive request—made *before* distress escalated—shows responsive governance.

The cotton sector recovery is equally noteworthy. Cyclone Monda affected 4.56 lakh hectares of cotton, but the government rapidly mobilized:

- Crop insurance claims expedited for affected farmers
- Technical guidance for salvaging remaining crop
- Complementary support for alternative crops in the next season

The government's **"farm-to-home" model** through Farmer Producer Organizations (FPOs) is cutting out middlemen and reducing marketing costs, particularly for fruits and vegetables. The **Digi Rythu Bazaar app** enables home delivery systems, connecting urban consumers directly with rural producers. Rythu Bazaars are being modernized across all 90 Assembly constituencies, creating clean, efficient, and farmer-friendly marketplaces.

These direct marketing channels are producing measurable benefits:

- Higher price realization (15–25% premium over wholesale markets)
- Reduced post-harvest losses (from 15% to under 8%)
- Empowered FPOs that aggregate, grade, and market collectively
- Transparent transactions through digital payments

5. The Natural Farming Success Story

Perhaps the most exciting—and potentially transformative—policy is the state's aggressive push toward **natural farming**. The results are already visible: 1.5 million farmers across 8,168 villages are currently practicing natural farming, and CM Naidu has noted a "decline in urea usage per hectare" as a positive trend—reducing input costs, improving soil health, and lowering the state's subsidy burden.

The benefits of natural farming, as demonstrated in pilot areas, include:

- **Reduced input costs:** Savings of ₹6,000–8,000 per acre annually
- **Improved soil health:** Increased organic carbon, water retention, and biological activity
- **Premium prices:** Naturally grown produce commands 20–40% higher prices
- **Climate resilience:** Better performance under drought and flood conditions
- **Health benefits:** Reduced chemical residues for farm families and consumers

The target for 2026–27 is ambitious but achievable: expand natural farming to all 13,300 gram panchayats, covering 25 lakh farmers and 11 lakh hectares. The government's plan to establish **exclusive counters for naturally grown produce** in Rythu Bazaars and private markets, combined with certification support under NMNF, provides the necessary market infrastructure.

The **Royalaseema Horticulture Transformation** under the Purvodaya programme, with ₹30,000–40,000 crore investment supported by irrigation, warehousing, and ₹60,000 crore in private investment, promises to convert a chronically drought-prone region into a high-value horticulture hub. This is not just agricultural development—it is regional economic transformation.

6. Three Emerging Pathways to Prosperity

Our analysis identifies three distinct pathways through which Andhra's farmers are moving from vulnerability to prosperity:

Pathway 1: The Climate-Resilient Core

Located primarily in the Krishna and Godavari deltas, farmers in this pathway have higher education, access to information, medium-sized holdings, and high adoption of adaptation practices (deep ploughing, HYVs, crop insurance, DSR). These farmers are becoming leaders in climate-smart agriculture, and the government's investments in cyclone-resilient infrastructure and moisture meters at procurement centers are further strengthening their position.

Pathway 2: The Direct Marketing Frontier

Farmers across the state are increasingly bypassing traditional wholesale markets through FPOs, Digi Rythu Bazaar, and Rythu Bazaars. These farmers are capturing higher margins, building consumer loyalty, and reducing post-harvest losses. The government's target to modernize Rythu Bazaars across all 90 Assembly constituencies will accelerate this pathway.

Pathway 3: The Natural Farming & Horticulture Revolution

Natural farming adopters, horticulture pioneers (cocoa, avocado, fig, mushroom, saffron, apple), and digital platform users are demonstrating that Andhra can lead India's transition to sustainable, high-value agriculture. With institutional scaffolding—certification, cold chains, processing, and market linkages—now under construction, this pathway offers the greatest potential for income doubling.

The policy implication is clear: Andhra Pradesh is not applying one-size-fits-all solutions. Instead, the state is building a differentiated, responsive agricultural system that meets farmers where they are and helps them move to where they want to be.

7. Conclusion: The Andhra Model for 21st Century Agriculture

Andhra Pradesh's agrarian economy is not merely surviving—it is transforming. The state has the resources (33% of GSDP from agriculture), the political will (₹53,752 crore budget), the technological infrastructure (Farmer App, RBKs, AI agronomists), and the policy imagination (Cocoa City, natural farming mission, farm-to-home model) to lead India's post-green-revolution agricultural renaissance.

The evidence of success is already visible:

- 10.14% agricultural growth, outpacing the national average
- 1.5 million natural farming adopters and growing
- 8 lakh farmers on the digital Farmer App
- World's first Cocoa City under construction
- ₹10,816 crore in procurement payments cleared within 24 hours
- 81% crop insurance adoption among surveyed farmers

The path forward is clear. The government must continue operationalizing the Price Deficiency Payment Scheme for vulnerable crops, expanding weather-based crop insurance coverage, and investing in decentralized drying and storage infrastructure. But the direction is right, the momentum is strong, and the destination is prosperous.

The farmer of 2026 in Andhra Pradesh is becoming the "agile agrarian" of the global South: a climate-risk manager, a digital entrepreneur, a price-maker in direct markets, and increasingly, a partner with the state in building a sustainable, equitable, and dynamic agricultural economy. The Andhra model, combining direct income support, digital extension, natural farming promotion, marketing innovation, and high-value horticulture—offers a replicable blueprint for agricultural transformation across India.

The harvest is not just of crops. It is of confidence, capability, and collective prosperity.

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