



Institute for Development Studies Andhra Pradesh

Research Agenda

Institute of Development Studies AP, Visakhapatnam an autonomous Institute funded and supported by the Government of Andhra Pradesh is focused on Research related to Macroeconomic Development, Public Finance, Sectoral Development, Social Progress, Covid-19 Pandemic and Environment

Achieving overall development of the State of Andhra Pradesh by 2029

The successor state of Andhra Pradesh started as a fiscal deficit state in 2014, in need of building physical infrastructure to house the government machinery. It witnessed reasonable growth before Covid-19 Pandemic struck the state and lock down created more problems for its migrant labour. The State must overcome problems on several fronts and establish itself as a progressive state by 2029. Institute of Development studies is a partner in this journey towards Progress.

IDS Conceptual Framework

Institute for Development studies AP is committed to look into the issues that help the state to achieve sustainable and equitable development. The aim of the research is to combine the accumulated wisdom of scholarly research with ground realities and evolve state specific solutions and policy guidelines. Growth with equity is sustainable. One without the other leads to instability. Sustainability relates to Environment, Livelihoods and Development Finance. The in-depth policy research helps in improving the institutions, governance and understanding the political economy in the state. The six major Research Areas have been highlighted on the right hand side panel. They are also closely related to the seventeen sustainable development Goals.

RESEARCH AGENDA

MACROECONOMIC

CONTOURS

Research relates to GDP growth, Sectoral growth, Employment, Exports, Trade, Infrastructure, Institutions, policy environment, reforms and Governance

PUBLIC FINANCE/ ECONOMICS

Research relates to State's Revenue, Expenditure, Budget Deficit, Debt, Capacity to raise funds, Capacity to absorb funds for development, Capacity to negotiate

SECTORAL DEVELOPMENT

Research relates to Agricultural sector, Industrial sector and Services sector, with special attention to Information Technology and Digitization. Sectoral research also relates, Rural sector and Urban sector

EMERGING SOCIAL CONCERNS

Research relates to Education Health, Food security, Poverty, Housing, Economic, Social and Regional Inequality, Gender discrimination, Social Protection and public provisioning

COVID-19 PANDEMIC

Detection, Treatment, Control, immunization and Management – Economic Impact

ENVIRONMENT

Sustainable Agriculture, Land, Water, Forest -Conservation, Climate change and disaster management

Our Focus Areas are:

1. Economic Growth and Remunerative Work

Andhra Pradesh experienced good economic growth and agricultural growth, despite financial challenges including low level of industrialization, till the Covid-19 pandemic struck. However, youth are looking for opportunities in non-agricultural sectors. For Andhra Pradesh, development of agriculture related processing, transport and food supply chains offer informal employment. Labour from backward regions of the state also migrate to the neighbouring states for work. Lack of industries, lack of education and skills, drive the migration to other states mostly for manual and semi-skilled work. Economic downturn and pandemic related return of migrant workers may have increased unemployment and dependence on government jobs and government cash transfers in 2019-20 and 2020-21. Policy research on strategies for economic growth, skill development, employment generation and income enhancement for weaning away able-bodied men and youth from government cash transfers need focus. The strategy of growth is flawed, if a state with a high annual GDP growth is required to support a large proportion of population with cash transfers and low-level government employment. Sustainable growth must generate remunerative employment, eradicate poverty, commensurate with growth, across all the regions of the State. Reforms, Governance and impact of national and international policy environment shape the outcomes.



2. Public Finance



In the atmosphere of severe Economic Downturn caused by Covid-19 has put tremendous stress on State finances. Falling public revenue streams and enhanced public expenditure for social protection and health, make borrowing inevitable. Delays in GST dues from the Central Government to the State Government further make state vulnerable. However, there is a danger of falling into debt traps of high interest payments and principal repayment draining the development finance. This

may push the State into low growth and poverty. The State of Andhra Pradesh at present has the highest public debt compared to any other state. Falling revenue is making the State to levy high level of taxes on utilities, such as water and power, stamp duties on property registrations and so on. These avenues have limited potential. Expenditure for administrative purpose, digitization of land and property records, cash transfers to certain sections of population. The expenditure is not sustainable, if it does not stimulate growth and improve revenues.

Going back or going slow on bifurcation promises of financial assistance, tax concessions, assistance to backward areas and major infrastructure projects from the Central Government added to the financial woes of the State. Imposing Financial Discipline, identifying and plugging the leakages and arresting the diversion of funds from target population and target regions and target projects is paramount at present. Innovative ideas of raising finances through bonds, forging long term public private partnerships nationally and internationally, reforming the financial system and governance are some of the areas that urgently need attention. Flow of credit to the small-scale manufacturing and other enterprises is also a challenge.

3. Sectoral Development



Agriculture Industry Services Infrastructure

1. Agriculture is an important activity in the State facing problems on several fronts. Agriculture includes, field crops, horticulture, floriculture, tree crops, plantations, dairy, poultry, livestock, fisheries and forestry. Andhra Pradesh has diversified agriculture, which contributes more to the State GDP than the industrial sector. Commercial agriculture in better off districts is adding to growth, but dry land agriculture in backward districts need immediate attention. Poverty is concentrated in the rural areas of backward districts and tribal belt. Climate change related disasters, price volatility and large difference between the farm gate prices and retail prices which is defined as market inefficiency, plagues agriculture. Soil degradation due to flooding, lack of vegetative cover in dry lands, lead to reduced yields. Efforts are on to popularize natural farming. In this context, conservation of traditional knowledge system and sustaining of tribal agriculture assume importance.

Tenancy is on the rise as agriculture is not remunerative. Owners shift to other lucrative enterprises and lease out lands without any documentation, for the fear

of losing ownership and extract fixed cash rents. The present tenancy system discourages investment in agriculture.

Land policies of agricultural land as well as urban land should make land markets investment oriented rather than speculation oriented. Further the digital platforms used for record keeping of land ownership status, re-registration policies, security of tenancy, safeguards in place for fraudulent land records, redressal of grievances, and so on need extensive research.

Market support to agriculture is another area that deserves attention. While the old system of regulated markets is fraught with several defects, the new legislations may further complicate matters and lack of guarantee of Minimum Support Price for staples may lead to monopolies and oligopolies and lower the price received by the farmer and increase the profits of middlemen. A thorough and clear documentation of the implications of the three legislations and the likelihood of information distortions will have to be examined.

2. Industry :

Andhra Pradesh has a small Industrial base and efforts are on to attract big industries and big information technology companies into the State. This is possible only with special status that gives tax breaks to the industries. Further, the State should strive to promote small and medium scale manufacturing which is labour intensive and use low technology. Consorted efforts in this direction would yield results, as the business community from Andhra Pradesh is historically innovative. Information Technology and computer designing, and other modern but cheap and popular technologies may be used to promote labour intensive small scale modern manufacturing sector. More research is needed in this area. Non-farm rural sector employment and development of agriculture-based medium sized processing and low technology manufacturing need urgent attention. The bottom-line employment generation and not just domestic output generation.

Studies focusing on the efficiency in Private Businesses, in terms of capital investments, innovation and human resource development, viability and sustainability would be useful.

Industrial development requires healthy competition, investment and innovation, rather than land grabbing, taking big loans from banks and essentially depending on rent seeking as a way of making money. Research is essential in these areas.

3. Urbanization Issues :

Urbanization is low in Andhra Pradesh, at about 30%, as per 2011 census with 38% of urban population living in slums. Andhra Pradesh must develop urban amenities and urban infrastructure. Especially, drainage, water supply and sanitation must improve. Ideally, small towns and medium sized towns need safe water supply and sanitation. Urban growth and urban development strategy require policy-oriented research.

4. Social Progress



Access to food, adequate nutrition, health, education, housing, water and sanitation mark the level of social progress achieved by the State. On all these fronts, the indicators show Andhra Pradesh is lagging behind the southern states. Poverty in Andhra Pradesh is concentrated among the scheduled tribes in the rural areas of the backward districts, and in the urban slums.

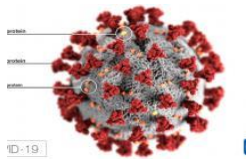
Vulnerable population in backward rural areas and remote tribal areas are likely bear the brunt of under-nutrition away from the limelight of towns and cities. Population displaced from their homes and livelihoods, by irrigation and other development projects face food insecurity and other hardships. More information by way of research on these issues helps social protection policies.

The government machinery and the organizational structure for social support especially for the distribution of food-grains and cash transfers into Aadhar linked bank accounts are in place in Andhra Pradesh. In the recent period, before and after the pandemic situation, several changes have been made, including the reassessment of “Below Poverty Line” card holders. Several programmes and schemes have been initiated for the poor and the vulnerable, in the recent period. It is necessary to evaluate for their effectiveness, efficiency and financial sustainability.

During the Pandemic, there has been some interest in making the public health system more efficient to deal with pandemic. Though health and education have been given top priority, in the government talk, apart from cash transfers, it is not clear whether any improvement is made either in the infrastructure or public service delivery of education and health. Social Protection, emerging issues and reforms can be an overarching area of research.

Regional inequality, social inequality and gender inequality need special attention. These are overlapping, and those in the intersection of regional, social and gender inequality are the most vulnerable. For example, tribal women are highly malnourished, illiterate and lack minimum health care required. People in the backward areas and vulnerable social groups need attention.

5. COVID-19 Pandemic – Health and Economic Impacts



Covid-19 pandemic requires special studies. As pointed out by some authors, East Asia has been more successful in managing the Pandemic compared to the Western world. The success of East Asia in controlling the pandemic, owes to a systematic approach. In East Asia, all segments of population have been attended by government health care system, social and community workers and family members.

Diagnosis, isolating and treating the affected population is the first step. The pre-emptive mechanisms quickly put in place helped in controlling the spread. Identifying the high-risk population, with the help of health database, tracking the contacts of the Covid-19 patients, interpersonal communication, training of health workers, tracking the spread of the disease can be used to reduce the spread. Vaccinating as many people as possible within the shortest time frame goes a long way. This speaks volumes about the State's capacity. What is required is not only big data and fund allocation, which is available to the western world, but also an intensive individualized care and effective management of disease prevention, vaccination and treatment of those affected.

India became the world's third biggest population, infected by Covid-19. To prevent third wave spikes of the disease and for preventing future pandemics, systematic research is a must. State capacity assessment and health care system should get attention. Information about the spread of the disease, pronounced risk factors, ratio of incidence to the number of tests, pattern of spread, causes of spread must be collected. Effectiveness of the health care system in preventing the deaths, providing treatment and the capacity of the State machinery to prevent spread must be assessed with the help of the data.

The next most important research area is the impact of Covid-19 on the economic downturn in various sectors and its impact on employment, incomes and migration.

6. Environmental Sustainability and Disaster Management



Research agenda includes sustainable management of environmental resources – land, water, vegetative cover and forests of the State. Sustainable agriculture goes long way in the State that is mainly dependent on Agriculture. Agriculture can become the driver of economic growth as well as poverty alleviation and livelihood sustainability. *Presently the ongoing project is on spread of natural farming in Andhra Pradesh, its economic viability, livelihood sustainability and environmental sustainability, (conservation of land, water and forest).* Water resource management is an important area of research. *The institute has an ongoing project on the evaluation of water use efficiency in Micro Irrigation for horticultural crops.* The State is affected by frequent floods, cyclones and droughts. Vulnerability assessment, adoption and resilience strategies for various disasters will have to be worked out to prevent recurring loss of crops and property.

7. Governance, Political Economy, Clientelism :

Governance is affected by the political economy and voting system based on clientelism and patronage. Political economy of the State in turn is influenced by the State reaction to Central Government policies, sometimes at odds with the State Governments policies. The policy reconciliation occurs in the realm of political economy. This is an important area of research that could throw light on the development prospects of the State.

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