Department of Water Resources
Andhra Pradesh State
Republic of India

Republic of India
Data Collection Survey on Agriculture, Food Processing and Distribution in Andhra Pradesh State

Final Report

Volume I
Main Report

June 2016

Japan International Cooperation Agency (JICA)

Nippon Koei Co., Ltd.

Kaihatsu Management Consulting, Inc.

Department of Water Resources
Andhra Pradesh State
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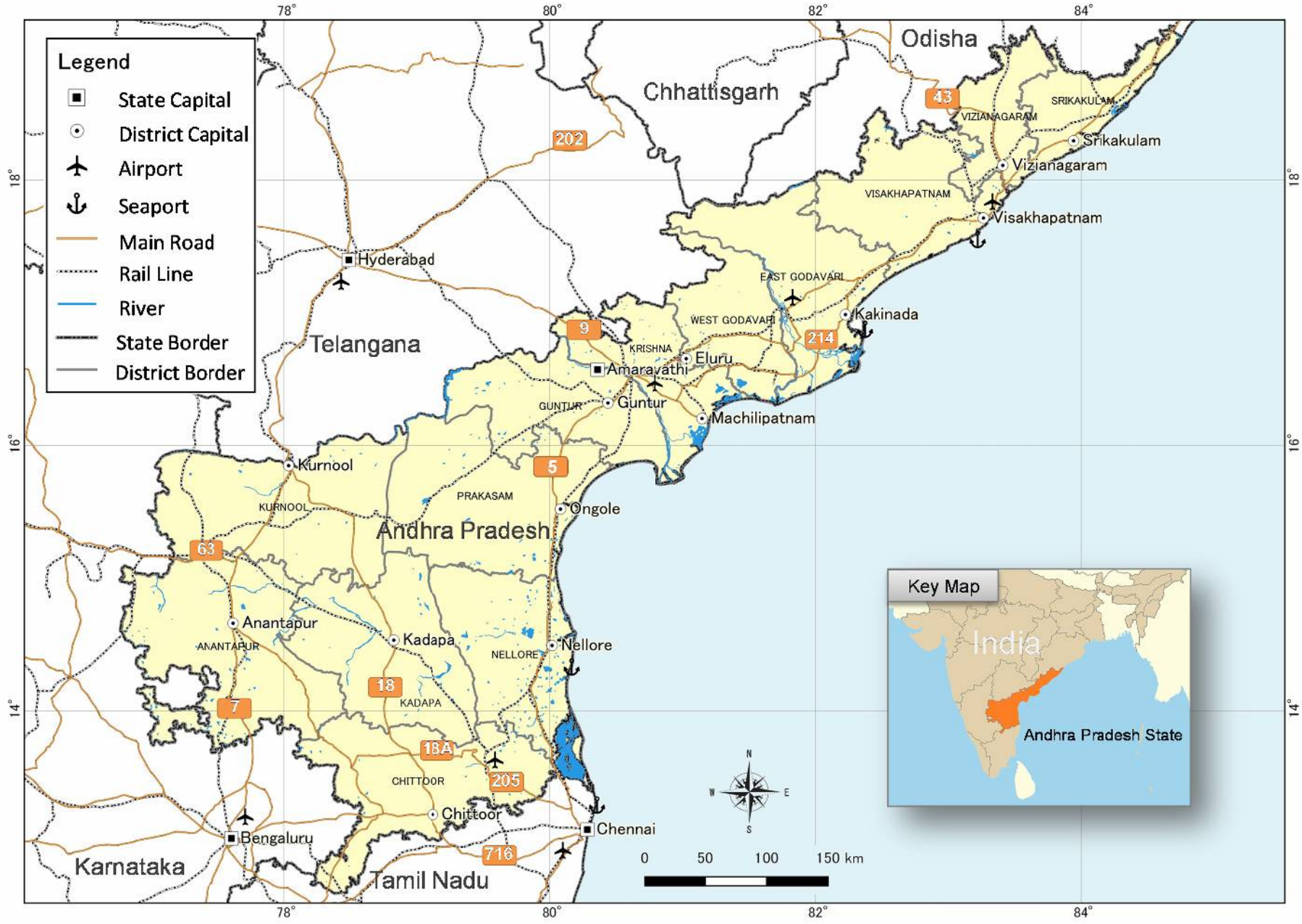
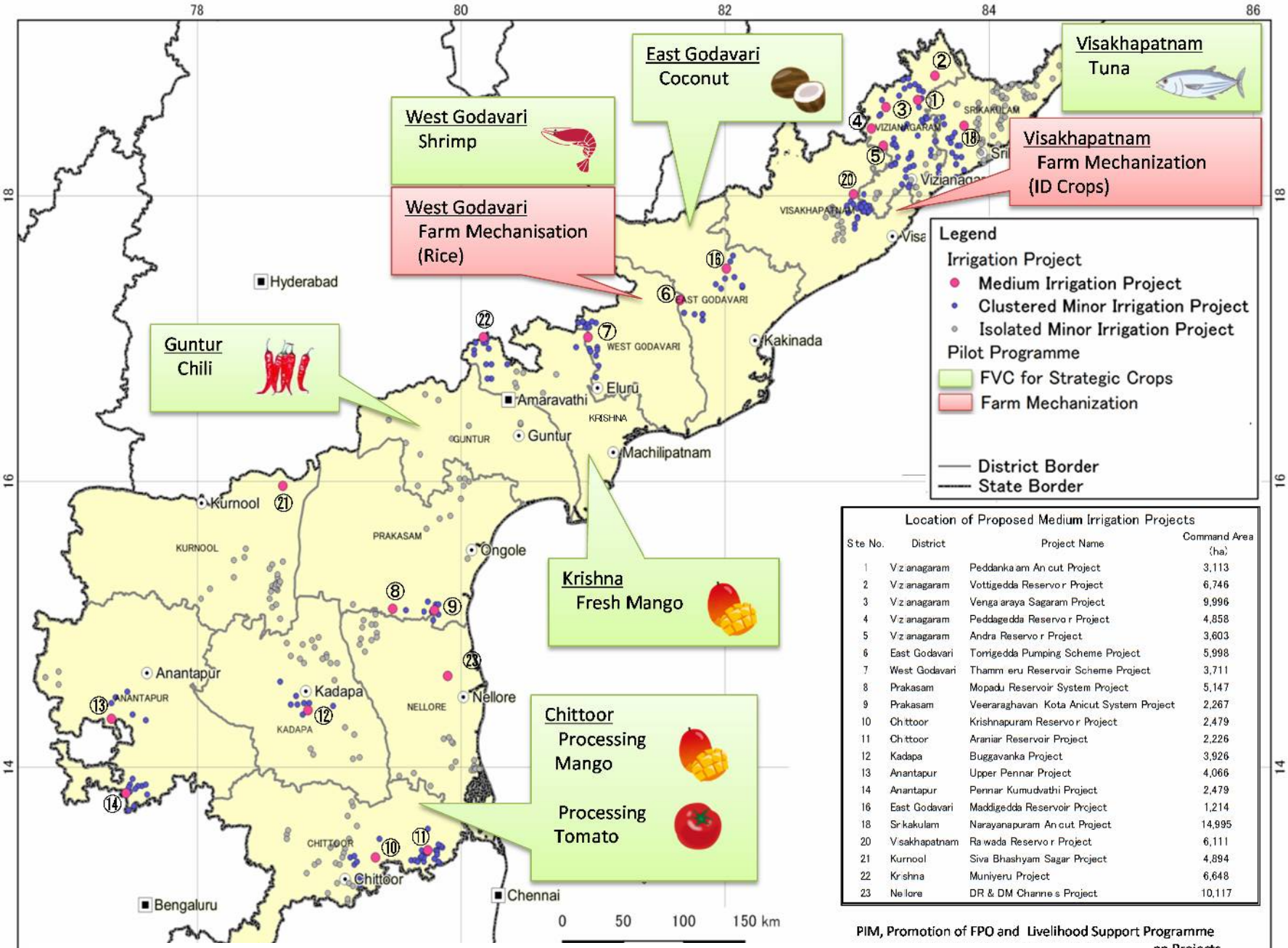


Source: JICA Survey Team

Map of Andhra Pradesh State



Location of Proposed Medium Irrigation Projects

Ste No.	District	Project Name	Command Area (ha)
1	Vizanagaram	Peddankaam Ancut Project	3,113
2	Vizanagaram	Vottigedda Reservoir Project	6,746
3	Vizanagaram	Vengaraya Sagaram Project	9,996
4	Vizanagaram	Peddagedda Reservoir Project	4,858
5	Vizanagaram	Andra Reservoir Project	3,603
6	East Godavari	Torrigedda Pumping Scheme Project	5,998
7	West Godavari	Thammeru Reservoir Scheme Project	3,711
8	Prakasam	Mopadu Reservoir System Project	5,147
9	Prakasam	Veeraraghavan Kota Anicut System Project	2,267
10	Chittoor	Krishnapuram Reservoir Project	2,479
11	Chittoor	Araniar Reservoir Project	2,226
12	Kadapa	Buggavanka Project	3,926
13	Anantapur	Upper Pennar Project	4,066
14	Anantapur	Pennar Kumudvathi Project	2,479
16	East Godavari	Maddigedda Reservoir Project	1,214
18	Srikakulam	Narayanapuram Ancut Project	14,995
20	Visakhapatnam	Rawada Reservoir Project	6,111
21	Kurnool	Siva Bhashyam Sagar Project	4,894
22	Krishna	Muniyeru Project	6,648
23	Nellore	DR & DM Channels Project	10,117

PIM, Promotion of FPO and Livelihood Support Programme on Projects

Source: JICA Survey Team

Project Location Map

Photographs of the Survey (1/4)

Malfunctioned old intake gates shall be replaced with new ones. (West Godavari District)

Concrete lining of main canal shall be partially repaired due to damage. (Chittoor District)

Tank bund is seriously damaged, which shall be improved along with intake structures, spillway and canals. (Vizianagaram District)

The earth canal is not functioned due to sandy soils, which requires concrete lining. (Vizianagaram District)

These paddy fields are well maintained by farmers. Weeds are cut by manual. (Chittoor District)

This is a good groundnut field. Exceptionally farm ditch is constructed and maintained by farmers. (Chittoor District)

Source: JICA Survey Team

Photographs of the Survey (2/4)

Farmers order various types of vegetable seeding from seeding traders. (Chittoor District)

A farmer is very eager to improve his farming practices through extension services. (Guntur District)

A Farmers Producer Organisation (FPO) consisting of 500 farmers in 8 villages cultivates and sells vegetable at a local food mall. (Vizianagaram District)

A livestock farmer milks a cow and sells it about three to five litter at market every day. Milk is sold INR 20 per one litter. (Vizianagaram District)

Fishermen culture fishes in a lake and a medium irrigation tank and sell them at local market. (West Godavari District)

SHG members of livelihood community undertake ornamental fish cultivation and sales business. (Vizianagaram District)

Source: JICA Survey Team

Photographs of the Survey (3/4)

A farmer cultivates Baneshan mango, Tothapuri mango and Rasalu mango. Harvesting period is from April to June. (Krishna District)

Farmers work in field to remove impurities from chilli after sun drying. (Guntur district)

A fisherman holds a yellow fin tuna caught by traditional gill net fishing. Fishing method shall be modernized to improve quality. (East Godavari District)

Vannamei shrimp is widely cultivated in Andhra Pradesh state and shipped at optimal size of around 25g. (West Godavari District)

Rice transplanter is one of components of government subsidy programme. This transplanter is a model of 6 rows riding type. (West Godavari District)

Small tractor is also one of target of government subsidy programme. This tractor is 24 horse-power and 4 wheels manufactured. (Vizianagaram District)

Source: JICA Survey Team

Photographs of the Survey (4/4)

Farmers irrigate field with groundwater pumped up by solar power. (Guntur District)

A farmer uses a rain-gun system as one of the water saving irrigation methods. (Anantapur District)

Japanese delegation members visited Andhra Pradesh state to promote the collaboration between Indian and Japanese food companies in December 2015. (Vijayawada, Krishna District)

Andhra Pradesh state delegation members visited Japan for the business matching and Foodex Japan 2016 to promote collaboration with Japanese food companies. (Makuhari, Japan)

Kick-off Meeting was held on 17th November 2015. (Hyderabad)

Wrap-up Meeting was held on 16th April 2016. (Hyderabad)

Source: JICA Survey Team

Republic of India

Data Collection Survey on Agriculture, Food Processing and Distribution in Andhra Pradesh State

Final Report

Table of Contents

List of Tables

List of figures

List of Abbreviation

ADB	:	Asian Development Bank
AE	:	Assistant Engineer
AEE	:	Assistant Executive Engineer
AGROS	:	Agro Industries Corporation Limited
AH	:	Animal Husbandry
AIDIP	:	Agribusiness Infrastructure Development Investment Program
AMC	:	Agriculture Market Committees
AP	:	Andhra Pradesh
APCBTMP	:	Andhra Pradesh Community Based Tank Management Project
APCOB	:	Andhra Pradesh State Cooperative Banks
APDDCF	:	AP Dairy Development Cooperative Federation
APDPIP	:	Andhra Pradesh District Poverty Initiatives Project
APEDA	:	Agricultural and Processed Food Products Export Development Authority
APERP	:	Andhra Pradesh Economic Restructuring Project
APFMIS Act	:	Andhra Pradesh Famers Management of Irrigation System Act
APFPS	:	Andhra Pradesh Food Processing Society
APGENCO	:	Andhra Pradesh Power Generation Corporation Limited
APILIP	:	Andhra Pradesh Irrigation and Livelihood Improvement Project
AP-IQMPHIP	:	Andhra Pradesh Water Management and Post Harvest Investment Promotion Project
APMC	:	Agriculture Produce Marketing Committees
APPRP	:	Andhra Pradesh Rural Poverty Reduction Project
APRIGP	:	Andhra Pradesh Rural Inclusive Growth Project
APSDPS	:	Andhra Pradesh State Development Planning Society
APSIDC	:	Andhra Pradesh State Irrigation Development Corporation
APSEZ	:	Andhra Pradesh Special Economic Zone
APTDC	:	Andhra Pradesh Technology Development and Promotion Centre
APTRANSCO	:	Transmission Corporation of Andhra Pradesh Limited
APWSIP	:	Andhra Pradesh Water Sector Improvement Project
ATIF	:	Agri-Tech Infrastructure Fund
ATMA	:	Agricultural Technology Management Agency
BC	:	Backward Class
BCM	:	Billion Cubic Metres
BPL	:	Below Poverty Line
BSNL	:	Bharat Sanchar Nigam Limited
CAA	:	Coastal Aquaculture Authority
CAD	:	Command Area Development
CADA	:	Command Area Development Authority
CAGR	:	Compound Annual Growth Rate
CC	:	Collection Centre
CC lining	:	Cement Concrete lining
CCA	:	Cultivable Command Area
CDO	:	Central Design Office
CE	:	Chief Engineer
CHC	:	Custom Hiring Centre
CIBA	:	Central Institute of Brackish Water Aquaculture
CIF	:	Community Investment Fund

CIFA	:	Central Institute of Freshwater Aquaculture
CIFNET	:	Central Institute of Fisheries Nautical Engineering and Technology
CIFRI	:	Central Inland Fisheries Research Institute
CIFT	:	Central Institute of Fisheries Technology
CIG	:	Common Interest Group
CIP	:	Cleaning in Process
CMEY	:	Chief Minister's Empowerment of Youth
CMFRI	:	Central Marine Fisheries Research Institute
COF	:	College of Fisheries
COT	:	Commissionerate of Tenders
CPC	:	Central Processing Center
CPCB	:	Central pollution control board
CSO	:	Central Statistics Office
CST	:	Central Sales Tax
CWC	:	Central Water Commission
DC	:	Distributory Committee
DC	:	Dairy Cooperatives
DCCB	:	District Central Cooperative Banks
DIPP	:	Department of Industrial Policy and Promotion
DISCOMs	:	Distribution Companies
DoA	:	Department of Agriculture
DoAC	:	Department of Agriculture and Cooperation
DoH	:	Department of Horticulture
DoWR	:	Department of Water Resources
DPR	:	Detailed Project Report
DWCRA	:	Development of Women and Children in Rural Areas
DWCUA	:	Development of Women and Children in Urban Areas
DyEE	:	Deputy Executive Engineer
EAP	:	Employee Assistance Programmes
ECoR	:	East Coast Railway
EDP	:	Entrepreneurship Development Programmes
EE	:	Executive Engineer
EEZ	:	Exclusive Economic Zone
EIA	:	Export Inspection Agency
ET	:	Embryo Transfer
EOI	:	Expression of Interest
FAPP	:	Food & Agri Processing Park
FCC	:	Field Collection Centre
FDI	:	Foreign Direct Investment
FDO		Fisheries Development Officer
FMD	:	Foot and Mouth Disease
FO	:	Farmer Organisations
FP	:	Food Park
FPC	:	Farmer Producer Company
FPG	:	Farmer Producer Group
FPO	:	Farmer Producer Organisation
FPPO	:	Farmers Producers Processors Organisations
FPS	:	Fair Price Shops
FPTC	:	Food Processing Training Centres
FSI	:	Fisheries Survey of India
FSSAI	:	Food Safety and Standards Authority of India

FVC	:	Food value chain
FY	:	Financial Year
GAP	:	Good Agricultural Practice
GDP	:	Gross Domestic Product
GHP	:	Good Hygienic Practices
GMP	:	Good Manufacturing Practices
GMS	:	Godavari Mahasamakhya
GoI	:	Government of India
GSDP	:	Gross State Domestic Product
GST	:	Goods and Services Tax
GVA	:	Gross Value Added
HACCP	:	Hazard Analysis and Critical Control Points
IALA	:	Industrial Area Local Authority
IAMAI	:	Internet and Mobile Association of India
IAMWARM	:	Irrigated Agriculture Modernisation and Water Bodies Restoration and Management
ICAR	:	Indian Council of Agricultural Research
ICD	:	Inland Container Depot
ICM	:	Integrated Crop Management
ICRIER	:	Indian Council for Research on International Economic Relations
ICRISAT	:	International Crops Research Institute
ID (crop)	:	Irrigated Dry (crop)
IDP	:	Industrial Development Policy
IGCARL	:	Indira Gandhi Centre for Advance Research on Livestock
IICPT	:	Indian Institute of Crop Processing Technology
IMAC	:	Inter-Ministerial Approval Committee
INM	:	Integrated Nutrient Management
IPM	:	Integrated pest management
IQF	:	Individual Quick Freezing
ISAC	:	Integrated Scheme of Agriculture Cooperation
ISAC&S	:	Integrated Scheme on Agri-Census & Statistics
ISAM	:	Integrated Scheme of Agriculture Marketing
JBIC	:	Japan Bank for International Cooperation
JETRO	:	Japan Export Trade Research Organisation
JICA	:	Japan International Cooperation Agency
KCCMP	:	Kurnool Cuddapah Canal Modernisation Project
KPCL	:	Krishnapatnam Port Company Limited
KVK	:	Krishi Vegyan Kendras (Farm Science Centres)
LT	:	Low Voltage Transmission
MA	:	Modified Atmosphere
MACS	:	Mutually Aided Co-operative Society
MAFF	:	Ministry of Agriculture, Forestry and Fisheries
MEIS	:	Merchandise Exports from India Scheme
METI	:	Ministry of Economy, Trade and Industry
MFF	:	Multitranche Financing Facility
MFP	:	Mega Food Park
MGD	:	Million Gallons per day
MGNREGS	:	Mahatma Gandhi National Rural Employment Guarantee Scheme
MIDH	:	Mission for Integrated Development of Horticulture

MIP	:	Minor Irrigation Project
MMGs	:	Mahila Matsya Mitra Groups
MMS	:	Mandal Mahila Samakhya
MMT	:	million metric tonnes
MoEF	:	Ministry of Environment and Forest
MoFPI	:	Ministry of Food Processing Industries
MOP	:	Muriate of Potash
MoRD	:	Ministry of Rural Development
MPEDA	:	Marine Products Exports Development Authority
MSE	:	Micro and Small Enterprises
MSMED	:	Micro, Small And Medium Enterprises Development
MSP	:	Minimum Support Prices
MSW	:	Municipal solid waste
MT	:	Metric Ton
MTNL	:	Mahanagar Telephone Nigam Limited
NABARD	:	National Bank for Agriculture and Rural Development
NABL	:	National Accreditation Board for Testing and Calibration Laboratories
NaCSA	:	National Centre for Sustainable Aquaculture
NALA	:	Non-Agriculture Land Assessment
NBFGR	:	National Bureau of Fish Genetics Resources
NCCD	:	National Centre for Cold-chain Development
NCIP	:	National Crop Insurance Programme
NDA	:	National Democratic Alliance
NDDB	:	National Dairy Development Board
NDP	:	National Dairy Plan
NFDB	:	National Fisheries Development Board
NFSM	:	National Food Security Mission
NGO	:	Non-Governmental Organisation
MGNREGA	:	Mahatma Gandhi National Rural Employment Guarantee
NIA	:	Net Irrigation Area
NIFPHATT	:	National Institute of Fisheries Post Harvest Technology and Training (Earlier named as Integrated Fisheries Project)
NIFTEM	:	National Institute of Food Technology, Entrepreneurship & Management
NIO	:	National Institute of Oceanography
NIOT	:	National Institute of Ocean Technology
NITI	:	National Institution for Transforming India
NLM	:	National Livestock Mission
NMAET	:	National Mission on Agricultural Extension & Technology
NMOOP	:	National Mission on Oil Seeds and Oil Palm
NMSA	:	National Mission for Sustainable Agriculture
NREGA	:	National Rural Employment Guarantee Act
MNP	:	Mobile Number Portability
MoA	:	Ministry of Agriculture
NSA	:	Net Sown Area
NSP	:	Nagarjuna Sagar Project
NTPC	:	National Thermal Power Corporation Limited
OBCs	:	Other Backward Castes
O&M	:	Operation and Maintenance

PACS	:	Primary Agriculture Cooperative Society
PC	:	Project Committee
PCC	:	Pollution control committee
PDS	:	Public Distribution System
PGS	:	Participatory Guarantee System
PHE	:	Public health engineering department
PIM	:	Participatory Irrigation Management
PKVY	:	Paramparagat Krishi Vikas Yojna
PMA	:	Program Management Agency
PMC	:	Project Management Consultant
PMKSY	:	Pradhan Mantri Krishi Sinchayee Yojana
PMU	:	Project Management Unit
POPI	:	Producer Organisation Promoting Institution
PPC	:	Primary Processing Center
PPP	:	Public Private Partnership
PPR	:	Pest des Petits Ruminants
PSF	:	Price Stabilisation fund
PWD	:	Public Works Department
R&D	:	Research and development
RDF	:	Refuse Derived Fuel
RGCA	:	Rajiv Gandhi Centre for Aquaculture
RKVY	:	Rashtriya Krishi Vikas Yojana (a State Plan Scheme)
RSA	:	Resource Support Agencies
RWSS	:	Rural water supply and sanitation department
SAU	:	State Agriculture University
SC	:	Scheduled Caste
SCs	:	Scheduled Castes
STs	:	Scheduled Tribes
SE	:	Superintendent Engineer
SEIS	:	Service Exports from India Scheme
SERP	:	Society for Elimination of Rural Poverty
SEZ	:	Special Economic Zones
SFAC	:	Small Farmers' Agri-Business Consortium
SGSY	:	Swarnajayanti Gram Swarozgar Yojana
SHG	:	Self Help Group
SIFT	:	State Institute of Fisheries Technology
SLM	:	State Livestock Mission
SMAM	:	Sub-Mission of Agricultural Mechanisation
SPCB	:	State pollution control boards
SPF	:	Specific Pathogen Free
SPV	:	Special Purpose Vehicle
SSP	:	Single Super Phosphate
ST	:	Scheduled Tribe
SVP	:	Seed Village Programme
SWM	:	Solid waste management
TC	:	Technical Committee
TDP	:	Telegu Desam Party

TDR	:	Transferable Development Rights
TMR	:	Total Mixed Ration
TPDS	:	Targeted Public Distribution System
UMFP	:	Ultra Mega Food Park,
UT	:	Union Territories
VAS	:	Veterinary Assistant Surgeons
VHT	:	Vapour Heat Treatment
VO	:	Village Organisation
VSS	:	Vana Samrakshana Samithis
WALAMTARI	:	Water and Land Management Training and Research Institute
WB	:	World Bank
WCRC	:	Water Charge Review Committee
WDC	:	Watershed Development Committees
WTE	:	Waste-to-Energy
WUA	:	Water Users Association
ZRS	:	Zonal Research Station
ZS	:	Zilla Samakhya

Measurement Units

Length

mm = millimeter(s)
cm = centimeter(s) (cm = 10 mm)
m = meter(s) (m = 100 cm)
km = kilometer(s) (km = 1,000 m)

Extent

cm^2 = square centimeter(s) (1.0 cm × 1.0 cm)
m^2 = square meter(s) (1.0 m × 1.0 m)
km^2 = square-kilometer(s) (1.0 km × 1.0 km)
ha = hectare(s) (10,000 m^2)
Acre = 0.4047 hectare(s) (4,047 m2)

Volume

cm^3 = cubic centimeter(s) (1.0 cm × 1.0 cm × 1.0 cm, or 1.0 ml)
m^3 = cubic meter(s) (1.0 m × 1.0 m × 1.0 m or 1.0 kl)
MCM = million cubic meter(s)
BCM =billion cubic meter s
L = liter (1,000 cm^3)
Gallon =4.546 litre

Weight

g = gram(s)
kg = kilogram(s) (1,000 grams)
ton(s) = metric ton(s) (1,000 kg)

Time

sec = second(s)
min = minute(s)
hr = hour(s)

Others

ppm = parts per million
° = degree
°C = degrees Celsius
% = percent
mS = millisiemens

Currency

USD = United State dollar(s)
JPY = Japanese yen(s)
INR = Indian Rupee(s)
Rs. = Indian Rupees(s)
lakh = hundred thousand
crore = ten million

Exchange Rate as of April 2016
USD 1.0 = JPY 113.1 = INR 67.0

1. INTRODUCTION

1.1 Authority

The final report is prepared in accordance with the terms of reference (TOR) of the contract agreement between the Japan International Cooperation Agency (JICA) and the Joint Venture of Nippon Koei Co., Ltd. and Kaihatsu Management Consulting Incorporation signed on 6th November 2015 for the Data Collection Survey on Agriculture, Food Processing and Distribution in Andhra Pradesh State.

1.2 Background of the Survey

Andhra Pradesh State, which is situated on the south-eastern coast of the country, is one of most extensive states of agriculture production in India. Thanks to the 6 distinctive agro-climatic zones, various types of agricultural products such as rice, mango, chilies, and etc. are produced in the state. Andhra Pradesh State also has a geographical advantage to develop the food value chain in terms of connectivity; currently operational 4 seaports, 7 airports and the extensive road and railway networks in and around the state. Based on these advantages, the Government of Andhra Pradesh (GoAP) has been actively promoting foreign investments in agriculture and food industries as stated in a recent government publication of "Sunrise State of Andhra Pradesh".

JICA has been supporting modernization projects of irrigation facilities in Andhra Pradesh State through Yen Loan schemes since 1996 onwards. The percentage of irrigable area out of total land area in Andhra Pradesh State has been improved up to 42.2%. However, the productivity in the Andhra Pradesh State is still below the sufficient level since the irrigation facilities have not been fully developed. Furthermore, there is a big gap between the planned irrigable area and the actual irrigated area due to improper maintenance, water leakage and etc. On farm level, farmers are vulnerable to the price fluctuations of the agriculture produce since they sell the produce at the market in fresh. Farmers also earn less money since value addition on the produce is insufficient due to lack of the food processing industry.

Addressing these issues, GoAP plans to upgrade the livelihood of the farmers as well as to improve the value addition chain of agricultural produce through the development of agriculture and food processing industries with the support of Japan. In November 2014, a Memorandum of Cooperation (MoC) was signed between the Government of Japan and the GoAP to promote direct investments in agriculture and food processing industries in the state by Japanese companies. The Ministry of Agriculture, Forestry and Fisheries (MAFF) of Japan has also established the "Public-Private Council for Promoting the Global Food Value Chain" to support investment of Japanese companies in India through the exchange of knowledge and experiences on agriculture and food processing industries and also cold chain development. Based on these intends of the GoAP and the Japanese government, JICA determined to implement this preparatory survey to formulate a Yen Loan project and a technical cooperation project in agriculture, food processing and distribution sectors in the Andhra Pradesh State.

1.3 Objective and Scope of the Survey

The main objectives of the survey are (i) to formulate irrigation modernisation projects proposed by the state government, (ii) to review quality food value chain from agriculture production to marketing, (iii) to review possible adaptation of advanced Japanese technologies including food park through collection and analysis of basic information and data on agricultural production, food processing, distribution and marketing in Andhra Pradesh State. The expected output of the survey is to make recommendations to JICA for Yen Loan project and technical assistance in the field of agriculture, food processing and distribution sector in the state.

1.4 Target Area of the Survey

The target survey area is the whole area of the residual state of Andhra Pradesh (all 13 districts), which is illustrated in the map of Andhra Pradesh State on the first page of the report.

1.5 Concerned Departments and Working Group for the Survey

The survey team will carry out the data collection survey, exchanging views with concerned authorities including Water Resources Department as the main counterpart body, Departments of Planning, Agriculture, Horticulture, Animal Husbandry, Fisheries, Industries and Commerce, and other relevant line departments of the GoAP. Upon request of the survey team, GoAP has constituted the working group including nodal officers of the relevant departments as shown below:

Working Group (Dept.)	Nodal Officers (Dept.)
1. Mr. S.P. Tucker, Chief Secretary, (GoAP) 2. Mr. Vijaya Kumar, Special Chief Secretary (Ariculture) 3. Mr. Sanjay Gupta, CEO, (APSDPS) cum Special Secretary (Planning) 4. Mr. V. Venkatramaiah, Special Commissioner, (Water Resources) 5. Representatives of the relevant departments including the nodal officers	1. Mr. NDRK Sharma (Agriculture) 2. Mr. Rantnacharyulu (Horticulture) 3. Mr. Surya Prakash (APMI) 4. Mr. Dr. Srinivas Raju (Animal Husbandry) 5. Mr. P. Shankar Rao (Fishery) 6. Mr. JPS Kumar (Major & Medium Irrigation) 7. Mr. Y.S. Prasad (CEO, Food Processing)

Interactive Communication and Coordination

JICA Survey Team	
(International Expert)	(National Specialist)
1. Kenichi Shibuta (Team Leader, Agriculture Development Policy) 2. Mitsuru Nanakubo (Co-T/L, Business Partnership) 3. Tatsuhiko Hiaiwa (Irrigation Planning) 4. Yoshiyuki Ishizaki (Agriculture and Machinery) 5. Ayako Mitsui (Farmer Organisation) 6. Chiyo Mamiya (Food Value Chain 1) 7. Yoshiko Honda (Food Value Chain 2) 8. Nobuo Nagawara (Irrigation Design 1) 9. Shoji Mizuma (Irrigation Design 2) 10. Kazuo Iiyama (Environmental and Social Consideration) 11. Tomoyuki Tajitsu (Animal Husbandry) 12. Kazuo Udagawa (Fishery) 13. Hideyuki Wakasa (Food Park Infrastructure) 14. Ayumi Fukuo (Financial and Economic Analysis) 15. Yasuhiro Kamiya (Project Organisation) 16. Akiko Oinuma (GIS/ Assit. Irrigation Planning/Coordinator)	1. Rahul Sen (Agriculture Development Policy) 2. Y Abudul Basheer (Hydrology and Irrigation Planning) 3. Ramarao Prakash (Food Value Chain) 4. Jitesh Kumar Panda (Animal Husbandry/ Fishery) 5. Veena V. Rao (Farmer Organisation) 6. V. Krishnamurthy (Agriculture) 7. Ch. Bhavani Rama Shanker (Irrigation Design 1)

Source: JICA Survey Team, prepared based on letter No. Com/CAD/APILIP-II/DEE-I/306/2014-15 dated 25.11.2015, etc.

Figure 1.5.1 Constitution of Working Group for JICA Survey

1.6 Work Progress of the Survey

The major work activities and events during the survey period are as follows:

- Prior to the field survey, preliminary secondary data collection was requested to the Government of Andhra Pradesh through the letter issued by JICA India office on 9th November 2015;
- Discussion with Ministry of Agriculture, Forestry and Fisheries (MAFF) on 11th November 2015 and discussion with members of working group of global food value chain (GFVC) for India on 18th, 20th and 24th November 2015;
- Kickoff meeting on 17th November 2015 at the state secretariat office of Andhra Pradesh

(refer to Attachment 1.6.1);
- Submission of inception report to JICA on 24th November 2015;
- Participation in Japanese Delegation for food processing to India and Andhra Pradesh State from 30th November to 2nd December 2015;
- Data collection and discussions at relevant government departments, research centres, banks, and NGOs during 1st Field Survey;
- Site visits to Visakhapatnam, Vizianagaram, Krishna, Guntur, West and East Godavari, Kurnool, Chittoor, Kadapa, and Nellore during 1st Field Survey;
- Selection of sample irrigation projects and target crops;
- Wrap-up meetings of 1st Field Survey at respective offices; Department of Water Resources on 26th December and Departments of Planning, Agriculture& Horticulture, Animal Husbandry & Fisheries on 28th December 2015;
- Contract agreement for interview survey to community based organisation and farmers on 28th December 2015 and its completion on 17th February 2016;
- Reporting the outputs of 1st Field Survey to JICA Headquarter on 7th January and JICA India Office on 15th January 2016;
- Interview and questionnaire survey to Japanese and Indian companies in food industry in Japan and India;
- Submission of interim report to JICA on 29th January 2016;
- Additional data collection and discussions with various stakeholders during 2nd Field Survey;
- Site visits to Visakhapatnam, Vizianagaram, West and East Godavari, Kurnool, Chittoor, Anantapur, and Guntur during 2nd Field Survey;
- Attending to TV conference connecting JICA Headquarter and JICA India Office on 15th February 2016 in respect of the survey progress;
- Attending to JICA Fact Finding Mission from 23rd to 27th February 2016;
- Attending to GoAP delegation to Japan (MAFF, Foodex JAPAN 2016, etc.) and data collection in Japan from 7th to 15th March 2016;
- Wrap-up meeting of 2nd Field Survey for soft components at DoWR conference room on 28th March 2016 (refer to Attachment 1.6.2);
- Final wrap-up Meeting of 2nd Field Survey for all components at DoWR conference room on 18th April 2016 (refer to Attachment 1.6.3);
- Reporting the outputs of 2nd Field Survey to JICA Headquarter and JICA India Office on 2nd May 2016 by video conference;
- 3rd Field Survey from 15th to 24th May 2016;
- Submission of draft final report to JICA on 6th June 2016;
- Discussion with JICA on draft final report for the finalisation; and
- Submission of final report to JICA on 17th June 2016.

2. OVERVIEW OF POLICIES AND REGULATIONS FOR PROMOTING AGRICULTURE AND VALUE CHAIN

2.1 General

The Government of India as well as the Government of Andhra Pradesh considers agriculture reform for the revitalisation of primary sector through promotion of food value chain from production up to marketing as the priority objective. This chapter reviews policies and regulations in respect of agriculture development in the central government as well as the Government of Andhra Pradesh in this context.

2.2 Policy and Plan of Agriculture and Allied Sectors in Central and Andhra Pradesh State Governments

2.2.1 Policy and Plan of Agriculture and Allied Sectors in Central Government

At 157.35 million ha, India holds the second largest agricultural land in the world. With 20 agro-climatic regions, all 15 major climates in the world exist in India. India is the largest producer of spices, pulses, milk, tea, cashew, and jute; and the second largest producer of wheat, rice, fruits and vegetables, sugarcane, cotton, and oilseeds. Furthermore, India is the second in global production of fruits and vegetables, and is the largest producer of mango and banana. It also has the highest productivity of grapes in the world.

The total food grains production in India reached an all-time high of 251.12 million metric tonnes (MMT) in FY2015 (as per 3rd advance estimates). Rice and wheat production in the country increased by at 102.54 MMT and 90.78 MMT, respectively. India is amongst the 15 leading exporters of agricultural produce in the world. Agricultural export constitutes 10% of the country's exports and is the fourth-largest exported principal commodity.

Agriculture, therefore, plays a vital role in India's economy. Over 58% of the rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, as per estimates by the Central Statistics Office (CSO) contributed about 16.1% of the gross value added (GVA) during 2014–15 at 2011–12 prices. During Q1 FY2016, agriculture and allied sectors grew 1.9% year-on-year and contributed 14.2% of GVA.

At the central government level, the Department of Agriculture and Cooperation (DoAC) under the Ministry of Agriculture (MoA) is responsible for the development of the agriculture sector in India.

(1) Important Agricultural Policy Measures in India since Its Independence

Important agricultural policy measures in India since independence are in Table 2.2.1 below.

Table 2.2.1 Important Agricultural Policy Measures in India since Its Independence

SN.	Policy	Important Agricultural Policy Measures
(a)	Technological Measures	Initiation of measures to increase agricultural production substantially to meet the growing needs of the population and also to provide a base for industrial development, which include steps to increase both extensive and intensive cultivation. For the former, irrigation facilities were provided to a large area on an increasing basis and area hitherto unfit for cultivation was made fit for cultivation. For the latter, new agricultural strategy was introduced in the form of a package programme in selected regions of the country in 1966. To sustain and extend this programme to larger areas of the country, steps were initiated to increase the production of high-yielding varieties of seeds, fertilisers, and pesticides within the economy and supplement domestic production by imports whenever necessary. This has made the country self-reliant, India has turned from large importer of food grains to net exporter of food grains.
(b)	Land Reforms	Land reform measures to abolish intermediary interests on land and transfer of land to actual tiller of the soil were expected to be taken up on a priority basis. Measures taken under this includes: - Abolition of intermediaries. - Tenancy reforms to: ❖ Regulate rents paid by tenants to landlords;

SN.	Policy	Important Agricultural Policy Measures
		❖ Provide security of tenure to tenants; and ❖ Confer ownership rights on tenants. - Imposition of ceilings on holdings in a bid to procure land for distribution amongst landless labourers and marginal farmers.
(c)	Institutional Credit	After the nationalisation of banks in 1969, nationalised banks have paid increasing attention to the needs of agriculture. Regional rural banks were also set up to deal specially with the needs of agricultural credit. The National Bank for Agriculture and Rural Development (NABARD) was also set up. As a result of the expansion of institutional credit facilities to farmers, the importance of moneylenders has suddenly declined and so has the exploitation of farmers at the hands of moneylenders.
(d)	Procurement and Support Prices	Another policy measure of significant importance is the announcement of procurement and support prices to ensure fair returns to the farmers so that even in years of surplus, the prices do not tumble down and farmers do not suffer losses. This is necessary to ensure that farmers are not 'penalised' for producing more. In fact, the policy of the Commission for Agricultural Costs and Prices has been adopted to announce fairly high prices in a bid to provide incentive to the farmers to expand production.
(e)	Input Subsidies to Agriculture	The objective of the input subsidisation is to increase agricultural production and productivity by encouraging the use of modern inputs in agriculture. Under the government policy, various inputs to the farmers are supplied at prices, which are below the level that would have prevailed in the open market.
(f)	Security System	In a bid to provide food grains and other essential goods to consumers at cheap and subsidised rates, the Government of India has built up an elaborate food security system in the form of Public Distribution System (PDS) during its planning period. PDS not only ensures the availability of food grains at cheap prices to the consumers but also operates as a 'safety net' by maintaining larger stocks of food grains in order to combat any shortages that might occur in some years and/or in certain areas of the country.
(g)	Targeted Public Distribution System (TPDS)	The government has streamlined the PDS by issuing special cards to people below poverty line (BPL) and selling essential articles under PDS to them at specially subsidised prices with better monitoring of the delivery system. Under the new system, the states are required to formulate and implement foolproof arrangements for identification of the poor, for delivery of food grains to fair price shops (FPS), and for its distribution in a transparent and accountable manner at FPS level. Under TPDS, each poor family is entitled to a 10 kg of food grains per month at specially subsidised prices. Effective from April 2002, the BPL allocation of food grains was increased from 20 kg (in April 2000) to 35 kg per family per month. According to the economic survey in 2007-08, 73% of the poor and very poor families benefited from TPDS.

Source: JICA Survey Team based on information from the Planning Department, GoAP

(2) National Policy for Farmers, 2007

The Government of India approved the National Policy for Farmers in 2007. The policy provisions, inter alia, include asset reforms in respect of land, water, livestock, fisheries, and bio-resources; support services and inputs like application of frontier technologies; agricultural bio-security systems; supply of good quality seeds and disease-free planting material, improving soil fertility and health, and integrated pest management systems; support services for women like crèches, child care centres, nutrition, health and training; timely, adequate, and easy reach of institutional credit at reasonable interest rates, and farmer-friendly insurance instruments; use of information and communication technology and setting up of farmers' schools to revitalise agricultural extension; effective implementation of minimum support prices (MSP) for crops across the country, development of agricultural market infrastructure, and rural non-farm employment initiatives for farm households; and integrated approach for rural energy.

(3) Restructuring of the Missions/Schemes during the 12th Five-Year Plan

In order to achieve the targeted growth rate of 4% during the 12th Five-Year Plan (2012-17) and ensure focused approach, as well as to avoid overlap, all the schemes of the Department of Agriculture and Cooperation (DoAC) have been restructured into five missions, i.e., National Food Security

Mission (NFSM), Mission for Integrated Development of Horticulture (MIDH), National Mission on Oil Seeds and Oil Palm (NMOOP), National Mission for Sustainable Agriculture (NMSA), and National Mission on Agricultural Extension and Technology (NMAET); four central sector schemes i.e., National Crop Insurance Programme (NCIP), Integrated Scheme on Agri-Census and Statistics (ISAC&S), Integrated Scheme of Agriculture Marketing (ISAM), and Integrated Scheme of Agriculture Cooperation (ISAC); and one state plan scheme viz. Rashtriya Krishi Vikas Yojana (RKVY).

(4) Recent Policy Agricultural Decisions (by current National Democratic Alliance (NDA) Government)

In addition to the existing missions/schemes, the new schemes introduced in the years 2014-15 are shown in Table 2.2.2.

Table 2.2.2 Recent Policy Decisions in the Years 2014-15

SN.	New Schemes	Recent Policy Decisions
(a)	Soil Health Card Scheme	Centrally sponsored scheme for issuing soil health card to every farmer. This card is a report of soil fertility status and provides an advisory on soil test based on the use of fertilisers and soil amendments. The goal of this scheme is to promote soil test based application of fertilisers in respect of all the 14 crore holdings in the country and to implement uniform norm in the sampling and testing of soil. Soil data and information will be made available to all farmers so that they can apply appropriate dosage of fertiliser to increase productivity and profitability. Demonstrations will be conducted for farmers to show balanced nutrient management. Cards will be renewed after every three years. The scheme has been approved for issuance of soil health cards to every farmer of the country during the remaining three years of the 12th Five-Year Plan (2014-15 to 2016-17). Total outlay of INR 568.54 crore has been approved for the scheme. State-wise allocation has also been made for establishing 100 mobile soil testing laboratories in 2014-15.
(b)	Paramparagat Krishi Vikas Yojna (PKVY)	To give a fillip to organic production system, groups of farmers would be motivated to take up organic farming including adoption of participatory guarantee system (PGS) certification, besides, creating facilities of production of organic manure/bio-fertiliser/bio-pesticides and marketing of produce under the scheme. Fifty or more farmers will form a cluster having 50 acres of land to take up the organic farming under the scheme. The scheme envisages formation of 10,000 clusters covering five lakh acre areas under organic farming in its first three years. There will be no liability on the farmers for expenditure on certification. Every farmer in a cluster will be provided an assistance of INR 20,000 per acre in three years towards its conversion and adoption of organic farming and towards market assistance.
(c)	Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)	It has been launched with the vision of extending the coverage of irrigation 'Har Khet ko Pani' (water to every field) and improving water use efficiency 'Per Drop More Crop' in a focused manner with end to end solution on source creation, distribution, management, field application, and extension activities. PMKSY has been approved for implementation across the country with an outlay of INR 50,000 crore in five years.
(d)	Price Stabilisation Fund (PSF) for Cereals and Vegetables	The government has established a central sector scheme of Rice Stabilisation Fund with an initial corpus of INR 500 crore to support market interventions for price control in order to reduce price volatility in perishable agricultural commodities (e.g., onions, potatoes, and tomatoes). With the setting up of this price stabilisation fund (PSF), farmers will be able to get fair price for their produce while consumers would be able to purchase the same at affordable prices. PSF will be used to advance interest free loan to state governments and central agencies to support their working capital and other expenses on procurement and distribution interventions for such commodities. For this purpose, the states will set up a revolving fund to which centre and state will contribute equally (50:5). As far as possible, the procurement of these commodities will be undertaken directly from farmers or their organisations at farm gate/Mandi and made available at a more reasonable price to the consumers.
(e)	Augmented Agricultural Credit Flow	Government has decided in June 2014 to double the flow of agriculture credit in three years with reference to the base year 2003-04. Against the credit flow of INR 86,981 crore in 2003-04, agriculture's credit target of INR 8 lakh crore has been set for 2014-15. Concessional crop loan at 7% interest is available to the farmers up to the limit of INR 3 lakhs. Further, 3% interest subvention is admissible to farmers who repay their loan in time. In order to discourage distress sale of crops by farmers, the benefit of interest subvention has been made available to small and marginal farmers

SN.	New Schemes	Recent Policy Decisions
		having Kisan Credit Card for a further period of up to six months (postharvest) on the same rate as available to crop loan against negotiable warehouse receipts. Since September 2014, NABARD has started making available long-term loan on concessional rates in agriculture and related fields. Initial allotment of INR 5,000 crore has already been made for this purpose.
(f)	National Market through Agri-Tech Infrastructure Fund (ATIF)	The national market through ATIF has an initial allocation of INR 200 crores to address the challenges being faced in the present day agricultural marketing system, especially to ensure remunerative price to farmer. This initiative will help the farmer in enhancing marketing of the produce, improved access to market related information, better price discovery and also in accessing greater number of buyers within and outside the state through transparent auction processes. ATIF is aimed at migration towards a national market with implementation of an appropriate common e-market platform that would start with 585 regulated wholesale markets in the states across the country. This platform, both to an extent in terms of software and hardware, will be provided free of cost to the states and union territories (UTs). The state will undertake reforms prior to seeking assistance under the scheme in respect of a single license to be valid across such as single point levy of market fee, provision for electronic auction as mode for price discovery, and provision for integrating warehouse into the marketing system. To create a common e-marketing platform for agri-commodities in the Agriculture Produce Marketing Committees (APMCs) in the state as first step towards the creation of a national market. A committee has been set up under the chairmanship of Prof. Ashok Gulati to suggest a roadmap for the implementation of the model act/report of state marketing ministers.

Source: JICA Survey Team based on information from the Planning Department, GoAP

(5) Policy and Plan of Water Sector in India

The Indian economy and society face daunting challenges in the water sector. The demands of a rapidly industrialising economy and urbanising society come at a time when the potential for augmenting supply is limited. Water tables are falling and water quality issues have increasingly come to the fore. As drilling deeper for water, groundwater contaminated with fluoride and arsenic is encountered. Both rivers and groundwater are continuously polluted by untreated effluents and sewage. Climate change poses fresh challenges, with its impact on the hydrologic cycle. More extreme rates of precipitation and evapotranspiration will exacerbate the impact of floods and droughts. It is no wonder that conflicts across competing uses and users of water are growing by the day. Meanwhile, water use efficiency in agriculture, which consumes around 80% of the water resources, is only around 38%, which compares poorly with 45% in Malaysia and Morocco as well as 50–60% in Israel, Japan, China, and Taiwan.

These challenges can only be met through a paradigm shift in the management of water resources in India. This shift comprises the following elements:

- A move away from a narrowly engineering, construction-centric approach to a more multidisciplinary, participatory management approach to major and medium irrigation projects, with central emphasis on command area development and a sustained effort at improving water use efficiency.
- Since groundwater accounts for nearly two-thirds of India's irrigation and 80% of domestic water needs, it needs a participatory approach for sustainable management of groundwater based on a new programme of aquifer mapping.
- A massive programme for watershed restoration and groundwater recharge must be launched by transforming MGNREGA into the largest watershed programme, giving renewed energy to the reformed IWMP launched in the Eleventh Five Year Plan, which is a completely revamped programme, i.e., Repair, Renovation and Restoration (RRR) of Water Bodies.
- A new approach to rural drinking water and sanitation.
- All urban water supply projects to necessarily integrate sewage systems with them.
- Definite targets for recycling and reuse of water by the Indian industry to move in conformity with international standards.
- Renewed focus on non-structural mechanisms for flood management; vastly improved systems for water-related data collection and management as well as transparency in availability of data.

- Adaptation strategies to mitigate the likely impact of climate change to be pursued under the National Water Mission (NWM).
- Perennial rivers with sufficient draft through the year could be the focal point of a renewed thrust to inland waterways transport as an environment-friendly economical mode of transport compared to road and rail.
- A new legal and institutional framework for water based on broader consensus among the states.

To achieve the broad objectives, the 12th Five-Year Plan has taken up seven priority policies and plans for the water sector as stated below in Table 2.2.3.

Table 2.2.3 Priority Policies and Plans for the Water Sector

SN.	Policy	Plan
1	Need for Paradigm Shift	- Limit to large irrigation projects; - Review of major and medium irrigation (MMI) projects in India - The Accelerated Irrigation Benefits Program (AIBP) experience - Macro Management of Agriculture (MMA) reform
2	National Irrigation Management Fund (NIMF)	- Establishing a non-lapsable NIMF, for contribution to irrigation service fee (ISF) collection from irrigator
3	Modified Accelerated Irrigation Benefits Programme (AIBP)	- To modify AIBP - To emphasise the centrality of Command Area Development (CAD) to all irrigations projects
4	Groundwater: An Emerging Crisis	- Mapping India's aquifers - National Groundwater Management Program - Central Groundwater Board (CGWB) reforms - Breaking the groundwater-energy nexus - Promoting groundwater development in Eastern India
5	Integrated Watershed Management Programme (IWMP)	- Integration of watershed management programmes - Capacity building and institutional building - Convergence of IWMP with allied programmes such as MGNREGA, NRLM, and Rastriya Krishi Vikas Yojna (RKVY) - Focus on physical outcomes and monitorable indicators
6	Repair, Renovation and Restoration (RRR) of Water Bodies	- Restoring the health of the catchment areas to reduce the rate of siltation of the water bodies and to prolong their life - Developing the command areas to be served by these water bodies
7	Urban Water and Waste Management	- Management and equitable support of water - Groundwater: missing link in city water accounts - Water-waste connection - Investment in water and sanitation

Sources: 12th Five-Year Plan (2012–2017), Faster, More Inclusive and Sustainable Growth, Volume I, Planning Commission, GoI (2013).

(6) Policy in Food Processing Sector

(a) Food Processing Sector in 12th Five-Year Plan 2012-17

During the 11th Five-Year Plan 2007-2011, the Government of India focused on introducing public-private partnership (PPP) and appropriate infrastructure investment toward the development of food processing industry. The government, therefore, formulated the three plans such as: 1) mega food park scheme, 2) cold chain, value addition and preservation infrastructure, and 3) modernisation of abattoirs. The 12th Five-Year Plan 2012-17 basically follows the previous plan. In addition, decentralised process of implementation with greater involvement of states is addressed in selection of projects vis-à-vis beneficiaries and monitoring their implementation so as to consider the balanced growth amongst the states as well as to involve small and medium enterprises, which account for a major part of food processing industry. The main objectives, strategy, and key recommendations for food processing sector in the 12th Five-Year Plan are stated in Table 2.2.4.

Table 2.2.4 Recommendations for Food Processing Sector in the 12th Five-Year Plan 2012-17

Item	Statement
Objectives	- Develop the food processing sector to enable containment of food inflation and food wastage. - Create one million additional jobs during the 12th Five-Year Plan period.
Strategy	- Decentralised process of implementation with greater involvement of states in selection of projects

Item	Statement
	vis-à-vis beneficiaries and monitoring their implementation.
	- Focus on policy making and coordination so as to address critical issues impacting the value chain.
	- Infrastructure development such as mega Food Park, cold chain, and abattoirs to be continued with the expansion of scope and depth so as to ensure sustainability of the value chains.
Key Recommendations	- Setting up of the National Mission on Food Processing to improve coordination and implementation of schemes and to enable greater involvement of state governments. - Expanding and modifying existing infrastructure development schemes such as Mega Food Parks Scheme and Integrated Cold Chain Scheme. - Setting up and modernisation of abattoirs such as establishment of new abattoirs and modernisation of existing abattoirs. - Developing and strengthening of existing and new institutions. - Taking up a nationwide skill development programme along the lines of special projects for skill development of rural youths under the Swarnajayanti Gram Swarozgar Yojana (SGSY) of the Ministry of Rural Development (MoRD). - Putting in place a network of food testing laboratories (government/private) through provision of incentives. - Encouragement for larger participation in Codex deliberations and setting up/strengthening of Codex Cell in the Food Safety and Standards Authority of India (FSSAI) to promote, coordinate, and monitor related initiatives at the level of stakeholders. - Setting up of an innovation fund and venture capital fund for food processing to promote innovations and technology development.

Source: 12th Five-Year Plan 2012-17

(b) Roles of the Ministry of Food Processing Industries

The Ministry of Food Processing Industries (MOFPI) was set up in 1988 to formulate and implement the policies and plans for food processing industries. The role of MOFPI is to facilitate and act as a catalyst to attract quality investments within India and abroad into the food processing sector, which aims:

- Better utilisation and value addition of agricultural produce for the enhancement of income of farmers;
- Minimising wastage at all stages in the food processing chain by the development of infrastructure for storage, transportation, and processing of agro-food produce;
- Induction of modern technology into the food processing industries from both domestic and external sources;
- Encourage research and development (R&D) in food processing for product and process development and improved packaging;
- Provide policy support and support for the creation of infrastructure, capacity expansion/upgradation, and other supportive measures from the growth of these sectors; and
- Promote export of processed food products.

Table 2.2.5 shows the central sector schemes for food processing sector during the 12th Five-Year Plan period (2012-2017).

Table 2.2.5 Central Sector Schemes and their Outline

Name of Schemes	Outline of the Schemes	Budget Allocation in 2015-16 (Rs in million)
Scheme for Infrastructure Development		3,290.0
Mega Food Parks (MFP)	Mega Food Parks Scheme aims to create a modern food processing infrastructure for the processing units based on a cluster approach and on a hub and spoke model in a demand driven manner. The scheme intends to facilitate the establishment of an integrated value chain, with food processing at the core and supported by requisite forward and backward linkages.	
Cold Chain, Value Addition, and Preservation Infrastructure	The scheme provides assistance for developing integrated and complete cold chain and preservation infrastructure facilities from the farm gate to the consumer.	

Name of Schemes	Outline of the Schemes	Budget Allocation in 2015-16 (Rs in million)
Modernisation of Abattoirs	The main objective of the scheme is to assist in setting up of modern municipal abattoirs so as to provide scientific and hygienic slaughtering of animals, waste management and pollution control, and chilling facility so as to ensure supply of safe and hygienic meat to consumers.	
Scheme for Technology Upgradation/Establishment/Modernisation of Food Processing Industries	The objective of the scheme is the creation of new and upgradation of existing processing capacity in various sectors e.g., milk, fruit and vegetables, meat, poultry, fishery, wine, bakery products and grain milling including cereals, oil seeds, rice milling, flour and pulses.	1,000.0
Scheme for Quality Assurance, R&D, and Promotional Activities	Under this scheme assistance is provided for (i) setting up/upgradation of food testing laboratories; (ii) adoption of food safety and quality assurance systems such as ISO 9000/ISO 22000/hazard analysis and critical control points (HACCP), good manufacturing practices (GMP), and good hygienic practices (GHP); and (iii) grant-in-aid for R&D for product and process development, improved packaging, and value addition to benefit the food processing industries.	300.0
Scheme for Human Resource Development	The scheme provides financial assistance by way of grants for establishing food processing training centres (FPTC), creation of infrastructure for running degree/diploma courses in food processing by educational institutions/universities and to conduct entrepreneurship development programmes (EDPs).	50.0
Scheme for Strengthening of Institutions and Administration	Under this scheme grants are provided for the National Institute of Food Technology, Entrepreneurship and Management (NIFTEM) at Kundli, Haryana; the Indian Institute of Crop Processing Technology (IICPT) Thanjavur, Tamil Nadu; Indian Grape Processing Board, Pune, Maharashtra; and National Meat and Poultry Processing Board, New Delhi.	160.0
Total		4,800.0

Source: Outcome budget of the Ministry of Food Processing Industries 2015-16.

(c) Mega Food Park Scheme

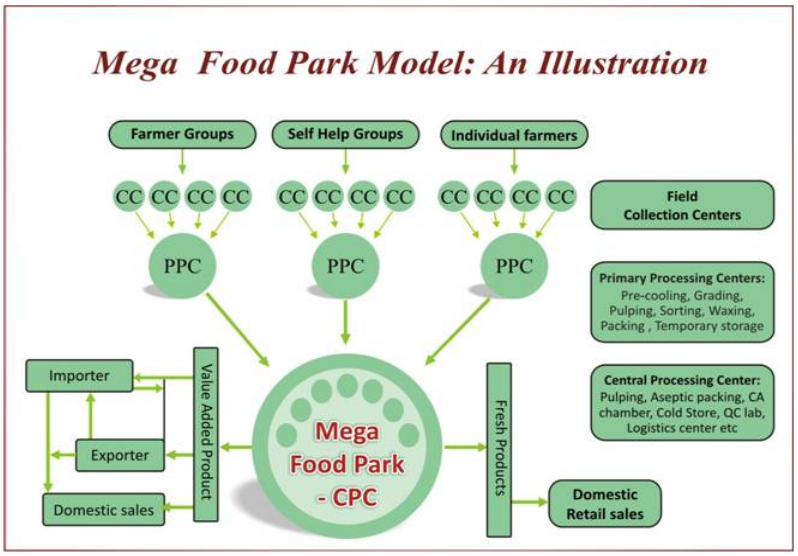
The Government of India launched the Mega Food Park (MFP) Scheme to establish mega food cluster in India. Prior to the MFP scheme, the MOFPI had launched the Central Sector Food Park Scheme in the 8th Five-Year Plan (1992-1997). However, the scheme was concluded as under-utilisation due to the following reasons:

- According to the 11th Five-Year Plan document published in 2008, most of the 54 food parks sanctioned.
- Even in operational parks, the number of tenants was limited since only 28 units were running in the eight parks.
- The fund that went to the schemes was not directly from the central government but from the state governments. It resulted in failure to build parks and the amount of fund given to the scheme was low.

Therefore, the government replaced the Food Park Scheme with the Mega Food Park Scheme during the 11th Five-Year Plan[1].

The Mega Food Parks Scheme aims to create a modern food processing infrastructure for the processing units based on a cluster approach and on a hub and spoke model in a demand driven manner. The scheme intends to facilitate the establishment of an integrated value chain, with food processing at the core and supported by requisite forward and backward linkages, which includes collection centres (CC), primary processing centres (PPC), central processing centre (CPC), and cold chain infrastructure.

[1] Report on Evaluation of the Impact of the Scheme for Mega Food Park of the Ministry of Food Processing Industries, ICRIER, July 2015.

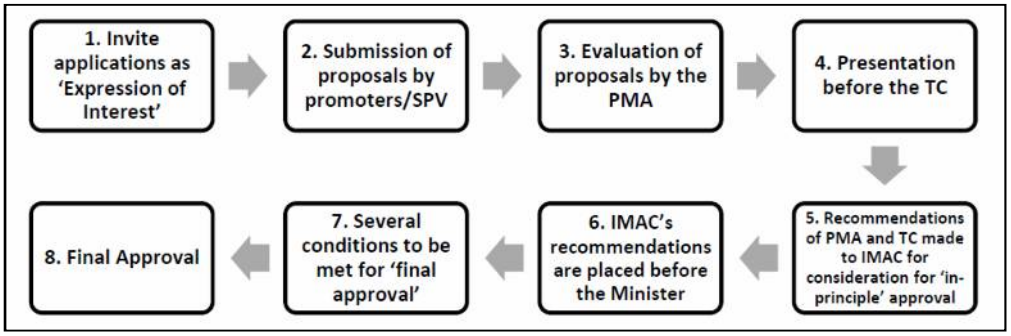


Source: Website of the Ministry of Food Processing Industries

Figure 2.2.1 Mega Food Park Model

The extent of land required for establishing the CPC is around 50-100 acres, although the actual requirement of land would depend upon the business plan, which may vary from region to region. In addition to land required for setting up the CPC, land would be required for setting up PPCs and CCs at various locations.

The scheme envisages a one-time capital grant of 50% of the project cost (excluding land cost) subject to a maximum of INR 500 million in general areas except for difficult and hilly areas, such as the northeast region. Approval procedure of mega food parks is illustrated in Figure 2.2.2.



Source: Report on Evaluation of the Impact of the Scheme for Mega Food Park of the Ministry of Food Processing Industries, ICRIER, July 2015.

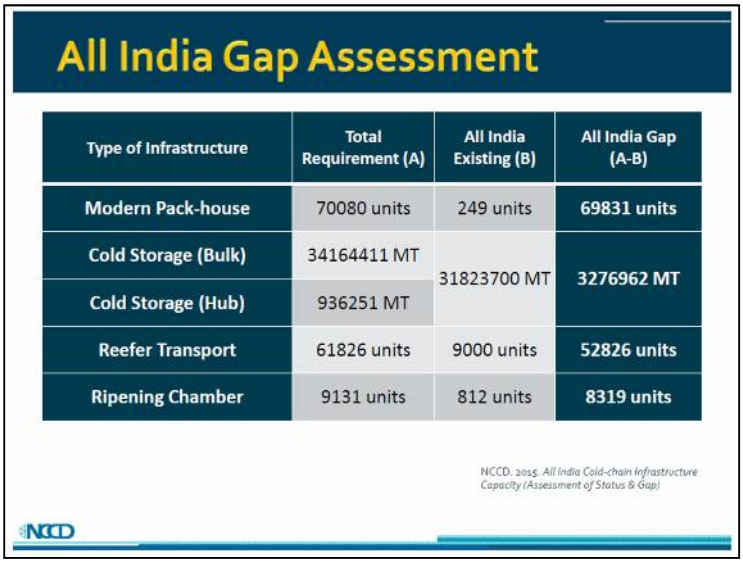
Figure 2.2.2 Approval Procedure of Mega Food Parks

The ministry will invite applications as expression of interest (EOI) from the special purpose vehicle (SPV) [1]. The proposal submitted in response to the EOI will be evaluated by the Program Management Agency (PMA) appointed by the ministry [2, 3]. The applicants will be invited to make a presentation of their proposals before the technical committee [4]. The final evaluation report along with the recommendations of the technical committee will be placed before the Inter-Ministerial Approval Committee (IMAC) for consideration of "In-Principle Approval" to the projects [5]. Recommendation of the IMAC will be placed before the minister for approval [6]. Project will be accorded with final approval on fulfilment of the several conditions, such as submission of detailed project report (DPR), proof of possession for at least 50 acres of contiguous land, and proof of appointment of project management consultant (PMC) [7, 8][2].

(d) Cold Chain, Value Addition and Preservation Infrastructure

[2] Revised Guidelines for Mega Food Park Scheme effective from 2 October 2014, F.No.21-MFPI/11-Mega Food Park, Ministry of Food Processing Industries.

The scheme provides assistance for developing integrated and complete cold chain and preservation infrastructure facilities to encourage setting up of backward and forward linkages in the agricultural supply chain in the country, to minimise the postharvest losses, and to enhance value addition in the agricultural produce.

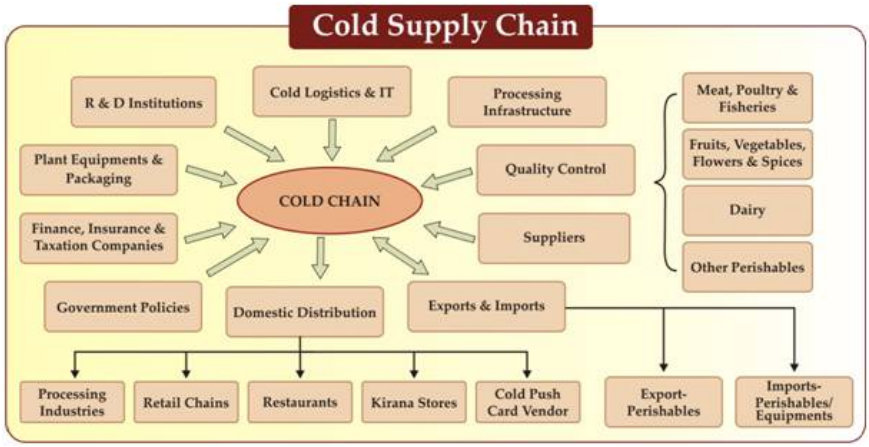


Source: Cold Chain Opportunities in India 2015, NCCD

Figure 2.2.3 Assessment of Status and Gap of Cold Chain Infrastructure in India

Under this scheme, the financial assistance of 50% of the total cost of plant and machinery and technical civil works is provided in the general areas and 75% for northeast region and difficult areas. The components of the cold chain projects are the following:

- Minimal processing centre at the farm level with the centres having facilities for weighing, sorting, grading waxing, packing, pre-cooling, control atmosphere/modified atmosphere cold storage, normal storage, and individual quick freezing (IQF).
- Mobile pre-cooling vans and reefer trucks.
- Distribution hubs with multi products and multi control atmosphere/modified atmosphere chambers/cold storage/variable humidity chambers, packing facility, cleaning in process (CIP), fog treatment, individual quick freezing (IQF), and blast freezing.
- Irradiation facility.



Source: Website of the Ministry of Food Processing Industries

Figure 2.2.4 Cold Supply Chain Model

During the 11th Five-Year Plan period, the government had approved 79 cold chain projects for financial assistance by the ministry. The ministry had endorsed 74 cold chain projects for financial assistance although it cancelled 19 projects later. Thus, 55 cold chain projects were implemented.

Likewise, 57 projects during the 12th Five-Year Plan (as of October 2014) are at various stages of implementation. These are shown in Table 2.2.6.

Table 2.2.6 Status of Cold Chain Projects

Item	Approved	Endorsed	Cancelled	Implemented
11th Five-Year Plan Period	79	74	19	55
12th Five-Year Plan Period (as of October 2014)	75	66	9	57
Total	154	140	28	112

Source: Annual Report 2014-15, Ministry of Food Processing Industries

The facilities expected to be created by the approved 112 cold chain projects are as follows:

- Cold storage, controlled atmosphere/modified atmosphere storage, and deep freezer (388,000 MT)
- Individual Quick Freezing (94.05 MT/hour),
- Milk storage (106.29 MT/day)
- Reefer carriers (624 units)

(e) Modernisation of Abattoirs

The main objective of the scheme is to assist in setting up of modern municipal abattoirs in order to provide scientific and hygienic slaughtering of animals, waste management and pollution control, and chilling facility ensuring the supply of safe and hygienic meat to consumers.

Financial assistance for setting up of new abattoirs/modernisation of existing abattoirs is provided at 50% of the cost of plant and machinery and technical civil works in general areas, which are subjected to a maximum of Rs. 150 million for each project. For difficult areas, the ceiling is 75% of the cost of plant and machinery and technical civil works, which are subjected to a maximum of Rs. 150 million for each.

During the 11th Five-Year Plan period, setting up of ten new abattoirs was approved by the government and about Rs. 1,290 million was sanctioned by the ministry. Out of the ten projects, five projects have been completed as of October 2015. Currently, 20 new abattoirs have been approved under the 12th Five-Year Plan and about Rs. 2,200 million was sanctioned.

Box 2.2.1 Food Losses in India

A study sponsored by MOFPI in 2010 estimated that the post-harvest losses in India was about INR 441.43 billion per year at 2009 wholesale prices for 46 agricultural produces in 106 randomly selected districts. The rate of cumulative wastage is shown in the table. The rate of fruits and vegetable is particularly high in India due to the complexity of supply chain and lack of proper cold chain.

Post-harvest losses by crop (2010)

Crop	Wastage (%)
Cereals	3.9-6.0
Pulses	4.3-6.1
Oil seeds	6.0
Fruits and vegetables	5.8-18.0
Milk	0.8
Fisheries	2.9-6.9
Meat	2.3
Poultry	3.7

Source: MOFPI

2.2.2 Policy and Plan of Agriculture and Allied Sectors in Andhra Pradesh State Government

The residual state of Andhra Pradesh has 13 districts spread over the six agro-climatic zones and broadly five different soil types to cultivate a wide range of crops. The average rainfall of the state is 911 mm. The total geographical area of Andhra Pradesh is 16.020 million ha. Out of this, 40.96% is under the net sown area, including fish culture (6.561 million ha). The state has a net irrigated area of 3.014 million ha (2013-2014) and cropping intensity of 1.26 (2013-14). The total irrigation potential created up to December 2015 is 4.157 million ha.

The contribution of agriculture and allied sector to the gross state domestic product (GSDP) in 2014-15 was 27.59%. During the past 11 years, the GSDP contribution of agriculture and allied sectors has declined from 29.85% to 27.59%. From this, agriculture is the largest contributor to the GSDP accounting for over 31% of the primary sector followed by livestock at 25.64%, horticulture at 24.68%, and fisheries at 14.86%. The compound annual growth rates (CAGR) clocked by each of these sectors from 2004-05 to 2014-15 are 10%, 12%, 16%, and 21%, respectively. Meanwhile, nearly 70% of the

rural working population in the state is still dependent on agriculture. As per the second advance estimates, the area under food grains is estimated to be 3.908 million ha in 2014-15 as against 4.281 million ha in 2013-14, showing a decrease of 8.7%. The total production of food grains in 2014-15 is estimated at 11.143 million MT while it was 11.698 million MT in 2013-14, showing a decrease of 4.7%.

(1) Past Important Agricultural Policy Measures in the State

Andhra Pradesh over the decades has witnessed gradual transformation in the agricultural sector. The nature of the transformation itself has undergone changes overtime. During the 1980s, there was a shift in agriculture from traditional cereal based system towards commercial commodities such as oilseeds, cotton, and sugarcane. By the 1990s, even though the crop sector witnessed high volatility due to consecutive droughts and decelerating crop yields, the transformation continued towards high-value commodities such as fruits, vegetables, milk, meat, poultry, and fish. In fact, high-value commodities performed impressively and rescued the agriculture sector to a great extent. Making the agriculture sector viable and profitable and improving income in agriculture and allied sectors are the top priorities of the state. Towards this, during the 12th Five-Year Plan period renewed foci are on micro irrigation, system of rice intensification (SRI) cultivation, micronutrient application, development of dry land agriculture, farm mechanisation, increasing storage capacity, and other agriculture related strategies.

(2) Recent Agricultural Policy Decisions (by the Government of Residual State of Andhra Pradesh)

While the current incumbent government of residual state of Andhra Pradesh is yet to issue its agricultural policy, the "White Paper on Agriculture, Horticulture, Sericulture, Animal Husbandry, Dairy, Fisheries and Agricultural Marketing[3]" issued in July 2014 and "A Strategy Paper for Mission on Primary Sector-Agricultural Transformation in Andhra Pradesh[4]" published in October 2014 lay out its policy and programme focus for these sectors. The former is summarised in Attachment 2.2.1 and the latter is briefly stated in Table 2.2.7.

Table 2.2.7 Outline of a Strategy Paper for Mission on Primary Sector

Sector	Key Strategy
Agriculture	1. Soil health mapping and promote the use of micronutrients 2. Bridge crop yield gaps in pigeon pea, chick pea, and groundnut 3. Pulses and oilseeds revolution 4. Enhance utility of rice fallows on the coastal of Andhra Pradesh 5. Promote rainwater harvesting 6. Integrated water resource management (IWRM) 7. Support organic farming 8. Ensure food security
Horticulture	1. Increase cultivation of vegetables for better quality and higher production. 2. Distribute more farm fresh vegetable vending vans to farmer groups for direct marketing of their produce. 3. Encourage oil palm cultivation in the state. 4. Identify crop specific clusters and promote high value crops (fruits, vegetables, and flowers). 5. Converge the Mahatma Gandhi National Rural Employment Scheme (MGNREGS) with Horticulture Department for better utilisation of labour and empowerment of backward communities. 6. Promote postharvest management practices through the establishment of pack houses, cold storage and ripening chambers, reduce postharvest losses and promote exports. 7. Improve marketing facilities through Rythu bazaars, vegetable markets, collection centres and refer vans so that the farmers get remunerative prices for their produce. 8. Promote precision farming through micro irrigation, fertigation, greenhouse cultivation, mulching for better water conservation and quality production.
Sericulture	1 Reorient the strategies for better productivity of bivoltin silk. 2. Increase in mulberry area, production, and productivity. 3. Integrate project planning, i.e., leaf to cloth (soil to silk). 4. Cluster approach in pre and post cocoon sectors (i.e., mulberry cultivation, silkworm rearing, silk reeling, twisting, and weaving sectors).
Animal	1. Enhance milk production and productivity of animals; enable all supporting services.

[3] http://ap.meeseva.gov.in/DeptPortal/Download-lat/White%20Paper%20on%20Agriculture%20Department.pdf
[4] http://www.aponline.gov.in/apportal/Downloads/ICRISAT%20Book%20English.pdf

Sector	Key Strategy
Husbandry	2. Promote higher egg production and value addition within the state. 3. Encash huge demand for meat. Provide better breeds and emergency animal health care. 4. Establish modern wool harvesting, processing and marketing centres with private entrepreneurs.
Diary	1. Develop dairy value chain in uncovered areas under cooperative ambit. 2. Provide online milk monitoring and payment gateway (OMM&PG) such as Milkosoft, aiming direct payment to farmers through their bank account to enable timely payment to farmers. 3. Increase the share of milk procurement by organised sector to about 70% from the present level of 30% in next the five years by 2018-19 by establishing rural cold chain, i.e., bulk milk cooling units (BMCUs), milk chilling centres (MCC), dairy plants under cooperative, joint ventures, and PPP modes. 4. Evolve effective coordination between livestock development and dairy development activities to ensure seamless service delivery to farmers.
Fisheries	1. Establish more fishing harbours in Juvvaladinne (Nellore District), Uppada (East Godavari District), Vadarevu (Prakasam District) and Nizampatnam Phase II (Guntur District) through PPP mode. 2. Establish specific pathogen free (SPF) brood stock for freshwater aquaculture and brackish water aquaculture and import of SPF seed for shrimp farming to make available quality seed to shrimp farmers. 3. Provide a policy framework to promote fish processing and fish feed industry by private players and for allotment of marine areas and areas in large reservoirs for cage culture through fishermen cooperatives/private participation. 4. Promote large scale participation of women through the Mahila Matsya Mitra Groups (MMGs) in fish marketing and fish processing through upgradation of their skills. 5. Promote "Blue Revolution" through a multipronged approach including large-scale cage culture in sea and large reservoirs in coordination with the Central Marine Fisheries Research Institute (CMFRI), and establishment of cold chain through PPP mode/government schemes.
Agricultural Marketing	1. Strengthen the existing Rythu bazaars and establish new Rythu bazaars wherever feasible. 2. Link these bazaars to efficient agri-logistics parks (includes storage, cold storage, and transportation) in hub and spoke model to be established across the state in collaboration with private agencies on a build-own-operate model. They may utilise the warehouse infrastructure fund of the Government of India. 3. Establish the National Commodity and Derivatives Exchange (NCDEX) of the Government of India terminals across the state to enable transparent procurement, grading, pricing, e-trading, and provide credit. A good bet for low investment and high benefits. This can be done for all major commodity markets across the state. 4. Rythu Bandhu Pathakam–pledge loan to increase from INR 1 lakh to lakhs, free of interest up to 180 days.
Common to All Sectors	1. The crop yield gaps between the state and the country should be reduced through the introduction of high yielding varieties and better extension facilities. 2. Skill upgradation at all levels of government departments, private agencies, and farmers. 3. Enabling single window facilities for availing all kinds of support from the government agencies. 4. Establish PPP mode, pay and use, technological and knowledge sharing mechanisms for farmers and any other users. 5. Innovatively and technologically easy to operate and access extension systems to all farmers in all sectors. 6. Set up a help centre with a three-digit phone number (working 24-7) for agriculture and allied sectors. 7. In all sectors, promote small, medium, and big entrepreneurs for all value addition activities with adequate financial incentives and approvals under single window system. 8. Build and operate efficient and tech savvy management information system (MIS) for all sectors with easy access to all government agencies (at all levels), farmers, traders, processing industries, and universities/colleges. 9. Design and implement result framework document in all departments. 10. Introduce suitable policies and guidelines to promote value addition at all levels and mobilise funds.

Source: A Strategy Paper for Mission on Primary Sector- Agricultural Transformation in Andhra Pradesh, GOAP

(3) Policy and Plan of Water Sector in Andhra Pradesh State

Andhra Pradesh State Water Policy was published on 1st January 2010 before the bifurcation of the state in 2014. A paper titled as Initiatives in irrigation sector published in January 2016 is a part of water policy of residuary Andhra Pradesh State, which aims to make the state drought proof.

According to the above paper, the government of Andhra Pradesh is committed to the outlined objectives and initiated number of measures to ensure the outcomes under the clear cut directions of the Chief Minister a great visionary of the time has directed the water resources development of the state to assess available water resources and utility from village level. Based on the clear understanding about the concerns and challenges in irrigation and allied sectors, the government has devised a specific target oriented mission based strategy for effective results under the guidance of the Department of Water Resources (DoWR). The time bound targets of water resources sector in Andhra

Pradesh State are set as follows.

- Drought proof state
- Water conservation
- Groundwater recharge
- Water management
- Modernisation of irrigation systems
- Completion of on-going projects
- Inter linking of major rivers
- Development of tank cascade system
- Desilting, renovation and repairs to the tanks, feeder channels and supply channels
- Repairs to the existing rain water harvesting systems (RWHS) and construction of new RWHS
- Construction of farm ponds
- Conjunctive use of surface and groundwater
- Improving water use efficiency by 20%
- Bridging the gap ayacut
- Revival of lift irrigation schemes
- Appointment of management committee members of water user associations (WUAs), Distributory committees (DCs) and Project Committees (PCs)
- Tree plantation
- Micro irrigation, rain guns for drought mitigation and life saving irrigation
- Involvement and participation of all the stakeholders and awareness creation
- Monitoring water resources on real time basis, etc.

(4) Food Processing Policy

(a) Outline of Andhra Pradesh Food Processing Policy (2015-2020)

Andhra Pradesh State government formulated a new Food Processing Policy (2015-2020) in July 2015 as shown in Table 2.2.8. The aim of the policy is to capitalise on the rich and diverse food production base of Andhra Pradesh to provide fillip to the sector.

Table 2.2.8 Outline of Andhra Pradesh Food Processing Policy 2015-2020

Item	Statement
Target	・ Make Andhra Pradesh one of the most preferred destinations for food processing sector ・ Attract new investments worth INR 5,000 crore by 2020. ・ Create additional employment opportunity for 50,000 personnel by 2020
Objectives	・ Develop commodity-based clusters to enable a focused and planned approach to develop the food processing industry through a coordinated approach between government departments. ・ Identify and bridge existing infrastructure gaps affecting the food processing industry. ・ Promote innovation and R&D in the industry and ensure continuous technology upgradation. ・ Undertake capacity building and enhance competitiveness of food processing industry in both domestic and international markets.
Major supports	・ Set up integrated food parks across all districts of the state ・ Provide VAT/CST/GST reimbursement for integrated food parks ・ Labour concessions in order to prevent flash strikes ・ Single desk clearance in accordance with the Single Desk Policy (2015-20) ・ Skill development initiatives ・ Assistance for R&D works and testing laboratories ・ Inland Container Depot (ICD): Set up ICD at Chittoor and Kakinada ports to facilitate the import/export of food products. ・ Setting up of Mango Development Board and Banana Development Board ・ Infrastructure support: land allotment and power tariff subsidy. ・ Fiscal incentives, such as land conversion charges, capital subsidy, and interest subsidy. ・ Export incentives: Reimbursement of 30% on road transport charges till inland container depot (ICD).

Source: Andhra Pradesh Food Processing Policy 2015-2020

The policy covers the subsectors of agriculture, horticulture and animal husbandry, however, aquaculture and marine production will be covered under the Fisheries Policy (2015-2020).

The nodal agency to implement the policy is the Andhra Pradesh Food Processing Society (APFPS), which will act as knowledge support centre and is empowered to empanel consultants for pooling and dissemination of information in the food processing sector.

(b) Assistance for Food Parks

Amongst the schemes under Andhra Pradesh Food Processing Policy (2015-2020), the promotion of

food parks is highlighted as top priority project. According to the policy, Andhra Pradesh State government would strive to set up food parks across "all districts" of Andhra Pradesh. These food parks are set up in three categories as shown in Table 2.2.9.

Table 2.2.9 Categories of Food Parks

Category	Required Size of the Park	Pattern of Assistance	
Integrated Food Park	The minimum area of each food park will be 30 acres, with a minimum of ten food processing units in each.	GoAP will provide a grant of 50% of project cost for setting up these food parks, with a limit of INR 20 crore.	GoAP will provide VAT/CST/GST reimbursement during the construction period for a period of two years limited to a maximum INR 2 crore.
Mega Food Park	The minimum area of each food park will be 50 acres, with a minimum of 20 food processing units in each.	GoAP will provide a grant of 50% of project cost for setting up these food parks, with limit of INR 50 crore.	
Ultra-Mega Food Park	GoAP will strive to develop an Ultra Mega Food Park in Kuppam with state-of-the-art infrastructure.	Customised incentives would be offered.	

Source: Andhra Pradesh Food Processing Policy (2015-20), APFPS, Department of Industries and Commerce, Andhra Pradesh State.

Out of the three categories, Ultra Mega Food Park is a unique scheme of Andhra Pradesh State. Since Ultra Mega Food Park is exceeding the expected size of land under Mega Food Park Scheme under MOFPI, Andhra Pradesh State government will customise incentives as per applicable business case.

Andhra Pradesh State government emphasises on "commodity-based cluster development" founded on the food production strengths of respective geographies, therefore, food parks will be also prioritised according to the commodity produced in the identified cluster.

2.3 Policies and Regulations for Foreign Investment to India and Andhra Pradesh State

2.3.1 Policies and Regulations for Foreign Investment to India

Policy and regulations for foreign investment at the central level are formulated by the Ministry of Commerce and Industry. The Ministry of Food Processing Industry also has set up a window for investors to disseminate information on the resource potential in India, policy support, and fiscal incentives offered to investors in the food processing sector.

Table 2.3.1 Policy and Regulations for Foreign Investment to India

Ministry	Policy/Regulation
Ministry of Commerce and Industry	Foreign Direct Investment Policy 2015
	Foreign Trade Policy (2015-2020)
	National Manufacturing Policy
Food Safety and Standards Authority of India (FSSAI) under the Ministry of Health and Family Welfare	Food Safety and Standards Act 2006
Ministry of Food Processing Industries	Investors' Portal

Source: JICA Survey Team

(1) Foreign Direct Investment Policy 2015

(a) Institutions of Investment Promotion

The Department of Industrial Policy and Promotion (DIPP) has announced a Consolidated Foreign Direct Investment (FDI) Policy Circular of 2015, which was effective from May 12, 2015. There are two routes by which India gets FDI. Automatic route is the procedure without prior approval by the government and FDI is permitted by post-notification to the Reserve Bank of India (RBI). The government route, in turn, requires prior approval by the government. Foreign Investment Promotion Board is the responsible agency to oversee this route.

Furthermore, DIPP has set up a special management team to facilitate and fast track investment proposals from Japan. The team, known as "Japan Plus", will comprise representatives from the Government of India and Ministry of Economy, Trade and Industry (METI), Government of Japan.

(b) Regulations on Foreign Investment

FDI is permitted up to 100% without prior approval by the government via automatic route except for the prohibited sectors and permitted sectors as shown in Table 2.3.2

Table 2.3.2 Prohibited Sectors and Permitted Sectors under FDI Policy 2015

Category	Sector	% of FDI Cap, Entry Route
Prohibited Sectors	a) Lottery business including government/private lottery, and online lottery b) Gambling and betting including casinos c) Chit funds d) Nidhi Company e) Trading in transferable development rights (TDRs) f) Real estate business or construction of farm houses g) Manufacturing of cigars, cheroots, cigarillos, cigarettes, tobacco or tobacco substitutes h) Activities/sectors not open to private sector investment	-
Permitted Sectors	Agriculture a) Floriculture, horticulture, apiculture and cultivation of vegetables and mushrooms under controlled conditions; b) Development and production of seeds and planting materials; c) Animal husbandry (including breeding of dogs), pisciculture, and aquaculture under controlled conditions; and d) Services related to agro and allied sectors. Beside the above, FDI is not allowed in any other agricultural sector/activity	100%, automatic
	Tea plantation a) Tea sector including tea plantations Aside from above, FDI is not allowed in any other plantation sector/activity.	100%, government
	Manufacture of items reserved for production in micro and small enterprises (MSEs) FDI in MSEs, as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006 will be subject to sectoral caps, entry routes, and other relevant sectoral regulations	Depend on undertaking
	Industrial parks Industrial parks - new and existing	100%, automatic
	Trading Cash and carry wholesale trading/wholesale trading (including sourcing from MSEs)	100%, automatic
	Retail trading Single brand product retail trading	100%, automatic up to 49% or government route beyond 49%
	Retail trading Multi brand retail trading (FDI in all products will be permitted subject to conditions mentioned in the policy)	51%, government

Source: Consolidated FDI Policy of 2015, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India

(2) Foreign Trade Policy 2015-20

The Foreign Trade Policy 2015-20, is notified by the central government, in exercise of powers conferred under Section 5 of the Foreign Trade (Development and Regulation) Act, 1992 (No. 22 of 1992) as amended. In connection with the policy "Make in India" of the current Indian government, the policy has been announced on April 1, 2015. Specifically, the major objectives and applicable schemes of the policy are listed below.

i) Simplification and merger of reward schemes
- Merchandise Exports from India Scheme (MEIS)
- Service Exports from India Scheme (SEIS)
- Chapter 3 Incentives (MEIS and SEIS) to be available for special economic zones (SEZs)
- Duty credit scrips to be freely transferable and usable for payment of custom duty, excise duty, and service tax

ii) Boost to “Make in India”
- Reduced export obligation for domestic procurement
- Higher level of rewards under MEIS for export items

iii) Trade Facilitation and Ease of Doing Business
- Online filing of documents/applications and paperless trade in 24-7 environment;

- Online inter-ministerial consultations;
- Simplification of procedures/processes, digitisation, and e-governance; and
- Forthcoming e-governance initiatives.

iv) Other New Initiatives

In the policy, it has been also decided to add Visakhapatnam and Bhimavaram in Andhra Pradesh as towns of export excellence (product category– seafood), although the government has already recognised 33 towns as export excellence towns.

(3) National Manufacturing Policy

The Government of India has announced a national manufacturing policy in November 2011, with the objectives of enhancing the share of manufacturing in the gross domestic product (GDP) to 25% and creating 100 million jobs by 2022. It also seeks to empower rural youth by imparting necessary skill sets to make them employable. The following focused sectors are given with special attention:

- Employment-intensive industries like textiles and garments, leather and footwear, gems and jewellery and food processing industries;
- Capital goods industries like machine tools, heavy electrical equipment, heavy transport, earthmoving and mining equipment;
- Industries with strategic significance like aerospace, shipping, IT hardware and electronics, telecommunication equipment, defence equipment, and solar energy;
- Industries where India enjoys a competitive advantage such as automobiles, pharmaceuticals, and medical equipment;
- Small and medium enterprises; and
- Public sector enterprises.

(4) Food Safety and Standard Act 2006

Food Safety and Standard Act has been commenced since 2006 instead of repealing various central acts, such as Prevention of Food Adulteration Act 1954, Fruit Products Order 1955, and Milk and Milk Products Order 1992. The act aims to establish a single reference point for all matters relating to food safety and standards as an independent statutory authority such as the Food Safety and Standards Authority of India (FSSAI). The Ministry of Health and Family Welfare of the Government of India is the administrative ministry for the implementation of FSSAI.

(5) Investors' Portal

An "Investors' Portal" has been developed by the Ministry of Food Processing Industries with the intention to disseminate information on the state specific resource potential, policy support, infrastructure facilities, and fiscal incentives offered to investors in food processing sector. The portal also offers online support to investors with regard to their queries and provides hand holding services in the initial stage of setting up their units.

2.3.2 Policies and Regulations for Foreign Investment to Andhra Pradesh State

Andhra Pradesh attracts foreign direct investments in India in the property, petrochemicals, automotive, textiles, aerospace, renewable energy, food processing, and leather sectors. Policy and regulations related to foreign investment in Andhra Pradesh State are formulated by the Department of Industry and Commerce.

Table 2.3.3 Policy and Regulations Related to Foreign Investment in Andhra Pradesh State

Department	Policy/Regulation
Department of Industry and Commerce	Industrial Development Policy (IDP) 2015-20
	Food Processing Policy 2015-20

Source: JICA Survey Team

(1) Industrial Development Policy (IDP) 2015-20

The Government of Andhra Pradesh accords top priority to industrial development to make Andhra Pradesh a progressive and highly industrialised state. In this regard, the Industrial Development Policy

(IDP) 2015-20 has been prepared to make Andhra Pradesh the most preferred destination for investors by providing favourable business climate, excellent infrastructure, good law and order, and peaceful industrial relations. Under the new policy, the government approved the following fiscal benefits covering the categories:

- Micro, Small and Medium Enterprises (a unit having the investment on plant and machinery up to limit as defined by the Government of India from time to time).
- Large Industries (industries in which the investment on plant and machinery is less than Rs. 500 crores except for micro, small and medium enterprises).
- Scheduled caste and scheduled tribe entrepreneurs (a unit established as sole proprietor or invariably having 100% share in partnership/private limited companies).
- Backward Class Entrepreneurs (a unit established as sole proprietor or invariably having 100% share in partnership/private limited companies).
- Women Entrepreneurs (a unit established as sole proprietress or invariably having 100% share in partnership/private limited).
- Mega Projects (projects with an investment of at least Rs. 500 crores or direct employment generation of 2,000).

The Industrial Policy also aims to promote accelerated growth in foreign investments in the state. The government is committed to provide world class infrastructure, state-of-the-art R&D centres and human capital quality to attract FDI inflows into the state.

(2) Food Processing Policy 2015-20

The Andhra Pradesh State government formulated a new Food Processing Policy 2015-20 in July 2015. Assistance schemes under Andhra Pradesh Food Processing Policy 2015-20 are summarised in Table 2.3.4.

Table 2.3.4 Summary of Schemes under Andhra Pradesh Food Processing Policy 2015-2020

No	Scheme	Eligibility	Maximum Limit of Grant-in-Aid
1	Food parks		
	I) Integrated Food Park	50% of project cost	Rs. 20 crore
	II) Mega Food Park	50% of project cost	Rs. 50 crore
	III) Ultra Mega Food Park	Customised	Customised
2	New food processing units	25% of project cost (includes plant and machinery, and civil works)	Rs. 5 crore and interest subsidy of five years
3	Technology upgradation/ modernisation of existing food park units	25% of new/upgraded equipment cost	Rs. 1 crore
4	Setting up of Primary Processing Centres (PPCs) and Collection Centres (CCs)	50% of project cost	Rs. 2.5 crore and interest subsidy 5 years
5	Cold chain units	35% of project cost	Rs. 5 crore and interest subsidy of five years
6	Modernisation of abattoirs	50% cost of plant and machinery, civil works and other eligible items	Rs. 15 crore
7	Reefer vehicles	50% of cost of reefer vehicle	Rs. 2 crore
8	Units for processing of waste produced in food processing units in identified clusters	50% of project cost	Rs. 2 crore
9	Scheme for setting up/upgrading testing laboratories		
	I) For NABL* approved laboratories	50% of project cost	Rs. 5 crore
	II) For existing food processing units	50% of project cost	Rs. 5 lakhs
	III) For state government organisations and universities	a) 80% of eligible project b) 80% of cost of two technical staff in such laboratories for three years	-
Fiscal Incentives: - Reimbursement of power consumption charges at Rs. 1.50 per unit for five years - Reimbursement of Non-Agriculture Land Assessment (NALA) tax for the produce purchased directly from farmers.			

No	Scheme	Eligibility	Maximum Limit of Grant-in-Aid
- Reimbursement of 100% stamp duty and transfer duty. - VAT/CST/GST reimbursement for micro and small enterprises (100%), medium industries (75%), and large industry unit (50%) for five to seven years - Industrial Area Local Authority (IALA) status to food parks. - Marketing cess waiver for produce purchased directly from farmers.			

Note: NABL = National Accreditation Board for Testing and Calibration Laboratories

Source: Andhra Pradesh Food Processing Policy 2015-20, APFPS, Department of Industries and Commerce, Andhra Pradesh State.

3. ANDHRA PRADESH AT A GLANCE

3.1 General

The erstwhile state of Andhra Pradesh was bifurcated into the new state of Telangana and the residual state of Andhra Pradesh on 2nd June 2014 in accordance with the Andhra Pradesh Reorganisation Act 2014. Hyderabad remained as the common capital of the state of Telangana and the state of Andhra Pradesh for almost ten years. It is now a transition period for the state of Andhra Pradesh to move its capital from Hyderabad to Amaravathi. The residual state of Andhra Pradesh in its Rolling Plan 2015-2016 has set out a vision as the "Sunrise State" to become the best state in India by 2029.

Key information about the residual state of Andhra Pradesh is highlighted in this chapter as a quick reference of the state.

3.2 Administrative Profile

As a result of bifurcation in June 2014, the residual state of Andhra Pradesh has started its administration services in 13 districts, 664 mandals (sub-districts), and 17,039 villages as shown in Table 3.2.1. The population size of a district is 3.8 million on average varying from 2.3 million in Vizianagaram to 5.3 million in East Godavari. Similarly, the population size of a mandal is 75,000 on average ranging from 56,000 in Kadapa to 100,000 in Visakhapatnam, and that of a village is 2,900 on average ranging from 1,500 in Srikakulam and 6,800 in Guntur.

The hierarchy of public administration of the Government of Andhra Pradesh (GoAP) is briefly presented by different level in Figure 3.2.1.

Table 3.2.1 Administrative Division

Sl. No.	District	Population	No. of Mandals	No. of Villages
1	Srikakulam	2,703,114	38	1,802
2	Vizianagaram	2,334,474	34	1,520
3	Visakhapatnam	4,290,589	43	3,265
4	East Godavari	5,285,824	60	1,374
5	West Godavari	3,995,742	46	881
6	Krishna	4,517,398	50	968
7	Guntur	4,887,813	57	712
8	Prakasam	3,397,448	56	1,081
9	Nellore	2,963,557	46	1,177
10	Kadapa	2,882,469	51	919
11	Kurnool	4,053,463	54	898
12	Anantapur	4,081,148	63	949
13	Chittoor	4,174,064	66	1,493
	Andhra Pradesh	49,577,103	664	17,039

Source: Part I State Administrative Division 2011, Census of India, Retrieved 18 Jan. 2015, Primary Census Abstract, Census 2011, Directorate of Census Operation, Hyderabad, Andhra Pradesh State

Source: Andhra Pradesh Government Portal

Figure 3.2.1 Hierarchy of Public Administration in Andhra Pradesh State

The official language of Andhra Pradesh State is Telugu, the biggest linguistic unit in India second only to Hindi. In addition to Telugu, the languages often spoken in the state are Hindi, Tamil, and English.

3.3 Demography

The demography of the residual state of Andhra Pradesh, which covers only 13 districts, is summarised in Table 3.3.1.

Table 3.3.1 Demography of Andhra Pradesh State

No.	Item	Unit	Andhra Pradesh*1			Entire India
			1991	2001	2011	2011
1	Population	million	40.419	45.223	49.577	1,210.570
	(a) Male	%	50.60	50.43	50.08	51.47
	(b) Female	%	49.40	49.57	49.92	48.53
	(a) Rural	%	75.23	75.77	70.53	68.85
	(b) Urban	%	24.77	24.23	29.47	31.15
	(a) Scheduled Caste	%	15.63	16.43	17.08	16.63
	(b) Scheduled Tribes	%	4.85	5.03	5.53	8.61
	(a) Hinduism	%	-	89.0	88.5	79.8
	(b) Islam	%	-	9.2	9.6	14.2
	(c) Christianity	%	-	1.5	1.3	2.3
	(d) Others	%	-	0.3	0.4	3.7
	Population Growth Rate	%	21.13	11.89	9.21	17.69
2	Population Density	persons/km^2	252	282	304	368
3	Literacy Rate	%	45.86	62.14	67.35	72.99
	(a) Males	%	56.53	71.36	74.77	80.89
	(b) Females	%	34.92	52.78	59.96	64.64
4	Number of Households	million	8.829	10.480	12.719	249.454
	(a) Rural	%	75.76	76.69	71.27	67.57
	(b) Urban	%	24.24	23.31	28.73	32.43
5	Workers	million	18.228	20.820	23.081	481.743
	(a) Agriculture	%	66.26	64.80	62.36	54.60
	(b) Non-Agriculture	%	33.74	35.20	37.64	45.40
6	Poverty (No. of BPL)*2	million	-	-	7.878	269.783
	(a) BPL Rate in Rural	%	-	-	10.96	25.70
	(b) BPL Rate in Urban	%	-	-	5.81	13.70

*Note: *1= Covering 13 states of a residual state of Andhra Pradesh. *2= Below Poverty Line in 2011-12*
Source: 1. Statistical Abstract of Andhra Pradesh 2014, Directorate of Census Operations, Hyderabad, Andhra Pradesh State
2. Press Note on Poverty Estimates, 2011-12, Government of India Planning Commission, July 2013

(1) Population

The state population of 49.6 million which accounts for 4.10% of the country's population makes it the 10th most populous state in the country as per the Census 2011. The growth rate of population, as per 2011 census came down to 9.21% compared with 11.89% in 2001 while 70.53% of the total population lives in rural areas and 29.47% lives in urban areas of the state. Of the total population, 24.8 million (50.08%) are males and 24.7 million (49.92%) are females. East Godavari District with a population of 5.285 million is the most populous district in the state while Vizianagaram ranks last with 2.344 million. Of the total population of the state, Scheduled Castes (SCs) and scheduled tribes (STs) constitute to 17.08% and 5.53%, respectively. East Godavari and Guntur are at the top with 0.957 million SC population and Vizianagaram is the lowest with 0.247 million. Visakhapatnam stands first with 22.57% of total ST population of the state while Kadapa with 2.77% has the least amongst the districts.

(2) Population Density

In 2011, the population density of Andhra Pradesh State was 304 persons/km^2 as against 368 persons/km^2 for entire India. Amongst the districts, the population density of Krishna is the highest at 518 persons/km^2 while Kadapa and Prakasam districts have the lowest population density with less than 200 persons/km^2.

(3) Literacy

Literacy rate in Andhra Pradesh State has been on an upward trend and was 67.4% as per 2011 population census. The literacy rate in rural areas is 62.4% while in urban areas it is 79.2%. Male literacy stands at 74.8% while female literacy is at 60.0%. In 2011, West Godavari was at the top amongst the districts with 74.32% while Vizianagaram is at the lowest with 58.89%.

(4) Number of Households

The total number of households has been estimated at 12.719 million in Andhra Pradesh State and 249.454 million in all India as per the 2011 population census. Consequently, the average size of the household is estimated at 3.90 in Andhra Pradesh State against 4.85 for entire India. The percentage of rural households in Andhra Pradesh State is 3.66% higher than the average for entire India.

(5) Workers

The total number of workers in Andhra Pradesh State was estimated at 23.081 million as per 2011 population census, of which agricultural workers accounts for 62.36%. Similarly agricultural workers occupy 54.60% of 481.743 million total workers in India. The percentage of agricultural workers in Andhra Pradesh State is 7.76% higher than the average for entire India.

(6) Poverty

The below poverty line (BPL) population in Andhra Pradesh State is much lower than the average of entire India in 2011-12; it is ranked 6th lowest amongst the states of the union territory. According to the Planning Commission and NSSO Data, 61st Round, the percentage of BPL population in Andhra Pradesh State has improved from 15.77% in 1999-2000 to 9.20% in 2011-12.

3.4 Economy

The gross state domestic product (GSDP), its sectoral composition, and the per capita income at 2004-05 constant prices for Andhra Pradesh State covering 13 districts are shown in Table 3.4.1.

Table 3.4.1 GSDP of Andhra Pradesh State by Industry at Constant Prices 2004-05

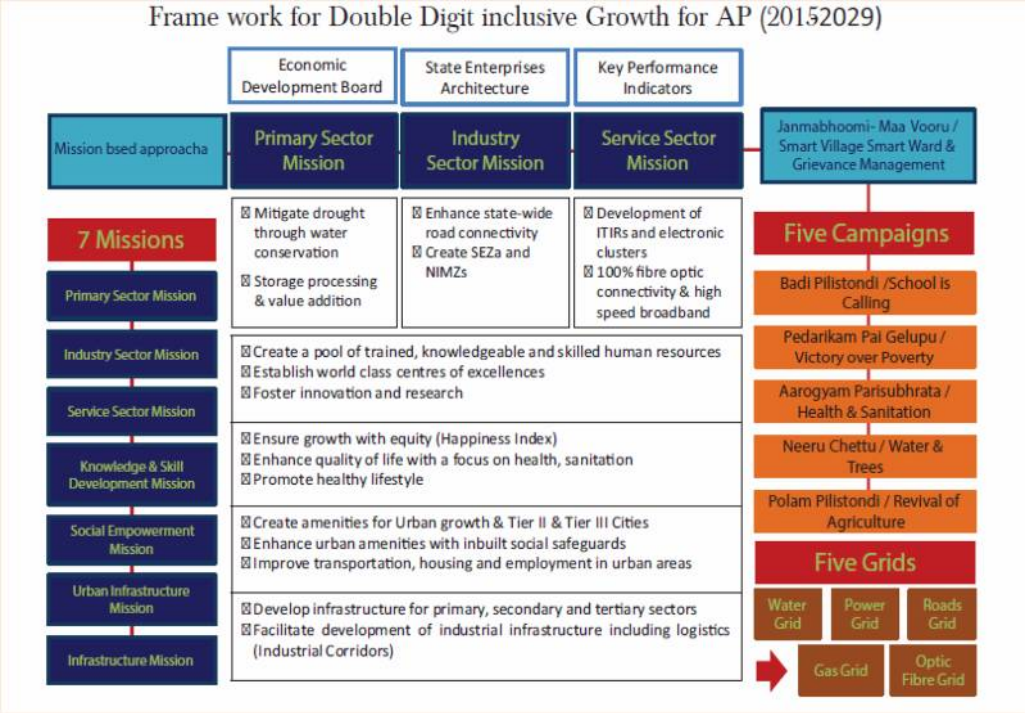
Sector	Item	Andhra Pradesh*1				All India
		2011-12 (TRE)	2012-13 (SRE)	2013-14 (FRE)	2014-15 (AE)	2013-14 (P)
GSDP	Value (INR Crore)	221,285	230,240	246,724	264,521	5,741,791
	Growth Rate (%)	6.25	4.05	7.16	7.21	4.74
Per Capita Income	Value (INR)	38,556	39,645	42,170	44,831	39,904
	Growth Rate (%)	2.25	2.82	6.37	6.31	2.70
Agriculture	Value (INR Crore)	51,624	55,473	55,879	63,414	800.548
	% to GSDP	23.33	24.09	24.27	23.97	13.94
	Growth Rate (%)	3.21	7.46	7.94	5.90	4.71
Industry	Value (INR Crore)	50,911	48,690	49,187	51,771	1,500,225
	% to GSDP	23.01	21.15	19.94	19.57	26.13
	Growth Rate (%)	12.94	-4.36	1.02	5.25	0.35
Services	Value (INR Crore)	118,750	126,077	137,658	149,336	3,448,226
	% to GSDP	53.66	54.76	55.79	56.46	60.05
	Growth Rate (%)	4.93	6.17	9.19	8.48	7.00

*Note: - *1= Covering 13 districts of the new state of Andhra Pradesh.*
- Constant Prices (2004-05), TRE= Third Revised Estimate, SRE= Second Revised Estimate, AE= Advanced Estimate
- Estimates for entire India for 2014-15 are available only at base year 2011-12.
Source: - Socio Economic Survey 2014-15, Planning Department, Government of Andhra Pradesh
- Central Statistical Organisation (CSO) - 31.05.2014

Andhra Pradesh State has set the vision to lay foundation of the Sunrise State of Andhra Pradesh as shown in Box 3.1. Achievement of this vision is incumbent upon a fast paced and sustainable double digit growth delivered through a combination of programmatic and project interventions with focus on sustainable and inclusive development.

Box 3.3.1: Achieving Double Digit Inclusive Growth - A Rolling Plan 2015-16

The government of Andhra Pradesh sets out key milestones of the long-term vision that Andhra Pradesh will become the best state in the country by 2029-30 by achieving inclusive growth and ranking better on happiness index; and a leading investment destination in the world by 2050-51. To achieve the ambitious vision, the state will have to step up from the current growth rate of 7% GSDP to a growth rate of more than 10% for each upcoming year, starting from 2015-16 (constant prices). The growth engine has been identified on conditions that i) components of GSDP which contribute more than 80% to their sector with potential for future growth, ii) sub-sectors which have been delivering a sustained double digit growth over the last five years, and iii) sector of GSDP which are aligned with national trust sectors with the promise of a large future potential.



3.5 Land Use and Land Holding

(1) Land Use

The land use in Andhra Pradesh State for the past five years is shown in Table 3.5.1 below. Cropping intensity of the state varies from 123% to 127%.

Table 3.5.1 Recent Trend of Land Distribution by Use in Andhra Pradesh State ('000 ha)

No.	Classification		2010-11	2011-12	2012-13	2013-14	2014-15**
1	Geographical Area	Geographical Area	16,020	16,020	16,020	16,020	16,276
2	Forest	Forest	3,487	3,487	3,484	3,493	3,663
3	Not Available for Cultivation	Area under Non-Agricultural Uses	1,900	1,921	1,987	1,982	2,002
		Barren and Un-cultivable Land	1,409	1,407	1,343	1,341	1,351
4	Other Cultivable Land excluding Fallow Land	Permanent Pastures and Other Grazing Land	252	250	212	212	214
		Lands under Misc. Trees and Crops and Groves	176	175	165	160	160
		Cultivable Wasteland	459	449	414	392	392
5	Fallow Lands	Fallow Land Other than Current Fallow	710	732	819	792	858
		Current Fallow	831	1,037	1,134	1,087	1,401
6	Net Area Sown	Net Area Sown	6,796	6,562	6,462	6,561	6,235
7	Total Cropped	Total Cropped Area	8,644	8,057	7,959	8,128	7,689

No.	Classification		2010-11	2011-12	2012-13	2013-14	2014-15**
	Area (Gross Cropped Area)	(Gross Cropped Area)					
8	Area Sown more than Once	Area Sown more than Once	1,848	1,495	1,497	1,567	1,454
9	Cropping Intensity*	Cropping Intensity (%)	127.19	122.78	123.20	123.90	123.32

*Note: *) Cropping intensity is % of the gross cropped araea to the net area sown.*
***) Six Mandals of Telangana State was merged to Andhra Pradesh State*
Source: Socio-Economic Survey 2015-16, Planning Department, GoAP

(2) Land Holding

The status of land holding in Andhra Pradesh State is as shown in Table 3.5.2. For the five years from 2005-06 to 2010-11, land segmentation have slowly gone off in the state. The average size of operational land holding is 1.13 ha/farmer in 2005-06 and 1.06 ha/farmer in 2010-11. The marginal and small farmers account for 86% in number and 54% in operational lands, meanwhile medium and large farmers occupy 3.3% in number and 20% in operational lands.

Table 3.5.2 Distribution of Operational Land Holdings in Andhra Pradesh State in 2005-06

Category	No. of Operational Holdings ('000)		Area Operated ('000 ha)		Average Size of Operational Holding (ha) (B) / (A)
	Number (A)*	%	ha (B)	%	
Year 2005-06					
Marginal (< 1.0 ha)	4,619	64.0%	2,001	24.4%	0.43
Small (1.0-2.0 ha)	1,492	20.7%	2,111	25.8%	1.41
Semi-Medium (2.0-4.0 ha)	813	11.3%	2,152	26.3%	2.65
Medium (4.0-10.0 ha)	264	3.6%	1,491	18.2%	5.65
Large (10.0 ha and above)	28	0.4%	434	5.3%	15.50
All Holdings	7,216	100.0%	8,189	100.0%	1.13
Year 2010-11					
Marginal (< 1.0 ha)	4,984	65.4%	2,160	26.7%	0.43
Small (1.0-2.0 ha)	1,591	20.9%	2,251	27.8%	1.41
Semi-Medium (2.0-4.0 ha)	796	10.4%	2,100	25.9%	2.64
Medium (4.0-10.0 ha)	230	3.0%	1,282	15.8%	5.57
Large (10.0 ha and above)	20	0.3%	304	3.8%	15.20
All Holdings	7,621	100.0%	8,097	100.0%	1.06

*Note: *) Number of agriculture land owners (= farm households)*
Source: Directorate of Economics and Statistics, GoAP

3.6 Irrigation

Andhra Pradesh State called a "River State" and blessed with major river systems like the Godavari, Krishna, Pennar, Vamsadhara and other rivers, is giving utmost importance for irrigation development as well as its management. The state is allocated 685 TMC for on-going projects in addition to 1,303 TMC for existing irrigation projects. The total irrigation potential created is 4.157 million ha up to December 2015, newly adding 47,000 ha in 2015. The details of sector-wise irrigation potential created are as shown in Table 3.6.1 below.

Table 3.6.1 Sector-wise Irrigation Potential Created

No.	Sector	up to Dec. 2014 ('000 ha)	up to Dec. 2015 ('000 ha)
1	Major Irrigation	2,566 (63%)	2,613 (63%)
2	Medium Irrigation	225 (5%)	223 (5%)
3	Minor Irrigation	1,036 (25%)	1,037 (25%)
4	APSIDC	272 (7%)	284 (7%)
5	Total	4,099 (100%)	4,157 (100%)

Note: APSIDC: Andhra Pradesh State Irrigation Development Corporation, which *is a state subsidised company*
Source: Socio-Economic Survey 2015-16, Planning Department, GoAP

The total irrigated area is 2.975 million ha in net and 3.953 million ha for gross on average of the past five years. As seen in Table 3.6.2 below, the irrigated area under wells is rather stable in comparison with those under canals and tanks.

Table 3.6.2 Source-wise Irrigated Area

No.	Source	2010-11	2011-12	2012-13	2013-14	2014-15
Net Irrigated Area ('000 ha)						
1	Canals	1,431	1,492	1,175	1,430	1,429
2	Tanks	412	367	346	339	293
3	Wells	1,066	1,122	1,158	1,121	1,080
4	Others	121	123	122	124	125
5	Total	3,030	3,105	2,801	3,014	2,927
Gross Irrigated Area ('000 ha)						
1	Canals	1,999	1,784	1,563	1,956	1,882
2	Tanks	450	394	379	377	327
3	Wells	1,561	1,599	1,634	1,623	1,532
4	Others	143	144	135	140	145
5	Total	4,153	3,921	3,711	4,096	3,886

Source: Socio-Economic Survey 2015-16, Planning Department, GoAP

Irrigation coverage is estimated as percentage of irrigated area (net/gross) against the (net/gross) area sown. As shown in Table 3.6.3 below, irrigation coverage is between 43% to 47% for net area sown and 47% to 50% for gross area sown.

Table 3.6.3 Irrigation Coverage

No.	Item	2010-11	2011-12	2012-13	2013-14	2014-15
1	Net Area Sown ('000 ha)	6,796	6,562	6,462	6,561	6,235
2	Net Irrigated Area ('000 ha)	3,030	3,105	2,801	3,014	2,927
3	Net Irrigation Coverage (%)	44.6	47.3	43.3	45.9	46.9
4	Gross Area Sown ('000 ha)	8,644	8,057	7,959	8,128	7,689
5	Gross Irrigated Area ('000 ha)	4,153	3,921	3,711	4,096	3,886
6	Gross Irrigation Coverage (%)	48.0	48.7	46.6	50.4	50.5

*Note: *) Cropping intensity is % of the gross cropped araea to the net area sown.*
***) A part of Telangana State was merged to Andhra Pradesh State*
Source: Socio-Economic Survey 2015-16, Planning Department, GoAP

3.7 Agriculture and Non-Agriculture Products

Andhra Pradesh State is rich in natural resources and one of the major producers of agriculture, horticulture, livestock, and fishery produces in the country as shown in Table 3.7.1.

Table 3.7.1 Major Agricultural and Non-Agricultural Produces

SN.	Crop / Component	Productivity (MT/ha)	Production in Andhra Pradesh (Million MT)	Andhra Pradesh Rank in Entire India*1 (Production)	India Rank in the World*2 (Production)
Agricultural and Horticultural Crops					
1	Mango	9	2.73	1	1
2	Papaya	80	1.55	1	1
3	Lime/Lemon	15	0.35	1	1
4	Palm Oil	12	1.61	1	-
5	Tomato	20	3.36	1	2
6	Chillies	3	0.73	1	1
7	Turmeric	7	0.25	1	-
8	Okra	15	0.67	1	1
9	Cashew	0.68	0.56	2	3
10	Groundnut	0.9	3.0	2	2
11	Paddy	3.3	13.91	2	2
12	Maize	6	5.3	2	-

SN.	Crop / Component	Productivity (MT/ha)	Production in Andhra Pradesh (Million MT)	Andhra Pradesh Rank in Entire India*1 (Production)	India Rank in the World*2 (Production)
13	Brinjal (Eggplant)	20	1.16	2	2
14	Millets	0.8	0.5	3	1
15	Coconut (no. of nuts)	15,000	1,829	3	3
16	Banana	35	3.16	3	1
17	Sugarcane	78	1.57	5	2
18	Onion	18	1.0	6	2
Non- Agricultural and Horticultural Crops					
19	Egg (no. of eggs)	-	12,727	1	3
20	Meat	-	0.48	2	-
21	Aqua	-	2.20	2	-
22	Milk	-	9.08	3	1

*Source: *1= A Land of Unlimited Opportunities..., Department of Industries (Food Processing), GoAP*
**2= FAOSTAT (The Food and Agriculture Organization Corporate Statistical Database) 2013*

3.8 Transport Infrastructure in Andhra Pradesh State

Vijayawada in Krishna District; the second largest city of Andhra Pradesh State, is a strategic hub of public transportation, with Visakhapatnam in the north and Kurnool and Tirupati in the south. The major transport infrastructures are listed in Table 3.8.1 and locations of those infrastructures are illustrated in the survey map on the first page of text.

Table 3.8.1 Transport Infrastructure in Andhra Pradesh State

SN	Infrastructure	Particular	Remarks
1	Road Networks (major national highways)	1) National Highway NH-16 (old NH-5)	NH-16 runs along India's east coast through the states of Odisha, Andhra Pradesh, and Tamil Nadu.
		2) National Highway NH-44 (old NH-7)	NH-44 connects several important Indian cities such as Varanasi, Nagpur, Hyderabad, Bangalore, Madurai, and Kanyakumari. It is the longest national highway in India.
		3) National Highway NH-65 (old NH-9)	NH-65 is a major national highway in Central India, stretching 841 km from Pune in Maharashtra through the states of Karnataka and Telangana to Machilipatnam in Andhra Pradesh.
		4) National Highway NH-40 (old NH-18)	NH-40 runs entirely within the state of Andhra Pradesh. The northern terminal is in Kurnool at the intersection of NH-7 and the southern terminal is in Chittoor at the intersection of NH-4.
		5) National Highway NH-26 (old NH-43)	NH-26 links Borigumma in Odisha with Natavalasa in Andhra Pradesh.
		6) National Highway NH-67 (old NH-63)	NH-67 is a national highway within the two southern states of Karnataka and Andhra Pradesh in India.
		7) National Highway NH-42 (old NH-205)	NH-42 connects Chennai in Tamil Nadu to Anantapur via Madanapalle in Andhra Pradesh.
		8) National Highway NH-216 (old 214A)	NH-216 starts from Kathipudi (junction of NH-16, formerly NH-5) and ends at Ongole (junction of NH-16, formerly NH-5), both places are in the state of Andhra Pradesh.
2	Railway Networks	There are 237 railway stations in Andhra Pradesh State (before separation of the state).	There are in all three railway zones like the southern railways, S.C.R, and the south-eastern railways. Vijayawada railway junction is the biggest junction found in Andhra Pradesh and connects the north and the south Indian rail routes.
3	Sea Port (currently operational)	1) Visakhapatnam Port	Visakhapatnam District, one of the country's largest port in terms of cargo handling
		2) Gangavaram Port	Visakhapatnam District, a deep seaport
		3) Kakinada Port	East Godavari District, a deep seaport
		4) Krishnapatnam Port	Nellore District, a deep seaport
4	Airport (currently operational)	1) Visakhapatnam Airport	Visakhapatnam District, currently the only international airport in Andhra Pradesh (except Hyderabad)
		2) Tirupathi Airport	Chittoor District
		3) Rajahmundry Airport	East Godavari District
		4) Vijayawada Airport	Krishna District
		5) Kadapa Airport	Kadapa District
		6) Tadepalligudem Airport	West Dodavari District
		7) Puttaparthy Airport	Anantapur District

Source: JICA Survey Team

In addition to the details above, the new state capital city of Andhra Pradesh State will be in Amaravathi of Guntur District before long, which is briefly stated in Box 3.8.1. The distance between Amaravathi and Vijayawada is approximately 40 km or one hour drive by car.

Box 3.8.1: A World Class City Amaravathi; The New State Capital of Andhra Pradesh

The historical region of Amaravathi, the capital for Andhra Pradesh after bifurcation, will be a fabulous riverfront city modeled on Singapore. The foundation stone for Andhra Pradesh's new capital Amaravati was laid on 22 October 2015 in the presence of Prime Minister Narendra Modi. Pitched as a world-class riverfront capital city, Amaravati will be an energy-efficient green city with concentration on industrial hubs. The followings are the general features of the new capital:

» Core capital area is spread across 16.9 km^2,
» Amaravati will cater to a population of 11.5 million,
» To create 3.3 million jobs by 2035,
» Open and green spaces to cover 40% of capital area, and
» Mega city will be linked to seven regional centres which in turn will become industrial hubs.

3.9 Natural Environment

Andhra Pradesh State lies between 12°41' and 19°N latitude and 77° and 84°40'E longitude and is bordered by Chhattisgarh, Telangana, and Odisha in the north; the Bay of Bengal in the east; Tamil Nadu to the south; and Karnataka to the west. Three major rivers, Godavari, Krishna, and Pennar, run across the state. A small enclave of 30 km^2 - the Yanam district of Puducherry, lies in the Godavari Delta in the northeast of the state. The state includes the eastern part of Deccan Plateau and a considerable part of Eastern Ghats. The state is richly endowed with natural and human resources with competitive socio-economic advantages. Its geographical area of 160,204 km^2 makes it the 8th largest state in the country. Andhra Pradesh State is situated in a tropical region and has the 2nd longest coastline in the country with a length of 974 km. The state has a forest area of 34,572 km^2 as per forest records, which accounts for 21.58% of the total geographical area. The state has a variety of physiographic features ranging from high hills and undulating plains to coastal and deltaic environment.

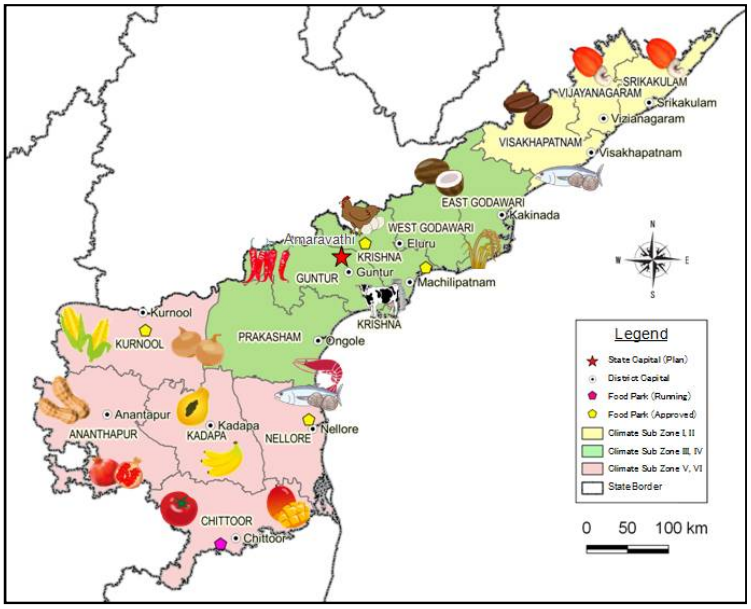
Andhra Pradesh State was broadly divided into six agro-climatic zones as stated in Table 3.9.1 and Figure 3.9.1. The natural environment in Andhra Pradesh State is presented in Figure 3.9.2.

Table 3.9.1 Agro-Climatic Zones of Andhra Pradesh State and Their Characteristics

SN.	Zone	District	Climate	Soil Type	Crop Grown
I	High altitude and tribal areas	Northern borders of Srikakulam, Vizianagaram, Visakhapatnam, East Godavari, and Khammam	Temperature: Max. 29-42 ºC Min. 16-24 ºC Rainfall: > 1400 mm	Hill slopes and undulating transported soils	Horticultural crops (cashew, mango, etc.), millets, pulses, chilly, turmeric, and pepper
II	North Coastal Zone	Srikakulam, Vizianagaram, Vishakhapatnam, and uplands of East Godavari District	Temperature: Max. 29-42 ºC Min. 18-27 ºC Rainfall: 1000-1100 mm	Red soils with clay base, pockets of acidic soils, and laterite soils with PH 4-5.	Rice, groundnut, mesta, jute, sunhemp, seasmum, sorghum, pearl millet, blackgram, sugarcane, and horticultural crops (banana and mango)
III and IV	Krishna-Godavari Zone	East Godavari, West Godavari, Krishna, Guntur, and contiguous areas of Khammam, Nalgonda, and Prakasam	Temperature: Max. 29-42 ºC Min. 16-24 ºC Rainfall: 800-1100mm	Deltaic alluvium, red soils with clay, black cotton soils, red loams, coastal sands, and saline soils	Rice, groundnut, sorghum, pearl millet, tobacco, cotton, chilli, sugarcane, and horticultural crop (mango and tomato)
V	Southern Zone	Nellore, Chittoor, southern parts of Prakasam and Kadapa, and eastern parts	Temperature: Max. 28-40 ºC Min. 13-27 ºC Rainfall:	Red loamy soils, shallow to moderately deep.	Rice, groundnut, cotton, sugarcane, millets, tomato, and horticultural crops

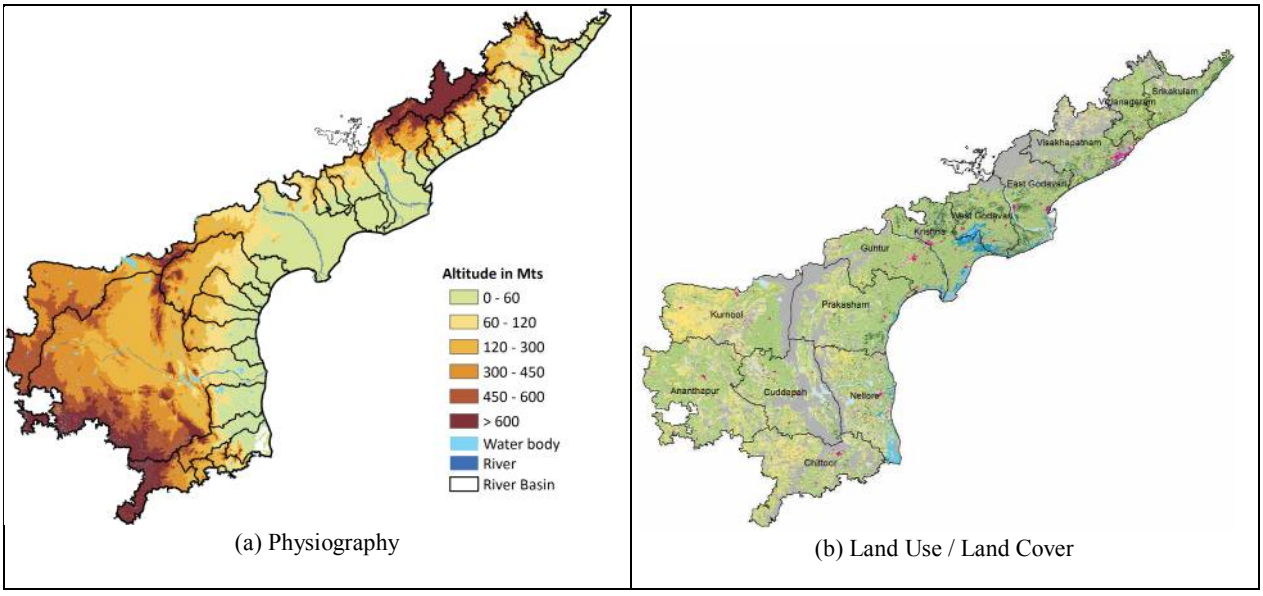
SN.	Zone	District	Climate	Soil Type	Crop Grown
		of Anantapur	700-1000 mm		(mango, papaya, and tomato)
VI	Scarce Rainfall Zone	Kurnool, Anantapur, Prakasam (western parts), Prakasam (western parts), Kadapa (northern part), and Mahaboobnagar (southern border).	Temperature: Max. 32-40 ºC Min. 13-28 ºC Rainfall: 500-750 mm	Red earths with loamy soils (chalkas), red sandy soils, and black cotton soils in pockets.	Cotton, sorghum, millets, groundnut, pulses, horticultural crops (mango, papaya, banana, and orange) and rice

Source: Department of Agriculture, Andhra Pradesh
http://apwsipnsp.gov.in/APWSIP/Downloads/PIP%20Final/Component%20A/Chapter%201%20Introduction/Annex%201.pdf

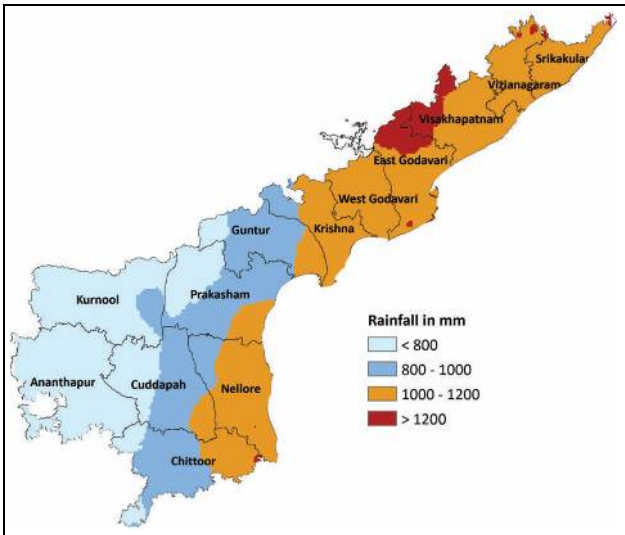


Source: Department of Agriculture, Andhra Pradesh State

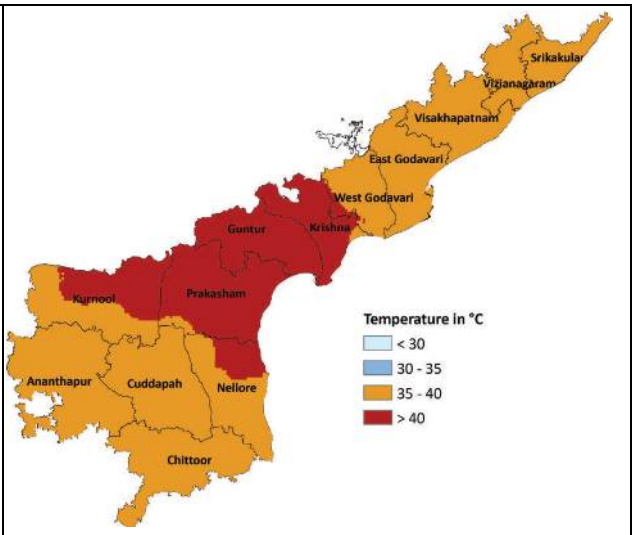
Figure 3.9.1 Agro-Climatic Zones of Andhra Pradesh State



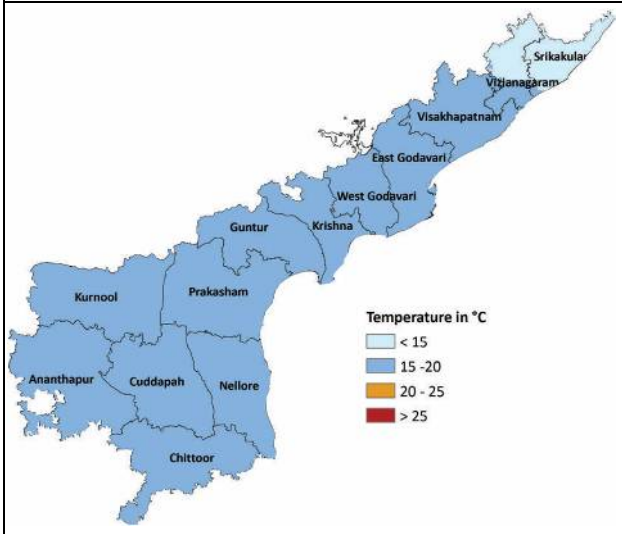
(a) Physiography (b) Land Use / Land Cover



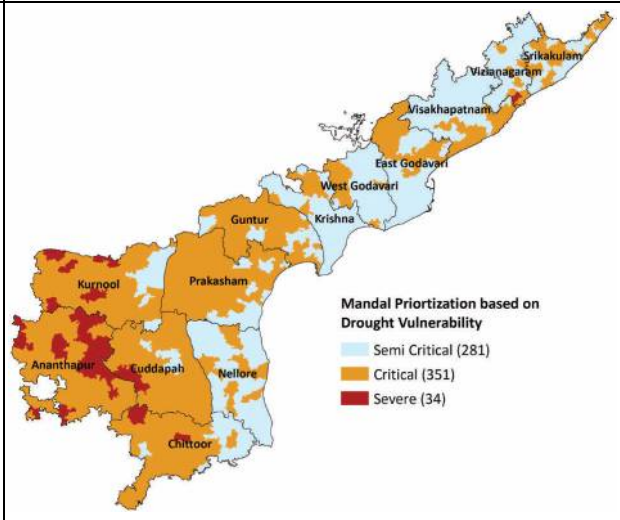
(c) Annual Rainfall



(d) Maximum Temperature in May



(e) Minimum Temperature in January



(f) Drought Prone Mandals

Source: Andhra Pradesh Statistics Summary 2014

Figure 3.9.2 Natural Environment in Andhra Prasesh State

3.10 Annual Budgets and Expenditures

Annual budgets and annual expenditures of the Andhra Pradesh State for the last three years are shown in Table 3.10.1 and Table 3.10.2, respectively. The revenue balance shifts from surplus to deficit in the fiscal year 2014-15 due to the bifurcation of the state from erstwhile Andhra Pradesh (including Telangana) to the residual Andhra Pradesh (excluding Telangana) in June 2014. The primary deficit also shifts from surplus to deficit but the fiscal deficit was maintained at the same level in 2013-14.

Table 3.10.1 Annual Budgets of Andhra Pradesh State

(Unit: INR in million)

Particulars	Accounts*1 2013-14	Revised Estimate*2 2014-15	Budget Estimate*3 2015-16
I. Opening Balance	-5,592.923	-909.964	-18,033.894
II. Revenue Receipts	1,107,188.296	840,660.539	901,249.900
III. Capital Receipts	262,787.412	262,890.092	227,274.900
IV. Total Receipts (II+III)	1,370,975.708	1,103,550.631	1,128,524.800
V. Non-Plan Expenditure	944,439.267	893,185.493	786,365.111
VI. Capital Expenditure	82,067.267	61,745.414	54,128.215

Particulars	Accounts*1 2013-14	Revised Estimate*2 2014-15	Budget Estimate*3 2015-16
VII. Plan Expenditure	421,853.482	227,489.068	344,124.720
VIII. Total Expenditure (V+VII)	1,366,292.749	1,120,674.561	1,130,489.831
IX. Overall Transactions (IV-VIII)	4,682.959	-17,123.930	-1,965.031
X. Closing Balance (I+IX)	-909.964	-18,033.894	-19,998.925
XI. Revenue Surplus (+)/ Deficit (-)	3,443.362	-142,425.731	-72,997.867
XII. Fiscal Deficit (-)	-180,500.633	-203,200.987	-175,842.440
XIII. Primary Deficit (-)	51,394.205	-106,438.715	-63,860.507

*Note: *1= Old Andhra Pradesh, *2= Transition to new Andhra Pradesh (Old Andhra Pradesh for April and May, the rest for new Andhra Pradesh), *3= New Andhra Pradesh*
Source: Abstract from Andhra Pradesh Budget in Brief 2015-16, pp. 3-4, Minister of Finance, Andhra Pradesh

Looking into the annual expenditures, allocation to the economic services decreased from 37% in 2013-14 to 33% in 2015-16 in the context of reduction in the total expenditure.

Table 3.10.2 Annual Expenditures of Andhra Pradesh State

(Unit: INR in million)

Particular	Accounts 2013-14*1			Revised Estimate 2014-15*2			Budget Estimate 2015-16*3		
	Non-Plan	Plan	Total	Non-Plan	Plan	Total	Non-Plan	Plan	Total
Economic Services	258,722.7 28.87%	229,166.4 54.62%	487,889.1 37.08%	300,597.7 33.65%	116,933.8 51.40%	417,531.5 37.26%	185,222.3 23.55%	186,895.3 54.31%	372,117.6 32.92%
Social Services	224,197.3 25.01%	184,807.4 44.05%	409,004.7 31.08%	228,826.2 25.62%	106,372.1 46.76%	335,198.3 29.91%	232,677.9 29.59%	149,015.1 43.30%	381,693.0 33.76%
General Services	461,519.2 48.87%	7,879.6 1.87%	469,398.8 34.36%	363,761.7 40.73%	4,183.1 1.84%	367,944.8 32.83%	368,464.9 46.86%	8,214.3 2.39%	376,679.2 33.32%
Grand Total	944,439.2	421,853.4	1,366,292.6	893,185.6	227,489.0	1,120,674.6	786,365.1	344,124.7	1,130,489.8

*Note: *1= Old Andhra Pradesh, *2= Transition to new Andhra Pradesh (Old Andhra Pradesh for April and May, the rest for new Andhra Pradesh), *3= New Andhra Pradesh*
Source: Andhra Pradesh Budget in Brief 2015-16, pp. 9-10, Minister of Finance, Andhra Pradesh

The breakdown of the annual estimated budget for economic services in 2015-16 is presented in Table 3.10.3.

Table 3.10.3 Annual Budget Estimate for Economic Services in 2015-16

(Unit: INR in million)

Particular	Budget Estimate 2015-16					
	Non-Plan		Plan		Total	
Agriculture and Allied Services	68,705.3	37%	18,750.2	10%	87,455.5	24%
Rural Development	30,152.2	16%	85,029.7	45%	115,181.9	30%
Irrigation and Flood Control	5,799.3	3%	46,781.3	25%	52,580.6	14%
Energy	42,643.9	23%	961.2	1%	43,605.1	12%
Industry and Minerals	1,162.7	1%	5,654.2	3%	6,816.9	2%
Transport	12,185.4	7%	20,155.5	11%	32,340.9	9%
Science Tech. Environment	37.2	0%	9.5	0%	46.7	0%
General Economic Services	24,536.3	13%	9,553.7	5%	34,090.0	9%
Total for Economic Service	185,222.3	100%	186,895.3	100%	372,117.6	100%

*Note: *1= Old Andhra Pradesh, *2= Transition to new Andhra Pradesh (Old Andhra Pradesh for April and May, the rest for new Andhra Pradesh), *3= New Andhra Pradesh*
Source: Andhra Pradesh Budget in Brief 2015-16, pp. 9-10, Minister of Finance, Andhra Pradesh

As seen in the above table, rural development accounts for 30% of the total budget allocated to economic services, followed by agriculture and allied services (24%), and irrigation and flood control (14%).

4. PRESENT CONDITIONS OF IRRIGATION IN ANDHRA PRADESH STATE

4.1 General

This chapter describes briefly the present conditions of irrigation in Andhra Pradesh State, its features, characteristics, and shortcomings in comparison with the national level and between states and districts. Hereinafter, all figures for Andhra Pradesh State represents data after bifurcation from Telangana State, unless otherwise explicitly indicated.

Andhra Pradesh State is blessed with 40 major, medium and minor rivers. Godavari, Krishna, Vamsadhara, Nagavali are the main rivers flowing in the state followed by 35 other medium and small rivers like Champavathi, Sarada, Varaha, Tandava, Eleru, Erra Kaluva, Tammileru, Budameru, Muniyeru etc. Out of 40 rivers, 15 are inter-state rivers. In the above rivers, 54,255 MCM of water is available with 75% dependability. In addition to 24,957 MCM of annually replenishable utilisable groundwater is available in the state. So, the total water resources available from surface water and groundwater is 67,337 MCM. But this water is not uniformly distributed all over the state. As a result, some parts of the state faces water scarcity and some other places surplus conditions.

Current status of water resources and irrigation in Andhra Pradesh State is briefly as follows:

Table 4.1.1 Basic Information for Water Resources and Irrigation in Andhra Pradesh State

No.	Item	Present Condition
1	Geographical Area	16.276 million ha
2	Total cultivable Area	8.055 million ha
3	Irrigation Potential Created	4.157 million ha
4	Normal Annual Rainfall	966 mm (500 mm to 1,200 mm)
5	No. of Major and Medium Irrigation Projects completed	80 Nos.
	- Major projects	18 Nos.
	- Medium Projects	62 Nos.
6	No. of Major and Medium Irrigation Projects on going	
	- Major Projects	23 Nos.
	- Medium Projects	9 Nos.
	- Flood Banks	4 Nos.
	- Modernisation of Deltas	7 Nos.
7	Institution of Major Projects	
	- Project committees	17 Nos.
	- Distributory committees	246 Nos.
	- Water user association	1,708 Nos.
8	Institution of Medium Projects	
	- Project committees	34 Nos.
	- Water user association	239 Nos.
9	Institution of Minor Projects	
	- Water user association	4,065 Nos.
10	Irrigated Area	
	- Gross	3.886 million ha
	- Net	2.927 million ha
11	No. of Tanks	40,817 Nos.
12	Water storage Capacity of Tanks	7,803 MCM
13	Lift Irrigation Schemes	1,136 Nos.
14	Rain Water Harvesting Structures	36, 612 Nos.

Source: Initiatives in Irrigation Sector, DoWR/GoAP

In addition to the above, irrigation area in India by State (2010-11), State-wise percent coverage of irrigated area under principal crops (2011-12), irrigation source by state in India (2011-12) are shown in Attachments 4.1.1, 4.1.2 and 4.1.3.

Andhra Pradesh State is divided into three regions in relation to climate and hydrology as shown in

Table 4.1.2 and Table 4.1.3, of which monthly data are presented in Attachments 4.1.4 and 4.1.5, respectively.

- North Region: Relatively abundant in rainfall, northern mountainous area in low temperature
- Central Region: Rivers with huge catchment areas running through the region
- South Region: Relatively high temperature, less rainfall

Table 4.1.2 Rainfall Distribution by District and Season (1901-2002, 2009-2013)

(Unit: mm)

No.	Region	District	South West Monsoon (Jun. to Sep.)	North East Monsoon (Oct. to Dec.)	Winter Period (Jan. to Feb.)	Hot Weather Period (Mar. to May)	Total
1	North	Srikakulam	608.7	254.0	17.7	85.5	965.8
2		Vizianagaram	750.5	239.7	19.5	109.3	1,119.0
3		Visakhapatnam	722.4	270.8	16.0	86.4	1,095.6
4	Central	East Godavari	675.7	276.8	12.2	65.9	1,030.6
5		West Godavari	637.6	259.7	10.2	62.2	969.7
6		Krishna	545.5	273.5	9.9	67.0	896.0
7		Guntur	441.4	283.3	9.5	63.3	797.5
8		Prakasam	379.4	281.2	6.4	58.6	725.6
9	South	Nellore	375.6	401.1	11.9	66.9	855.6
10		Kadapa	367.3	212.3	3.8	85.5	668.8
11		Kurnool	322.1	156.4	2.5	67.4	548.5
12		Anantapur	351.1	185.7	2.7	112.5	652.0
13		Chittoor	429.7	310.0	11.4	119.3	870.4
Entire Andhra Pradesh State			508.2	261.9	10.3	80.7	861.2

Source: India Water Portal (http://www.indiawaterportal.org/)
Customised Rainfall Information System (http://hydro.imd.gov.in/hydrometweb/)

Table 4.1.3 Mean Temperature by District and Season (1901-2002)

(Unit: °C)

No.	Region	District	South West Monsoon (Jun. to Sep.)	North East Monsoon (Oct. to Dec.)	Winter Period (Jan. to Feb.)	Hot Weather Period (Mar. to May)	Average
1	North	Srikakulam	26.4	22.8	21.6	27.0	24.9
2		Vizianagaram	26.7	22.9	21.9	27.8	25.2
3		Visakhapatnam	28.1	24.4	23.4	29.4	26.7
4	Central	East Godavari	29.0	25.2	24.1	29.8	27.4
5		West Godavari	29.4	25.4	24.3	30.0	27.7
6		Krishna	29.1	25.0	24.3	30.1	27.5
7		Guntur	29.4	25.2	24.7	31.0	28.0
8		Prakasam	29.4	25.2	25.1	31.4	28.2
9	South	Nellore	27.9	24.6	24.9	31.2	27.4
10		Kadapa	27.1	23.6	23.6	29.5	26.2
11		Kurnool	27.9	24.6	24.9	31.2	27.4
12		Anantapur	25.6	23.3	23.7	28.9	25.5
13		Chittoor	27.0	23.5	23.2	28.5	25.9
Entire Andhra Pradesh State			27.9	24.3	23.8	29.7	26.8

Source: India Water Portal (http://www.indiawaterportal.org/)

The Krishna and the Godavari rivers have big catchment areas and flow through the central region of Andhra Pradesh State as shown in Figure 4.1.1. On the other hand, the northern and southern regions are covered by rather small river basins.

Source: Website of DoWR, Andhra Pradesh State (http://irrigationap.cgg.gov.in/wrd/basinMaps)

Figure 4.1.1 Andhra Pradesh State Basin Map

Therefore, each area presents its remarkable characteristics in irrigation source. As shown in Table 4.1.4, the central region takes advantage of big river basins and major irrigation canal systems serving water to their vast plains while tank irrigation is developed in the northern region and groundwater irrigation is relatively popular in the southern region.

Table 4.1.4 District-wise Irrigation Area by Water Source in Andhra Pradesh State

District		Gross Irrigated Area	By Canal*			By Tank**			By Groundwater		
		(ha)	(ha)	(%)	Rank	(ha)	(%)	Rank	(ha)	(%)	Rank
North	Srikakulam	219,231	111,193	50.7%	5	75,658	34.5%	2	29,549	13.5%	13
	Vizianagaram	183,597	44,973	24.5%	10	87,793	47.8%	1	45,561	24.8%	9
	Visakhapatnam	158,500	66,468	41.9%	8	37,730	23.8%	3	28,052	17.7%	12
Central	East Godavari	500,709	337,721	67.4%	2	37,105	7.4%	8	112,465	22.5%	11
	West Godavari	673,127	355,102	52.8%	4	19,403	2.9%	12	24,471	42.3%	6
	Krishna	446,154	292,726	65.6%	3	35,014	7.8%	7	100,796	22.6%	10
	Guntur	514,144	358,819	69.8%	1	5,618	1.1%	13	128,756	25.0%	8
	Prakasam	261,892	96,289	36.8%	9	24,154	9.2%	5	126,101	48.2%	4
South	Nellore	337,261	153,169	45.4%	6	77,947	23.1%	4	99,119	29.4%	7
	Kadapa	202,500	30,118	14.9%	11	8,208	4.1%	11	162,917	80.5%	2
	Kurnool	288,639	121,693	42.2%	7	15,000	5.2%	9	134,945	46.8%	5
	Anantapur	165,393	21,778	13.2%	12	8,501	5.1%	10	132,826	80.3%	3
	Chittoor	203,175	9,359	4.6%	13	18,126	8.9%	6	175,612	86.4%	1
All Andhra Pradesh		4,154,322	1,999,408	48.1%	-	450,257	10.8%	-	1,561,170	37.6%	-

Source: Andhra Pradesh Statistic Summary 2014
** By Canal: Water resources are reservoirs and headworks.*
*** By Tank: Water resources are ponds.*

In view of actual irrigation practice, Table 4.1.5 shows that irrigation intensity is not so high, especially in tank irrigation, resulting to the possibility of increasing irrigation areas.

Table 4.1.5 Irrigation Intensity by Water Source in Andhra Pradesh State (Average 2009-14)

Source	Irrigation Area (ha)		Intensity (Gross/Net)
	Gross	Net	
Tanks	380,716	347,999	1.09
Canals	1,799,435	1,367,179	1.32
Wells	1,583,468	1,098,099	1.44
Others	139,206	121,002	1.15
Total	3,902,825	2,934,279	1.33

Source: Directorate of Economics and Statistics, Hyderabad, Andhra Pradesh (Statistical Abstract of Andhra Pradesh 2014)

4.2 Department in Charge of Water Resources and Irrigation Development

4.2.1 Responsible Department

The Ministry of Water Resources[1], Government of India is the competent authority for water resources and irrigation development at the national level in India, and Department of Water Resources (DoWR), Government of Andhra Pradesh (GoAP) is the responsible department for these concerns in Andhra Pradesh State.

The main functions of the DoWR of Andhra Pradesh State are:

- Hydrological assessment of the availability of water in the river basins including water allocation to irrigation and other purposes duly assessing the availability in the basin,
- Planning and design of irrigation systems,
- O&M of reservoirs and canal systems,
- Construction of new projects to create irrigation potential for economic development of the state,
- Stabilisation of existing ayacut (command area) by rehabilitation of the age-old projects,
- Modernisation of age-old major and medium irrigation projects,
- Improvement of water use efficiency by integrated and coordinated interventions and implementation of operation and maintenance plans for existing irrigation projects,
- Flood management, and
- Restoration and maintenance of flood banks.

The developed water resources such as dam storage are being used for power generation, domestic and industrial water, and other purposes as well.

The department is headed by an engineer-in-chief for administration and an engineer-in-chief for irrigation, and there is a commissioner of tenders (at same level as engineer-in-chief).

Assisting the above engineers-in-chief, there are 19 posts of chief engineers[2] who are responsible for specific units such as medium irrigation or hydrology, or specific major irrigation projects such as Projects Ongole or Projects Kurnool.

Under the chief engineer, superintending engineers are responsible for their circles. The hierarchy of DoWR officials is summarised in Table 4.2.1 and illustrated in Attachment 4.2.1.

Table 4.2.1 Hierarchy of DoWR Officials

Position	Abbreviation	Responsibility
Superintending Engineer	SE	Circle
Executive Engineer	EE	Division
Deputy Executive Engineer	DyEE	Sub-division
Assistant Executive Engineer	AEE	Section

Source: JICA Survey Team

As related organisations, the following institutions are established:

[1] The official name is The Ministry of Water Resources, River Development, and Ganga Rejuvenation (http://wrmin.nic.in/)

[2] http://irrigationap.cgg.gov.in/uploadedFiles/Employee%20Contacts/CE.pdf

i) Central Designs Organisation of Water Resources Department
Central Organisation of Water Resources Department is a part of DoWR and has specific duties such as furnishing design and drawings of various irrigation structures, finalising lay out of projects, construction drawing, interaction with other organisations, plan for rehabilitation of distress dams, their structural and hydrological review etc.

ii) Water and Land Management Training and Research Institute (WALAMTARI)
WALAMTARI was established in the year 1983 under World Bank aided project. It was registered as a society in the year 1992, under the Societies Registration Act. The institute is widely known in India and outside for the activities under participatory irrigation management.

iii) Commissionerate of Tenders (COT)
COT was constituted in 1987 to overcome several deficiencies in the tender accepting procedure and to ensure all round perception of objectivity and impartiality in the process of finalisation and acceptance of tenders.

iv) Andhra Pradesh State Irrigation Development Corporation Limited (APSIDC)
APSIDC was established in 1974 as an autonomous corporation under the Government of Andhra Pradesh, with main objective to take up the onus to provide irrigation facilities to upland areas to uplift small and marginal farmers and beneficiaries.

v) Ground Water Department
Mandate of Ground Water Department is to develop and disseminate technologies, and monitor and implement national policies for the scientific and sustainable development and management of ground water resources, including their exploration, assessment, conservation, protection from pollution and distribution, based on principles of economic and ecological efficiency and equity.

4.2.2 Budget and Expenditure

The sector-wise budgets and expenditures for irrigation and flood control for the last three years are summarised in Table 4.2.2.

Table 4.2.2 Expenditure and Budget for Irrigation and Flood Control in Andhra Pradesh State

(Unit: INR million)

Category	Budget Estimates 2014-2015	Budget Revised 2014-2015	Budget Estimates 2015-2016
Major Irrigation	23,883	24,009	38,357
Externally Aided Projects	6,286	6,287	9,092
AIBP[3]	2,257	2,257	8,552
State Schemes	15,340	15,465	20,713
Medium Irrigation	1,308	1,249	1,315
AIBP	380	380	448
State Schemes	928	869	867
Minor Irrigation	5,613	5,612	6,081
Externally Aided Projects	1,084	1,083	1,057
NABARD-RIDF[4]	2,000	2,000	1,100
AIBP	1,013	1,013	1,000
State Schemes	1,467	1,467	2,887
Ground Water Department	49	49	37
Command Area Development	146	145	135
Flood Control and Drainage	857	1,553	793
Total	31,808	32,568	46,681

Source: Annual Plan 2015-2016, Minister of Finance, Andhra Pradesh State (http://www.apsdps.ap.gov.in/dp/downloads/Annual_Plan_2015_16.pdf)

Looking into the budget estimate for 2015-16, the budget allocation for major irrigation comprises 82% of the total budget followed by minor irrigation (13%) and medium irrigation (3%).

[3] Accelerated Irrigation Benefits Programme (http://wrmin.nic.in/forms/list.aspx?lid=399)
[4] National Bank for Agriculture and Rural Development – Rural Infrastructure Development Fund (https://www.nabard.org/english/RIDFLoan.aspx)

4.3 Water Resources

4.3.1 Surface Water

Andhra Pradesh State has three major rivers, Godavari, Krishna, and Pennar. In addition to these rivers, 69 medium and minor rivers such as Bahuda, Nagavali, Sarada, Yeleru, Yerra Kalva, Vogarivagu, Gundlakamma, Manneru, Upputeru drain directly into the sea. The river basin map of Andhra Pradesh and Telangana states is shown in Figure 4.3.1.

Remarks: 12 sub-basin in total (No.20 – 26 and 43 – 44 and 47 – 49) are located in Telangana State.
Source: Water Resources of Andhra Pradesh, Andhra Pradesh State Remote Sensing Application Centre

Figure 4.3.1 River Basin Map in Andhra Pradesh and Telangana States

According to DoWR, the surface and groundwater resources of the sub basins are analysed in Table 4.3.1.

Table 4.3.1 Water Availability, Utilisation and Balance for Surface and Groundwater in Andhra Pradesh and Telangana States

(Unit: Million Cubic Meters)

Sub Basin No.	Basin Name	Items	Availability	Utilization	Balance	Sub Basin No.	Basin Name	Items	Availability	Utilization	Balance
1	Bahuda	Surface Water	64.93	60.85	4.08	37-39	Yerrakalva	Surface Water	917.90	473.09	444.81
		Ground Water	46.16	6.80	39.36			Ground Water	850.08	354.25	495.83
		Total	111.09	67.65	43.44			Total	1,767.98	827.34	940.64
2	Mahendratanya	Surface Water	138.07	355.72	-217.65	40	Tammileru	Surface Water	273.66	380.10	-106.44
		Ground Water	75.61	10.48	65.13			Ground Water	112.42	76.46	35.96
		Total	213.68	366.20	-152.52			Total	386.08	456.56	-70.48
3	Pundi Minor Basin	Surface Water	40.89	52.87	-11.98	41	Ramuleru	Surface Water	58.90	0.00	58.90
		Ground Water	55.50	10.19	45.31			Ground Water	290.53	125.73	164.80
		Total	96.39	63.06	33.33			Total	349.43	125.73	223.70
4	Noupada Minor Drainages	Surface Water	130.23	287.76	-157.53	42	Budameru	Surface Water	305.82	339.04	-33.22
		Ground Water	344.05	74.76	269.29			Ground Water	97.13	67.11	30.02
		Total	474.28	362.52	111.76			Total	402.95	406.15	-3.20
5	Vamsadhara	Surface Water	1,486.64	1,292.67	193.97	43-55	Krishna	Surface Water	22,965.09	29,407.20	-6,442.11
		Ground Water	237.86	61.45	176.41			Ground Water	11,340.39	4,438.12	6,902.27
		Total	1,724.50	1,354.12	370.38			Total	34,305.48	33,845.32	460.16
6	Nagavali	Surface Water	1,936.88	1,996.18	-59.30	56	Romperu	Surface Water	186.98	126.78	60.20
		Ground Water	615.05	150.65	464.40			Ground Water	455.34	31.15	424.19
		Total	2,551.93	2,146.83	405.10			Total	642.32	157.93	484.39
7	Peddagedda	Surface Water	71.73	193.38	-121.65	57	Fundlakamma	Surface Water	579.90	726.73	-146.83
		Ground Water	43.33	25.20	18.13			Ground Water	830.54	307.24	523.30
		Total	115.06	218.58	-103.52			Total	1,410.44	1,033.97	376.47
8	Kandivalasagedda	Surface Water	54.28	50.77	3.51	58	Minor Drainages between Musi & Gundlakamma	Surface Water	60.17	24.92	35.25
		Ground Water	61.45	31.72	29.73			Ground Water	118.65	23.50	95.15
		Total	115.73	82.49	33.24			Total	178.82	48.42	130.40
9	Champavathi	Surface Water	236.45	447.32	-210.87	59	Musi (A) - K11	Surface Water	145.35	78.07	67.28
		Ground Water	300.44	73.62	226.82			Ground Water	135.92	53.80	82.12
		Total	536.89	520.94	15.95			Total	281.27	131.87	149.40
10	Gosthani	Surface Water	243.98	227.33	16.65	60	Paleru (A)	Surface Water	164.72	138.67	26.05
		Ground Water	214.08	41.34	172.74			Ground Water	144.98	78.44	66.54
		Total	458.06	268.67	189.39			Total	309.70	217.11	92.59
11	Mathurvada	Surface Water	32.51	52.87	-20.36	61	Manneru	Surface Water	324.23	400.09	-75.86
		Ground Water	23.22	5.95	17.27			Ground Water	289.97	149.80	140.17
		Total	55.73	58.82	-3.09			Total	614.20	549.89	64.31
12	Narvagedda	Surface Water	45.59	157.92	-112.33	62	Kandleru	Surface Water	125.30	110.61	14.69
		Ground Water	68.81	15.86	52.95			Ground Water	609.95	103.92	506.03
		Total	114.40	173.78	-59.38			Total	735.25	214.53	520.72
13	Anakapalli	Surface Water	34.97	75.10	-40.13	63-72	Pennar	Surface Water	2,765.13	5,559.53	-2,794.40
		Ground Water	30.58	3.11	27.47			Ground Water	3,987.03	2,550.23	1,436.80
		Total	65.55	78.21	-12.66			Total	6,752.16	8,109.76	-1,357.60
14	Sarda	Surface Water	354.13	549.89	-195.76	74-75	Swarnamukhi	Surface Water	490.76	451.46	39.30
		Ground Water	262.78	76.46	186.32			Ground Water	487.62	239.28	248.34
		Total	616.91	626.35	-9.44			Total	978.38	690.74	287.64
15	Varaha	Surface Water	204.39	151.89	52.50	76-77	Kalangi	Surface Water	246.05	167.38	78.67
		Ground Water	94.01	32.85	61.16			Ground Water	230.78	84.10	146.68
		Total	298.40	184.74	113.66			Total	476.83	251.48	225.35
16	Thandava	Surface Water	303.47	279.49	23.98	78	Arani	Surface Water	178.94	189.10	-10.16
		Ground Water	131.39	31.43	99.96			Ground Water	116.95	100.53	16.42
		Total	434.86	310.92	123.94			Total	295.89	289.63	6.26
17	Pampa	Surface Water	96.70	45.08	51.62	79	Kushustali	Surface Water	148.18	118.90	29.28
		Ground Water	74.19	20.67	53.52			Ground Water	86.37	87.22	-0.85
		Total	170.89	65.75	105.14			Total	234.55	206.12	28.43
18	Suddagedda	Surface Water	103.13	58.42	44.71	80	Ponnair	Surface Water	5.07	24.64	-19.57
		Ground Water	232.77	72.77	160.00			Ground Water	0.00	0.00	0.00
		Total	335.90	131.19	204.71			Total	5.07	24.64	-19.57
19	Yeleru	Surface Water	577.07	534.31	42.76	81	Paiar	Surface Water	469.95	498.49	-28.54
		Ground Water	169.62	13.59	156.03			Ground Water	436.08	371.24	64.84
		Total	746.69	547.90	198.79			Total	906.03	869.73	36.30
20-36	Godavari Basin (Total)	Surface Water	41,909.16	37,988.44	3,920.72	Total Surface Water			78,477.30	84,073.06	-5,595.76
		Ground Water	9,882.92	3,703.86	6,179.06	Total ground Water			33,584.55	13,704.88	19,879.67
		Total	51,792.08	41,692.30	10,099.78	Total Water			112,061.85	97,777.94	14,283.91

Source: Water Resources of Andhra Pradesh, Andhra Pradesh State Remote Sensing Application Centre

Regarding the balance of the surface water resources, 19 of 39 basins, including the sub basins in Telangana State, are in minus (availability < utilisation). Based on the analysis, there are categorised low potential basins (minus balance) and high potential basins (plus balance). The total balance in Andhra Pradesh and Telangana states is minus due to minus balance of major basins of the Krishna and Pennar rivers.

4.3.2 Groundwater

Regarding the balance of groundwater resources, 38 of 39 basins, including the sub-basins in Telangana State, are in plus. Only one basin (Kushustal basin) is in minus balance. The total balance of Andhra Pradesh and Telangana is also a plus. Godavari and Krishna basins, especially, are in plus balance of more than 6,000 million m^3.

In total of the surface water and groundwater, ten (including the main basin of Pennar River) out of 39 basins are in minus balance. Comparing surface water and groundwater, the development potential of groundwater is generally higher than that of surface water. Both surface water and groundwater of Godavari basin are in plus balance and the total balance is more than 10,000 million m^3.

4.4 Irrigation System

4.4.1 Surface Irrigation

In India, irrigation systems are classified into the following three categories according to their command areas.

- Major Irrigation Project: Command area is greater than 10,000 ha.
- Medium Irrigation Project: Command area is between 2,000 ha and 10,000 ha.
- Minor Irrigation Project: Command area is less than 2,000 ha.

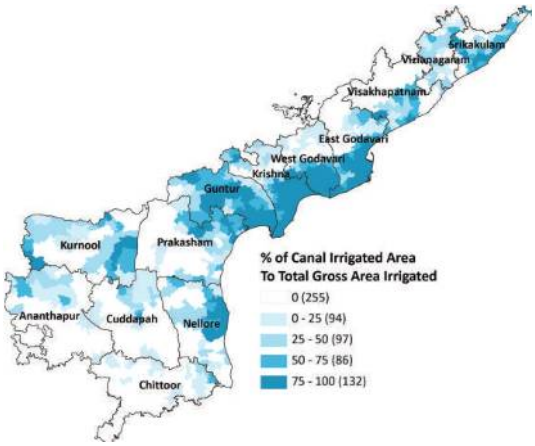
In Andhra Pradesh State, water users associations (WUAs) are organised for irrigation schemes of which the command area is greater than 40 ha. About four million ha of irrigation potential has been created so far, as summarised in Table 4.4.1.

Table 4.4.1 Total Irrigation Potential in Andhra Pradesh State

Description	Irrigation Potential Created	
	(acre)	(ha)
Irrigation Potential Created before 1956		
Major and Medium Irrigation	2,972,721	1,189,000
Irrigation Potential Created 1956 to 2015/02		
Major and Medium Irrigation	3,935,689	1,574,000
Irrigation Potential Created Since Inception up to 2015/02		
Minor Irrigation	2,560,444	1,024,000
APSIDC[5]	703,426	281,000
Total	10,172,280	4,068,000

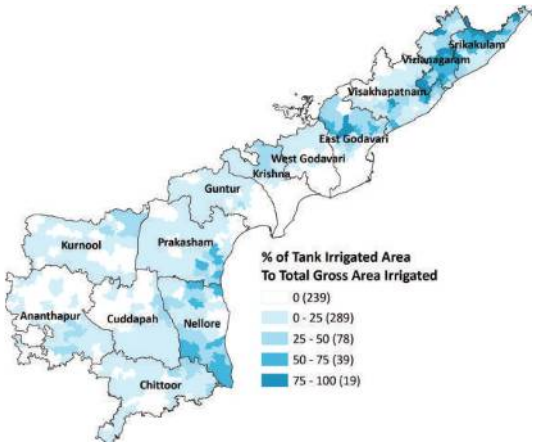
Source: Website of DoWR, Andhra Pradesh ((http://irrigationap.cgg.gov.in/wrd/projects)

The distributions of irrigation areas by water source are illustrated in Figure 4.4.1 and Figure 4.4.2.



Source: Andhra Pradesh Statistic Summary 2014

Figure 4.4.1 Canal Irrigation Area



Source: Andhra Pradesh Statistic Summary 2014

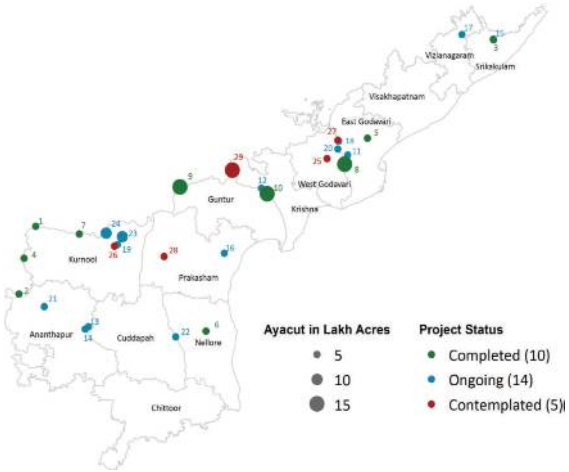
Figure 4.4.2 Tank Irrigation Area

[5] AP State Irrigation Development Corporation Limited is an AP State company mainly for irrigation development of upland areas (http://apsidc.ap.nic.in/aboutAPSIDC.html).

As observed from the figures above, the central region is mainly irrigated by canals namely major and medium irrigation projects. The area irrigated by canals occupies 48.1% of the total irrigation area in Andhra Pradesh State.

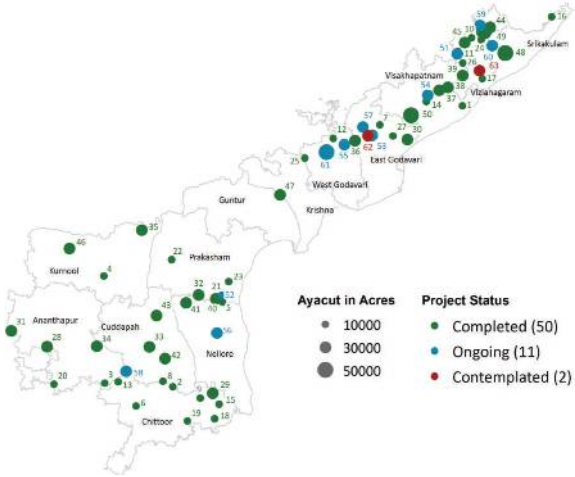
On the other hand, tank irrigation systems are developed more in the northern and southern regions, where rivers with big catchments are scarce. Tank irrigation consisting of medium and minor irrigation schemes covers 10.8% of the total irrigation area in Andhra Pradesh State.

Andhra Pradesh State has ten major irrigation projects and 50 medium irrigation projects already completed, forming 2.1 million ha of command area. The state also has 14 major and 11 medium ongoing projects, of which the total command area is 1.2 million ha as of May 2014. As shown in Figure 4.4.3 and Figure 4.4.4, major irrigation projects exist mainly in the central region while many medium irrigation projects are operating in the northern region.



Source: Andhra Pradesh Statistic Summary 2014

Figure 4.4.3 Major Irrigation Projects



Source: Andhra Pradesh Statistic Summary 2014

Figure 4.4.4 Medium Irrigation Projects

Minor irrigation projects, defined as projects with command areas of less than 2,000 ha, are scattered all over Andhra Pradesh State. The small-scale schemes of which the command area is less than 40 ha were superintended until 2005 by the Panchayati Raj Department, and had been transferred to DoWR. The numbers of minor irrigation projects are 6,361 with command areas of over 40 ha and 35,376 with command areas of less than 40 ha, for a total number of 41,737. The total command area works out to be about one million ha.

However, the actual irrigated area fluctuates between 272,000 ha and 537,000 ha (2008-2014) as shown in Table 4.4.2.

The following are reckoned as the reasons for this gap.

- Decrease in inflows to the tank
- Decrease in storage due to silting
- Deterioration of physical system
- Poor canal system
- Poor water use efficiency

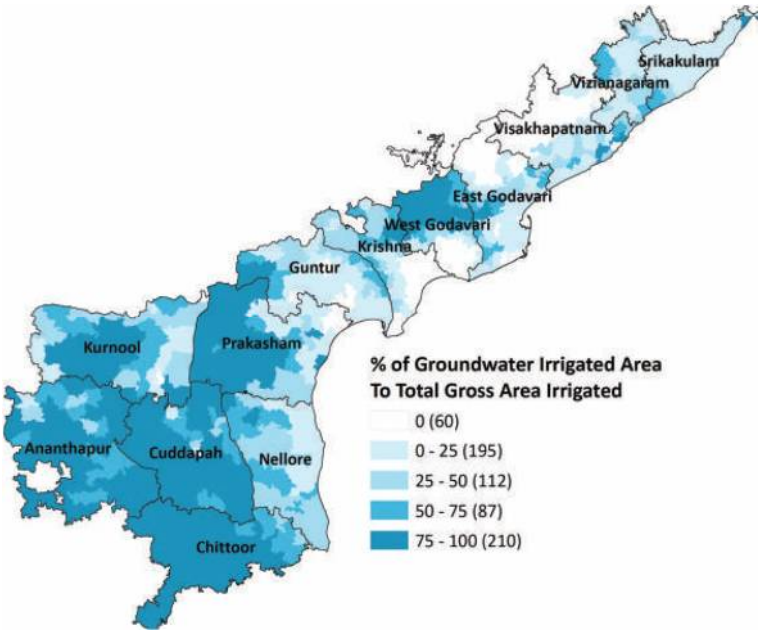
Table 4.4.2 Total Irrigated Area in Andhra Pradesh State

Crop Season	Irrigated Area	
	In 100,000 acres	In 1,000 ha
2008-2009	9.03	362
2009-2010	6.81	272
2010-2011	9.97	399
2011-2012	11.27	451
2012-2013	13.43	537
2013-2014	11.56	462

Source: Web Site of DoWR (http://irrigationap.cgg.gov.in/wrd/minorirrigation)

4.4.2 Groundwater Irrigation

Groundwater irrigation comprises 37.6% of the total irrigation areas in Andhra Pradesh State. The development of groundwater irrigation is conducted by the State Ground Water Department under DoWR. The southern and central regions depend mainly on groundwater irrigation as shown in Figure 4.4.5.



Source: Andhra Pradesh Statistic Summary 2014

Figure 4.4.5 Groundwater Irrigation Area

It is considered that groundwater has not been utilised enough in comparison to its potential. A White Paper on Irrigation (2014) issued by DoWR, Andhra Pradesh State declares the following and emphasises poor utilisation of groundwater for irrigation purpose.

- Neglecting water conservation methods.
- Areas like minor irrigation, water conservation measures, rainwater harvesting for ground water recharge, conjunctive use of surface and ground water, sprinkler, and drip irrigation were totally neglected which resulted in the reduction of areas under irrigation.

4.4.3 Conjunctive Use of Surface Water and Groundwater for Irrigation

Conjunctive use of surface water and groundwater for irrigation means:

The practice of storing surface water in a groundwater basin during wet seasons and withdrawing it from the basin during dry seasons so that the combination of surface water and groundwater helps in constant irrigation supply to crops throughout the year

In Andhra Pradesh State, the Ground Water Department under DoWR is aiming at expanding conjunctive use in order to decrease the gap ayacut[6] and increase net irrigation areas; however it is still in the stage of studies, investigations, and planning.

Considering the high gap ayacut and especially frequent droughts in some areas, it is considered useful to introduce conjunctive use of surface water and groundwater.

The White Paper on Irrigation 2014 is focusing on the conjunctive use of surface water and groundwater, taking up lift irrigation schemes with micro irrigation in order to popularise irrigated dry (ID) crops, horticulture, floriculture, and other low water-consuming commercial crops.

DoH is implementing Andhra Pradesh Micro Irrigation Project (APMIP[7]) aiming at promotion of micro irrigation (MI) in Andhra Pradesh State. The objectives are as follows.

- To increase the area under MI through improved technologies
- To enhance water use efficiency
- To increase productivity of crops and farmer income

[6] The gap between command area and actual irrigated area of which the cause is water loss due to deficiencies in facilities and poor operation and management, assuming that the water allocated to the project is available.
[7] http://horticulturedept.ap.gov.in/Horticulture/(S(ilngo5fgb3bmhwy2tnyom4xj))/Home.aspx

- Saving energy in Agriculture sector
- Higher fertilizer use efficiency

The irrigation methods are mainly drip and sprinkler for fruits, horticulture crops and vegetables utilising groundwater. The system and procedure of this programme is given below.

- The size of farmland for micro irrigation is 50 acre (20 ha) at the maximum, and farmers who possess lands larger than 54 acre are not eligible.
- A farmer who is already a beneficiary under an existing public irrigation scheme is also allowed to apply for this programme.
- An applicant farmer registers the application online through Mee Seva[8] centre
- The farmer should have water source and power supply.
- After examination by APMIP officers (Project Director, Deputy Project Director, MI Engineer and MI Area Office), a sanction is given if deemed applicable.
- The sanction is notified to the farmer by SMS and the amount to be borne by him/her.
- The farmer negotiates and selects a registered firm for provision and installation of MI system. At present 26 companies are registered in Andhra Pradesh State in this regard.
- After installation of MI system, the company is obligated to provide free follow-up/after-sales service for five years (stipulated in the contract).
- The GoI and Andhra Pradesh State subsidize majority of the costs. For SC/ST beneficiaries, 100% of the cost is subsidised, and 90% for small farmers.

This program was started in 2003 and under this program, farmlands of 437,376 ha and 161,645 ha were provided with drip and sprinkler irrigation respectively as of 2014/15, and the action plan for 2015-16 aims at 100,000 ha development.

4.5 Participatory Irrigation Water Management and Water User Associations

4.5.1 Irrigation Management Reform

Irrigation sector reform in Andhra Pradesh State was initiated to involve farmers in irrigation management and ultimately to achieve irrigation management transfer to farmer's organisations. The irrigation management transfer to farmer's organisations was associated with policy, legislative, public expenditure, and institutional reforms through a timely linkage with the Andhra Pradesh Economic Restructuring Project (APERP). The actions taken for reform are summarised in Box 4.5.1.

Box 4.5.1: Major Features of Irrigation Management Reform

- A new irrigation policy:
- Tripling of water charges in 1996/97 *rabi* season for sustainable O&M of the schemes,
- Issuance of legislation for farmer management of irrigation (Andhra Pradesh Famers Management of Irrigation System (APFMIS) Act)
- Community outreach: the policy and programmes were prepared through substantial consensus both in the community and the political levels
- Creation of water users associations across the state (10,292 WUAs and 174 distributary committees were formed)
- Established Water Charge Review Committee (WCRC) in 1997 for review of revenue collection and O&M expenditure needs;
- WUA, staff, and NGO training programmes conducted with a major training campaign
- Joint diagnostic of scheme deficiencies and needs by WUAs and department staffs
- Minimum rehabilitation: deferred maintenance works were taken up by WUAs, which enabled them to manage maintenance works including procurement, negotiation for machineries, and maintenance of records.

Source: The World Bank, 1999, 'the Irrigation Sector' The International Bank for Reconstruction and Development

[8] 'Mee seva' means 'at your service' in Telugu, which provides public services through technology such as internet. There are 62,000 centres in AP state. (http://www.meeseva.gov.in/Meeseva/intro.html)

Achievement of the reform was additional area of more than 20,000 ha opened to irrigation[9]. It was assessed that the cost of maintenance works taken up by the WUAs was on an average 20% lower than that of works let out to contractor[9].

Within the irrigation reforms programme, participatory irrigation management (PIM) was promoted in three phases as follows:

First phase: A pilot programme of water users association (WUA) in the management of irrigation system in a small-scale minor scheme under Sriramsagar Project, which was gradually expanded to wider areas.

Second phase: The experience of the first phase was scaled up to the entire state. During this period, an act was passed to provide policy and legal space for WUAs, and WUAs were provided with capacities and resources required for PIM. At this point, emphasis was given to minimum rehabilitation, so as to improve the system before WUAs could take over maintenance.

Third phase: Focusing on water management and annual repairs and maintenance by WUAs, there was a delay in elections of the WUA managing committees and no effort to build a perspective to deal with change management. As a result, and with limited financial resource, the reform progress was hindered.

4.5.2 Procedure of District Irrigation Plan

India has two crop seasons, Kharif and Rabi. Kharif season is from June 1 to October 31 and Rabi season is from November 1 to March 31. The dates of irrigation water supply (District Irrigation Plan) for Kharif / Rabi crop for each and every irrigation scheme (major/medium/minor) are decided by the Irrigation Advisory Board of the district before the beginning of each season. The chair of the Irrigation Advisory Board is the district collector. All the members of parliament and state legislature in the district and all district officers including executive engineers, presidents of distributory committees, and Project Committees (PCs) of WUAs in the district are members of the Irrigation Advisory Board. In addition to the dates of irrigation water supply, weekly/10-day supplies of quantities (discharge) of water are also decided by the Irrigation Advisory Board of the district. Irrigation schedules decided by the board can be modified after commencement of irrigation if deemed necessary, although it still requires approval by the board. For minor irrigation schemes, WUAs of the concerned minor irrigation projects propose their irrigation plan to the board for their approval, through the concerned executive engineer. The WUAs of minor irrigation projects can participate in the decision making through discussions with their executive engineer.

4.5.3 Andhra Pradesh Farmers Management of Irrigation Systems (APFMIS) Act

The APFMIS Act was enacted in 1997 as a legal framework for the reform of irrigation management, followed by the Andhra Pradesh Farmer's Organisation Rules, 1997 for detailed implementation provisions. It devolves power to water users to take over the management and maintenance of irrigation systems. It encouraged farmers to improve irrigation utilisation by providing water rights and created an enabling environment by building institutional frameworks through formation of WUAs in all irrigation projects that have more than 40 ha of command area in the state and by making department staff accountable to WUAs. The act was revised in 2009[10].

[9] J.Raymond Peter (2001) IMT Case Study India, Irrigation Reforms in Andhra Pradesh, India, International Network on Participatory Irrigation Management (INPIM)

[10] 'The Andhra Pradesh Farmers Management of Irrigation System Act, 1997 (with updated amendment as of June 2009) and The Andhra Pradesh Farmers' Organisation Rules, 1997' Water and Land Management Training and Research Institute (WALAMTARI)

Box 4.5.2: Major Features of APFMIS Act 1997

- Transfer of power for the management of state-owned assets
- Creation of new autonomous institutions as legal entities
- Areas defined on a hydraulic basis
- Equity achieved within the structure of a WUA by introducing the concept of territorial constituencies
- All land holders in possession of land in an irrigation system become WUA members with voting rights
- One member, one vote
- Elections by secret ballot
- Functional and administrative autonomy
- Freedom to raise resources
- Resolution of disputes and compounding of offenses
- Simplified procedures for taking up works
- Five-year tenure for farmer's organisations
- Irrigation department, as the responsible authority, is made fully accountable to the farmer's organisations
- Right to recall an elected member after one year
- Social audit and annual accounts audit.

Source: J.Raymond Peter, INPIM, 'IMT Case Study, Irrigation Reforms in Andhra Pradesh, India'

4.5.4 Water Users Association (WUA)

WUAs were formed as legal entities through the APFMIS Act. The act defined farmer's organisations that includes WUA at the primary level, distributory committees (DCs) at the secondary level, and project committees (PCs) at the project level. A distributory committee is comprised of the presidents of all WUAs and a project committee is comprised of all the presidents of the distributory committees. In Andhra Pradesh State, it forms three-tiered structure of PC, DCs and WUAs for major irrigation project, two-tiered structure of PC and WUAs for medium irrigation project, and one-tiered structure of WUA for minor irrigation project. The roles of each farmer's organisation is summarised in Attachment 4.5.1.

The functions of the WUAs include:

- Preparation and implementation of a rotational water supply schedule for each irrigation season based on crop plan to match water deliveries with crop requirements;
- Regulation of water use and monitoring of flow of water for irrigation;
- preparation and implementation of a plan for the maintenance of the distributor system;
- organisation of repair of the system by the farmers free of cost or on payment;
- Education of farmers on preparation of field and irrigating field as well as agriculture operation such as new crop varieties, pesticides, and weedicide; and
- Procurement and hiring of implements and gadgets for agricultural operation as required.

The structure of a WUA comprises of president, vice president, territorial committee members (six per WUA), and farmers in a given territory who are utilising water for irrigation and paying water cess as recorded in the revenue records. The managing committee (MC) of the WUAs, consisting of the territorial committees, have tenures of six years each with one third of the members seeking re-election every two years. The president, vice president, and MC members are elected directly by the water users through a democratic process of secret voting. Elections are organised by the district collector with authorisation by the Water Resources Department. Each member has a vote regardless of the extent of his or her land holdings. If an election is not conducted at the expected time, a competent authority will discharge all the responsibilities in the absence of elected committees. This situation occurred after the election in 2002.

WUAs were established in 1997 after the APFMIS Act came into effect. As the WUA MCs are supposed to be elected every five years, the following elections were conducted in 2002. However, after the election of the MC in 2002 (the election had been delayed and actually was conducted in

2003), no election has been done in most of the WUAs and the WUAs became dormant after the elected MC ended their term in 2007. This was mainly due to the priority of the government at the time that did not stress the importance of the WUAs. During the absence of the MC of WUAs, deputy executive engineers took the role of the WUA president and vice president organising meetings, having financial responsibility, and maintenance works until the recent WUA elections in 2015.

By the end of February 2016, the elections of the WUAs have been conducted in the whole of Andhra Pradesh and 5,715 WUAs (out of total 6,012) have formed MCs through elections led by DoWR. After the election of MCs of WUAs, the DoWR started some training programmes for the newly elected MC members. However, the DoWR has not yet established a clear vision for further development of the WUA. In consideration of this situation, it is a very crucial time to support establishing an optimal PIM strategy. The DoWR formed a working group to prepare the new strategy and guideline for WUAs.

4.5.5 Water Tax and Revenue for O&M

Water tax (cess) was set through the Andhra Pradesh Water Tax Act, 1988 followed by the Water Tax Rules 1990. Water tax has been levied in every land receiving water for irrigation and aqua-culture purpose from any government source of irrigation. Water tax collection is done through joint azmoish carried out both by DoWR and the Revenue Department (Azmoish means the inspection of lands and fields to record the details of the raised crops, trees, and wells.). In order to fund the different/diverse activities, the tax demand is estimated and raised through an assessment of the irrigated cropped area and crop types. At the field level, the assessment of the irrigated area is to be carried out by WUAs and competent authorities through a joint azmoish.

Cess is collected by the Revenue Department as revenue tax. A certain percentage of the collected cess is allocated for maintenance of irrigation scheme. The Andhra Pradesh government, through the policy change to delegate the water management to WUAs, issued an order regarding plough back rate of cess for O&M by WUAs in 2008 (Attachment 4.5.2) which stated that the whole amount of the collected cess is to be used for maintenance and repair work of the irrigation schemes by ploughing back to WUAs and Gram Panchayats. The cess collected is allocated based on the regulation with different portion depending on the level of FO (WUAs, distributory committee, project committee) and Gram Panchayat. For minor irrigation scheme, 90% of the collected revenue is ploughed back to WUA (80% for maintenance works and 10% for administration and water management) and 10% goes to Gram Panchayat. However, due to dormant WUAs, cess plough back has not been credited to WUA accounts and instead was paid in the form of maintenance work through the DoWR.

4.5.6 O&M Budget and Expenditure

The O&M primarily depends on the type of works, methods of assessing the irrigated area (joint inspection by Agriculture, Revenue, and Water Resources departments), tax liability, apportionment and procedure for ploughing back of tax, and source of revenue to make it sustainable. Maintenance and repair works with cost less than INR 500,000 are the responsibility of the WUA, while those above INR 500,000 are under responsibility of the government. The expected works to be done by WUAs include regular maintenance works, de-silting, weed removal, embankment repairs, revetment, repairs to shutters, masonry, lining, cleaning, oiling of screw-gearing shutters, and painting of hoists and gates. However, the present status of O&M of the irrigation projects in general is not satisfactory, as WUAs are dependent on government machinery for O&M works. O&M cost is covered in collected cess that is earmarked for O&M works, and government subsidised schemes of maintenance works. Cess in a minor irrigation scheme is INR 200 per acre per crop season for paddy (wet crop) and INR100 per acre per crop season for ID crops. In the case of a minor irrigation scheme with command area of 200 acre (average command area of the proposed minor irrigation schemes), where farmers cultivate paddy in *Kharif* and ID crops in *Rabi*, the maximum annual cess collection amounts only to INR 60,000. Even though the government has been allocating some portion of budget as their own scheme or as donor funded project, insufficient financial source have been hindering O&M works.

4.6 Donor Support for Water Resources and Irrigation Development

4.6.1 Externally Aided Programmes and Projects

The GoAP is implementing three major externally aided projects in the state for agricultural/irrigation development. These are the following:

i) Andhra Pradesh Irrigation and Livelihoods Improvement Project-I under JICA (APILIP-I);
ii) Andhra Pradesh Community Based Tank Management Project under WB (APCBTMP); and
iii) Andhra Pradesh Water Sector Improvement Project under WB (APWSIP).

KC Canal Modernisation Project under JICA was executed and completed successfully in 2013. The irrigation water was provided up to the tail-end farm and the farmers are enjoying good crop production with irrigation.

The above three ongoing projects are in good progress and nearing completion in 2016/2018. The abstract of these projects and one completed project is presented in Table 4.6.1.

Table 4.6.1 Summary of Other Externally Aided Programmes

Donor Agency	Name of Project	Main Scope of Works	Main Works Attained/Progress	Data Source
Japan International Cooperation Agency (JICA)	Andhra Pradesh Irrigation and Livelihoods Improvement Project – I (APILIP-I)	(i) Construction of 55 minor irrigation projects, (ii) improvement of 20 medium irrigation projects, (iii) participatory irrigation water management, and (iv) capacity building for livelihood improvement.	Scope of the project, project cost, implementation schedule, organisational structure for project implementation and OandM, project effects, and lessons learned. (May 2008 to July 2016)	Project (interim) completion report and interview to Department of Water Resources.
World Bank (WB)	Andhra Pradesh Community Based Tank Management Project (APCBTMP)	(i) Participatory groundwater management targeting 975 minor tank irrigation projects. (ii)Institutional development, agriculture,horticulture,and fisheries.	Scope of the project, project cost, implementation schedule, organisational structure for project implementation and OandM, project effects, and lessons learned. (July 2007 to July 2016)	Post evaluation report, progress reports, and interview to Department of Water Resources.
World Bank (WB)	Andhra Pradesh Water Sector Improvement Project (APWSIP)	(i) Improvement of irrigation service delivery on a sustainable basis to increase productivity of irrigated agriculture in the Nagarjunasagar Scheme (ii)Establishment of a model of groundwater management by individual farmers and farmer's groups	Scope of the project, project cost, implementation schedule, organisational structure for project implementation and O&M, project effects, and lessons learned. (2007 to July 2018)	Post evaluation report, progress reports, and interview to Department of Water Resources
Japan Bank for International Cooperation (JBIC)	Kurnool and Kadapa Canal Modernisation Project (KCCMP)	(i) Constrcution of Sunkesula Barrage, Alaganur Balancing Reservoir (ii) CC lining of main canal (306 km) and distributaries (iii) Participatory irrigation water management, and capacity buildings.	Scope of the project, project cost, implementation works, organisational structure for the project implementation and OandM, project effects, and lessons learned. (Jan 1998 to June 2013)	Project completio report of KCCMP

Source: JICA Survey Team

4.6.2 Lessons from the Past Programmes and Projects

DoWR is preparing a detailed project report (DPR) for implementation of irrigation projects. So far, twelve DPRs have been prepared for medium irrigation projects and twelve DPRs of remaining ten projects are in progress. For the minor irrigation projects (proposed 485 projects), preparation of DPRs is under process in Command Area Development Authority (CADA).

The DPRs of sample projects will be reviewed by the JICA Survey Team. The JICA Survey Team keeps attention on the hydrological study, cost estimates, rehabilitation/strengthening works, and feasibility of the project. The cost estimate in DPR prepared by DoWR for APILIP-II projects will be carefully examined as the estimated cost will become the basis of the project appraisal.

Nippon Koei Co. Ltd. has been engaged in two similar yen loan projects in Andhra Pradesh State.

Therefore, work experiences and technical know-how of irrigation and agricultural development have been gained in the state. The JICA Survey Team has discussed with department officials collection of data/information and conducted field survey/interview of the WUA and farmers in November and December 2015 referring to the lessons learned. The lessons learned from the projects of "Kurnool Kadapa Canal Modernisation Project (KCCMP)" and "Andhra Pradesh Irrigation and Livelihoods Improvement Project (APILIP)" are summarised in Table 4.6.2.

Table 4.6.2 Lessons Learned from Similar Yen Loan Projects Implemented in Andhra Pradesh State

Item	Lessons Learned	Countermeasures proposed by the JICA Survey Team
(1) Preparation of DPR* (Minor Irrigation)	Most of existing minor irrigation schemes were designed and constructed under the old design standard.	a) To apply the latest Indian Standards (IS) code for design in general. b) To prepare DPRs of all candidate minor irrigation projects before the project appraisal by JICA.
	The candidate minor irrigation schemes are not necessarily suitable for modernisation.	a) To examine the water balance of the projects. b) To examine the cost - benefit ratio (B/C) of the projects.
(2) Preparation of DPR (Medium Irrigation)	Preparation of DPR often takes time including the approval from Central Water Commission (CWC).	a) To apply the latest Indian Standards (IS) code for design in general. b) To prepare DPRs of all candidate medium irrigation projects before the project appraisal by JICA.
	Minimising cost increases due to design changes during construction stage.	To carefully review and finalise DPRs with attention to hydrology, water balance and B/C of the projects.
(3) Technical and Administrative Sanction, Tendering and Contract Signing	Avoiding unnecessary delay due to pre-construction activities.	a) Timely arrangement of the meetings for the technical advisory committee (TAC), administrative and technical sanctions. b) To use standard bid documents authorised by DoWR/GoAP. c) To standardise bid evaluation reports for all projects. d) To attend commissionarate of Tenders (COT) to be held once a month with all necessary documents.
(4) Major Design Change	Central Design Office (CDO) is in charge for the major design change of main structures.	a) To request the Central Design Office (CDO) immediately for design change of major structures such as aqueduct, siphon, bridge, etc whenever requires. b) To keep a cooperative relationship with the CDO for the smooth design changes of major structures.
(5) Work Progress Control	Construction works are often delayed due to the design changes, limited time due to irrigation cropping period, and capacity of contractors.	a) To organise the monthly project meeting chaired by Secretary-DoWR and/or state project director (SPD) inviting the contractors if necessary, and to discuss work progress, quality and safety control, problems and measures. b) To guide the contractors for (i) provision of necessary construction equipment with good working conditions. (ii) procurement of construction material such as cement, steel, fuel, sand, good embankment, and to support the contractors in procurement of local sand and embankment materials with the local government and land owners concerned. c) To commence the works as soon as dry season (December to June) begins since the construction period is limited due to cropping season (July to November). d) To make special attention on finishing (balance) works because it usually takes quite long time (more than 3 months) to complete the finishing works. e) Timely preparation of final payment statement, as-built drawings by contractors and completion certificate by DoWR. f) Timely settlement of the progress payment to the contractors and close communication with Project Account Officer (PAO) for smooth payment.
(6) Quality Control	Contractors generally have low awareness of safety control.	To achieve better quality of works attributable to long life of structure and less maintenance costs. - Head work (dam bund and spillway): To repair based on the project specifications and the Indian Standards (IS) codes, and communicate with CDO for their guidance. - Main canals and distributory: Hydraulic Particulars should be prepared

Item	Lessons Learned	Countermeasures proposed by the JICA Survey Team
		based strictly on the site conditions. - Earthwork: Selection of adequate soils and proper compaction with specifications. - Concreting: Proper mixing (weight base) and strict curing work. - Structures: Analysis of works by equipment on compaction works and concrete mixing at the site.
(7) Safety Control	Contractors generally have low awareness of safety control.	To minor and guide the safety control measures strictly based on the safety report submitted by the contractors.
(8) Modern Irrigated Agriculture	Farmers are not accustomed to modern irrigated agriculture practices.	a) To provide training in modern farming practices to the farmers and WUAs through promotion of involvement of WALAMTARI and NGOs. b) It is proposed to organize workshop at the project area time to time. c) The exposure visits to the similar project will be quite effective.
(9) Implementation Body	A comprehensive project for irrigation development, food value chain, and poverty eradication requires close coordination amongst relevant departments.	To establish a project steering committee (PSC) as an appropriate implementation body for the project and also establish a project management unit (PMU) under the committee as the management body.
(10) Participatory Irrigation Management (PIM)	Irrigation management by WUA has been revived through different projects. Issues identified from the previous project are insufficient intervention and resources organisational development.	Intensive support to WUA is proposed with enough budget and supporting agencies. The practical number of supporting organisation to support WUAs is to be assigned with enough staffs and budget. Capacity development of the staffs of the supporting organisation shall be conducted.

*Note: *DPR = Detailed Project Report*
Source: JICA Survey Team

Good lesson learned from similar Yen loan projects are as follows;

i) Preparation of Detailed Monthly/Bi-monthly Monitoring Report by the Consultant (PMC) where detailed actual progress problems and those measures should be indicated. The monitoring report will be effectively utilised for decisions of the proper measures by SPD, CE, EE.

- Guidance to the project site engineers for smooth project implementation
- Guidance to the contractor for procurement of necessary equipment, construction materials as well as safety control works.

ii) Prepare the sample completion report for the project-wise medium and minor irrigation projects (several samples).

iii) Assistance for preparation of annual disbursement schedule to JICA together with Action Plan.

iv) Organise Mini-Workshop at the Project/Construction Site inviting WUA, farmers and contractor, for

- Procurement of construction materials (embankment soils, gravel and sand)
- Smooth employment of construction workers
- Construction works during ID crop season
- Construction of WUA facilities
- Guidance for actual irrigation practice together with NGO, etc
- Safety control activities

5. PRESENT CONDITIONS OF FOOD VALUE CHAIN IN ANDHRA PRADESH STATE

5.1 General

(1) Agro-climatic Zone of the Andhra Pradesh State

Agro-climatically, the state has been divided into five zones. Features of rainfall, temperature, soil type, and crops cultivated differ by category. Details of each climatic zone can be referred to Table 3.7.1.

(2) Agricultural Land

The total geographical area of the state is around 16 million ha, while net sown area of the state is around 6,500,000 ha. District-wise detailed data of agricultural land in the state is shown as Table 5.1.1:

Table 5.1.1 District-wise Land Use of Andhra Pradesh State

No.	District	Total Land (ha)	%	Net Area Sown (ha)	%
1	Srikakulam	583,700	4	302,328	5
2	Vizianagaram	653,900	4	262,713	4
3	Visakhapatnam	1,116,100	7	286,925	4
4	East Godavari	1,080,700	7	423,197	6
5	West Godavari	774,200	5	470,992	7
6	Krishna	872,700	5	511,186	8
7	Guntur	1,139,100	7	640,209	10
8	Prakasam	1,762,600	11	645,277	10
9	Nellore	1,307,600	8	339,989	5
10	Kurnool	1,765,800	11	909,613	14
11	Anantapur	1,913,000	12	1,040,091	16
12	Kadapa	1,535,900	10	356,888	5
13	Chittoor	1,515,100	9	371,721	6
Total		16,020,400	100	6,561,129	100

Source: Statistical Abstract 2014, Andhra Pradesh State

(3) Land Holding and Land Tenure

In the district, average land holding size is around 1.06 ha as shown in Table 5.1.2. Furthermore, the number of holdings with less than 1 ha accounts for around 5 million, which is around 65% out of the total number of holdings.

Table 5.1.2 District-wise Number of Operational Holdings and Area Operated

No.	District	Total Number of Holdings	Total Area (ha)	Average Holding Size (ha)
1	Srikakulam	525,870	349,412	0.66
2	Vizianagaram	446,841	342,484	0.77
3	Visakhapatnam	474,738	400,083	0.84
4	East Godavari	698,714	501,366	0.72
5	West Godavari	565,831	470,051	0.83
6	Krishna	551,567	508,413	0.92
7	Guntur	760,648	701,404	0.92
8	Prakasam	670,553	847,508	1.26
9	Nellore	457,015	478,919	1.05
10	Kurnool	632,902	1,050,086	1.66
11	Anantapur	727,951	1,278,010	1.76
12	Kadapa	441,306	542,399	1.23
13	Chittoor	667,182	626,306	0.94
Total		7,621,118	8,096,441	1.06

Source: Statistical Abstract 2014, Andhra Pradesh State

5.2 Departments In-charge of Agriculture, Food Processing, and Distribution

5.2.1 Responsible Departments

As the administrative jurisdiction for agriculture and food processing in Andhra Pradesh State spreads over multiple departments ranging from irrigation and agricultural production to food processing and marketing, the jurisdiction and authority of each department are described in Table 5.2.1 below.

Table 5.2.1 Administrative Units of Government of Andhra Pradesh for Agriculture and Food Processing

Department	Administration/Function
Planning	Collection, compilation, tabulation, and publication of the socioeconomic data
Agriculture	Production support of grains, oilseed, and cotton
Horticulture	Production support of vegetable, fruits, flower, and spices
Farmers Organisation (FO)	FOs participation in policy making is usually limited to some consultations. Planning is done by the respective departments both at the central and state level.
Agricultural Marketing	Establish and maintain public market, which deals with grains, horticultural, livestock, and fishery products
Livestock, Daily, Fishery	Production support of livestock, dairy, and fishery
Industry and Commerce	Promotion of food processing industry

Source: JICA Survey Team

(1) Planning Department

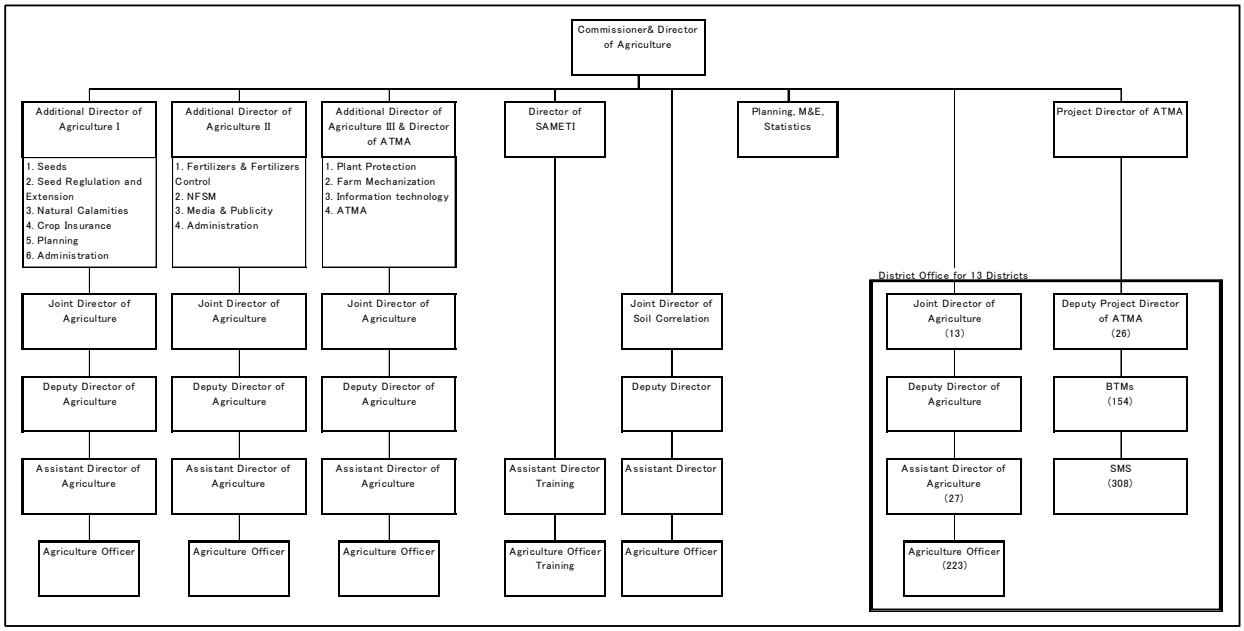
In addition to the overall responsibility for the preparation of all state plans including the Five-Year Plans and monitoring, the Department of Planning is engaged in the collection, compilation, tabulation, and publication of the socioeconomic data related to Andhra Pradesh State. The functional areas of the department include:

- Agricultural statistics covering rainfall statistics, area statistics comprising data on land use, area and production and yield statistics of various crops produced in the state.
- Industrial statistics are covered under two parts: Organised factory sector and unorganised non-factory sector.
- Prices and wages statistics covers collection, compilation, analysis and publication of a wide variety of prices including farm harvest prices, peak marketing prices of agricultural products, wholesale prices of 33 agricultural commodities, and more.
- Official statistics covers the preparation of *Mandal Gananka Darshini* (Annual Mandal-wise Statistics at a Glance), which covers essential statistical data on climate, demography, and agricultural husbandry by mandals.
- State Economy (GSDP and Capital) Formation: State domestic product popularly known as state income is one of the important indicators of economic development. The estimates of the state domestic product at current and constant prices by industry of origin are prepared in four stages for every year.
- Special Censuses
- Agricultural Census
- Socioeconomic Survey

(2) Department of Agriculture

The Department of Agriculture and Cooperation is responsible for formulating and implementing state policies and programmes to achieve rapid agricultural growth through optimum utilisation of the state's land, water, soil, and plant resources.

The organisational structure of the Department of Agriculture (DoA) is shown in Figure 5.2.1.



Source Planning Department, GoAP

Figure 5.2.1 Existing Structure of the Department of Agriculture (Technical Sections only)

The DoA has a primary sector mission to support the economic growth of the state by providing high quality services, which result in a secure and safe food supply, increased agricultural output, and added value on a sustainable and cost effective basis to agricultural sectors, in partnership with the International Crops Research Institute (ICRISAT) to enable Andhra Pradesh State to become amongst the best three performing states in India by 2022. Especially, the followings are major objectives of the mission:

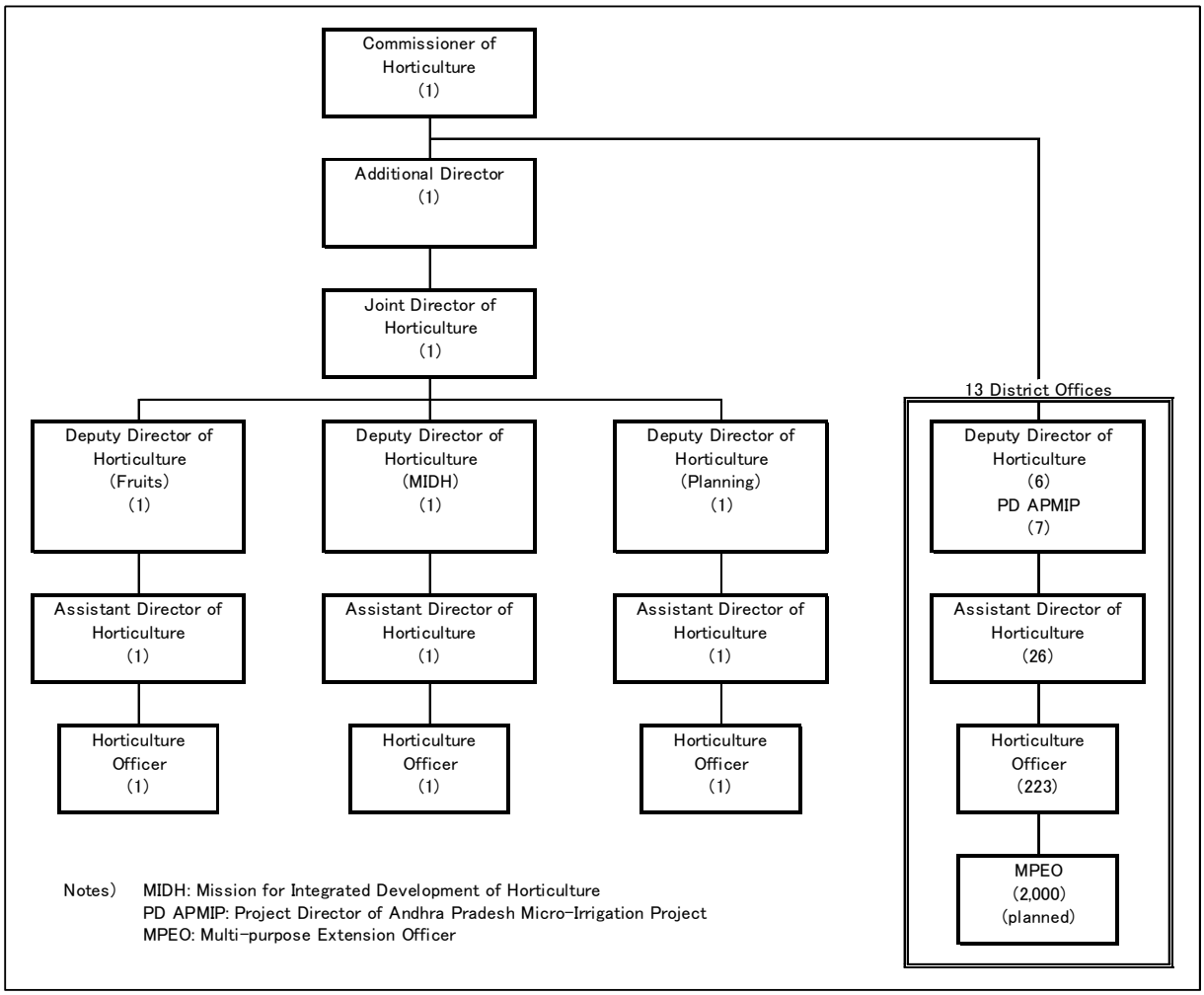
- Increasing productivity of the primary sector;
- Mitigating the impact of droughts through water conservation and micro-irrigation;
- Post-harvest management to reduce the wastage; and
- Establishment of processing, value addition capacity, and supply chain of the identified crops.

Based on a strategy paper summarised in Table 2.2.6., DoA has prepared the agricultural action plan 2015-16 as shown below.

- Soil test based fertiliser recommendation and supply of soil health cards;
- Promotion of self-reliance in seed production amongst farmers;
- Promotion of Integrated Crop Management (ICM) through Integrated Pest Management (IPM), Integrated Nutrient Management (INM), and efficient water management;
- Promotion of organic farming to meet the demand of the world market;
- Soil health based nutrient recommendation and correcting micronutrients like zinc, iron, boron, etc.;
- Farm mechanisation for cost-effective farming practices;
- Promotion of farmers' organisation (Rythu Mitra Groups) for technical and monetary benefits;
- Facilitate farmers to avail agricultural credit;
- Women empowerment and gender balance;
- Re-engineering extension approach for effective extension reach;
- Empowering farmers with advance agricultural practices;
- Capacity enhancement of the department staff for an efficient extension of technology; and
- Provide day-to-day information to farmers on crop production, input supply, and marketing.

(3) Department of Horticulture

The organisational structure of the Department of Horticulture (DOH) is shown in Figure 5.2.2.



Source: Planning Department, GoAP

Figure 5.2.2 Existing Structure of the Department of Horticulture (Technical Sections only)

The state government has recognised horticulture as a means of diversification in agriculture in an eco-friendly manner through efficient use of land and optimum utilisation of natural resources. The following horticulture action plan 2015-16 has prepared by the the DoH in line with a strategy paper summarised in Table 2.2.6.

- Provision of technologies, better management practices, and genuine plant materials to farmers;
- Identification of suitable areas for cultivation of various horticultural crops; motivate, educate, and encourage farmers of those areas to take up cultivation of identified crops on large scale;
- Provision and transfer of new technologies for quality production and productivity of horticultural crops;
- Provision of creation of awareness on water-use management and cropping patterns;
- Act as the nodal agency for implementation of various horticultural programmes of different agencies and state and central organisations;
- Extension of all the benefits of the state and central government; and
- Facilitation of promotion of exports within and outside the state.

(4) Department of Animal Husbandry and Fisheries

Optimal utilisation of natural resources for fish production, promote freshwater aquaculture supported by infrastructure and trained manpower. The main objective of the vision is to consolidate the gains made and transform the animal husbandry sector into profitable livestock agricultural business to further strengthen the rural economy.

- Tap the unused potential of the animal husbandry sector;

- Restructuring and revitalising the credit institutions;
- Revitalising research, technology, and extension to the growing demand;
- Working out the strategy for up gradation of existing livestock for higher production;
- Exploring the scope and need for increased private participation in ensuing veterinary health care and disease control utilising latest biotechnologies;
- Formulating new strategies for scientific feed and fodder development;
- Evolving innovations relevant to the needs of 2020;
- Exploiting marketing avenues for livestock and livestock products through the development of rural marketing grid; and
- Spelling out policy interventions to harness potentialities of various categories of Livestock Sector.

(5) Department of Industry and Commerce

The Department of Industries and Commerce is primarily responsible for the development of industries in general and small-scale industries in particular. The department also plans and implements various schemes for industrial development in the state. The key objectives of the mission are to:

- Make Andhra Pradesh State a leading "Manufacturing Hub" in the country;
- Increase the share of manufacturing sector in the overall state's gross domestic product (GDP); and
- Create large-scale employment.

5.2.2 Budget and Expenditure

(1) Department of Agriculture

The budget and expenditure of the Department of Agriculture (DoA) for the last three years is summarised in Table 5.2.2.

Table 5.2.2 Annual Budget and Expenditure of Department of Agriculture in Andhra Pradesh State

(Unit: Rs. in millions)

Category	2013-14*1	2014-15*2 (Revised Estimate)	2015-16*3 (Budget Estimate)
Plan Schemes			
(1) Crop Husbandry	16,038	9,575	8,915
(2) Soil and Water Conservation	11	-	-
(3) Food Storage and Ware Housing	-	-	600
(4) Agricultural Research and Education	-	1,000	1,000
(5) Other Agricultural Programmes	-	-	-
(6) Capital Outlay on Crop Husbandry	6	88	200
Subtotal (Plan schemes)	16,055	10,662	10,715
Non-Plan Schemes			
(1) Crop Husbandry	2,651	59,402	53,593
(2) Soil and Water Conservation	267	313	233
Subtotal (Non-plan schemes)	2,918	59,715	53,826
Total	18,973	70,377	64,541

*Note: *1= Old Andhra Pradesh State, *2= Transition to new Andhra Pradesh State (Old Andhra Pradesh State for April and May, the rest for new Andhra Pradesh State), *3= New Andhra Pradesh State*
Source: Vol.III/11, Budget Estimate 2015-16, Department of Finance, GoAP

The budget of DoA shares a large portion of the annual budget allocated to agriculture and allied services; say 74% in 2015-16. The budget allocation for plan schemes accounts only for about 20%, and the rest for non-plan schemes.

(2) Department of Horticulture

The budget and expenditure of the Department of Horticulture (DoH) for the last three years is summarised in Table 5.2.3.

Table 5.2.3 Annual Budget and Expenditure of Department of Horticulture in Andhra Pradesh State

(Unit: Rs. in millions)

Category	2013-14*1	2014-15*2 (Revised Estimate)	2015-16*3 (Budget Estimate)
Plan Schemes			
(1) Crop Husbandry	2,731	376	3,100
(2) Forestry and Wildlife	8	-	-
Subtotal (Plan schemes)	2,739	376	310
Non-Plan Schemes			
(1) Crop Husbandry	200	200	194
(2) Forestry and Wildlife	123	-	5
Subtotal (Non-plan schemes)	323	200	199
Total	3,062	576	3,299

*Note: *1= Old Andhra Pradesh State, *2= Transition to new Andhra Pradesh State (Old Andhra Pradesh State for April and May, the rest for new Andhra Pradesh State), *3= New Andhra Pradesh State*
Source: Vol.III/11, Budget Estimate 2015-16, Department of Finance, GoAP

Contrary to the expectation, the budget of DOHis minimal in comparison with that of DoA, say only 5% of the annual budget allocated to DoA in 2015-16. Amongst the budget allocated to DOH, crop husbandry under plan schemes is the largest.

(3) Department of Animal Husbandry and Fisheries

The budget and expenditure of the Department of Animal Husbandry, Dairy Development, and Fisheries (DoAH&F) for the last three years is summarised in Table 5.2.4.

Table 5.2.4 Annual Budget and Expenditure of Department of Animal Husbandry, Dairy Development and Fisheries in Andhra Pradesh State

(Unit: Rs. in millions)

Category	2013-14*1	2014-15*2 (Revised Estimate)	2015-16*3 (Budget Estimate)
Plan Schemes			
(1) Agricultural Research and Education	375	152	152
(2) Animal Husbandry, HOD	859	1,960	1,830
(3) Fisheries, HOD	262	131	1,872
Subtotal (Plan schemes)	1,496	2,243	3,854
Non-Plan Schemes			
(1) Animal Husbandry, Dairy Development, and Fisheries, Secretariat Department	1,701	1,224	1,267
(2) Animal Husbandry, HOD	4,801	5,211	4,897
(3) Fisheries, HOD	394	469	365
Subtotal (Non-plan schemes)	6,896	6,904	6,529
Total	8,392	9,147	9,383

*Note: *1= Old Andhra Pradesh State, *2= Transition to new Andhra Pradesh State (Old Andhra Pradesh State for April and May, the rest for new Andhra Pradesh State), *3= New Andhra Pradesh State*
Source: Vol.III/11, Budget Estimate 2015-16, Department of Finance, GoAP

The budget allocation to DoA H&F occupies some 11% of the total budget allocation to agriculture and allied services or 15% of the DoA's budget in 2015-16. Amongst the budget allocated to DoAH&F, animal husbandry under un-plan schemes is the largest.

5.3 Agriculture and Horticulture

5.3.1 Agricultural Production

(1) Cultivated Area, Production and Unit Yield

In terms of crop productivity (unit yield) in Andhra Pradesh State, major crops except paddy, maize, chilli, and mango have lower productivity, compared with India average as shown in the following

Table 5.3.1.

Table 5.3.1 Area, Production, and Unit Yield of Major Crops in Andhra Pradesh State and India

Crop	Andhra Pradesh State (2012/13)			India Average (2012/13)		
	Area (million ha)	Production (million ton)	Unit Yield (kg/ha)	Area (million ha)	Production (million ton)	Unit Yield (kg/ha)
Paddy	2.21	6.86	3,106	42.41	104.40	2,462
Maize	0.30	1.91	6,182	8.71	22.23	2,552
Total Pulses	1.34	1.13	843	23.47	18.45	786
Ground Nut	1.16	0.78	674	4.77	4.95	996
Chilli	0.22	0.66	3,000	0.79	1.30	1,600
Tomato	0.13	2.64	20,000	0.88	18.22	20,700
Cauliflower	0.02	0.22	11,000	0.40	7.89	19,600
Mango	0.30	2.69	9,000	2.50	18.00	7,200
Cashew Nut	0.07	0.07	900	0.99	0.76	800

Source: 1) Agricultural Statistics at a Glance 2014, Andhra Pradesh State, 2) Statistical Yearbook 2014

Meanwhile, production of major crops varies by district of the state as shown in Tables 5.3.2 to 5.3.4.

Table 5.3.2 District-wise Production of Major Crops in Andhra Pradesh State (2013-14)

No.	District	Paddy ('000ton)	Maize ('000ton)	Tomato (ton)	Chilli (dried) (ton)	Mango (ton)
1	Srikakulam	355	55	145,166	21,758	85,101
2	Vizianagaram	291	127	147,335	8,607	433,393
3	Visakhapatnam	185	17	67,766	11,808	147,713
4	East Godavari	1,212	94	62,024	5,251	65,557
5	West Godavari	1,342	382	205,366	22,358	162,875
6	Krishna	1,176	228	250,289	57,015	544,373
7	Guntur	1,096	648	269,288	401,166	8,426
8	Prakasam	532	174	63,084	94,453	63,775
9	Nellore	911	13	98,691	14,164	104,671
10	Kurnool	458	310	605,897	19,433	615,393
11	Anantapur	88	111	339,493	9,740	216,042
12	Kadapa	178	37	361,991	20,583	174,473
13	Chittoor	169	17	738,077	46,454	115,216
Total		7,993	2,213	3,354,466	732,790	2,737,008

Source: Department of Agriculture, Department of Horticulture 2015

Table 5.3.3 District-wise Cultivated Area of Major Crops in Andhra Pradesh State (2013-14)

No.	District	Paddy ('000ha)	Maize ('000ha)	Tomato (ha)	Chilli (dried) (ha)	Mango (ha)
1	Srikakulam	203	11	7,258	7,253	9,456
2	Vizianagaram	117	29	7,367	2,869	48,155
3	Visakhapatnam	105	7	3,388	3,936	16,413
4	East Godavari	405	11	3,101	1,750	7,284
5	West Godavari	421	54	10,268	7,453	18,097
6	Krishna	363	33	12,514	19,005	60,486
7	Guntur	328	87	13,464	133,722	936
8	Prakasam	139	23	3,154	31,484	7,086
9	Nellore	225	2	4,935	4,721	11,630
10	Kurnool	125	52	30,295	6,478	68,377
11	Anantapur	40	35	16,975	3,247	24,005
12	Kadapa	63	5	18,100	6,861	19,386
13	Chittoor	50	3	36,904	15,485	12,802
Total		2,583	352	167,723	244,263	304,112

Source: Department of Agriculture, Department of Horticulture 2015

Table 5.3.4 District-wise Unit Yield of Major Crops in Andhra Pradesh State (2013/14)

(Unit: kg/ha)

No.	District	Paddy	Maize	Tomato	Chilli (dried)	Mango
1	Srikakulam	1,749	5,159	20,000	3,000	9,000
2	Vizianagaram	2,491	4,415	20,000	3,000	9,000
3	Visakhapatnam	1,752	2,366	20,000	3,000	9,000
4	East Godavari	2,994	8,370	20,000	3,000	9,000
5	West Godavari	3,191	7,086	20,000	3,000	9,000
6	Krishna	3,235	6,921	20,000	3,000	9,000
7	Guntur	3,340	7,446	20,000	3,000	9,000
8	Prakasam	3,841	7,544	20,000	3,000	9,000
9	Nellore	4,051	6,815	20,000	3,000	9,000
10	Kurnool	3,670	5,978	20,000	3,000	9,000
11	Anantapur	2,177	3,189	20,000	3,000	9,000
12	Kadapa	2,843	6,753	20,000	3,000	9,000
13	Chittoor	3,390	5,423	20,000	3,000	9,000
Total		3,094	6,286	20,000	3,000	9,000

Source: Department of Agriculture, Department of Horticulture 2015

Although this difference could be brought about by some conditions such as rainfall pattern and soil condition, it is judged that there is a possibility of further improvement in crop productivity, considering high level of consciousness on farm management of farmers in the state. Current situations of agriculture and horticulture in major districts are shown in "Potential Linked Credit Plan, NABAS (National Bank for Agriculture and Rural Development) 2015".

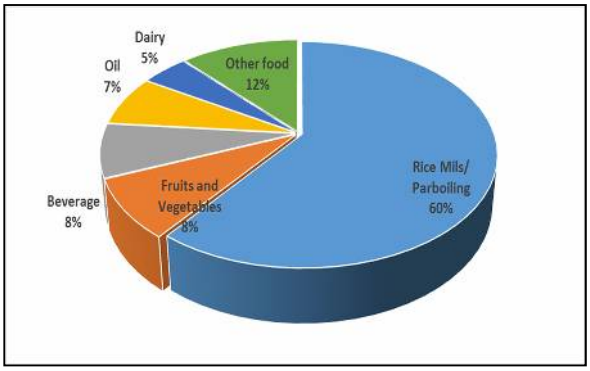
5.3.2 Food Processing

Andhra Pradesh State is a key state that contributes significantly to the food processing industry in India. According to the data from MOFPI, the number of registered food processing units is highest in Andhra Pradesh State followed by Tamil Nadu and Telangana. However, most of the units in Andhra Pradesh State are of small scale; and the number of integrated units with facilities conforming to international standard is smaller compared with the more advanced states such as Maharashtra or Karnataka. If small-scale units are included, Andhra Pradesh State has approximately 23,000 units as per data from the Department of Industries. The industry is dominated by rice milling and parboiling units, while fruits and vegetable processing also has prominent share.

Table 5.3.5 State-wise Registered Food Processing Units (2012/13)

No.	Name of the State/UTs	Number of Registered Units
1	Andhra Pradesh State	5,735
2	Tamil Nadu	5,161
3	Telangana	3,716
4	Maharashtra	3,077
5	Punjab	2,792
6	Uttar Pradesh	2,097
7	Karnataka	2,038
	All India	37,175

Source: MOFPI



Source: Andhra Pradesh State Rolling Plan

Figure 5.3.1 Details of Food Processing Units in Andhra Pradesh State

The major factors which make Andhra Pradesh State the leading state in food processing of agricultural commodities are summarised below.

- Andhra Pradesh State has strong and diverse agricultural raw material base. It is the largest producer of maize, spices, mango, papaya, citrus, lime, and tomato.Subsequently, the second largest producer of rice, groundnut, cashew, and cacao. It is also the leading producer of coconut,

banana, guava, pomegranate, and sugarcane. Agriculture sector in Andhra Pradesh State contributes to around 23.3% to the gross state domestic product (GSDP)[1] in 2013-2014.

- Andhra Pradesh State has good logistics and infrastructure facilities, which provide ample opportunity for industry development. It has situated in a strategic geographic location with 980 km of coastline, and it has four major and intermediate container ports (Visakhapatnam, Kakinada, Krishnapatnam, and Gangavaram) and over ten minor deep water ports. It also accommodates six airports. Additionally, eight new airports are being developed in the state.
- Andhra Pradesh State has a conducive policy environment. As a nodal agency for development of food processing sector in the state, Andhra Pradesh Food Processing Society (APFPS) has been established by the state government under the Andhra Pradesh State Societies Act. The government introduced various incentives to support the industry by providing grant for building/modernisation of units, cold chain, infrastructure, and human resources. It announced the Food Processing Policy 2015-2020 aiming to attract new investments worth Rs. 50,000 million and create 50,000 additional employment opportunities in the sector by 2020 and develop commodity-based clusters to enable a focused and planned approach in developing the food processing industry through a coordinated approach between the government and the departments.

Tables 5.3.6 and 5.3.7 show the current status of registered food processing units in Andhra Pradesh State. It indicates that there are many units in Visakhapatnam, East Godavari, and Anantapur. Those are rice mills or small-scale units, which have less than 20 workers. According to the information from APFPS, majority of large-scale processing units for fruits and vegetable exist in Chittoor District. In addition, there are several mega food parks developed under the central government scheme as explained in Chapter 5.6.

Table 5.3.6 District and Sector-wise Food Processing Units in Andhra Pradesh State as of 2015

Name of District	Agriculture	Horticulture
Srikakulam	67	103
Vizianagaram	28	13
Visakhapatnam	64	419
East Godavari	286	458
West Godavari	109	15
Krishna	44	9
Guntur	96	49
Prakasam	16	40
Nellore	185	5
Kurnool	44	31
Anantapur	619	66
Kadapa	67	30
Chittoor	54	63
Total	1,679	1,301

Source: APFPS

Table 5.3.7 Distribution of Registered Food Processing Units based on Worker Size excluding Rice, Flour and Beverage

Worker Size	Below 20	21-50	51-100	Over 101	Total
Srikakulam	163	49	0	1	213
Vizianagaram	50	1	0	2	53
Visakhapatnam	211	14	2	19	246
East Godavari	479	11	11	14	517
West Godavari	153	14	3	12	182
Krishna	201	6	6	11	224
Guntur	174	14	5	5	198
Prakasam	150	9	0	3	162
Nellore	90	5	2	9	106

[1]Andhra Pradesh State Portal (http://www.ap.gov.in/)

Worker Size	Below 20	21-50	51-100	Over 101	Total
Kurnool	211	3	1	0	216
Anantapur	226	7	3	0	236
Kadapa	130	2	0	0	132
Chittoor	195	33	9	13	250
Total	2,433	168	42	89	2,735

Source: Andhra Pradesh State Rolling Plan

To support food processing industry, good post-harvest handling facility is necessary. The government provides subsidies to set up a post-harvest infrastructure as explained above. The number of multipurpose cold storage units is concentrated in Guntur and Prakasam, as they are used mainly for dry chili storage, which is the prominent crop in the region. Ripening chambers exist abundantly in Kurnool, Anantapur, and Kadapa where banana production is high.

Table 5.3.8 District-wise Post-Harvest Infrastructure in Andhra Pradesh State (2015)

District	Cold Storage		Ripening Chamber	
	Number	Capacity (MT)	Number	Capacity (MT)
Srikakulam	0	0	0	0
Vizianagaram	5	32,500	0	0
Visakhapatnam	1	6,500	3	78
East Godavari	4	26,000	0	0
West Godavari	2	13,000	0	0
Krishna	27	176,000	5	130
Guntur	79	512,500	12	321
Prakasam	55	359,500	4	278
Nellore	5	32,500	1	26
Kurnool	16	102,000	25	1,350
Anantapur	8	52,000	14	364
Kadapa	2	13,000	14	364
Chittoor	4	32,000	4	282
Total	209	1,357,500	79	3,193

Source: Department of Horticulture

There are also two vapour heat treatment (VHT) facilities in Tirupati of Chittoor District and Nuzvid, Krishna District, which can be used to treat pest in fruits for export to developed countries such as Japan and Australia. Among the four existing VHT facilities in India,Andhra Pradesh State has two. These facilities were established by the state government in 2008, but they had been idle as there are no export orders. Therefore, the management has been handed over to a private company (Srini Food) in 2014. They resumed operation and started exporting in 2015.

5.3.3 Distribution and Marketing

(1) Commercialisation

The following table shows the marketed surplus ratio of major agricultural crops in Andhra Pradesh State, which calculates the ratio of crop farmers sold against the entire volume of crop they produced. The marketed surplus ratio indicates the level of commercialisation for respective crops. As Table 5.3.9 shows, the marketed surplus ratios in Andhra Pradesh State are higher than all India on the average for most of the crops.

Table 5.3.9 Marketed Surplus Ratio of Major Crops in Andhra Pradesh State

Crop	Andhra Pradesh	All India
Rice	87.86	81.51
Maize	90.71	84.32
Jawar	51.18	64.14
Urad	92.91	77.76
Moong	93.54	85.55
Groundnut	94.40	93.54
Sunflower	100.00	99.18
Sugarcane	99.91	77.84

Source: Agricultural Statistics at a Glance 2014

Although similar data for horticultural crops are not available, the marketed surplus ratios for these crops are supposed to be the same or higher than those for agricultural crops with more possibility for self-consumption. Thus, it is considered that commercialisation of crops in Andhra Pradesh State is

relatively advanced compared with other states in India.

(2) Agricultural Marketing Regime in Andhra Pradesh State

The summary of market infrastructure in Andhra Pradesh State is shown below. The detailed list of market facilities is provided in Attachment 5.3.1.

Table 5.3.10 Summary of Market Infrastructure in Andhra Pradesh State

Market Facility		Number
Agriculture Market Committee		190
Of which those without site		20
Wholesale market	Regulated market	50
	Non-regulated market	120
Regulated wholesale market	Fruit market	19
	Vegetable market	22
	Commercial crop market	10
	Cotton market	17
	Cattle market	29
Rythu Bazar (Farmer's market)		80

Source: Andhra Pradesh State Agricultural Marketing Department

The Agricultural Marketing Department is responsible for regulating sales and purchase of agricultural produce. There are 190 Agriculture Market Committees (AMC), on average, there are 14.6 committees per district organised by the department. Out of 190 AMCs, 170 AMCs have their own market yard and 20 have no land. As the agricultural marketing system has been gradually deregulated, the presence of regulated wholesale markets is fading. Out of 170 AMCs, 50 AMCs are regulated and function as regular markets with registered commission agents while others are non-regulated and do not have regular trading activities. For food grains such as paddy and maize, and commercial crops such as sugarcane and cotton, the Government of India decides the Minimum Support Price (MSP) at which the government agencies procure commodities. These commodities are traded in ten commercial crop markets in Andhra Pradesh State at announced market prices. Paddy and cotton are also procured at MSP at the temporary procurement centres set up by the government agencies in the villages itself during the peak arrival seasons. However, large volume of commodities is now traded outside AMC marketing channels.

In order to ensure transparent and fair transactions and remunerative prices for farmers, the state government carried out various market reforms. One reform is the introduction of electric trading system where all prices offered and agreed are displayed in the market yard or website, thus minimising the chances of cheating. The system is piloted in three wholesale markets in Kurnool District.

Another reform is the decentralisation of market system. As most transactions of agricultural products happen outside the AMC system, the government is trying to allow and regulate these activities. It first set up 'Rythu Bazar' which allows farmers to sell their produce directly to consumer in 1999 and it allowed direct marketing of agricultural products from farmers and contract farming in 2005. The number of Rythu Bazar' has increased to 80 to date, and direct purchasing from farmers by processors or exporters become prevalent although it is not always practiced in line with government regulations. It has also promoted private markets. For this purpose, the state government reduced the requirement of initial investment by private market operators from Rs. 100 million to Rs. 50 million and AMC is now allowed to declare processing units, warehouses, and cold storages as markets.

As the agricultural production is diversified and marketing channels are decentralised, the government distribution and marketing system has also been in transition. It is not possible to regulate all the transactions of agricultural products. It becomes more important to show an appropriate model for new type of transactions as well as strengthen the capacity of market stakeholders to adjust them to changing market conditions.

5.3.4 Major Stakeholders (Agriculture and Horticulture related Farmer's Organisations)

(1) Cooperative Societies

The Primary Agriculture Cooperative Society (PACS) is a basic unit of credit institutions in India. PACS was initially formed nearly three decades ago in almost every gram panchayat through the cooperative movement. The effectiveness of this was recognised as contributing force towards poverty alleviation and enhancing social integration in the country. PACS has mainly been concerned with agriculture credit, marketing of agricultural produce, and distribution of fertilisers, pesticides, and other essential commodities, which had made significant strides in the field of rural credit. PACS became unionised at the district level as District Central Cooperative Banks (DCCB), further at the state level as State Cooperative Banks (APCOB). Along the journey of cooperatives, there was the increase control of government over PACS; and PACS staff came under the control of government, which further led to PACS gradually becoming defunct. Today, 90% of PACSs merely function to provide agriculture loans to large farmers and only 10% of PACSs are performing their key role and reaching out to small and marginal farmers. Local leaders' (President) role is significantly instrumental behind 10% of PACS being functional. Ninety percent of PACSs that lost its core in providing rural credit were increasingly providing agriculture loan to larger farmers. As a result of the above, small and marginal farmers' multipurpose needs were not met. Small and marginal farmers, in search of alternatives, took the"tied" loan from pesticide dealers and grocery shop owners, thus were caught in higher riskof credit. In order to address the challenges of poverty and poverty alleviation by way of organising the poor, the idea of formation of women's self-help groups (SHGs) was born and initiated by GoAP. Furthermore, the Mutually Aided Co-operative Act came into force in 1995. The act provides for voluntary formation of cooperative societies as accountable, competitive, and self-reliant business enterprises based on thrift, self-help, and mutual aid,which is owned,managed and controlled by members for their economic and social betterment. The significant difference of MACS from PACS is the less interference of government. In the MACS Act, government cannot interfere apart from registration process of MACS. Under this act, the Dairy Cooperatives (DC) were given the choice to be either in MACS or be as DC itself. However, PACSs were not allowed to be part of MACS, thus, became fully fledged entities of the government.

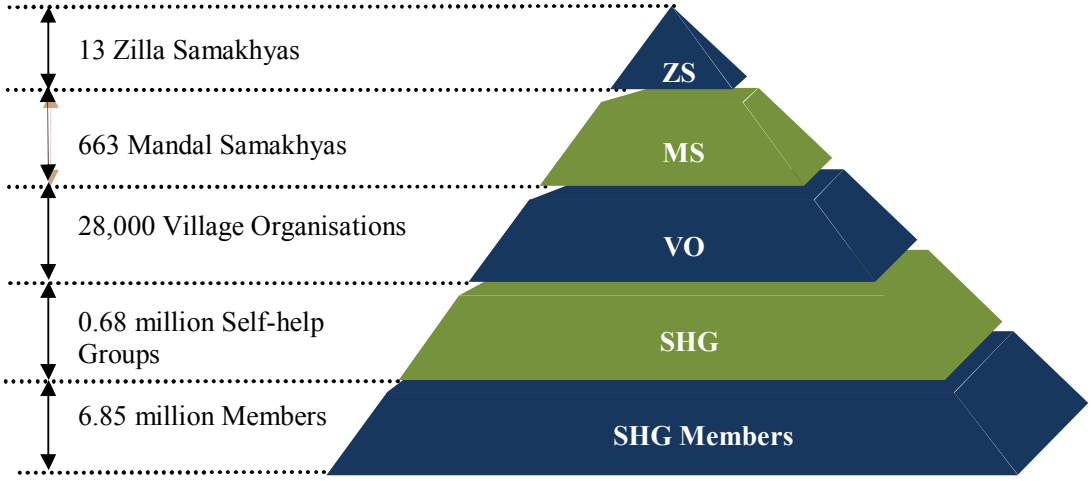
(2) Self-help Group (SHG)

SHGs were identified as socially viable community organisations having democratic values, relevant developmental orientation, and oriented towards attaining individuals and groups' sustainability. They began with normal savings and credit activities, and further developed to social concerns such as family welfare, child care, and literacy. Credit is the means of economic activity and foundation for growth and development. Credit through SHG enabled members to start on productive and income generating activities. Gradually, the effective functioning of these grassroots organisations became almost inevitable for most of the government programmes. SHGs, over a period of time, were increasingly seen as contributors to poverty alleviation programmes by providing opportunities for the poor through engaging into productive activities and access community assets. SHGs promoted at the neighbouring community level were federated into Village Organisation (VO) and further into *Mandal Mahila Samakhya* (MMS) at the *mandal* level and as *Zilla Samakhya* (ZS) at the *Zilla* level. The need to federate them into VOs/MMS/ZS was to provide them with more power inaccessing to new economic opportunities. Federation enabled the groups to gather strength not only to influence the legislature but also to mobilise public opinion in favour of the community members. One of the strengths and reasons of stability of the federations is their structured financial source with a huge community foundation. Each SHG member pays Rs. 10/- towards membership fee in VO and each SHG as a group pays Rs. 100/- as share capital to VO. Each VO pays Rs. 500/- as membership fee to MMS and also every month VO pays Rs. 1,000/- as share capital to MMS. The MMS receives loans from the Community Investment Fund (CIF) and from Srinidihi, which are lent to VO at 6% interest rate and further the loan amount is disbursed to individual members.

The VO conducts meeting every month and discusses the internal agenda, which mainly focuses on loan amount disbursed, repayment, livelihood programmes, and others. VO has seven subcommittees,i.e.,1) gender subcommittee; 2) insurance subcommittee; 3) poorest of the poor elaborate subcommittee; 4) audit subcommittee; 5) health and nutrition subcommittee; 6) marketing

subcommittee; and 7) recovery subcommittee. Each subcommittee comprises three members. Apart from the above, it also creates awareness on various agriculture practices and relevant information.

Federation at the MMS level is an important vehicle of change registered under the Societies Act. Ideally, the executive body of an MMS meets every month and it prepares agenda on discussing various issues, such as Srinidhi repayment, issues in VOs, CIF, problems with employees, information and implementation of welfare schemes. The MMS also has three committees, i.e.; Committee for CIF Recovery, Committee for Beneficiary Selection to Welfare Schemes, and Monitoring Committee. At the MMS level, both the accountant and computer operator are salary paid by MMS for their services. The insurance scheme is also routed through MMS.



Source: SERP PPT material

Figure 5.3.2 Structure of SHG Federations

According to the SERP database of SHG, nearly 80% of households are covered under SHGs in Andhra Pradesh State.

As the importance of SHG evolved, SHGs have been adopted as the appropriate people's institutions. These small groups later linked up together into larger associations depending on the objectives and roles, with which the SHGs invest these apex associations. The government also promoted different community-based organisations for different issues, applying SHG concept. The following community organisations were formed based on the SHG concepts.

Table 5.3.11 Community Organisations Established Based on SHGs

Functions	Community Organisations Established
SHGs organised for the development of natural resources:	Water Users' Associations (WUA) Watershed Development Committees (WDC) Vana Samrakshana Samithis (VSS)
SHGs organised for employment generation:	Women and Children in Rural Areas (DWCRA) Development of Women and Children in Urban Areas (DWCUA) Chief Minister's Empowerment of Youth (CMEY)
SHGs organised for human resource development	Mothers' Committees School Education Committees

Source: Kurien Thomas (2003) "Andhra Pradesh State Community Self Help Model" CGG Collected Working Papers: 2003 Volume 2, Centre for Good Governance

(3) Farmer Producer Organisation (FPO)/Farmer Producer Company (FPC)

The Government of India recognised and stated as its national policy that 'collectivisation of producers, especially small and marginal farmers into producer organisations has emerged as one of the most effective pathways to address the many challenges of agriculture but most importantly, improved access to investments, technology and inputs and markets'[2]. Farmer Producer Company

[2] 'Policy and Process Guidelines for Farmers Producer Organisations', (2013) Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India

(FPC) is a legal form of the company registered under the special provisions of the Companies Act 1956, amended in 2003. While the cooperatives faced several difficulties such as political influence, corruption, elite capture, and lack of financial and managerial resources, FPC was promoted as a cooperative form of business enterprise democratically owned and controlled by its members, by retaining advantage of the cooperatives and breaking their negative aspects. The FPC aims to improve returns to farmers through collective inputs purchase, collective marketing and processing, increasing productivity through better inputs, increasing knowledge of farmers, and ensuring quality. Therefore, only farmer-producers can be members of the FPC and the farmer members themselves will manage this company. The most remarkable feature of FPCs that is different from other private companies is the equal right to vote irrespective of their landholdings and share of equity. This assures equal right to small and marginal farmers.

Box 5.3.1: Key Features of FPCs

- FPC provides more legitimacy and credibility in the immediate business environment compared with the traditional cooperatives.
- Free from negative images of cooperatives such as welfare-oriented, inefficient, and corruption-ridden.
- The members have to be primary producers (to avoid outsiders' control and to allow raising investments from other players in the supply chain).
- Allowing registered and non-registered groups such as SHGs to become equity holders (while cooperatives allow only individual producers to be members).
- One member one vote principle irrespective of shares or patronage.
- Equity share is not transferable but are tradable within the membership (not open to investors).
- Allowing the co-option of professionals in the governance structure so that small and marginal producers can avail professional management inputs while retaining qualitative governance control.

Source: Sukhpal Singh and Tarunvir Singh (2013), 'Producer Companies in India: A Study of Organization and Performance', CMA Publication No.246, Centre for Management in Agriculture, Indian Institute Management

Although economy of scale is not a new issue, the emergence of FPOs is driven and realised recently by policy support, legislations, and public funds to cover the initial cost, as well as, active involvement of resource institutions who took initiative in mobilising people and establishing FPOs. Policy and Process Guideline for FPOs was issued by the Ministry of Agriculture, Government of India in 2013[3]. FPOs include farmers' organisations registered as different formal entity (i.e., cooperative society, produce company, multi-state cooperative, etc.) with the same principles of farmer-member-control. Promotion of FPOs is set as one of the key strategies of growth in agriculture and horticulture sector in the Andhra Pradesh State Government Rolling Plan 2015-16[4] as the effectiveness of FPOs was recognised in addressing challenges by collectivisation of producers for improving access to investment, technology and inputs and markets. Formation of FPOs is supported by government policy and public funds. FPOs are expected to be totally independent after the establishment period supported by the promotion agencies. Although the department will continue its technical support, management should be autonomously taken by the FPO following the regulatory mechanism of a particular act under which the FPO is registered.

Following the state strategy plan, Andhra Pradesh State government prepared the 'Strategy for Promoting and Nurturing Farmer Producers Organisation in Andhra Pradesh State', and has taken steps forward by taking initiative such as a meeting with potential private farms to be linked with FPOs. Relevant departments include FPO promotion in their plans and programmes. Table 5.3.12 shows summarises a current progress of FPO formation in Andhra Pradesh State.

[3] 'Policy and Process Guidelines for Farmer Producer Organisations' (2013), Government of India, Ministry of Agriculture, Department of Agriculture and Cooperation.

[4] 'Achieving Double Digit Inclusive Growth – A Rolling Plan 2015-16', Planning Department, Government of Andhra Pradesh

Table 5.3.12 Progress of FPO Formation and Approach

Responsible Organisation	No. of FPO	Approach
Department of Horticulture	27 + (data not updated)	Horticulture department supports the establishment of FPO by aggregating farmers group based on horticulture cluster in collaboration with the National Bank for Agriculture and Rural Development (NABARD) and promotion agencies. NABARD and the promotion agencies are in-charge of the mobilisation while the department provides technical guidance. Although FPO is expected to be an organisation with a certain number of farmers (more than 500), currently established FPOs have started with much smaller number of farmers by emphasising process approach, cohesion of the organisation, and practical management.
Department of Agriculture	Formations are still initial stages. Identification of potential clusters were completed and detail survey has been conducted	SHGs, CBOs, and other FGs are to be aggregated to form a FPO (one FPO generally has more than 50 members). First, agriculture-related groups are to be identified (as some groups do not have any agriculture related activities) to form FPO on commodity basis (1~2 crops in each FPO). The FPO is expected to cover a village or be formed even at the mandal level. After identification of the agriculture-related groups, active members of the groups with similar commodities are linked toeach other for discussion. FPOs are expected to be formed by adding one more family member of the current member of the group (e.g., letting spouse of the current group member to join the FPO). This is because, in the case of SHGs, majority of the current members are not capable enough to manage larger group. The formation of FPOs are undertaken within the current ongoing schemes (such as organic farming scheme, and revitalisation of millet, which cover 131 clusters and 47 mandals, respectively). Formation of FPOs is included as one of the components in all those schemes. Institutions (NGOs) in-charge of those schemes are responsible for the formation of FPOs. Support of those schemes last about 3-5 years.
NABARD	79 (105 FPOs are expected to be formed through the NABARD Scheme in Andhra Pradesh State) (the number double counted with other institutions)	NABARD scheme of FPO support started in 2014 to scale-up Small Farmer'a Agri-Business Consortium (SFAC) programme of FPO. Support of initial handholding of 10 lakhs for three years through Producer Organisation Promoting Institutions (POPI) aggregated existing farmers clubs and other farmer's organisations. The approach of the NABARD Scheme is as follows: 1. Identification of potential areas and commodities based on the abovementioned 'potential linked credit plans' by the NABARD officers at the district level involving POPIs. (Basic criteria are: agriculture-related commodities (to form an agriculture produce centric group), small farmers, and commodities (area) with marketable quantities available). 2. Mobilise people by promoting awareness through POPI (identified NGOs) and encouraging farmers to form FPOs (potential FPOs amongst successful WDF/Wadi projects and their federations, farmers clubs/federation, SHGs and federation, PACs, MACs). 3. Training of FPO members by the resource support agencies (RSA). 4. Handholding support: FPOs are expected to hire outside resources (experts) for its management. In the first year of establishment, the NABARD supports their salary expenses and from the following year, FPOs are supposed to establish a self-funding to cover the cost. FPOs are supposed to be 'producer entity' not 'business entity'. This means farmers can decide what they (farmers) want to do instead of being exploited. NABARD approach does not require registration as a company. Cooperatives or societies are fine enough to support.
SFAC	6	SFAC supports the establishment of 2,000 FPOs in the whole country. Resource institutions (NGOs/consulting farms) identify potential area and commodities.
SERP	28 (formation process has been started recently)	Through Andhra Pradesh State Rural Inclusive Growth Project (APRIGP) that support inclusive growth in 150 backward mandals through expansion and diversification of livelihood opportunities. The project supports the formation of 28 FPOs covering 54 mandals. The structure of the FPO promoted is shown in Attachment 5.3.2. FPO consists of smaller farmer producer groups. Basically, FPG

Responsible Organisation	No. of FPO	Approach
		members are SHG members, although not all the members become FPG members, depending on their interest. This automatically makes an FPG a women group. FPG membership is only for women but all their family members can participate in the activities and meetings. The project supports the establishment of value chain of major commodities, emphasising on marketing linkage with companies and rural retail chain (community-based/community-oriented value chain that every village organisation runs a village mart (Kirana stores) as market platform for local market.

Source: JICA Survey Team based on the interview with officers in-charge and data provided by each organisation

5.4 Animal Husbandry

5.4.1 Livestock Production

Andhra Pradesh State is known for its rich livestock population in India. Especially in the number of buffaloes it ranks sixth among the states in India with 6.4 million headcounts, while for sheep, it ranks first with 13.5 million and third for poultry with 80.5 million. In case of sheep, one fifth of sheep in the country is in Andhra Pradesh State.

Within Andhra Pradesh State, Chittoor captures the most number of cattle headcounts, whereas, Guntur has the most number of buffaloes. Anantapur has the highest number of sheep and goat, while West Godavari led in poultry production.

Table 5.4.1 Total Number of Livestock of Andhra Pradesh State in 2012

District	Cattle	Buffalo	Sheep	Goats	Poultry
Srikakulam	790,026	126,328	575,046	212,300	2,726,062
Vizianagaram	385,119	133,056	423,123	173,751	3,537,875
Visakhapatnam	504,947	306,265	252,610	324,024	5,714,509
East Godavari	375,247	642,208	246,722	292,201	13,987,575
West Godavari	188,107	620,184	436,810	193,218	**16,206,532**
Krishna	79,420	696,118	508,061	151,118	11,751,991
Guntur	110,071	**1,007,942**	621,122	213,249	6,975,527
Prakasam	74,845	970,366	1,406,578	406,239	1,237,864
Nellore	115,968	624,664	1,051,938	351,426	1,491,093
Kurnool	408,623	412,812	1,504,671	506,173	1,201,430
Anantapur	617,270	371,127	**3,879,840**	**785,210**	1,589,278
Kadapa	139,141	466,933	1,403,224	457,896	1,562,509
Chittoor	**926,865**	84,368	1,250,077	428,721	12,600,851
Total	4,715,649	6,462,371	13,559,822	4,495,526	80,583,096
All India	190,904,000	108,702,000	65,069,000	135,173,000	729,209,000
% of Andhra Pradesh State	2.47	5.94	20.84	3.32	11.05
Rank of Andhra Pradesh State in India	15	6	1	14	3

Source: Livestock Census 2012

Andhra Pradesh State is a leading state of livestock production as well. In 2013-2014, the estimated milk production of Andhra Pradesh State was 9.08 million MT which accounted for 6.86% of the country's production and ranked fifth among the states in India in terms of production. Similarly, meat production was 488,000 MT, accounted 8.22% of the country's production and ranked fourth among the state. On the other hand, egg production was 12.72 billion eggs, accounted 18.25% and ranked first in the country.

Within Andhra Pradesh State, Prakasam District produces the highest volume of milk with 1.04 million MT. Krishna, Guntur, and Chittoor also produce over 900,000 MT in a year. In terms of meat production, Chittoor is the highest with 65,000 MT, and Krishna and Kurnool districts follow. Regarding egg production, East Godavari is a prominent district which produces over 4.4 billion eggs a year.

Table 5.4.2 Livestock Production of Andhra Pradesh State 2013-14

District	Milk Production (thousand MT)	Meat Production (thousand MT)	Egg Production (million no.)
Srikakulam	425.55	13.73	124.021
Vizianagaram	414.34	28.22	321.849
Visakhapatnam	552.44	29.95	835.910
East Godavari	828.64	43.97	4,453.689
West Godavari	832.49	29.85	1,978.170
Krishna	989.19	58.89	1,543.999
Guntur	976.78	38.69	1,071.684
Prakasam	1,049.91	48.67	212.454
Nellore	558.70	29.18	164.783
Kurnool	705.82	49.37	124.994
Anantapur	482.22	34.13	218,881
Kadapa	318.66	18.98	138.731
Chittoor	948.00	65.12	1,537.714
Total	9,082.74	488.75	12,726.879
All India	132,430.59	5,948.17	697,307.17
% of Andhra Pradesh State	6.86	8.22	18.25
Rank of Andhra Pradesh State	5	4	1

Source: Animal Husbandry Annual Report 2013-14

In terms of productivity, the average milk yield of cow (Cow-Exotic) in Andhra Pradesh State was 7.42 kg per day according to the "Basic Animal Husbandry and Fishery Statistic 2014". The state ranked 9th in India. The top state is Punjab with 11.04 kg, and the country average is 6.78 kg.

In case of buffalo, the average milk yield is 4.73 kg per day, which ranked 10th in the country. Top state was Punjab with 8.72 kg and the average was 4.91 kg.

The average egg (of improved fowls) yield per year in Andhra Pradesh State was 298.82 eggs. It ranked as the top state in India, where the total average was 276.61 eggs.

The average yield of buffalo meat in Andhra Pradesh State was 103.22 kg per animal. It ranked 14th state in the country, where the average was 119.59 kg.

According to the State Department of Animal Husbandry, major challenges of the sector are the following:

- Shortage of feed and fodder,
- Effective control of animal diseases,
- Breed improvement while preserving diverse genetic resources, and
- Dissemination of technology, skills, and quality services to farmers for improving productivity.

To cope with the shortage of feed and fodder, the department allocated an amount of Rs. 28 billion for 2014-15. During the 12th Five-Year Plan, the National Livestock Mission (NLM) has been launched with the main objective to secure availability of feed and fodder to substantially reduce the gap between availability and demand.

For the effective control of animal diseases, Rs. 31 billion is allocated. The department has launched the National Control Programme for major animal diseases such as foot and mouth disease (FMD), peste des petits ruminants (PPR), and brucellosis. The FMD Control Programme has been expanded in February 2014. A new component entitled Classical Swine Fever Control Programme had been also included in the existing scheme of the Livestock Health and Disease Control.

Andhra Pradesh State generally follows the national livestock strategy. According to the National Livestock Policy 2013, the main focuses are to increase production, expand better breeding, and prevent animal diseases. Some of the marketing activities are included only for the support to small poultry farmers. The abstracts of the national policy are summarised in Table 5.4.3.

Table 5.4.3 Strategy for Enhancing Livestock Production

Milk	The yield levels for cows and buffaloes would be improved by: - Increased availability of feed and fodder, - Genetic upgradation through crossbreeding, - Strengthening progeny testing, - Selective breeding, - Converting unproductive animals to productive, and - Improved disease control and surveillance. The problem of infertility amongst improved milch animals would be suitably addressed with the: - Provision of area specific mineral mixture and - Appropriate feed and fodder.
Meat and Wool	- Emphasis on small ruminants and pigs would be to improve nutrition, genetics, breeding strategies, and health cover to increase prolificacy, carcass weights, and reduce mortality leading to improvement in quality and quantity of meat, skin, and wool. - Selection of breeding stocks through large-scale screening involving farmers' flocks would be taken as a national program. - The farmers would be encouraged to organise as cooperatives or farmers'/producers' organisation for better access to inputs and marketing.
Egg and Poultry	Provide appropriate support in the form of: - Financial assistance, - Genetic stocks and improved technologies, - Scientific advice, and - Extension/awareness, particularly on bio-security measures. Conservation of indigenous poultry breeds would be encouraged by: - Producing poultry birds suitable for backyard poultry. To minimise the risks of the farmers; - Provide remunerative marketing opportunities to farmers, - Encourage mutually beneficial contracts between the poultry farmers and purchasers, and - Provide opportunities to associate with corporates in an integrated model through self-help groups or cooperatives.

Source: National Livestock Policy, 2013

5.4.2 Food Processing, Distribution and Marketing

There is a variety of processed food made from livestock animals. In the following, the supply chain of livestock processed food is described in detailed information. Major processed foods from livestock are dairy, poultry, and meat products. Amongst those products, milk has a variety of processed foods (The range of products is shown in Table 5.4.4 below). On the other hand, poultry and meat have limited processed products.

Table 5.4.4 Range of Products from Livestock

Milk and milk products	Sweetened condensed milk, milk powder, ghee, ice cream, malted milk food, butter, cheese, milk-based baby food items, dairy milk whitener, chilled and processed milk.
Poultry products	Eggs, egg powder, chilled, and frozen meat.
Meat products	Canned meat, chilled and frozen meat products

Source: JICA Survey Team

(1) Dairy

In the dairy industry, a substantial portion of milk is dealt by unorganised sector5. Currently, a total of 10.3 million litres of milk per day, amounting to 73%, is procured by the unorganised sector. On the other hand, only 3.8 million, or 27%, is bought by the organised sector6, although Andhra Pradesh State has strong dairy processing capacity of 14.1 million litres per day. The organised sector covers a total of 7,979 villages (46%) in Andhra Pradesh State.

Regarding the dairy infrastructure, due to bifurcation, Andhra Pradesh State has neither milk products processing factory nor cattle feed factory, which is the major challenge. Presently, a total of seven

[5]Traditional milk man etc.
[6] Dairy cooperatives and private companies etc.

dairy factories, one milk cooling centre, and 137 bulk milk chilling units are working in Andhra Pradesh State[7]. Along with the increasing milk production, the number of cooperative dairies and private sectors are also growing.

With the successful increase of livestock production, the volume of export products is also growing. According to Agricultural and Processed Food Products Export Development (APEDA), India's export of dairy products was 66,000 MT to the world amounting to Rs. 12.05 billion during the year 2014-15. Major export destinations are Bangladesh, United Arab Emirates, Pakistan, Nepal, and Bhutan.

(2) Poultry

The poultry industry is mainly dealt by a few established private companies for processing. Andhra Pradesh State produces 11% of the total poultry production of the country with an estimated poultry population of 80 million. Ninety percent of the poultry famers produce eggs hence the state is also the national leading supplier of eggs. Both live and chilled poultry products are sold in the retail stores. The major processing poultry producers are: Sugana, Venky's, Rami Reddy Chicken, etc., where the birds are produced and processed in their own farms.

Regarding poultry products, the country has exported 5.56 million MT amounting to Rs. 6.51 billion. Major export destinations are Oman, Germany, Japan, Saudi Arabia, and Indonesia.

(3) Meat

The meat industry is mainly dealt by some private companies for processing. Overall, the state produces 480,000 MT of meat. Ninety-eight percent of this meat is consumed within the state. The remaining 2% is processed for meat products. Meat products are mainly in three forms, i.e., raw, chilled, and frozen; and the organised processors are the main actors at present in the chilled and frozen segment. Frozen meat which has a limited market size because people prefer to buy only fresh meat, is meant for export to other countries and also major cities of India.

There are only two companies dealing with buffalo meat in the state, which are the Allanasons and Al-Kabeer. On the other hand, for poultry meat, there are several large companies such as Suguna Chicken, Sneha Farms, Star Chicks, Diamond and Sumeru. These processors are mainly catering to the export and high-end domestic markets.

A value of Rs. 292.82 billion of buffalo meat and Rs. 8.28 billion of sheep/goat meat were exported in 2014-15. Export-oriented plants produce fresh frozen meat.

India is the largest buffalo meat exporting country in the world. Currently, India is exporting quality and safe meat to about 64 countries. India has a competitive advantage in the export of buffalo meat because livestock in India is reared on green pastures and agricultural crop residues, thus, are raised under green livestock production system. Also, there is no practice of using hormones, antibiotics, or any other chemicals to promote growth and fattening of livestock. Surely, the animals are slaughtered strictly according to "Halal" method. Buffalo meat export price over the years is also increasing. It was USD 1.04/kg in 2000-2001 and 2009-2010 was USD 2.36/kg.

For the practice of domestic animal trade, live animals, namely: buffalo, cattle, sheep, goats, and pigs are sold in livestock markets, which are mostly weekly markets and are owned privately or by local bodies. In most of the markets, the transactions take place after examination of the animals by buyers through brokers/commission agents. Traders/individual butcher buy their animal from weekly livestock markets and bring them to slaughter houses which cater either to domestic market or export-oriented units.

One of the major constraints in meat processing industry is the unhygienic processing practice. Especially the domestic markets with traditional slaughter houses are causing environmental pollution. Also, traditional retailers in the industry are not exposed to modern technologies and hygiene education which escalate issues of unhygienic products.

Another constraint in the food processing sector is the lack of primary processing, storage, and

[7]Andhra Pradesh Dairy Development Co-op. Federation Limited.

distribution facilities. Considerable investments are required in infrastructure especially after the bifurcation of Andhra Pradesh State. Majority of the processing infrastructures are concentrated in Hyderabad, which now lies in the new Telangana State. To encourage public investments which significantly increase the processing capacity, the government provides incentives for the food processing of animal husbandry produce as shown in Table 5.4.5.

Table 5.4.5 Incentive for Investment on Animal Husbandry Food Processing

Incentive Type	Target	Contents
Subsidy	Setting up of cold chain for agriculture/horticulture/dairy/meat produce, up to a maximum of Rs. 50 million.	Capital subsidy of 35%
Central Excise Duty	Machinery for the preparation of meat, poultry, fruits, nuts, or vegetables; and on presses, crushers and similar machinery used in the manufacturing of wine, cider, fruit juices or similar beverages; and packing machinery	Reduction from 10% to 6%
Income Tax	New units engaged in processing, preservations, and packaging of fruits or vegetables, meat and meat product, poultry, marine or dairy products	100% tax exemption for the first five years of operation, and after that, at the rate of 25% of the profits being exempted from tax; 30% in case of company

Source: Food Processing Policy 2015 -2020

5.4.3 Major Stakeholder (Animal Husbandry)

Development of dairy cooperative started in the 'Operation Flood' of the National Policy in 1940. Andhra Pradesh State Cooperative Society Acts came into effect in 1964. Whereas, Mutually Aided Cooperative Societies Act that was issued in 1995 which assures more independent society without government intervention. Even though the agriculture cooperative society (PACS) could not transform to MACS, many of the dairy cooperatives re-registered under MACS. Cooperative societies were federated at the district level and formed district cooperative unions (it is called Andhra Pradesh Dairy Development Cooperative Federation (APDDCF) in Andhra Pradesh State). Collected milk at the PAC level is brought to the APDDCF as private companies were not allowed to deal with processing and marketing of dairy products. District cooperative unions are in-charge of milk production, procurement, processing and marketing. Most unions also provide extension services like breeding (artificial insemination) and animal health.

After the 2004 Assembly Election, the government decided to remain their control on dairy cooperatives. During economic liberalisation, some of the dairy cooperatives turned into companies. Further, legislation backed support through amendment of the Companies Act, which encouraged the cooperatives to become autonomous companies. Through the FPO promotion strategy of GoAP, department and relevant institutions support dairy FPOs. Dairy cooperatives and FPOs tend to have a huge number of members that often exceed 10,000.

Even though both the dairy cooperatives and dairy FPOs are owned by farmer members, produce of milk is procured from individual farmers either by company staffs or appointed intermediators. Advantages of being a member of an FPO are: receiving competitive milk price, participating in a fair and transparent system of milk collection, getting regular and timely milk payment, receiving additional benefits like price incentives and patronage linked bonus, receiving dividend as the business grow in the long run, getting opportunities to participate in various capacity building programs, and availing various input services provided by the company to increase milk production.

5.5 Fisheries

Fishery is one of the most important economic activities in Andhra Pradesh State. It contributes 6.04% of the state's GDP and 42% of India's marine export. Andhra Pradesh State has one of the longest coastlines in India (974 km), with 160,800 seagoing fishermen and 29,195 fishing boats. Regarding inland fisheries, there are 104 reservoirs (240,000 ha), 25,400 irrigation tanks (338,000 ha), and 11,514 km of rivers and canals. An already developed coastal aquaculture area consists of 74,000 ha while the inland aquaculture area is 117,000 ha.

5.5.1 Fishery Production

Fishery production in Andhra Pradesh State has been increasing considerably in the last ten years from

853,050 tons in 2004/2005 to 2,018,420 tons in 2013/2014. Within India, Andhra Pradesh State is the top fish production state in 2014/15 with inland fish production at the top and marine fisheries production in the fourth position.

Table 5.5.1 Fisheries Production (Marine and Inland) by Top Five States from 2004/05 to 2013/14

(Unit: 1,000 tons)

State	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
AP	853.05	891.09	856.93	1010.09	1252.78	1305.86	1368.20	1603.20	1808.08	2018.42
WB	1215.00	1250.00	1359.10	1447.26	1484.00	1517.01	1443.26	1472.05	1490.01	1580.65
GR	635.21	733.82	747.33	721.91	765.90	771.51	774.90	783.72	788.49	793.42
KR	678.31	636.89	677.63	667.33	685.99	698.86	681.61	693.21	679.74	708.85
TN	459.43	463.03	542.28	559.36	534.17	582.93	614.81	611.49	620.40	624.30

Note: AP: Andhra Pradesh State, WB: West Bengal, GR: Gujarat, KR: Kerala, TN: Tamil Nadu.
Source: Handbook on Fisheries Statistics 2014

Marine fisheries production in Andhra Pradesh State was 438,000 tons in 2013/14 and major marine fish species produced were sardines (88,000 tons), mackerel (56,000 tons), tuna and billfish (30,000 tons), ribbonfish (20,000 tons), and carangid (19,000 tons).

Inland fish production in Andhra Pradesh State was 1,396,148 tons in 2012/13 and the major inland fish species were Indian major carp (catia, rohu, mrigal, calbasu: 832,446 tons), catfish (wallago, attu, pangasius, bararius: 108,522 tons), exotic carp (common, silver, grass: 78,206 tons), and murrels (ophiocephauls spp.: 55,584 tons). Eighty percent of the inland production is from fish farming (Fisheries Department, Andhra Pradesh State).

Shrimp and prawn production in Andhra Pradesh State was 255,000 tons in 2013/2014 of which 64,908 tons came from marine capture fishery, 88,036 tons from brackish water aquaculture, and 102,793 tons from fresh water aquaculture. Captured shrimps have been declining due to heavy fishing pressure in the coastal areas. Species include tiger prawn (penaeid shrimps) such as black tiger. As for cultured species, production of vannamei shrimp（*Litopenaeusvannamei*）is rapidly increasing while black tiger prawn (*Penaeus monodon*) and scampi（*Macrobrachiumrosenbergii*）production is limited. Vannamei shrimp is being cultured in low salinity or even in freshwater ponds that increased the culture area drastically.

5.5.2 Food Processing

According to the Handbook on Fisheries Statistics of India 2014, majority of fish marketed in Andhra Pradesh State was fresh (55%), followed by frozen (32%), cured (3%), and canned (0.7%). Table 5.5.2 shows the disposition of fish catch in Andhra Pradesh State in 2012.

Table5.5.2 Disposition of Fish Catch in Andhra Pradesh State 2012

(Unit: tons)

Fresh	Frozen	Cured	Canned	Reduction	Misc. Purposes	Offal for Reduction	Unspecified	Others	Total
842,202	486,634	44,982	11,308	1,200	37,723	0	22,832	75,116	1,512,997

Source: Handbook on Fisheries Statistics 2014

Most of the freshwater and marine fishes are sent to other states as fresh fish. Fish are packed in insulated boxes and then filled with ice, which will easily keep the fish fresh for a week. Fish are not processed at landing sites or wholesaler sites until they are purchased by consumers or restaurants. This is due to the traditional purchasing habit of local consumers who prefer to buy whole fish and then process them at site. Most of the retailers offer fish processing services to consumers. They may provide such service directly or by employing a person to provide such service. Sometimes, they take additional payment for providing such services. Some fish are frozen at packing firms in fish consuming cities such as Chennai, Cochin, and Kolkata for later export to the Gulf countries and

Southeast Asian countries. Some fish are salted and dried depending on the preference of the importing countries.

Tuna and billfish are mainly caught by traditional fishing boats using longlines, handlines, and gillnets. Many of traditional non-motorised fishing boats do not carry ice due to limited space on board. Wholesalers purchase the fish and send them to fish consuming cities where the fish are canned or exported as chilled fish. The small-sized tuna, which is not suitable for exports get sold in domestic market.

Small fish as well as the bycatch of trawling is dried or salted by fishermen on board and women on the shore. Processing and marketing of dried fish is an important economic activity for women in fishing villages.

Cultured shrimp as well as good quality wild caught shrimp/prawn is for the export market and processed (mainly frozen) in different forms in accordance with the request of the buyers. There are a number of modern processing facilities in Andhra Pradesh State which are often equipped with Individual Quick Freezing (IQF) machines.

5.5.3 Distribution and Marketing

In Andhra Pradesh State, most of the fresh fish product is sent to the other states in India where demand for fish is high, while most of the shrimp is exported overseas as frozen products. Distribution channels for the various fish depend on the species and processing methods.

At the landing sites, agents of whole sellers and exporters from Kerala, Tamil Nadu, West Bengal, and others states make the purchases. The agents purchase high quality fish and shrimp as well as tuna and billfish species. Fishes are purchased through auction or negotiation with fishing boat owner or his/her representative. In Kakinada, there are private auctioneers who charge their service to the boat owners. Fishes are packed in insulated boxes with ice and sent to destination by insulated trucks. At the destination, fishes are examined and processed in accordance with species and quality. Fresh chilled tuna is exported to Turkey, Jordan, and European Union (EU) countries as sashimi grade tuna.

Shrimp/prawn is exported from Andhra Pradesh State to the United States of America (USA), EU, Japan, and other countries. Andhra Pradesh State exported 42% of India's marine exports in 2014/15 most of which came from shrimp/prawn. Table 5.5.3 shows the distribution channels and preservation/processing by fish species.

Table 5.5.3 Fish Distribution Channels and Preservation/Processing by Fish Species

Species	Fishing type	On board/ farm gate handling	Landing site processing		Final distination in India and processing		
Sardines	Traditional	No	wholesalers	Ice	Factories	Canned	Expoort
	Mechanized	No					Retailers
Trash fish	Trawl	No/dry on board	wholesalers	Sun dry	Feed mills	Feed process	Retailers
		No/dry on board		Salt+ dry	Rural Inland mkt	No	Retailers
Demersal fish		Ice		Fresh	Local mkt	Ice	Retailers
Mackerels, Scads, Scianidae, Ribbonfish, Pomphret, Groupers etc	Traditional	No/Ice	wholesalers	Ice	Local mkt	Ice	Retailers
	Mechanized	Ice		Ice	Fish consuming cities	Ice	Retailers
						Freeze	Export
						Salt+dry	Export
Tuna and billfish	Traditional	No/Ice	wholesalers	Ice	Fish consuming cities	Ice	Retailer
	Mechanized	Ice				Canned	Export/ Retailers
						Freeze	Export
						Ice	Export
Shrimp/ prawn	Trawl	Ice	wholesalers	Ice	Local mkt	Ice	Retailers
					Local packers	Process/Freeze	Export
	Aqua farm	Ice					Export
Freshwater fish	Aqua farm	Ice	wholesalers	Fresh	Local mkt	Fresh	Retailers
				Ice	Fish consuming cities	Ice	Retailers
						Freeze	Export

Source: JICA Survey Team based on interview and observation

5.5.4 Major Stakeholders (Fisheries)

The most important community-based institutions are the traditional governance systems (caste/kinship-based, with geographical origin are also important in case of migrant/settler communities). Some of traditional management systems are still in place to provide fisheries governance at the local level.

Fishery in India is an important part of our economy. There are over 18 thousand functional primary fisheries cooperative societies having a membership of around three million fishers in the country, who are socially, economically and educationally backward. National Federation of Fisheries Cooperative Ltd. (FISHCOPFED) is the umbrella organization of India's Fisheries Cooperative Societies under the Ministry of Agriculture. FISHCOPFED implements the most acclaimed Centrally Sponsored Group Accident Insurance Scheme for active fishermen in collaboration with the concerned state and Union Territory fishery departments throughout the country. FISHCOPFED also making its efforts to train & educate the fishers of the country as well as marketing and Institutional strengthening. .Under FISHCOPFED, there are 23 state level federations, one regional federation, 129 district level federations, and 18,144 primary fisheries societies in India (FISHCOPFED Web site: http://www.fishcopfed.in/)

Beside the community-based institutions, there are three other institutions in the fishing communities of India, namely: state supported cooperatives, community-based organisations (CBOs) led by NGOs, and fishworker's organisations. (India Marine Fisheries Issues, Opportunities and Transitions for Sustainable Development, 2010 World Bank)

An example of state-supported cooperatives in Andhra Pradesh State is Kanopur Inland Fishermen Society. It represents the fishers to use and manage Kanopur PWD tank of 1,000 acre. This society has 300 members and all the members belong to schedule caste category. The society collects fees from the members and pays nominal rent to the government to use the tank. Fifty percent of the rent goes to Water Users Association (WUA), 30% to local government, and 20% to the Fisheries Department. The

society also conducts group marketing activities to sale the fish in Chennai and Nellore and now wants to develop capture nursery that is an intermediate culture of freshwater shrimp from fry to fingerling size (4-5 inches) in pen.

There is a good example of community-based organisation in Andhra Pradesh State. The marine fisher women federation was registered in 2007. Godavari Mahila Samakhya (GMS) was promoted under Fisher Women Empowerment Project under the National Rural Livelihood Mission (NRLM: a poverty alleviation project implemented by the Ministry of Rural Development, Government of India). This scheme is focused on promoting self-employment and organisation of rural poor through Self Help Groups (SHGs) at the villages, mandals, and district levels. GMS works on the basis of Annual Work and Finance Plan. The government has contributed Rs. 5.8 million to GMS. Similarly, district administration has given Rs. 40 lakh support to GMS. NRLM has provided Rs. 8.0 million as corpus to GMS. GMS now has 1,744 SHGs in 72 villages, 12 mandals, and over 20,000 families are involved. Some of the key issues dealt by GMS include food security, pension to needy families, pre-school education, and provision of individual sanitary latrines. GMS is also associated with the provision of water purifying system, health savings services, career counselling, and life insurance.

An example of Fisherworker's Association is the Andhra Pradesh State Mechanised Fishing Boat Operators Association. The association has 500 members and shares technical and market information for their fishing activities. The association also functions to voice fishermen's needs to government authorities.

Other important organisation is 'the Seafood Exporters Association of India (SEAI)'. SEAI is the representative body of seafood exporters. It takes an active part, in conjunction with the MPEDA, in conducting International Seafood Fairs in India, besides participating in various international fairs and exhibitions.

5.6 Food Park

5.6.1 Present Status of Food Parks

(1) Mega Food Park Projects in India

According to the Sixteenth Report of Mega Food parks for Committee on Agriculture (2014-2015), it has so far approved the setting up of 40 mega food parks in the country. Out of the 40 projects, 21 projects have been accorded final approval and 19 projects have been accorded in-principle approval as on 20 May 2015.

Table 5.6.1 Current Status of MFP Projects

Status	Number
Projects with Final Approval	21
Projects Partly Operational	5
Projects Likely to be Operational in 2015-16	2
Projects Expected to be Operational in 2016-17	14
Projects In-principle Approval	19
Total	40

Source: Sixteenth Report of Mega Food parks for Committee on Agriculture (2014-2015), August 2015

Out of the 21 projects with final approval, five projects are in operation, namely; Srini Food park in Andhra Pradesh State, North East Mega Food park in Assam, Integrated Food park in Karnataka, International Mega Food Park in Punjab, and Patanjali Food and Herbal Park in Uttarakhand. Those five projects were accorded final approval from March 2009 to May 2011.

Table 5.6.2 List of Five Projects in Operation

Amount in Rs.

	Party	Project Location	District	State	Project Cost	Approval Date	Grant Approved	Grant Released
1	Srini Food Park Pvt.Ltd.	Mogili Village, Bangarupalem	Chittoor	Andhra Pradesh	1,169,400,000	27.03.2009	500,000,000	499,194,560
2	North East Mega Food Park Ltd.	Nathkuchi village, Tihu	Nalbari	Assam	759,800,000	27.03.2009	500,000,000	400,000,000
3	Integrated Food Park Pvt. Ltd.	Vasanta Narasapura Industrial Area	Tumkur	Karnataka	1,443,300,000	27.03.2011	500,000,000	450,000,000
4	International Mega Food Park Ltd.	Village Dhabwala Kala, Malout-Fazilka Road, Dana Mandi Rd, Arniwala Shakh Subhan	Fazilka	Punjab	1,303,800,000	25.05.2011	500,000,000	450,000,000
5	Patanjali Food & Herbal Park Pvt. Ltd	Village Padartha	Haridwar	Uttarakhand	950,800,000	27.03.2009	500,000,000	500,000,000

Source: Ministry of Food Processing Industries

According to the guidance given by the ministry, core processing facilities such as CPC and Primary Processing canters (PPC) are essential to install in the food park. All five operational projects have facilities like testing laboratory, cleaning, grading, sorting and packing facilities, dry warehouses, specialised storage facilities, and cold storage as common facilities of CPC. Each project also sets up three to six PPCs to create a backward linkage as shown in Table 5.6.3 below. However, the table also shows the number of units in operation is few except for Patanjali Food & Herbal Park.

Table 5.6.3 Major Facilities and Status of Operation for Five Operational Projects

	Party	State	Land size	Facilities in CPC	Cold Storage	IQF (MT/h)	Number of PPCs	Units in Opertion
1	Srini Food Park Pvt.Ltd.	Andhra Pradesh	142 acre	Aseptic Pulping, Cold Storage, and Warehouse, Ripening Sheds, IQF & Deep Freeze and Tetra Pack line	200MT	1.5	4 in operation	2 units
2	North East Mega Food Park Ltd.	Assam	N/A	Warehouse, Common facility building, Cold storage, QC lab equipment, ETP & septic tank, truck terminal, procurement of reefer vans.	N/A	N/A	3 (proposed)	1 unit
3	Integrated Food Park Pvt. Ltd.	Karnataka	110 acre	warehouse, silos and fruit and vegetable block including cold storage, ripening chambers, IQF etc	660MT	1	6 (proposed)	1 unit
4	International Mega Food Park Ltd.	Punjab	N/A	grain silos, cold storage, IQF and deep freeze, warehouse etc.	4000MT	2	4 (under construction)	4plots (2 acres)
5	Patanjali Food & Herbal Park Pvt. Ltd	Uttarakhand	N/A	cold storage & warehouse, QC lab with installation of various equipments	3000MT	not filled	6 (constructed)	18 units (out of 25 units proposed)

Source: JICA Survey Team, Sixteenth Report of Mega Food parks for Committee on Agriculture (2014-2015), August 2015. Report on Evaluation of the Impact of the Scheme for Mega Food park of the Ministry of Food Processing Industries, ICRIER, July 2015

(2) Food Parks in Andhra Pradesh State

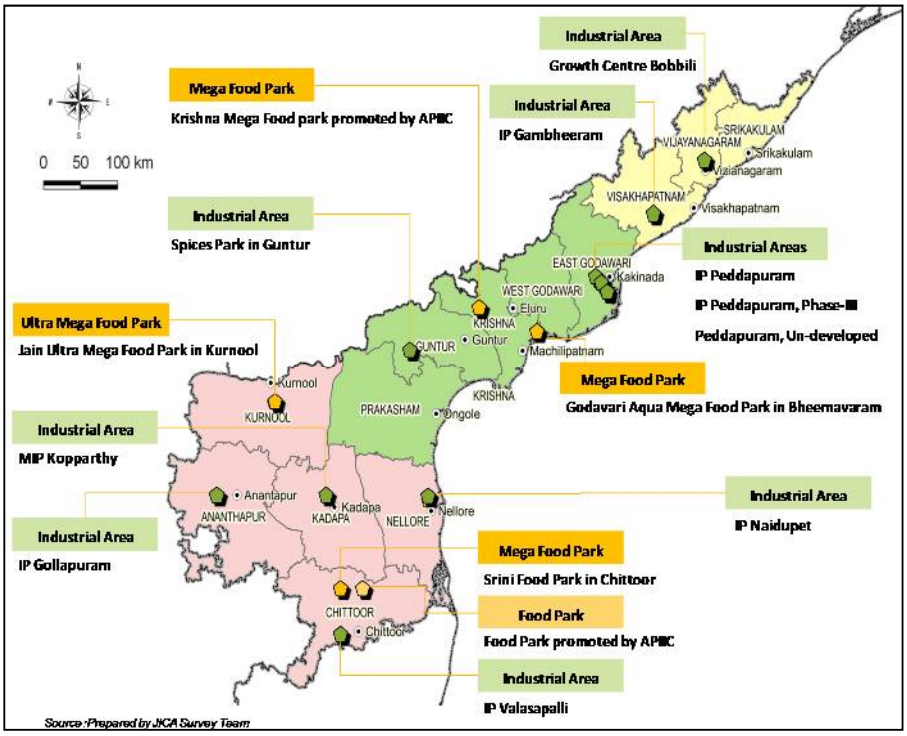
According to the Office Memorandum of F.No.15-MFPI/14-Mega FP, the Ministry of Food Processing Industries dated on 2nd August 2015, MOFPI notify the consolidated list of designated 146 food parks for the purpose of making available affordable credit from Food Processing Fund 2015-16 established by the Reserve Bank of India in NABARD. Out of 146 food parks, 14 food parks are located in Andhra Pradesh State.

Table 5.6.4 List of Food Parks in Andhra Pradesh State

No	Name of Food parks	District	Category
1	Srini Food park	Chittoor	MFP
2	Food park promoted by Andhra Pradesh Industrial Infrastructure Cooperation (APIIC)	Chittoor	FP
3	Mega food park promoted by Andhra Pradesh Industrial Infrastructure Cooperation (APIIC)	Krishna	MFP
4	Godavari Mega Aqua Park	West Godavari	MFP
5	MIP Kopparthy	Kadapa	IA
6	IP Peddapuram	East Godavari	IA
7	IP Peddapuram, Phase-III	East Godavari	IA

No	Name of Food parks	District	Category
8	Peddapuram, Undeveloped	East Godavari	IA
9	IP Naidupet	Nellore	IA
10	IP Valasapalli	Chittoor	IA
11	IP Gambheeram	Visakhapatnam	IA
12	Growth Centre Bobbili	Vizianagaram	IA
13	IP Gollapuram	Anantapur	IA
14	Spices Park	Guntur	IA
15	Ultra Mega Food park	Kurnool	UMFP

Note: UMFP– Ultra Mega Food park, MFP– Mega Food park, FP- Food park, IA- Industrial Area, IP- Industrial Park
Source: 14 food parks are identified from the Office Memorandum F.No.15-MFPI/14-Mega FP, Ministry of Food Processing Industries dated on 02.09.2015. No. 15 Ultra Mega Food park in Kurnool is added by the JICA Survey Team.



Source: JICA Survey Team

Figure 5.6.1 Location Map of Major Food Parks in Andhra Pradesh State

5.6.2 Present Status of Infrastructure

(1) Road Network and Drainage

The national highways including the North-South Corridor provide connections to industries/cities from key areas in India making them more accessible as shown in Figure 5.6.2. The highways are categorised into four types: single lane with 2,092 km long, intermediate lane with 1,001 km long, double lane with 6,902 km long, and multi-lane with 236 km long in India.

The state is well connected with inter-state and intra-state road network. The state has a total road network of 45,831 km. The Transport Roads and Buildings Department is responsible for the construction and maintenance of roads, bridges, causeways, and national highways in the state. The status of road network is given in Table 5.6.5 below.

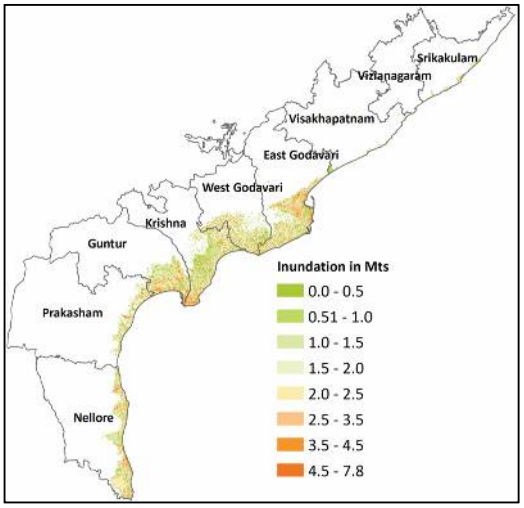
Source: Socioeconomic Survey 2014-15

Figure 5.6.2 National Highway

Table 5.6.5 Status of Road Network

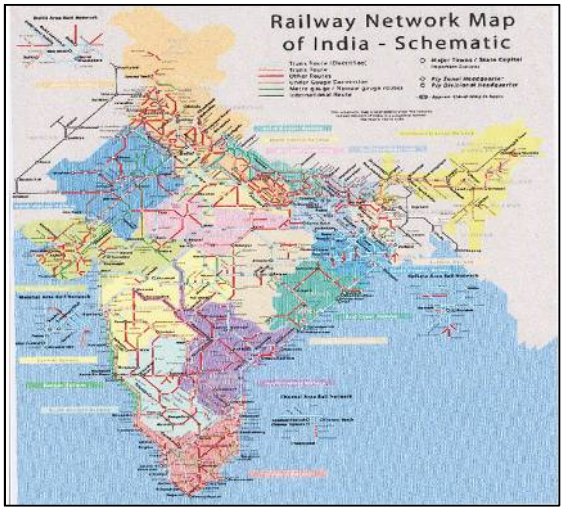
Type of Roads	Length (km)
National Highways	4,423
State Highways	6,167
Major District Roads	19,674
Rural Roads	15,567
Total	45,831

Source: Socioeconomic Survey 2014-15



Sauce: APS Development Planning Society (APSDPS) May 2014

Figure 5.6.3 Inundation Map in Andhra Pradesh State



Sauce: Socioeconomic Survey 2014-15

Figure 5.6.4 Railway Network

Drainage system is composed of road network, rivers with tributaries, irrigation canal, and rain harvest ponds. In cities, separated sewer system is partially adopted in almost all areas, combined sewers are installed. Not only drainage but also the sewerage systems are not functioning effectively since these are not well designed and their facilities are degraded due to lack of maintenance. Coastal areas prone to storm surge inundation due to cyclones are shown in Figure 5.6.3

A developer of food park (FP) shall properly make the plan of access roads in consideration of the accessibility between the Food Park and trunk roads such as national highway and state highway and also considering the drainage system at the vicinity of the food park.

(2) Railway

Andhra Pradesh State is well connected through the rail network. Visakhapatnam, the largest city in the state, has rail accessibility to nine out of 13 district headquarters as shown in Figure 5.6.4. The Government of India is also planning to form a separate railway zone, namely: South Coast Railway with Visakhapatnam as its headquarter. The new zone will consist of Waltair Division of the East Coast Railway (ECoR) as well as Vijayawada, Guntur, and Guntakal divisions of South Central Railway. Additionally, Andhra Pradesh State has proposed the metro rail projects in the cities of Visakhapatnam, Vijayawada, and Tirupathi.

(3) Sea Port

There is one major seaport in Visakhapatnam managed by the Government of India and 14 non-major ports managed by the state government. Visakhapatnam Port is one of 13 major ports in India and the only major port of the state at present. It is India's second largest port by volume of cargo handled. It is located on the east coast of India and is located midway between the Chennai and Kolkata ports as shown in Figure 5.6.5. Visakhapatnam Port is undergoing modernisation and expansion program aimed at increasing its capacity to 130 million tons by 2016-17. Status of Visakhapatnam Port is shown in Table 5.6.6.

Gangavaram Port is developed as the most modern, all weather, deep water, multipurpose world class port facility, and offers major tangible benefits to the Indian industry through deeper drafts, advanced cargo handling equipment, highly efficient operations, supported by vast storage areas for all types of cargo and extensive ancillary facilities, making it the most important gateway on the east coast of India as shown in Figure 5.6.5. Status of Gangavaram Port is indicated in Table 5.6.8.

Source: JST

Figure 5.6.5 Location Map of Main Infrastructures

Kakinada Port is located in Kakinada off the east coast of India. The port is 170 km (106 mi) south of Visakhapatnam Port as shown in Figure 5.6.5. Outline of Kakinada Port is presented in Table 5.6.8.

Krishnapatnam Port is a privately built and owned all weather deep water port on the east coast of India, lying in the Nellore District of the state as shown in Figure 5.6.5. The port also is located about 190 km north of the Chennai Port and 18 km east of the city of Nellore. The port is owned and operated by the Krishnapatnam Port Company Limited (KPCL) which is 92% owned by Hyderabad-based CVR Group. Status of Krishnapatnam Port is shown in Table 5.6.9.

Table 5.6.6 Outline of Visakhapatnam Port

Item/Feature	Inner Harbour	Outer Habour
Annual Cargo Tonnage	65 milliontons/year	
Water Spread	100 ha	200 ha
Number of Berths	18	6
Berths Length	3,683 m	2,375 m
Max. Draft	11 m	17 m
Source: Visakhapatnam Port		

Table 5.6.7 Outline of Gangavaram Port

Item	Feature
Annual Cargo Tonnage	20.74 million tons (2014-2015)
Number of Available Berths	5
Total Length of Quay	1,458 m
Width of Quay	25 m to 31 m
Max permissible draught	14.0 m to 19.5 m
Source: Gangavaram Port	

Table 5.6.8 Outline of Kakinada Port

Item	Feature
Annual Cargo Tonnage	12.07 million tons/year
Number of Available Berths	4 + 2 (under construction)
Total Length of Quay: Six Berths	1,510 m
Total Width of Quay	25 m
Max. Permissible Draught	13 m on high tide
Source: Kakinada Port	

Table 5.6.9 Outline of Krishnapatnam Port

Item	Feature
Annual Cargo Tonnage	40.72 million tons (2014-15) Note: 75 million tons capable
Number of Berths	2
Total Berth Length	650 m
Straight line Draft alongside	13.5 m
Number of Container Berths	7
Total Container Berth Length	2,000 m
Draft Alongside	18.0 m
Source: Krishnapatnam Port	

The government is developing the Machilipatnam Port under a public-private partnership (PPP) model. In addition to the existing non-major ports, the government has also decided to develop 14 minor ports under the PPP mode, which include Bhavanapadu and Kalingapatnam in Srikakulam District, and Narsapur in West Godavari District. There has been a proposal from the Government of India to

establish a second major port in the state at Duggirajapatanam in Krishna District, for which, the GoAP has conveyed its consent and has agreed to provide available government land as equity.

(4) Airport

Andhra Pradesh State has seven operational airports/air strips in Visakhapatnam, Tirupathi, Rajahmundry, Vijayawada, Kadapa, Tadepalligudem, and Puttaparthy. The state government is extending support to the Airport Authority of India for expansion or modernisation of existing airports in Vijayawada, Rajahmundry, and Tirupathi. There has been a proposal for the development of greenfield airport in Bhogapuram, Vizianagaram District. It has been proposed to develop no-frills airports inNagarjuna sagar, Guntur District and Donakonda, Prakasam District; and to develop regional airports inKuppam-Chittoor District, Dagadarthi-Nellore District, and Orvakallu-Kurnool District.

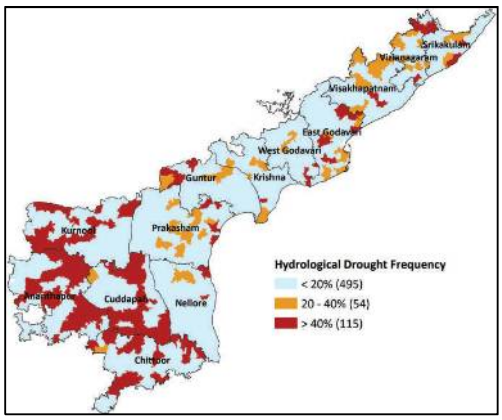
Expansion of the existing Visakhapatnam, Vijayawada, and Tirupati airports is proposed to conform with international standards. At present, an international airport is located in Hyderabad, Bangalore and Chennai outside of the state as shown in Figure 5.6.5. In the near future, Tirupathi is planned to be an international airport.

(5) Water Supply

The Andhra Pradesh State Rural Water Supply and Sanitation Department (RWSS) under the government has the responsibility to provide water supply to the rural areas while the Public Health Engineering Department (PHE) has the responsibility in the management of water supply to the urban areas. The total water resources of the state are estimated to be about 108 billion cubic meter (BCM) consisting 78 BCM from surface water and 30 BCM from groundwater. Nearly 65 BCM out of 108 BCM water capacities are currently utilised, i.e., 0.6 BCM for drinking, 64 BCM for irrigation, 0.3 BCM for industry and 0.3 BCM for power generation. Most of the water (about 98%) is currently supplied for irrigation, although other sectors' needs are expected to grow in the future.

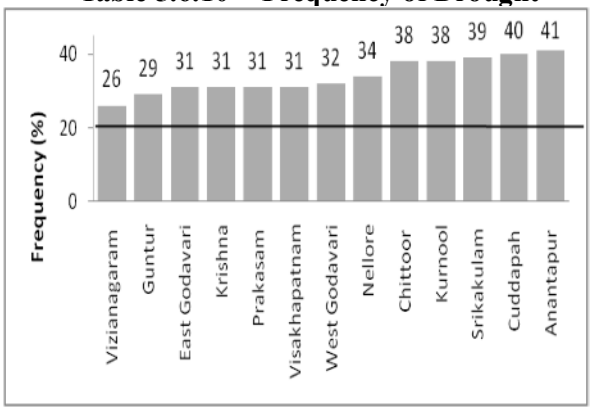
The state is rich in water resources consisting of three major perennial rivers, namely: Godavari, Krishna and Pennar as shown in Figure 5.6.4, ten medium rivers, and several other rivers of lesser significance. Rainfall varies from 561 mm in Rayalaseema Region including the southern districts of Anantapur, Chittoor, Kadapa, and Kurnool to 1,113 mm in Coastal Andhra Region in the northeastern part of the state. The number of rainy days varies from 52 days in Coastal Andhra to 41 days in Rayalaseema.

Although net annual groundwater availability in the state is 30 BCM, the groundwater level varies significantly in each district and season. In many parts of the state, in the summer during May and June, many irrigation wells and drinking water wells run dry every year due to significant depletion of groundwater level. Groundwater levels measured in January and May showed a very high depletion of groundwater with 7.56m in Rayalseema during the summer. Coastal Andhra also has a high depletion with 3.29m differences between pre-monsoon and post-monsoon. This depletion of groundwater seriously affects the sustainability of drinking water sources, especially during the summer. The state, especially Rayalseema, suffers from drought as shown in Figure 5.6.6.



Source: APSDPS May 2014

Table 5.6.10 Frequency of Drought



Source: APSDPS May 2014

Figure 5.6.6 Drought Map in Andhra Pradesh State

While the state has three major rivers and also significant amount of groundwater, it faces serious challenges in water resources management for drinking and domestic purposes. The challenges of depletion of groundwater levels and quality problems (fluoride and salinity) in some parts of the state need to be addressed urgently by APRWSS (Rural Water Supply and Sanitation). There is a high dependence on groundwater for drinking and other domestic purposes not only in rural area but also in urban area. Therefore, planning of a food park requires careful consideration of selection of water sources and water resource development. Bulk water for the park could be supplied from water resources constructed for irrigation purpose.

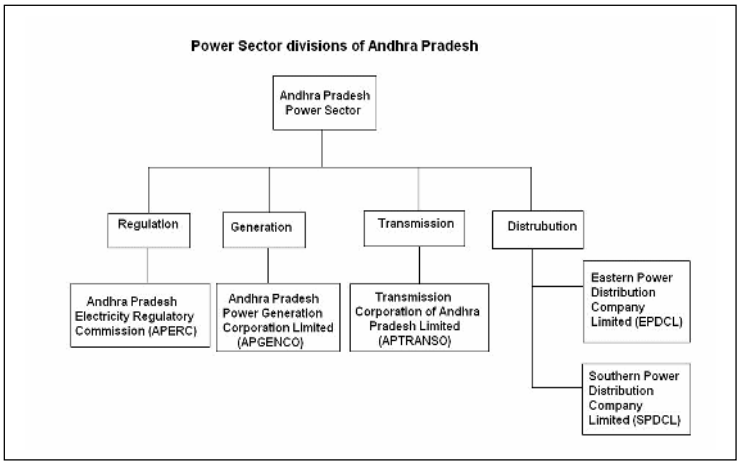
(6) Sewerage

At present, the public sewer collection system including wastewater treatment is not developed in the state. The present level of sanitation coverage is around 59% in the state, while the rural household coverage is about 30%. It is reported that only half of the rural households with latrines are using theirs latrines regularly. This implies that still more than 80% of rural population resorts to open defecation with its associated risks relating to public health and also pollution of water supply sources.

Open defecation is quite prevalent, leading to significant pollution and health issues. This problem is more acute in densely populated settlements. Wastewater generated by households including cattle sheds flows into open surface drains. Currently, only 6.3% of rural households are connected to the closed drainage system. Therefore, food parks should establish their own sewerage system with wastewater treatment plant within the park.

(7) Power Supply

The Andhra Pradesh State Power Generation Corporation Limited (APGENCO), who undertakes the operation and maintenance of power plants and setting up of new power projects alongside with the upgrading of plant's capacity, is the responsible organisation for power generation. Transmission Corporation of Andhra Pradesh State Limited (APTRANSCO) manages power supply as single buyer in purchasing and selling of power to Distribution Companies (DISCOMs) as shown in Figure 5.6.7. There are four DISCOMS in the state that distribute power to theirs consumers.



Source: APGENCO

Figure 5.6.7 Organizational Chart

The total installed utility power generation capacity is nearly 20,000 MW in the state. Only 11,400 MW is the committed power supply to the state. APTRANSCO has made long-term power purchase agreements for 9,611.29 MW, as of July 31, 2015. The rest of the capacity is used as electricity exported mainly to Telangana State depending on fuel availability. The gross electricity with 48,323 million KWh is supplied in the year 2014-15 and the unit electricity consumption is estimated at 1,003 KWh per capita. The hydropower plants in the state are shown in Table 5.6.11 and those capacities are estimated at 1,748 MW.

Table 5.6.11 Hydropower Station

Name of Power Station	Basin	Installed Capacity (MW)
Donkarayi Power House	Godavari	25
Lower Sileru Project Power House	Godavari	460
Nagarjunasagar Right Canal Power House	Krishna	90
Penna Ahobilam Power House	Pennar	20
Pulichintala Project Power House	Krishna	120
Srisailam Right Bank Power House	Krishna	770
Upper Sileru Project Power House	Godavari	240
Others		23
Total		1,748

Source: APGENCO

Table 5.6.12 Coal-based Thermal Power Plants

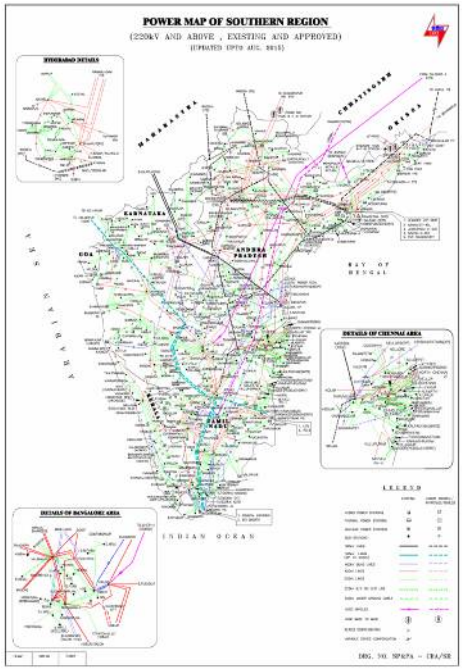
Name	Operator	Location	District	Sector	Capacity (MW)
Simhadri Super Thermal Power Plant	NTPC	Visakhapatnam	Visakhapatnam	Central	2,000
Dr Narla Tatarao TPS	APGENCO	Ibrahimpatnam	Krishna	State	1,760
Rayalaseema Thermal Power Station[8]	APGENCO	Kadapa	Kadapa	State	1,050
Sri Damodaram Sanjeevaiah Thermal Power Station	APPDCL	Krishnapattanam	Nellore	State	1,600
Simhapuri Thermal Power Station	SEPL	Krishnapattanam	Nellore	Private	600
Meenakshi Thermal Power Station	MEPL	Krishnapattanam	Nellore	Private	300
Pynampuram Power Station	TPCIL	Krishnapattanam	Nellore	Private	1,320
TOTAL					8,630

Source: APGENCO

Table 5.6.13 Combined Cycle Gas Turbine and Diesel Engine Power Plants

Name	Capacity (MW)
APGPCL Plant	272
Lanco Kondapalli Power Plant	1,466
Gautami Combined Cycle Power Plant	464
Konaseema Combined Cycle Power Plant	445
Vemagiri Combined Cycle Power Plant	370
GMR Rajamundry Combined Cycle Power Plant	768
Samarlakota Combined Cycle Power Plant	2,620
Jegurupadu Combined Cycle Power Plant	445
Spectrum Combined Cycle Power Plant	209
GMR (barge mounted)	237
LVS Diesel Engine Power Station	37
Panduranga CCPP	116
RVK Energy Power Plant	28
Sriba Power Plant	30
Silkroad Sugar Power Plant	35
Total	7,542

Source: APGENCO



Source: APTRANSCO

Figure 5.6.8 Power Transmission Line

Thermal power plants are installed based on fuel, coal, gas, diesel, etc. Public sector undertaking NTPC, state level power generating companies, and private firms are engaged in this sector for power generation. Currently, operating coal-based thermal power plants in the state are listed in Table 5.6.12 above.

There are 15 combined cycle gas turbine power plants and diesel engine power plants with total capacity of 7,542 MW at present in the state as shown in Table 5.6.13. However, it is reported that many of these power plants are not operating due to non-availability of natural gas and high cost of liquid fuels.

The state has solar power with a total capacity of 279.44 MW, as of September 2015, and wind power with a capacity of 1,062 MW, as of July 2015. In addition, there are nearly 89.1 MW small hydro

plants; about 421.14 MW bagasse, bio-mass co-generation and bio-mass based projects; nearly 78.79 MW mini power plants (grid connected); and nearly 67.20 MW other (grid connected) plants based on isolated gas wells, waste heat, industrial waste, municipal waste, etc., in the private sector. These power plants are not covering captive power capacity in various industries which are not grid connected. In addition, innumerable diesel generator sets are installed in the state for stand-by supply and emergency power supply to be required during power outages.

The state has well spread transmission system. APTRANSCO/DISCOMs owned and operated transmission lines varying from 400 KV to 11 KV with a total length of 231,127 km formed by the circuit system in the state as presented in Figure 5.6.8. The high voltage transmission (HT) lines with a capacity of 11 KV and more are spread by means of formation of a square matrix with an area of 1.93 km^2. It is expected that a high voltage transmission line is able to access within 0.7 km vicinity at least in the state.

DISCOMs owned and operated the low voltage transmission (LT) lines with a capacity of less than 11 KV with a total length of 292,158 km formed by the circuit system. It represents that one HT or LT line is available at least within the vicinity of 306 m on the average in the entire state area. The state has 2,905 substations with a capacity of 33 KV and more. The substation is located in every area of 56 km^2 and within 4 km distance on the average. It is noted that the accessibility from food park to a substation is excellent.

(8) Telecommunications

India's telecommunication network is the second largest in the world based on the total number of telephone users (both fixed and mobile phone). It has one of the lowest call tariffs in the world enabled by the mega telephone networks and hyper-competition amongst them. It has the world's third-largest internet user-base. According to the Internet and Mobile Association of India (IAMAI), the internet users and broadband internet users are estimated respectively around 317 million and 121 million, as of October 2015. Number of mobile subscribers is more than 996 million in India, as of September 2015 and in Andhra Pradesh State, about 79 million as shown in Table 5.6.14.

Table 5.6.14 Number of Subscribers by Telephony

Telephony	India	AP State
Mobile subscribers (million)	996.66	79.10
Fixed line subscribers (million)	25.85	1.96
Total (million)	1,022.51	81.06

Source: States book 2015

Until the New Telecom Policy was announced in 1999, only the government-owned BSNL and MTNL were allowed to provide landline phone services through copper wire in India. Due to the rapid growth of the cellular phone industry in India, landlines are facing stiff competition from cellular operators. This has forced landline service providers to become more efficient and improve their quality of service. Landline connections are now also available on demand, even in high density urban areas.

The dominant players are Airtel, Reliance Infocomm, Vodafone, Idea Cellular, and BSNL/MTNL. There are many smaller players, with operations in only a few states. International roaming agreements exist between most operators and many foreign carriers. The government allowed the mobile number portability (MNP), which enables mobile telephone users to retain their mobile telephone numbers when changing from one mobile network operator to another.

(9) Solid Waste Management

The Ministry of Environment and Forest (MoEF) is the nodal agency dealing with all environmental matters in India. MoEF is required to examine the awareness, research and sustainable development initiatives, location of industries and secured landfills for hazardous wastes and use of environmentally sound technologies. All State Pollution Control Boards (SPCBs) and Pollution Control Committees (PCCs) are directed to produce a comprehensive report on illegal waste dumpsites in their jurisdiction. The Central Pollution Control Board (CPCB) has to issue guidelines to be followed by all concerned including SPCBs, PCCs, and the operators of disposal sites for proper functioning. They are also

entitled to form authenticated National Inventory on Hazardous Waste dumpsite. The Ministry of Health deals with toxicological aspects of wastes like heavy metals and hormone disrupting chemicals.

The problem of solid waste management (SWM) in combination with rapid urbanisation, population growth and unplanned development is worsening day by day not only in Andhra Pradesh State but also in other states. The municipal solid waste (MSW) is categorised by degradable, partially degradable, and non-degradable materials. An improvement in waste collection, segregation, storage, transportation and disposal was reported to be urgently required in the state. Each municipality has the overall responsibility for conducting practically the solid waste management (SWM). In the state, the municipal solid waste is estimated at 4 ton/day with a generation rate of 0.364 kg/day per capita. Additionally, the state has been a leader in applying waste management technology with the help of Andhra Pradesh State Technology Development and Promotion Centre (APTDC). The state was the first to host two plants, i.e., Refuse Derived Fuel (RDF) and Waste-to-Energy (WTE), one is located near Hyderabad and the others are located between Vijayawada and Guntur.

5.6.3 Food Parks' Basic Infrastructure

(1) Status of Basic Infrastructures and Common Facilities for Food Parks

During the first site survey, an interview survey was conducted to three food parks and two units through a questionnaire sheet and results of the survey are summarised in Table 5.6.15.

Table 5.6.15 Results of the Questionnaire Survey

Closed to public

All food parks and units are well designed and developed by developers in terms of infrastructure and common facilities as indicated in the above table. Accessibility from food parks and units to power transmission lines and national/state highways are well secured except for the Godavari Aqua Food park of which access road is not developed yet by the government. Food parks and units belonging to Rayalaseema Region provided borewells and rain harvest ponds as their water sources. Godavari Aqua

Food park will be supplied with bulk water from irrigation canal.

The core processing infrastructures of Central Processing Centre (CPC) are ordinarily to be; cold storage, deep freeze, pack house, dry warehouses for raw materials and finished goods, platform/unloading sheds for storage silos, individually quick frozen (IQF) including pre-process set-up and packaging of finished goods, ripening chambers, control atmosphere (CA)/ modified atmosphere (MA) storage chamber, quality assurance, food testing, and product development lab but the required facilities and those capacities are different definitely depending on the type and scale of industry. Table 5.6.16 shows the status of provision of CPC's core infrastructures at each mega food park. It is noted that Srini Food park is assessed to capably conduct its operation and maintenance (O&M), and another mega food parks are presumed not to control their infrastructures and facilities.

Table 5.6.16 Status of Central Processing Centre's Core Infrastructures in Mega Food Parks

Closed to public

The Primary Processing Centres (PPCs) would provide for primary processing facilities such as storage, washing, sorting, grading, weighing, and packaging. It may also have certain need based on the processing facilities as may be required. While the PPCs would be directly linked to CPC, they would also have linkages to retail markets in major consumption centres within the state as well as in neighbouring states. PPCs are supported by Field Collection Centres (FCCs). Produce collected at the PPCs would be transported using reefer vans for highly perishable produce while all other items shall be transported under ambient conditions. PPCs will also serve as a point of contact with farmers and would be the points of price discovery. These centres may also have facilities for transfer of technology, information, and supply of inputs.

(2) Framing of Food Park Plan

Closed to public

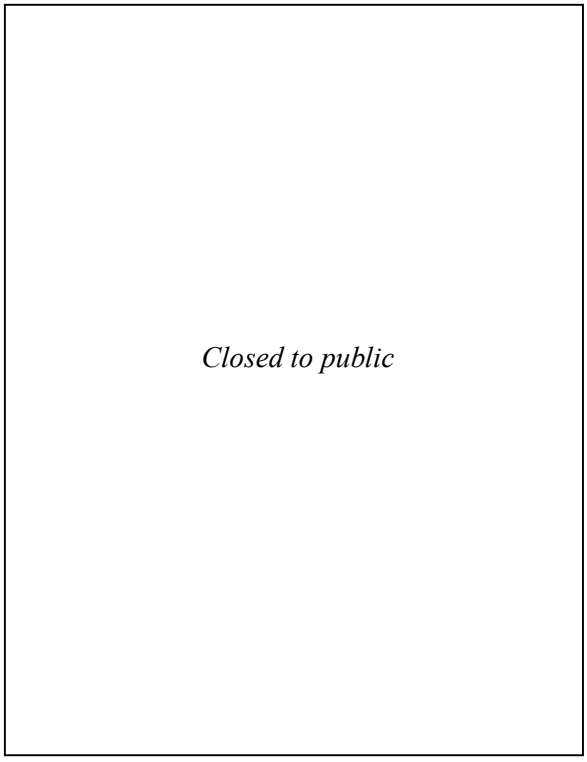


Figure 5.6.9 Layout Plan of Srini Food park

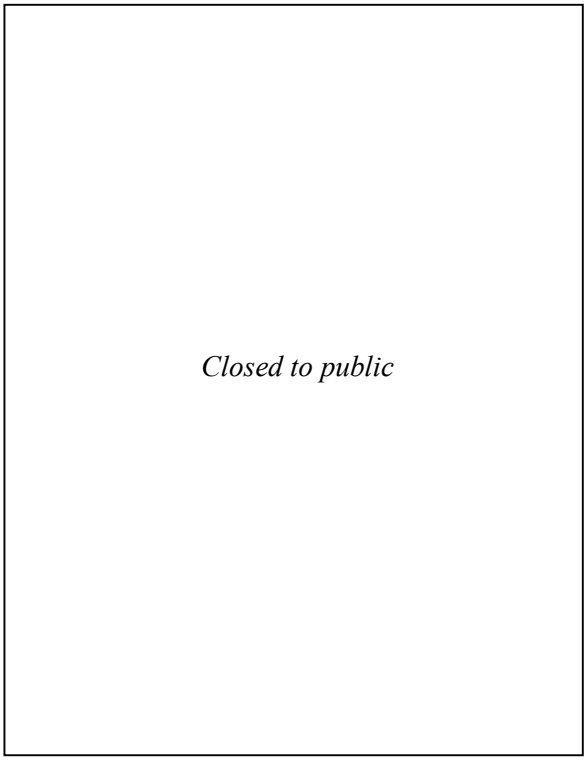


Figure 5.6.10 Godavari Mega Aqua Food park

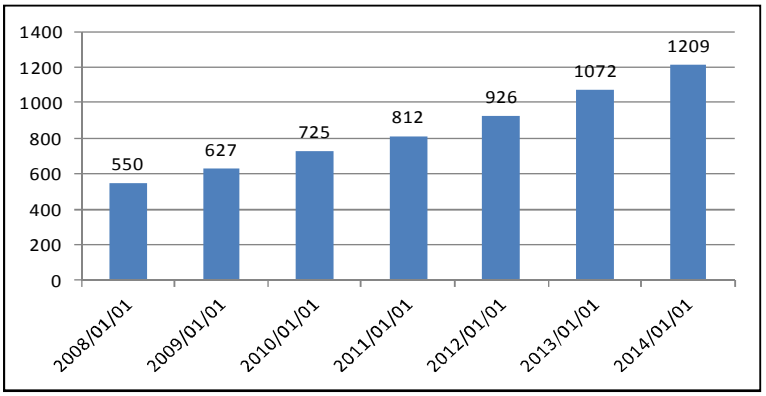
5.7 Adaptation of Advanced Japanese Technologies to Food Industries

5.7.1 Japanese Companies

(1) Overview

The Embassy of Japan in India and the Japan External Trade Organisation (JETRO) have been collectively compiled a list of Japanese business establishments in India. The latest survey data as of October 2014 shows the following findings:

- The total number of Japanese companies registered in India is 1,209 with an increase of 137 companies as compared with the previous year.
- The total number of Japanese business establishments in India is 3,961 with an increase of 1,419 establishments as compared with the previous year.



Source: Japanese Business Establishments in India, Embassy of Japan in India and JETRO, January 2015.

Figure 5.7.1 Number of Japanese Companies Registered in India

The above figure shows that India is a promising business location for Japanese companies as the number of Japanese companies registered in India has been stably increasing every year ranging from

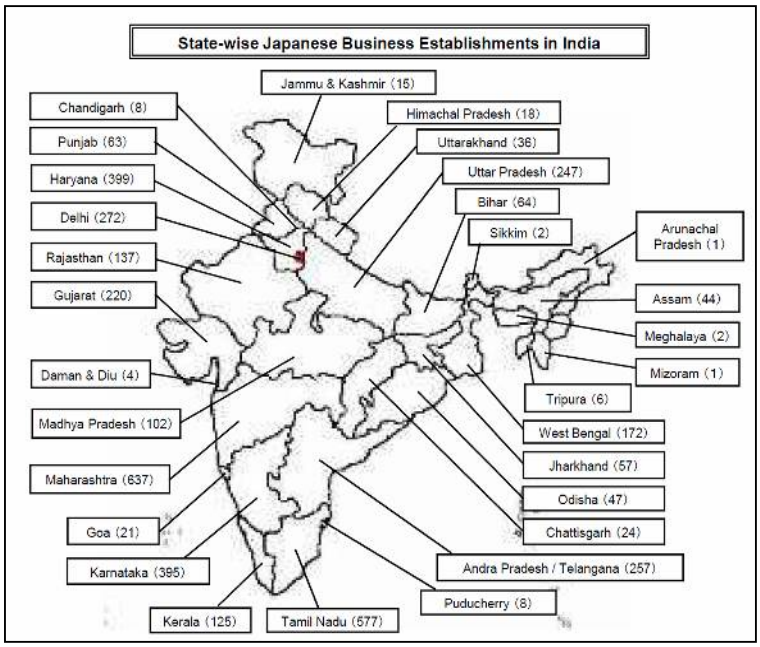
77 to 146.

Out of the 3,961 Japanese business establishments in India, Delhi, Haryana, Maharashtra (Mumbai), and Tamil Nadu (Chennai) are the top destinations for Japanese companies. Those states cover about 50% of all establishments in India.

Table 5.7.1 State-wise Number of Japanese Business Establishments

State	Number	%
Delhi/Haryana	671	17%
Maharashtra	637	16%
Tamil Nadu	577	15%
Karnataka	395	10%
Andhra Pradesh/Telangana	257	6%
Uttar Pradesh	247	6%
Gujarat	220	6%
West Bengal	172	4%
Rajasthan	137	3%
Kerala	125	3%
Madhya Pradesh	102	3%
Other States	89	2%
Bihar	64	2%
Punjab	63	2%
Jharkhand	57	1%
Odisha	47	1%
Uttarakhand	36	1%
Chattisgarh	24	1%
Goa	21	1%
Chandigarh	8	0%
Puducherry	8	0%
Daman & Diu	4	0%
Grand Total	3961	100%
Number of Japanese Companies registered in India	1209	

Source: Japanese Business Establishments in India, Embassy of Japan in India and JETRO, January 2015.



Source: Japanese Business Establishments in India, Embassy of Japan in India, JETRO, January 2015.

Figure 5.7.2 State-wise Japanese Business Establishments in India

(2) Japanese Companies in Agriculture and Food Manufacturing

Japanese companies in agriculture and food manufacturing registered in India were identified as shown in Table 5.7.2 below.

Table 5.7.2 Japanese Agriculture and Food Manufacturing Companies Registered in India

Type of Business	Company Name	Location	Business
Agriculture, Forestry, Fishery (6 companies)	GRA India Private Limited	Mumbai	Vegetable production
	Leo Green Foods	Mumbai	Organic fertiliser
	SC Enviro Agro India Pvt. Ltd.	Mumbai	Agro chemicals
	Sakata Seeds India Pvt. Ltd.	Bangalore	Seed production
	Tokita Seed Co., Ltd.	Bangalore	Seed production
	United Genetics India Pvt. Ltd.	Bangalore	Seed production
Manufacturing-Food, Drink, Tobacco, Fodder (14 companies)	Rising Sun Import Pvt. Ltd.	New Delhi	-
	Yakult Danone India Private Limited	New Delhi	Pro-biotic fermented milk drink
	NAGOMI Consulting Pvt. Ltd.	New Delhi	-
	Indo Nissin Foods Limited	Bangalore	Instant noodle
	C.L.Aqua Foods Pvt. Ltd.	Kolkata, West Bengal	Feed mills
	J-OIL Mills, Inc. Mumbai Liaison Office	Mumbai	Vegetable oil
	Kikkoman Corporation India Representative Office	Mumbai	Soy sauce
	Ruchi Kagome Foods India Pvt. Ltd.	Mumbai	Tomato based products
	Taiyo Lucid Private Limited	Mumbai	Water-soluble dietary fibre and other nutritional ingredients
	AJINOMOTO India Pvt. Ltd.	Chennai, Tamil Nadu	Monosodium glutamate, inosinate and guanylate, food items
	Accelerated Freeze Drying Co. Ltd., Cochin Factory	Kochi, Kerala	Freeze drying food
	Higashimaru Feeds (India) Ltd.	Alleppey, Kerala	Fish feeds
	HIC-ABF Special Foods Private Limited	Shertallai, Kerala	Value-added and ready-to-eat food products
	Ruchi J-OIL Private Ltd.	Shujalpur, Madhya Pradesh	Vegetable oil
Manufacturing-Others (2 companies)	Pioneer Jellice India Pvt. Ltd.	Madurai, Tamil Nadu	Ossein and Dicalcium Phosphate
	3F Fuji Foods Private Limited	Telangana	Edible oil
Wholesale, Retail (2 companies)	Suntory Narang Private Limited	Mumbai	Food and drinks
	Meiji India Private Limited	Mumbai	Confectionary products

Source: JICA Survey Team based on Japanese Business Establishments in India, Embassy of Japan in India, JETRO, January 2015.

In agriculture, forestry, and fishery sector, there are six companies registered in India. Out of the six companies, three companies are in seed production business located in Bangalore. Others are in farming, organic fertiliser, and agro chemical businesses.

Manufacturing for food, drink, tobacco, and fodder has 14 registered companies. Out of the 14 companies, four companies are located in Mumbai, three are in New Delhi, three are in Kerala State. The product of those companies varies, such as pro-biotic fermented milk drink, instant noodle, feed mills, vegetable oil products, tomato products, and water-soluble dietary fibre.

There are also two companies of manufacturing-others and these two companies are registered as wholesale and retail business.

(3) Public-Private Mission Organised by the Ministry of Agriculture, Forestry, and Fisheries (MAFF), Japan

The JICA Survey Team attended the Public-Private Mission organised by MAFF, Japan from

November 30 to December 3, 2015 to develop a network amongst Japanese and Indian food business companies and to visit several advanced companies in Andhra Pradesh State such as Srini Food park and 3F Industries. The schedule of the mission is shown in Table 5.7.3 below.

Table 5.7.3 Public-Private Mission Schedule

Date	Site	Agenda/Activities
Nov. 30 2015	Delhi/Chennai	- Attend Public-Private Seminar in New Delhi - Travel to Chennai
Dec. 1, 2015	Chennai/Chittoor/ Vijayawada	- Site visit to Srini Food park, Chittoor - Travel to Vijayawada via Bangalore
Dec. 2. 2015	Vijayawada	- Attend "Networking Conclave" of Andhra Pradesh State and Japanese Food Processing Industry in Vijayawada
Dec. 3, 2015	Vijayawada/West Godavari	- Site visit to a rice miller and 3F Industries

Source: JICA Survey Team

During the mission, there were two seminars held in New Delhi and Vijayawada in Andhra Pradesh State. The companies that participated in the mission are listed as per business category as shown in the following Table 5.7.4.

Table 5.7.4 List of Companies Participated to the Public-Private Mission

Closed to public

Closed to public

Source: JICA Survey Team

A total of 21 Japanese companies joined the mission: 1) Developer/promoter = 2 companies, 2) Food manufacturer = 2 companies, 3) Agri machinery/food processing machinery/freezer manufacturer = 6 companies, 4) Trading/distribution company = 4 companies, and 5) Others = 7 companies. Out of 21 companies, 17 companies joined the seminar in New Delhi and 13 companies participated in the program in Vijayawada, Andhra Pradesh State.

Among them, 16 companies have already established their office in India and only five companies sent participants from Japan for the mission. It was also expected that more participants of food manufacturing as potential investors to setup a factory in India; however, there was no participant of food manufacturer from Japan in the program in Vijayawada, Andhra Pradesh state. Provision of awareness of Japanese companies about Andhra Pradesh State and its potential in agriculture and food processing industry is one of key issues to call interests from companies.

5.7.2 Andhra Pradesh State Entrepreneurs

During the public-private mission from 30th November to 3rd December 2015, there was a large number of attendance from Indian private companies related to agriculture and food industries. The number of participants per business category is summarised as shown in Table 5.7.5.

Table 5.7.5 Number of Participants to Public-Private Mission

Business Category	No. of Participants in New Delhi (November 30, 2015)	No. of Participants in Vijayawada, Andhra Pradesh State (December 2, 2015)	Total
1. Developer/promoter	-	3	3
2. Food manufacturer	3	49	52
3. Agri machinery/food processing machinery/freezer manufacturer	1	1	2
4. Trading/distribution company	1	8	9
5. Other supportive services	4	22	26
6. Government/association	3	7	10
7. Unknown business*	-	3	3
Total	12	93	105

Note: Unknown companies are not clearly mentioned of their business field.
Source: JICA Survey Team based on the attendance records of the seminars.

A total of 105 participants joined the mission; 12 in New Delhi and 93 in Vijayawada. Out of 105 participants, about half of the participants (52) belong to food manufacturing business and 26 participants were in other services such as consultancy, farm input supplier, etc. There were also three developers/promoters of industrial park such as Jain Irrigation, GMR, and Sri City, those are the potential partners for the future development of food park and related infrastructure.

5.8 Donor's Support for Food Value Chain Development

5.8.1 External Aided Programmes and Projects

Value chain interventions are becoming increasingly popular and used amongst donors aiming to promote market-oriented growth and rural poverty reduction. Value chain interventions should enable farmers to benefit more from market development and take advantage of some of the opportunities offered by domestic and global market development. In India, among several donors who have implemented projects related to value chain development, the World Bank (WB) and Asian Development Bank (ADB) have played a pivotal role to enhance linkage between farmers and markets. Intervention of the two organisations is summarised below.

(1) World Bank

WB has assisted the agricultural sector in India mainly in the areas of water resource management, rural livelihood development and farming. In recent years it has shifted the emphasis of its assistance from research to improving competitiveness, and from productivity improvement to market-oriented production. Below Table 5.8.1 lists ongoing WB projects related to food value chain.

Table 5.8.1 Ongoing WB Projects on AVC

Project Title	Approval Date	Closing Date	Project Cost (USD in million)	Commitment Amount (USD in million)
Assam Agricultural Competitiveness Project	December 2004	March 2015	214.33	154.00
Maharashtra Agricultural Competitiveness Project	September 2010	December 2016	100.00	100.00
Rajasthan Agricultural Competitiveness Project	March 2012	April 2019	166.50	109.00

Source: WB website

The characteristics of WB's assistance to agriculture sector are twofold: market orientation and emphasis on agribusiness. As no one can predict market behaviour, WB projects do not focus on specific crops. It deals with all kinds of crops. Instead, projects place a high priority on developing alternative market channels such as contract farming, direct sales, and collective sales. They also place a lot of emphasis on agribusiness. The emphasis on agribusiness is based on the importance of producing non-agricultural employment such as in food processing in rural villages. In order to encourage rural entrepreneurs to start their business, the project provides them with incubation services such as supporting business plan development, training, and business matchmaking.

For livestock sector, the government has launched the National Dairy Plan, a scientifically-planned, multi-state fifteen-year initiative in order to meet the growing demand for milk in India. The first phase of the National Dairy Plan (NDP I), which is a central support scheme implemented through the National Dairy Development Board (NDDB) from 2011/12 to 2016/17, is financed largely by WB.

As agriculture is a state issue, WB provides assistance only at the state level. In Andhra Pradesh State, a new project titled 'Andhra Pradesh State Rural Inclusive Growth Project (APRIGP)' which includes value chain enhancement component has been launched in 2015. The summary of the project details is shown in Table 5.8.2.

Table 5.8.2 Summary of APRIGP

Project period	Feb 2015-Jun 2020
Total project cost	USD 107 million
Lending instruments	Investment project financing
Implementing agency	Society of Elimination of Rural Poverty (SERP)
Project beneficiaries	Small and marginal farmers and the SC/STs from communities in the 150 most backward mandals.

Source: Project Appraisal Document by WB

The project development objectives are to enable selected poor households to enhance agricultural incomes and secure increased access to human development services and social entitlements. There are four components in the projects; value chain development (USD 44 million), human development

(USD 19 million), access to social protection services and entitlements (USD 13 million), and mission support, ICT, and partnerships (USD 20 million).

For the value chain component, the project aims to work with small farmers to help them move up the value chain and identify appropriate growth opportunities. This will be achieved by organising them into economic organisations (producer groups, companies, etc.); ensuring high quality of support services like technology, credit, extension, marketing, etc.; and sustainable access to markets. The target commodities are identified as paddy, red gram, turmeric, cashew, coffee, dairy, poultry, and fisheries. The other key aspect of this component is to create local markets by connecting rural producers and enterprises with the rural consumers and thereby enhance the quality of consumption of the poor households.

(2) Asian Development Bank

ADB started its Multitranche Financing Facility（MFF）to finance the Agribusiness Infrastructure Development Investment Program (AIDIP) in 2010. This project is the first of its kind, which ADB provides assistance for agricultural value chains. The main focus of the AIDIP is agricultural marketing infrastructure development under public-private partnership (PPP). As infrastructure development has been a priority for ADB, technical assistance components are minimal. The project is implemented in Maharashtra and Bihar. The project assists market infrastructure development for integrated value chain of potential crops such as grape, pomegranate, and tomato. There is no project related to value chain development currently implemented by ADB in Andhra Pradesh State.

5.8.2 Lessons from the Past Programmes and Projects

Experienced donors in this sector such as WB drew a range of lessons from other projects and initiatives nationally and globally. For example, the approach of the components of the three agricultural competitiveness projects was not exactly the same. This is based on the learning that the needs of the respective states are different. As agriculture in Assam is mostly at subsistence level, the main focus of assistance is improving productivity to produce a market surplus. In the case of Rajasthan, the biggest constraint is shortage of water. Therefore, the emphasis of the project is placed on the promotion of integrated farming and water-saving techniques such as drip irrigation and water harvesting. In Maharashtra, which is the most advanced in terms of agricultural marketing, the focus is on the development of alternative marketing channels, promoting agribusiness and institutional development of government entities.

WB projects related to value chain development do not focus on any specific crop but cover all kinds of crops. The staff mentioned that since the project is flexible no one can predict the market trend.

For designing the value chain component of APRIGP, below points are also incorporated based on the experience of Andhra Pradesh State District Poverty Initiatives Project (APDPIP) and Rural Poverty Reduction Project (APPRP), which were implemented from 2000 as well in the Irrigated Agriculture Modernisation and Water Bodies Restoration and Management (IAMWARM) Project in Tamil Nadu.

- Community participation and ownership are important in achieving efficiency and sustainability. They have also demonstrated how communities can contribute towards investment and operational costs if they are assured of good service.
- Convergence, partnerships, and market linkages are keys. Aggregate institutions of the poor attract mainstream market players. Convergence of programs allows bundled service delivery; increase availability, accessibility, affordability and reliability of services.
- Significant investment in producer organisations, their business plans, and capacitating them to build linkages with market enable significant increase in agricultural income. These investments should include access to extension services, financial services, and technology and market access opportunities.

6. OBSERVATION AND FINDINGS THROUGH INTERVIEWS AND SITE VISITS

6.1 General

Based on the general information described in the previous chapter, the first field survey was conducted in each subject. Observation in the field was analysed and compiled as findings. Those findings shall be further investigated or applied in the second field survey.

6.2 Irrigation Projects

6.2.1 Data Collection

(1) Medium Irrigation Project

According to the Project Concept Note, there were 21 medium irrigation projects that were proposed by the Department of Water Resources (DoWR). The total command area is at 109,306 ha (270,095 acres) and the total cost is estimated at Rs. 6,995.6 million. The medium irrigation projects are located in 12 districts (except Krishna District). The maximum command area project is located in Narayanpur, Srikakulam District with a total command area of 15,100 ha and estimated total cost of Rs. 966.4 million.

The JICA Survey Team collected 12 detailed project report (DPRs) but could not collect the 8 other DPRs as detailed in Table 6.2.1 below.

Table 6.2.1 List of DPRs of Medium Irrigation Projects

No.	SI. No.	Name of the Project	District	System Tank (nos.)	Command Area (ha)	WUAs (nos.)	Villages (nos.)	DPR
1	1	Peddankalam Anict Project	Vizianagaram	93	3,113	6	15	(1)
2	2	Vottigedda Reservoir Project	Vizianagaram	119	6,746	9	38	(1)
3	3	Vengalraya Sagaram Project	Vizianagaram	224	9,996	10	41	(1)
4	4	Peddagadda Reservoir Project	Vizianagaram	65	4,858	6	33	
5	5	Andra Reservoir Project	Vizianagaram	2	3,603	6	21	
6	6	Torrigedda Pumping Scheme Project	East Godavari	0	5,998	5	14	(1)
7	7	Tammileru Reservoir Scheme Project	West Godavari	23	3,711	6	10	(1)
8	8	Mopadu Reservoir System Project	Prakasam	3	5,147	6	14	(1)
9	9	Veeraraghavani Kota Anicut System Project	Prakasam	2	2,248	5	7	
10	10	Krishnapuram Reservoir Project	Chittoor	16	2,479	5	22	(1)
11	11	Araniar Reservoir Project	Chittoor	8	2,226	5	12	(1)
12	12	Buggavanka Project	Kadapa	3	3,926	5	14	
13	13	Upper Pennar Project	Ananthapur	6	4,066	5	14	(1)
14	14	Pennar kumudavathi Project	Ananthapur	7	2,479	5	17	(1)
15	16	Maddigedda Reservoir Project	East Godavari	0	1,710	1	7	
16	18	Narayanapuram Anicut Project	Srikakulam	147	14,995	25	101	
17	20	Raiwada Reservoir Project	Visakhapatnam	44	6,111	10	30	
18	21	Siva Bhashyam Sagar Project	Kurnool	7	4,894	6	9	
19	22	Muniyeru Irrigation Project	Krishna	13	6,648	9	25	(1)
20	23	DR-DM Project	Nellore	31	10,117	20	32	(1)
Total				813	105,071	155	476	12

Remarks: (1); Received
Source: JICA Survey Team

(2) Minor Irrigation Project

Based on DoWR proposal, there are 485 minor irrigation projects that are proposed. The total command area is at 45,122 ha (111,493 acres) and the total cost is at Rs. 2,707.32 million (Rs. 270.732 crores). The minor irrigation projects are located in 13 districts.

The JICA Survey Team discussed with DoWR regarding DPRs of minor irrigation projects and learned that DPRs for minor irrigation projects have not yet been prepared by DoWR.

Then, the JICA Survey Team made a questionnaire and implemented a survey to evaluate the minor irrigation projects. The JICA Survey Team collected 472 of 485 proposed projects as detailed in Table 6.2.2 below.

Table 6.2.2 List of Returned Questionnaires of Minor Irrigation Project

District		Number of Projects (No.)
01	Srikakulam	80
02	Vizianagaram	63
03	Visakhapatnam	50
04	East Godavari	25
05	West Godavari	20
06	Krishna	20
07	Guntur	10
08	Prakasam	20
09	Nellore	30
10	Kadapa	30
11	Kurnool	25
12	Anantapur	19
13	Chittoor	80
Total		472

Source: Prepared by the JICA Survey Team

6.2.2 Field Survey

(1) Vizianagaram District

(a) General

The geographical area of the district is at 630 km^2 of which, irrigated area is at 152,500 ha. Normal annual rainfall is recorded at 920 mm. The Vizianagaram District has one completed and two ongoing major irrigation projects.

Table 6.2.3 List of Major Irrigation Projects in Vizianagaram District

No.	Name of Projects	Status
1	Thotapalli Regulator (linked to new barrage (Nagavali River)	Completed
2	Thotapalli Barrage Project (Nagavali River)	Ongoing
3	Gajapathinagaram Branch Canal (taking-off from Thotapalli RMC)	Ongoing

Source: Prepared by the JICA Survey Team based on the Department of Water Resources website

In Vizianagaram District, there are eight completed and four ongoing medium irrigation projects. Five of them, are proposed for the Andhra Pradesh Irrigation Livelihoods Improvement Project-II (APILIP-II). The Thatipudi Reservoir Project is covered under APILIP-I.

Table 6.2.4 List of Medium Irrigation Projects in Vizianagaram District

No.	Name of Projects	Command Area (ha (Acre))	Remarks
1	Vengala Raya Sagaram Project	9,994 (24,700)	Proposed for APILIP-II
2	Vottigadda Reservoir	6738 (16,654)	Proposed for APILIP-II
3	Peddankalam Anicut	3,113 (7,693)	Proposed for APILIP-II
4	Paradhi Anicut	3,313 (8,188)	Completed
5	Thatipudi Reservoir	6,182 (15,280)	Covered under APILIP-I
6	Andra Reservoir Project	3,814 (9,426)	Proposed for APILIP-II
7	Denkada Anicut	2105 (5,203)	Completed
8	Pedda Gedda Reservoir Project	486 (1,200)	Proposed for APILIP-II
10	VKMN Janjhavathi Reservoir Project (Janjhavathi - Nagavali River)	9.969 (24,640)	Ongoing
11	Vengalarayasagar Project Extension Canal (Suvarnamukhi-Nagavali River)	2,023 (5,000)	Ongoing

No.	Name of Projects	Command Area (ha (Acre))	Remarks
12	Andra HLC (Champavathi River)	1,659 (4,100)	Ongoing
13	Tarakarama Thirtha Sagaram Reservoir Project Champavathi River)	9,998 (24,710)	Ongoing

Source: Prepared by the JICA Survey Team

There are 9,226 minor irrigation projects in Vizianagaram District, of which 75 minor irrigation projects are being proposed for APILIP-II. All the proposed minor irrigation projects are located around the command areas of the proposed five medium irrigation projects.

(b) Observations and Findings

The JICA Survey Team visited Vizianagaram District, the northern region of Andhra Pradesh State, on 8-10 December 2015. The site visit was attended by DoWR staff, during which the JICA Survey Team held discussions with them, obtained data regarding the medium and minor irrigation projects and visited the following project sites as shown in Table 6.2.5.

Table 6.2.5 List of visited Projects in Vizianagaram District

No.	Type	Name of Projects
1	Medium	Vengala Raya Sagaram Project
2	Medium	Vottigadda Reservoir Project
3	Medium	Peddankalam Anicut Projet
4	Minor	Surrapa Tank (No.12) Ajida Village
5	Minor	Gamanagurramma Tank (No.38) Joguladumma Village
6	Minor	Chellamma Tank (No.38), Tumbali Village
7	Minor	Gowrisagaram Tank (no.57) Gavaramapeta Village

Source: Prepared by the JICA Survey Team

The Vengala Raya Sagaram Project is a medium irrigation project constructed across the Suvarnamukhi River near Lakshmipuram of Salur Mandal. The project was completed in 1982. The main crop is paddy followed by sugarcane and pulses. There are 41 villages that benefitted from the project. The Vengala Raya Reservoir is intact for both bund and spillway due to good maintenance and requires only minor repairs such as drain shute, riprap, revetment, rubber seal for gate, electrification, etc. The Main Canal, however, is much dilapidated and requires cement concrete (CC) lining and side wall due to site conditions, and replacement/repair of structures including sluice shutter, jungle clearance, de-silting, etc.

The Vottigadda Reservoir Project is a medium irrigation project constructed across the Votigedda River near Rawada Village, G.M. Valasa Mandal. The main crop is paddy followed by sugarcane and pulses. There are 39 villages that benefitted from the Project. The Vottigadda Dam is intact requiring only minor repairs. The Main Canal is much dilapidated and requires CC lining and side wall due to site conditions, replacement/repair of structures, de-silting, etc.

The Peddankalam Anicut Projet is a medium irrigation project constructed across the River Suvarnamukhi near Peddankalam village, Seethanagaram Mandal, The Project was constructed in 1955 and completed in 1963. The main crop is paddy followed by sugarcane and pulses. There are 39 villages that benefitted from the Project. The Vottigadda Dam is intact requiring only minor repairs; however, the Main Canal is much dilapidated and requires CC lining and side wall due to site conditions, replacement/repair of structures, de-silting, etc.

Five minor irrigation tanks were investigated in the district, namely: Surrapa Tank, Gamanagurramma Tank, Ravibanda Tank (No.24), Chellamma Tank (No.38), and Gowrisagaram Tank. Generally the minor irrigation tanks were constructed more than 50 years ago, and the structures are already dilapidated.The tanks and the irrigation facilities showed poor maintenance and heavy damages were observed.

The major scopes of works proposed are the following:

- Tank: Replacement of sluice shutter, installation/amplification/repair of surplus weir, bund strengthening by widening and raising, de-silting, etc.
- Canal: Strengthening of feeder canals, canal re-sectioning, repair of structures, etc.

(2) Visakhapatnam District

(a) General

The geographical area of the district is at 11,161 km^2 of which, irrigated area is at 178,800 ha. Normal annual rainfall is registered at 1,202 mm. The Visakhapatnam District has two completed and three ongoing major irrigation projects.

Table 6.2.6 List of Major Irrigation Projects in Visakhapatnam District

No.	Name of Projects	Status
1	Thandava Reservoir Project	Completed
2	Yeleru Reservoir Project	Completed
3	Modernisation of Sri Raja Sagi Suryanarayana Raju Thandava Reservoir Project	Ongoing
4	Flood Control Measures of Visakhapatnam Airport	Ongoing
5	Indirasagar Polavaram Project	Ongoing

Source: Prepared by the JICA Survey Team based on the Department of Water Resources website

The Visakhapatnam District has one completed and five ongoing medium irrigation projects. One of them, Raiwada Reservoir Project is proposed for APILIP-II.

Table 6.2.7 List of Medium Irrigation Projects in Visakhapatnam District

No.	Name of Projects	Command Area (ha (acre))	Remarks
1	Raiwada Reservoir Project	9,749 (15,344)	Proposed for APILIP-II.
2	Konam Reservoir Project	6,208 (12,638)	Completed
3	Pedderu Reservoir Project	7,818(19,322)	
4	Modernisation of Sri Varada Narayana Murthy Raiwada Reservoir Project	9,861 (24,372)	Ongoing
5	Sri Vechelam Palavelli Konam & Pedderu Reservoir Project 4 L(A) Minor	4,892 (12,092) and 262 ha (647)	Ongoing

Source: Prepared by the JICA Survey Team

There are 4,327 minor irrigation projects in Visakhapatnam District of which, 50 minor irrigation projects are being proposed for APILIP-II. All proposed minor irrigation schemes are located around the command areas of Raiwada Reservoir Medium Irrigation Project.

(b) Observations and Findings

The Survey Team visited Visakhapatnam District, the northern region of Andhra Pradesh state, on 8 and 11-12 November 2015. The site visit was attended by DoWR staff, during which the Survey Team held discussions with them, obtained data regarding the medium and minor irrigation projects, and visited the following project sites listed in Table 6.2.8.

Table 6.2.8 List of Visited Projects in Visakhapatnam District

No.	Type	Name of Projects
1	Medium	Raiwada Reservoir Project
2	Minor	Reddivani-Peddivani Tank (No.8) A. Kothapalli
3	Minor	Lagudu Tank (No.23) Singanadora Village
4	Minor	Ravibanda Tank (No.24), Kintada Village

Source: Prepared by the JICA Survey Team

The Raiwada Reservoir Project is a medium irrigation project constructed across the Sarada River near the Raiwada Village in Devarapalli Mandal of the Visakhapatnam District. The Project was completed in 1982. The main crop is paddy followed by sugarcane and pulses. There are 44 villages that benefitted from the project. The Raiwada Reservoir is intact for both bund and spillway due to good maintenance and is requires only minor repairs such as drain shute, riprap, revetment, rubber seal for gate, electrification, etc. The Main Canal, however, is much dilapidated and requires CC lining and side wall due to site conditions and replacement/repair of structures including sluice shutter, jungle clearance, de-silting, etc.

Three minor irrigation tanks were investigated in the district, namely: Reddivani-Peddivani Tank (No.8), Lagudu Tank (no.23), and Ravibanda Tank (No.24). Generally, the minor irrigation tanks were

constructed more than 50 years ago and the structures are already dilapidated. The tanks and the irrigation facilities showed poor maintenance and heavy damages were observed. The typical deficiencies and problems observed are the following:

- Tank: Erosion in tank bund top and slope, leakage through bund slope, silting in tank, weeds and trees in canal, damage to sluices, broken or missing gates, dilapidation of surplus weir, etc.
- Canal: Erosion in canal slope, weeds and silt in canal, etc.

The major scopes of works proposed are the following:

- Tank: Replacement of sluice shutter, installation/amplification/repair of surplus weir, bund strengthening by widening and raising, de-silting, etc.
- Canal: Strengthening of feeder canals, canal re-sectioning, repair of structures, etc.
- Note: Water Supply to Visakhapatnam (2.7 MGD).

The Raiwada Medium Irrigation Project is supplying about 2.7 MGD drinking water to Visakhapatnam. The Government of Andhra Pradesh (GoAP) is now constructing the Polovaram Project which is expected to be completed by 2018.After completion of the project, the water supply to Visakhapatnam will be from that facility. Consequently, the Chief Engineer (CE) project office is now planning to expand irrigation to about 6,000 acres of cultivated land using this saved 2.7 MGD water.

(3) Krishna District

(a) General

The geographical area of the district is at 8,727 km^2 of which, gross irrigated area is at 417,754 ha and the net irrigated area is at 273,210 ha. Normal annual rainfall is registered at 1,034 mm. The dominant soil in Krishna District is black cotton (BC) soil.

Krishna District has three major irrigation projects:

- Nagarjuna Sagar Project (dam is located between Nalgonda and Guntur districts)
- Pulichintala Project (dam is between Nalgonda and Guntur districts)
- Prakasam Barrage in Krishna District to irrigate 11 lakh acres of paddy field and sustain aquaculture in 2 lakh acres of area

Krishna District has one medium irrigation project, namely the Muniyeru Irrigation Project (not proposed for APILIP-II JICA Loan), and 910 minor irrigation projects, out of which, 20 are being proposed for the APILIP-II JICA Loan. All proposed minor irrigation schemes are located around the command area of Muniyeru Medium Irrigation Project.

(b) Observations and Findings

The JICA Survey Team visited Krishna District in the central region of Andhra Pradesh State on 8th and 11th December 2015. The visit was attended by DoWR staff, during which the JICA Survey Team held discussions with them and visited the project sites listed in Table 6.2.9.

Table 6.2.9 List of Visited Projects in Krishna District

No.	Type	Name of Projects
1	Major	Prakasam Barrage (major irrigation project Krishna Delta)*
2	Major	KE Main Canal in Krishna Delta System (major irrigation project Krishna Delta)*
3	Major	NSP Left Bank Lal Bahadur Canal (major irrigation project Nagarjuna Sagar Project)*
4	Medium	Muniyeru Barrage (medium irrigation)*
5	Minor	Reddi Tank (Vatsavi Mandal, Polampalli Village)
6	Minor	Ura Tank (Vatsavai Mandal, Kenneveedu Village)
7	Minor	Kodandarama Tank (Vatsavai Mandal, Ramachandra Puram Village)
8	Minor	Nalla Tank (Vatsavai Mandal, Dechupalem Village)
9	Minor	Ura Tank (Vatsavi Mandal, Dabbakapalli Village)
10	Minor	Pedda Tank (Vatsavai Mandal, Mangolia Village)
12	Minor	Ramballa Tank (Vatsavi Mandal, Polampalli Village)
13	Minor	Rama Tank (Vatsavi Mandal, Konakanchi Village)
14	Minor	Sree Rama Tank (Vatsavi Mandal, Konakanchi Village)

*Note: * means that the site is not proposed for APILIP-II*
Source: JICA Survey Team

The Muniyeru Medium Irrigation Project provides irrigation to its left bank for Cultivable Command Area (CCA) of 6,570 ha. The Anew Muniyeru Barrage is being constructed with an Indian own fund on the Muniyeru River and is scheduled to be completed in June 2016. The proposed 20 minor irrigation tanks are located around the command area of Muniyeru Project. The left bank canal of Nagarjuna Sagar Project (NSP) is also running hundreds of meters southwest to the command areas of some of the proposed tanks.

Due to this year's unusual drought, the Muniyeru River at the barrage construction site and the left bank canal of NSP are dried up. Accordingly, the minor irrigation tanks had little water even though it is just the beginning of the dry season. However, many minor irrigation tanks are receiving water through the command areas of Muniyeru and NSP.

In the command areas of the proposed minor irrigation tanks, the paddy fields are mostly in harvest season and chilli and cotton are the dominant irrigated dry crops.

The tanks and irrigation facilities showed poor maintenance and heavy damages were observed. The typical deficiencies and problems observed are the following:

Source: JICA Survey Team

Figure 6.2.1 Sandbags on Surplus Weir

- Tank: erosion in tank bund top and slope, leakage through bund slope toe, silting in tank, weeds and trees in tank slope, damage to sluices, broken or missing gates, dilapidation of surplus weir, lack of sluices and surplus weirs, etc.
- Canal: damage to canal sidewall, erosion in canal slope, weeds and silt in canal, etc.

Due to lack of water, in Reddi Tank, the farmers placed sandbags upon the surplus weir crest in order to increase the capacity of the tank as shown in Figure 6.2.1.

Inadequate designs were found as well. For example in Ura Tank, a sluice was installed on the surplus weir and it is being left unused for a long time.

(4) Kurnool District

(a) General

The geographical area of the district is at 17,658 km^2 of which irrigated area is at 306,567 ha. Normal annual rainfall is registered at 705 mm. The Kurnool District has five completed and six ongoing major irrigation projects.

Table 6.2.10 List of Major Irrigation Projects in Kurnool District

No.	Name of Projects	Status
1	Kurnool –Kadapa Canal (KC CANAL)	Completed
2	Tungabhadra Project Low Level Canal (TBP LLC)	Completed
3	Alaganur Balancing Reservoir (ABR)	Completed
4	Aluru Branch Canal	Completed
5	Guntakal Branch Canal	Completed
6	Telugu Ganga Project	Ongoing
7	Velugoda Balancing Reservoir	Ongoing
8	Srisailam Right Bank Canal (SRBC)	Ongoing
9	Narasimharaya Sagar Project (Gorakallu Balancing Reservoir)	Ongoing
10	Owk Reservoir	Ongoing
11	Hadri Neeva Sujala Sravanthi Irrigation Project	Ongoing

Source: JICA Survey Team based on the Department of Water Resources website

The Kurnool District has two completed medium irrigation projects and one of them is proposed for APILIP-II.

Table 6.2.11 List of Medium Irrigation Projects in Kurnool District

No.	Name of Projects	Command Area (ha (acre))	Remarks
1	Sanjeevaiah Sagar Project (Gajuladinne Project)	9,749 (24,372)	Completed
2	Siva BhashyamSagar Project (Formerly Varadaraja Swany Gudi Project (VRSP))	4,837 (12,092)	Proposed for APILIP-II.

Source: JICA Survey Team

There are 634 minor irrigation schemes in Kurnool District. Twenty-five minor irrigation projects are being proposed for APILIP-II. All the proposed minor irrigation schemes are located around the command areas of Siva Bhasyam Sagar Medium Irrigation Project.

(b) Observations and Findings

The JICA Survey Team visited Kurnool District, the southern region of Andhra Pradesh State, on 25-28 November 2015. The visit was attended by DoWR staff, during which the JICA Survey Team held discussions with them, obtained data regarding the medium and minor irrigation projects and visited the following project sites (* means that the site is not included in the survey scope) listed in Table 6.2.12

Table 6.2.12 List of Visited Projects in Kurnool District

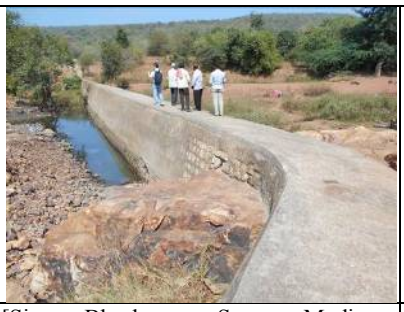
No.	Type	Name of Projects
1	Major	Kurnool –Kadapa Canal (KC CANAL) *
2	Medium	Siva Bhashyam Sagar Project (Formely Varadaraja Swany Gudi Project (VRSP))
3	Medium	Sanjeevaiah Sagar Project (Gajuladinne Project) *
3	Minor	Yerra Cheruvu (Pedda Devalapurar Village)
4	Minor	Patha Cheruvu (Lingapuram Village)
5	Minor	Prema Cheruvu (Kadamala kalva Village)
6	Minor	Amudala Cheruvu (Ramapuram Village)
7	Minor	Chinna Cheruvu (Chinna Cheruvu Villgae)

Source: JICA Survey Team

The Siva Bahashyam Sagar Project is a medium irrigation project constructed across Munimadugula Vagu in Nagarjunasagar-Srisailam Tiger Reserve Forest 18 km away from Atmakur Village of Kurnool District. The original contemplated command area of the project is 13,220 acres (5,288 ha) but during the visit it was verified as only 12,092 acres (4,837 ha) including stabilisation of 2,944 acres (1,178 ha). There are eight existing minor irrigation tanks benefitting nine villages of Atmakur Mandal and Kothapalli Mandal. The project started in 1985 and completed in 2000.

The tanks and irrigation facilities showed poor maintenance and heavy damages were observed. The typical deficiencies and problems are the following:

- Tank: erosion in tank bund top and slope, leakage through bund slope, silting in tank, weeds and trees in tank slope, damage to sluices, broken or missing gates, dilapidation of surplus weir, etc.
- Canal: erosion in canal slope, weeds and silt in canal, etc.



[Siva Bhashyam Sagar Medium Irrigation Project]: Damaged weir

[Prema Minor Irrigation Project]: Heavy weeds on the tank slope

[Amudala Minor Irrigation Project]: Missing gate

Source: Prepared by the JICA Survey Team

Figure 6.2.2 Medium and Minor Irrigation Projects in Kurnool

(5) Chittoor District

(a) General

Chittoor District is situated in the most southern part of the state adjoining Karnataka and Tamil Nadu states. The geographical area of the district is at 15,151 km^2 of which irrigated area is at 173,000 ha. Normal annual rainfall is registered at 934 mm.

Chittoor District has currently no completed major irrigation projects; however, the following three major irrigation projects are being constructed.

- NTR Telugu Ganga (CCA 30,000 ha)
- Galelu Nagari Sujala Sravanthi (CCA 41,000 ha)
- Handri Neeva Sujala Sravanthi (CCA 73,000 ha)

The following three medium irrigation projects are operating in Chittoor District.

- Swarnamukhi Anicut (CCA 4,000 ha)
- Araniar (CCA 2,227 ha)
- Krishnapuram (CCA 2,470 ha)

Out of these three medium irrigation projects, Araniar and Krishnapuram are proposed for APILIP-II JICA Loan.

As for the minor irrigation schemes in the district, there are 668 tanks (CCA > 40 ha) and 7,395 (CCA < 40 ha). Total of CCA is 122,000 ha. Amongst these minor tanks, 80 are proposed for APILIP-II JICA loan.

(b) Observations and Findings

The JICA Survey Team visited Chittoor District on 15 and 17 December 2015. The site visit was attended by DoWR staff, during which the JICA Survey Team held discussions with them and visited the following project sites.

Table 6.2.13 List of Visited Projects in Chittoor District

No.	Type	Name of Projects
1	Medium	Araniar Medium Irrigation Project
2	Medium	Krishnapuram Medium Irrigation Project
3	Minor	Bhunderi Tank (Pichatur Mandal, Vengalathur Village)
4	Minor	Nindra Tank (Nimdra Mandal, Nindra Village)
5	Minor	Mudipalli Tank (Nagari Mandal, Mudipalli Village)
6	Minor	Ayanambakam Tank, (Nagari Mandal, Ayanambakam Village)
7	Minor	Pannur Tank (Vijayapuram Mandal, Pannur Village)
8	Minor	Mangalam Tank (Vijayapuram Mandal, Mangalam Village)
9	Minor	Rayala Tank (Ramachandra Mandal, C. K. Palli Village)
10	Minor	Thotla Tank (Nimmanapalle Mandal, Samakotavaripalle Village)
11	Minor	Veeraraghavula Tank (, Nimmanapalle Mandal, Samakotavaripalle Village)
12	Minor	Sakibanda Tank (Nimmanapalle Mandal, Vengamvaripalle Village)
13	Minor	Kalangi Reservoir (existing minor irrigation scheme, planned to construct a dam)*
14	Minor	Medikurthy Tank*
15	Medium	Araniar Medium Irrigation Project

*Note: * means that the site is not included in the survey scope*
Source: Prepared by the JICA Survey Team

In Chittoor, due to heavy rain and floods that occurred in the beginning of December, abundant water was present in the reservoirs, rivers, and tanks although the district is a drought prone area. In paddy fields, puddling and transplanting works are ongoing. Sugarcane fields were found in various sites and sugarcane factories are available.

System tanks are much developed in the district possibly due to chronic water deficit. System tanks are composed of several minor tanks located nearby that are connected through feeder channels to allow exchange of water to tanks where water is required in spite of water deficit.

In Veeraraghavula Tank, although the tank had enough water, drip irrigation utilising groundwater is being used in farmlands at the downstream of the tank (See Figure 6.2.3). The sluice of the tank lacked gates and the water was spilling over the road, which is functioning as the surplus weir.

Source: JICA Survey Team

Figure 6.2.3 Drip Irrigation just Downstream of Tank

Generally, the minor tanks were constructed 40 to 50 years ago and the structures are severely dilapidated.

The typical scopes of works in the projects visited are as follows:

- Tank: replacement of sluice gate, installation/amplification/repair of surplus weir, bund strengthening, desilting, etc.
- Canal: strengthening of feeder canals, lining/sidewall, canal resectioning, etc.

6.3 Agricultural and Horticulture

6.3.1 Observation and Findings in the First Field Survey Stage

Through the first field survey, the following situations were roughly clarified, in order to confirm the current situation of the proposed projects for restoration of irrigation facilities as well as selection of strategic crops for improvement of the food value chain.

(1) Low and Stagnant Food Crop Productivity per ha

As shown in ”Directorate of Economics & Statistics, Andhra Pradesh 2015” and “Department of Horticulture, 2015”., cultivated area and unit yield (productivity) of major crops remain stagnant and low in the state. Furthermore, the unit yield level of major crops in the state, except maize, shows significant gaps compared with other states, as shown in the table below.

Table 6.3.1 Unit Yield of Major Crops amongst Andhra Pradesh State and Other States in India

(kg/ha)

Crop	Andhra Pradesh	India		
		First Highest	2nd Highest	Average in India
Rice (milled rice)	3,172	3,989 (PU)	3,272 (HR)	2,462
Sorghum (Jowar)	1,642	2,011 (MP)	Andhra Pradesh	862
Pearl Millet (Bajra)*1	1,704	2,452 (TN)	2,040 (HR)	na
Maize	4,995	4,947 (WB)	Andhra Pradesh	2,552
Pigeon Pea (Red gram)*1	402	1,693 (KE)	1,514 (BI)	806
Ground nut	829	2,526 (WB)	2,409 (GO)	996

*Note: *1: based on the statistical data for 2011-12*
Source: 1) Statistical Yearbook 2015, India, 2) Statistical Abstract at a Glance 2014, Andhra Pradesh

It is clearly judged that the following points should be looked into in order to improve the current situation and promote agricultural development.

- Varieties and seed production
- Soil fertility and soil health management

- Poor function of the existing irrigation facilities
- Acute shortage of labour in peak season of farming practices such as transplanting and harvesting due to the National Rural Employment Guarantee Scheme (NREGS)
- It is said that the state is not sufficiently equipped to meet the demand for certified skilled extension staff at various levels in the primary sector

(2) More Production of Fruits and Vegetables

The horticulture sector is an integral element for food and nutritional security in the state. The state ranks first in production of citrus, oilpalm, tomato, chillies, and turmeric, second in production of mango and cashew, third in production of flowers, and fourth in production of banana as shown in the Indian Horticulture Database (2014) edited by the National Horticulture Board.

The horticulture sector has provided opportunity for crop diversification to farmers in the state. The current situation of horticulture sector in the state is shown in Table 6.3.2.

Table 6.3.2 Area and Production Details of Horticulture Crops for the Year 2014-15 in Andhra Pradesh State

Crop Category	Area (ha)	Production (ton)
Fruits	651,000	10,301,000
Vegetables	330,000	5,784,000
Flowers	20,000	140,000
Plantation Crops	451,000	1,704,000
Spices	287,000	844,000
Medicinal and Aromatic Plants	18,000	35,000
Total	1,757,000	18,808,000

Source: Outcome Budget XXVII (Agriculture) 2015-16, Department of Horticulture

Further major strategies for development of horticulture in the state are summarised as follows[1]:

- Increase on vegetable cultivation for better quality and higher production
- Converging Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) with the Department of Horticulture for better utilisation of labour and empowerment of backward communities
- Promotion of postharvest management practices through establishment of pack house, cold storage, and ripening chambers, reefer vans, cashew nut processing units to reduction of postharvest losses and to promote exports
- Improvement of marketing facilities through Rythu bazaars, vegetable markets, collection centres, and reefer vans or other modes of transportation so that farmers get remunerative prices for their produces
- Promotion of precision farming through micro-irrigation, fertigation, greenhouse/shade net houses cultivation, mulching for saving irrigation water, and to produce high quality vegetables

(3) Farm Mechanisation

It was reported that farming in the state is becoming uneconomical year by year and some famers have abandoned agricultural activities. The cost of cultivation is escalating resulting in reduce profit from agriculture. GoAP has operated the following schemes for funding support to farm mechanisation.

- NSP - This scheme aims to supply individual equipment to individual farmers
- Rashtriya Krishi Vikas Yojaya (RKVY) - This scheme aims to supply crop-based set of farm machinery/equipment to farmer's group (Rythu Mithra Groups)
- Sub-Mission of Agricultural Mechanization (SMAM) - This scheme provides training and demonstration of farm mechanisation to farmers.

Moreover, in order to bring farm machinery available within the reach of small and marginal farmers, collective ownership, with the establishment of CSU, has been widely promoted since 2014 as shown in Attachment 6.3.1. Beneficiaries can select a package of farm machinery to be proposed for CSU,

1: Outcome Budget XXVII (Agriculture) 2015-16, Department of Horticulture

depending on their need as well as requirement. However, farm machinery in each package is fixed, thus beneficiaries are not allowed to change or remove them in package.

Meanwhile, training on the usage of farm machinery could be provided by the supplier at the place of operation of CSU to the beneficiaries. But it seems that the training is simple and basic one for operation and maintenance of farm machinery. Regarding rice transplanter, there is no practical training on preparation of seedlings with nursery tray. It is necessary to arrange practical training in order to disseminate scheduled rice transplanting with transplanter .

Farm mechanisation of certain farming practices has addressed critical situation to a maximum extent.

6.3.2 Observation and Findings in the Second Field Survey Stage

In the second field survey during the period from January to March 2016, the JICA Survey Team visited three districts, namely: Vizianagaram, West Godavari, and Chioor districts. These districts were selected as typical district for each region. In each district, the JICA Survey Team visited one medium irrigation scheme and two minor irrigation schemes.

The following situations were roughly clarified in order to confirm the current situation of agricultural activities in the proposed projects for modernisation of irrigation facilities.

(1) Findings of the Site Visit in the Northern Region

Rice, black gram, sugarcane, maize, mango, banana, and chillies are the major crops cultivated in medium black soils and light textured sandy soil under bore well irrigation. Usually, heavy cyclones followed by floods occur in this region causing heavy lossess to crops and human life.

- Ninety percent of the farmers are small and marginal with 1-2 ha of land holdings and low productivity (Rice: 3 tons/ha).
- Rice in Kharif, while pulses or maize in Rabi are the major cropping sequences. Sugarcane is also cultivated.
- Mango is a major orchard crop with two local varieties, namely: Suvarna Rekha and Panukula Manu.
- Labour is scarce in farm operations and mechanisation is picking up now.
- Varieties of major crops in this region are shown in Table 6.3.3.

Table 6.3.3 Summary of Major Crops in Northern Region

S No.	Crop	Varieties	Yield (kg/ha)
1	Rice	MTU-1001, 1010,RGL-3552	4,000 to 5,000
2	Black gram	LBG-365,	300 to 500
3	Green gram	LGG-736	300 to 500
4	Groundnut	JL-27, T-9	1,000 to 1,500
5	Sesamum	Local	300 to 500
6	Maize	Hybrids: Pioneer, Kaveri-50	6,000 to 9,000
7	Sugarcane	AKP varieties	50,000 to 75,000

Source: Site visit to Vottiggeda Reservoir, JICA Survey Team, 2016

(2) Findings of the Site Visit in Central Region

The Intensive Agricultural Development Programme (IADP) has highly receptive farmers. Rice is the dominant crop followed by sugarcane, oil palm, coconut, cocoa, and banana. Soils are highly productive with high yields. Mechanisation is fast picking up in this region and is considered as the rice granary of Andhra Pradesh State. Triple cropping of rice is commonly practiced in this region. The uplands have poor fertility and have low productivity due to scarcity of water.

- Tammileru Reservoir supplies water to Krishna and West Godavari districts and regulates flood water to Eluru Town besides promoting fisheries
- Rice in Kharif (4.0 to 5.5 ton/ha) and maize in Rabi (7 to 9 ton/ha) are cultivated in CCA of Tammileru.
- Labour is scare and mechanisation is picking fast. Irrigated dry crops (ID crops) like tobacco,

sunflower, chillie, tomato, papaya, and mango are cultivated under bore wells in upland area outside CCA.

- Dairying is an important source of income for farmers.

Table 6.3.4 Summary of Major Crops in Central Region

S No.	Crop	Varieties	Yield (kg/ha)
1	Rice	MTU-1001, MTU-1010	6,000-8,000
2	Maize	Pioneer, Siri, Kaveri-50	7,000-8,000
3	Chillie (Green)	Tejaswini, Nagma, Tulasi, Venus, G-4, G-5 and Swathi	30,000-40,000
4	Natu Tobacco	Pothavaram, Rangapuram, Natu special	2,000-3,000
5	Kharif Rice	Swarna, BPT-5204	4,000-5,000
6	Zero Tillage Maize	Pioneer, Siri,Kaveri-50	6,000-7,000
7	Direct Sown Maize	Pioneer, Siri,Kaveri-50, Laxmi and DHM	7,000-8,000
8	Coconut	East-Coastal, Double Century, Kalpa Prathibha	100-150 nuts/tree/ annum
9	Oil-Palm	Tehera, Dura, Pisifera	15,000-20,000
10	Cocoa	NC-42/94, NC-29/66 (CPCRI)	500
11	Rabi Rice	MTU-1001, MTU-1010	6,000-8,000
12	Sunflower for Seed	Jwalamukhi, Modern, APSH-11	1,000-2,000
13	Mango	Bangenapalli, Rasaalu	8,000-10,000
14	Guava	Allahabad Safeda, Lucknow 49, Anakapalli, Banarasi, Chittidar, Hafshi, Sardar, Smooth Green, Safed Jam, Arka Mridula	4,000-6,000

Source: Site visits to Vemanakunta Vemanakunta Minor Tank and Koppaka under Pedda Tank, JICA Survey Team, 2016

(3) Findings of the Site Visit in Southern Region

The area is served by the northeast monsoon rain and crop seasons starts in November, December to February, and March. Crop productive yields are low due to conventional methods of agriculture. Wooden ploughs are common and bullock carts are the major source of transportation in the villages.

- Rice in Kharif and groundnut in Rabi are cultivated.
- Farmers practice traditional agriculture (wooden ploughs and planks and Bullock carts are common).
- Crop yields are low and mechanisation is very slow.
- Most of the farmers are small and medium entrepreneurs with very low per capita income.
- Cows, goats, and sheep are the main income sources of farmers.
- Sugarcane is being grown in some pockets and provides supply to the Nelovoy Sugar Factory.
- Rice variety ADT-37, groundnut variety Kadiri-6, and Narayani are popular.
- Kishnapuram Reservoir is served by two rivers, namely: Lava and Kusa supply water to 9,000 acres of CCA.
- Mango varieties like Totapuri and Neelam are grown here. Tomato and papaya are cultivated for local consumption and for extraction of pulp concentrate.

Table 6.3.5 Summary of Major Crops in Southern Region

S No.	Crop	Varieties	Yield (kg/ha)
1	Rice	ADT-37, BPT-4204	4,000 to 5,000
2	Groundnut	Kadiri-6, Anantha, Narayani	1,000-2,000
3	Sugarcane	86V-96, 86V-46, 86V-48	50,000-60,000
4	Sorghum	Kinnera, Mothi, NTJ-3	2,000-3,000
5	Finger Millet	Ratnagiri, Godawari, Bharati, Hima	2,500-3,000
6	Tomato	Arka Vikas, Arka Rakshak	10,000-15,000
7	Chillie	Tejaswini	40,000-60,000
8	Mango	Totapuri, Neelam, Alphanso	10,000-20,000
9	Papaya	Red Lady	40,000-50,000
10	Guava	Allahabad Safeda	20,000-30,000
11	Maize	Siri, Pioneer	5,000-6,000

Source: JICA Survey Team, 2016

6.4 Animal Husbandry

6.4.1 Overview of the Site Visits

Animal husbandry is one of the growing and prosperous industries of Andhra Pradesh State. During the site visits to the four districts of major producers of livestock, the JICA Survey Team observed that the districts have active veterinary supports from the government, competitive dairy market, huge poultry farms, and successful buffalo meat processer. However, it was also observed that there should be more marketing activities, integrated farming, and investment on infrastructures to achieve further development of these potential fields.

Table 6.4.1 Overview of the Site Visits

Produce	District	Major Organisations Visited
Dairy	South and Central Region: Chittoor, Krishna, Guntur	Department of Animal Husbandry of Andhra Pradesh State and Districts, Andhra Pradesh Dairy Development Cooperative Federation, Andhra Pradesh Sheep and Goat Development Cooperative Federation, Export companies, Supermarkets
Poultry	Central Region: East Godavari	
Buffalo Meat	Central Region: Guntur, Krishna	
Sheep and Goat Meat	South and Central Region: Chittoor, Krishna, Guntur	

Source: JICA Survey Team

6.4.2 Observation and Findings

By means of governmental measures, Andhra Pradesh State has successfully developed the livestock and poultry industry. The volume of production has increased with better breeding and animal health care services provided by the Department of Animal Husbandry. Majority of poultry, buffalo meat, and about 30% of dairy are dealt by the organised sector. However, the number of processing facilities has been halved by the bifurcation of the state and only a few private companies produce exportable products. Furthermore, due to the food-and-mouth disease (FMD) restriction, the international market is limited except for the Gulf and south and east Asian countries.

Milk, egg, and meat are the major produce of animal husbandry in Andhra Pradesh State along with the outstanding number of livestock and poultry population. To research the details of each produce, production, processing, and market, the JICA Survey Team visited the abovementioned districts. By studying the general pattern of the value chains (details are described in Attachment 6.4.1), the JICA Survey Team has identified the overall issues and challenges at each process level.

Table 6.4.2 General Observation of the Value Chain

Production ⬇	- Milk, egg, and meat are the major produce of animal husbandry in Andhra Pradesh - Many farmers face problem of labour shortage and expensive feeding cost - Government plays a significant role to support and develop the livestock production - Intensive farming is known to increase productivity but not affordable for all farmers
Processing ⬇	- Lack of processing unit in Andhra Pradesh after bifurcation - Only a few private sectors produce exportable products - Consumers preference is always fresh food, not the processed one
Product Marketing	- Destination countries of export are mainly Southeast Asian countries - International commodity price affects the procurement of material from farmers - FMD restriction disturbs expansion of the Indian animal husbandry processed foods

Source: JICA Survey Team

(1) Production

Milk, egg, and meat are the major produce of animal husbandry in Andhra Pradesh State along with the outstanding number of livestock and poultry population. This is because the government provides significant support to the livestock rearing farmers through its various schemes. Governmental agencies, such as the veterinary dispensary, actively provide better breeding and health care services at the grassroots level based on its own strategy.

Generally, farmers are facing common problems such as the unavailability of workers, increasing price of labour, and lack of land for grazing animals. Farmers know that to increase productivity they need to practice intensive farming, such as highly nutritious feeding with housing system. However, the

recent increase in fodder price has become an obstacle in implementing it.

The majority of cattle keepers, in fact, are not dairy farmers but agricultural farmers who also keep an average of two or three breeds of cattle for the purpose of supplementing their income. Therefore, not many farmers invest to increase productivity of milk or keep more than five cattle. Due to the competitive situation amongst dairy cooperatives, private companies, and traditional milk man, farmers can choose the buyer who offers the best price.

On the other hand, poultry farming is mostly organised and effectively implemented in huge scales. Also, since traders deal with the same producers over longer periods of time, little competitive situation is observed.

(2) Processing

Lack of processing facility is one of the major problems of Andhra Pradesh State. After bifurcation, Andhra Pradesh State has lost many processing units of dairy and meat to Telangana. Hence, even though production is increasing, the processing volume is not. The private sector, who primarily invests in this industry, is also limited. Only a few private companies produce exportable products. Animal husbandry food processing units need consolidated, sophisticated, and hygienic machines, and therefore require huge investment to establish them. Without governmental support especially in finance, it is difficult to start a new processing unit.

Apart from milk and milk processed products, consumers prefer food as fresh as possible. For instance, chickens are slaughtered just in front of consumers at the retail shops. Processed and frozen chicken products are available in some major supermarkets but its sales are not increasing as expected.

Regarding the potential of buffalo meat production, the processing company pointed out that slaughtering male calf before they become one-year-old is just a waste of resource. It should be raised over two years and then sold to the company to meet the increasing international demand.

(3) Product Marketing

The price of animal husbandry produce is dynamically decided by the internal and international market. For the case of eggs, since not all states of India have enough poultry farms, some states that have deficient in the productions of eggs but have huge market demands, such as Kolkata, decide the egg price. In order to reduce the monopoly of traders in key distant markets, government could facilitate the establishment of trade exchange centres where layer farms and traders can transact business. In case of milk, the price at which farmers sell to the collection centre is decided based on all necessary cost together with the consideration of the international skim milk price.

Generally, the livestock producers/farmers are not market oriented. During the interviews, it was found that they have no clue why the milk price is stagnated, how to develop the brand of your produce, or how to explore new markets. The dairy industry is unable to invest in promotion of milk products and market segmentation. Assistance and investment from other countries could support such efforts.

6.5 Fisheries

6.5.1 Marine Fishery

Since the coastal fisheries resources, such as prawn and high value demersal fishes, are declining, the fishermen's income is also declining. Andhra Pradesh State is promoting "Blue Revolution" by adopting a series of management measures to sustain aquaculture and capture fisheries. Andhra Pradesh State has imposed a fishing ban from the 15 April to 14 June in its teritorial waters, except for non-motorised traditional fishing boats. In the meantime, a diversification of fishing activities is needed as traditional coastal fishermen have started to catch large pelagic species when they come closer to the shore. Fishermen catch yellowfin tuna, swordfish, and sailfish during the period of October to February. Some of the mechanised boats are converting fishing gear from trawling to longline to improve economic performance.

The potential of yellowfin tuna fishery is high since the sustainable annual harvest has been estimated to be 350,000 tons in Indian waters while the current catch is only 22,045 tons (2012). Both the governments of India and Andhra Pradesh State have been trying to promote fishery with incentives to

subsidise the cost of fishing gears.

There are two critical points when considering value additions and the development of tuna fisheries. The first is the poor quality of fish due to inappropriate handling when it is caught. Wholesalers or exporters may not pay an appropriate price for a poor quality tuna.

Training of fishermen in fishing technology and postharvest handling is needed. Also, an appropriate purchase price by wholesalers should be encouraged by the government. Landing sites do not have cold storage to keep the quality of fish to ensure a good price.

The second consideration is processing for the export market. Chilled whole tuna should be marketed through the existing market channel in Kochin and Chennai until Andhra Pradesh State develops its own chilled tuna export channel. The frozen tuna market also has a potential for development. Tuna could be properly sliced into filet (saku in Japanese) and frozen through the shrimp Indivisual Quick Freezing (IQF) line. This will enable Andhra Pradesh exporters to ship tuna using an already existing frozen shrimp marketing channel.

6.5.2 Shrimp Aquaculture

Shrimp aquaculture, its processing and exporting, are well established in Andhra Pradesh State. Nonetheless, there is always room for improvement. There are two critical issues during production.

The number of hatcheries using a specific pathogen free (SPF) broodstock are increasing but have not kept up with the demand of fish farmers. Since the Marine Product Export Development Authority (MPEDA) has started SPF broodstock production, the situation evdntually improves. With healthy and high quality seed, production of shrimp will increase as the Fisheries Department anticipated.

For shrimp culture, diseases control is critical. Since the number of public as well as private laboratories for shrimp disease have been increasing, the prevention of epidemic disease through identification will be possible. It should be noted that keeping a pond environment appropriate and maintaining a low stock density are long term solutions in disease control which reduces production cost. The development of disease diagnosis kit will also greatly help the situation. Rehabilitation of abandoned brackish water ponds and then re-starting black tiger prawn culture would be also one option.

Regarding production cost, feed is the costliest component. Locally made shrimp feed needs to be developed. Also, the development of a culturing method for live feed such as polychidae may provide a good supplemental food.

As for value addition, improvement in produce quality may be possible. Majority of the aquaculture farms are small to medium sized. Since their ponds are smaller and easier to manage, they have potential to produce higher quality produce and obtain higher prices for their shrimp. However, there is little or no negotiation power with buyers when a farm is small. Small and medium sized fish farmers need to cooperate to achieve their goal. The Fisheries Department and MPEDA have a proposal to cluster the fish farmers. Organised farmers will be able to use Aqua Food Park to process their shrimp for export. Inviting Japanese food manufacturing companies to produce end products (such as cooked shrimp for sushi, ready to cook shrimp tempura, ready to cook fried shrimp, etc.) would be also considered for promotion of Japanese foods in India.

6.5.3 Freshwater Fish Culture

Freshwater fish production is mainly a cultured Indian major carp (catla, rohu, and mrigal). Increasing the productivity of water bodies by stocking fish fry is an ongoing activity of the Fisheries Department. In order to further increase the productivity, intermediate culture of fry to fingering by fishermen's association is a good approach in order to increase the survival rate of stocked fish.

Another option for increasing production and improving the livelihoods of fishermen is through cage culture of tilapia in large water bodies. Although fishermen's associations have the right to use water bodies for fishing, it is a yearly leasing contract. The water is ultimately under control of WUA and DoWR. Conflict of interest between farmers and inland fishermen exist and a win-win situation should be sought out. In order to establish a steady income through scheduled uses of water bodies for both

farmers and fishermen, a long term planning and leasing agreement of the irrigation tank may be considered.

Regarding value addition in freshwater fish produce, there is little demand for processed fish such as fileted catfish except in large cities in India. To educate consumers to buy processed fish is a challenging but necessary passage to increase fish consumption in India. Inviting Japanese food manufacturing companies with established brand names that have a vision to develop a food supply network in India and neighboring countries would be ideal.

6.5.4 Future Aquaculture Species

Various organisations have been making efforts to introduce new aquaculture species such as mud crab, seabass, cobia, algae, etc. Improvement in productivity of Nile Tilapia and Giant Freshwater Prawn by selective breeding seems to have shown good results and potential to introduce in Andhra Pradesh State. Mud crab culture seems to have good potential in Andhra Pradesh State too. As for open water cage culture and algae culture, there seems no appropriate sites or environment in the coastal area of Andhra Pradesh State.

Besides aquaculture technology, production costs, market demand, and international competition are always a concern when considering new aquaculture development.

6.6 Value Chain of Selected Crops

6.6.1 Overview of the Site Visits

Andhra Pradesh State is one of the leading states in agriculture and horticulture produce and has a good potential to become a hub of agribusiness. For sustainable development of agricultural sector in the state, it is important to enhance efficiency of the total value chain from production to marketing through strengthening competitiveness of agriculture produces and build capacity of farmers. From this view point, the Survey Team selected crops which have high potential for upgrading its value chain and conducted site visits as shown below for the first survey. (Details are described in Attachment 6.6.1)

Table 6.6.1 Overview of the Site Visits

Crop	District	Major Organisations Visited
Mango	South and Central Region: Chittoor, Krishna,	District Agriculture Department, Horticulture Department, APEDA, NABARD, Chamber of Commerce, APMC, FPOs, Processing Units, Food Park, Export Companies, Pack house, Ripening Chamber, Cold Storage
Tomato	South Region: Chittoor, Kadapa, Kurnool	
Chili	Central Region: Guntur, Prakasam	
Cashew	North and Central Region: Vishakhapatnam, Vizianagaram, East/West Godavari	
Maize	North and Central Region: Vizianagaram, West Godavari, Krishna	
Coconuts	Central Region: East Godavari and West Godavari	
Groundnuts	South Region: Chittoor	
Banana	South Region: Kadapa	

Source: JICA Survey Team

6.6.2 Observation and Findings

While each crop has different strength and challenges with its respective production and processing patterns in the value chain, several common issues lie across the selected crops as observed during the site visits. The general issues observed in the value chain of selected crops are summarised in the below Table 6.6.2.

Table 6.6.2 General Observation of the Value Chain

Production 	- Andhra Pradesh has good agro climatic conditions and production bases for many agriculture and horticulture crops - Productivity of many crops is low due to lack of proper cultivation practices well as shortage of water resources - Low quality and low safety due to improper cultivation as well as postharvest practices - Many farmers face agricultural labour shortage - Pre-harvest contract is prevalent - Substantial amount of raw materials of some crops is imported while Andhra Pradesh has good production

	capacity
Postharvest Management	- Improper postharvest handling at farm level due to lack of knowledge, information, and necessary infrastructure cause damage of produce - Postharvest infrastructure at farm level such as proper storage is in shortage - Collective marketing activities of farmers groups are weak, while some active FPOs initiated marketing activities
Processing	- There is agglomeration of large-scale processing units in Andhra Pradesh - Most processing units face difficulty in stable procurement of quality produce - Some processing units stay idle during non-harvest season due to shortage of raw materials
Product Marketing	- Ensuring food safety and building proper certification system are required to further expand and reach to export and hi-end markets and to establish Andhra Pradesh products' brand

Source: JICA Survey Team

(1) Production

Andhra Pradesh has very strong production base of various agriculture and horticulture crops thanks to its favourable natural conditions. It is the largest producer of maize, mango, tomato, and other horticulture crops such as papaya, and ranks second for paddy and groundnut production in India. However, productivity of most crops is much lower than the national average. Maize is the only exception as it has the highest yield in India. The major reason for low productivity is water shortage. For instance, productivity of tomato doubles in most case if irrigation is available. The planned irrigation projects will contribute in improving farming conditions of the farmers. Another reason of low productivity is improper cultivation practices. For cashew cultivation, for example, there is little management for aged orchard such as pruning, weeding, or mulching which results in yield as low as half of the global average. One of the reasons for improper cultivation practice is that farmers are not motivated to improve their practice as there is no incremental price difference for quality improvement. This is closely related to the present marketing practices of farmers as explained in item (4). Fear of natural disaster such as drought or flood is another reason for low motivation of farmers to improve farming practices. As in the case of groundnut shows, the farmers are not willing to invest in fertilizer or pesticide since they will lose all the investment if drought or flood happens. Introduction of social security system such as crop insurance or credit system might be necessary.

Severe scarcity of agricultural labor is another challenge the farmers are facing as many young people do not want to work in agriculture. Most of the farms are dependent on external labor such as sawing, weeding, and harvesting. However, the fact that many laborers cannot work for agriculture after National Rural Employment Guarantee Act (NREGA) was introduced and farm mechanisation has not progressed well aggravated the problem. This is one of the reasons why many farmers sell their produce to pre-harvesting contractors. In addition, hiring labour increases the cost of production and it partly causes improper cultivation practice as their wage is based not on quality but on hours of work.

(2) Postharvest Management

Poor postharvest handling is another reason for low quality of agricultural produce in Andhra Pradesh State. Since there is no incremental price difference for quality of produce, farmers are not motivated to do extra works. In addition, postharvest infrastructure is generally poor. There is no storage, drying yard, and other necessary infrastructure at the farm level. More multi-purpose storage facility is necessary at the farm level to store harvested produce for a certain period to sell them when the market price is high. As price fluctuation is quite large with some crops like tomato, which makes the income of farmers unpredictable and unstable, more storage facility will help to devise countermeasures. The general lack of motivation coupled with poor infrastructure has resulted in low quality, high wastage, and low return for farmers.

Poor postharvest handling becomes an issue for export to developed markets. Export of dried chili or maize to developed countries such as the United States (US) and Japan has been rejected due to high level of aflatoxin caused by improper drying. Improper handling of mango causes damage on fruits which increases the cost of processing for export. Agrochemical residue can be another problem for export. Artificial ripening of fruits such as mango, banana, and guava using calcium carbide, which poses threat to human health, is still prevalent although it is banned. As awareness amongst consumers increases not only in the export market but also in the domestic market, applying proper postharvest handling and ensuring traceability will definitely increase comparative advantage of agricultural

produce in Andhra Pradesh State.

(3) Processing

The strength of value chain in Andhra Pradesh State is an agglomeration of large-scale integrated processing units such as Srini Food Park and Jain Irrigation for mango and tomato, ITC and Synthite for chili, Olam for cashew, and Bio-tech for maize and coconuts. Those units are equipped with advanced facilities like aseptic plants, Individual Quick Freezing (IQF) or refinery to meet the quality and volume requirement for export. They have enough capacity to absorb local production for value addition and have well established linkage with both domestic and international market.

It is observed, however, that most processors have difficulty in procuring good quality produce as large proportion of produce are damaged due to poor postharvest handling. The processors also face difficulty of procuring it in an organised way. Some processors provide training and assistance to farmers to produce good quality materials and try to strengthening their relationship. Generally, there is little mutual understanding and trust between processors and farmers. To fill the gap, India is importing substantial amount of raw material of processing products such as tomato and cashew from overseas. It is an enormous missed opportunity for local farmers since the state has good production potential to meet the demand. Thus, information on necessary requirements and specification of target market and availability of technical support such as IPM, ICM, GAP, and so on must be disseminated to the small farmers in order to enhance their produce yield and quality.

Some crops such as mango have seasonality and processing units operating only in the harvest season between April and July. Utilisation of the facilities by processing other crops such as tomato during idling period is an issue, but it does not work well due to lack of stable supply of quality raw materials which leads processors to import from overseas.

In general, domestic market for processed food is not yet matured, and most of the existing processed foods are traditional one with low value addition. Majority of processing units in Andhra Pradesh State are small scale. Consequently, modernisation and installation of new technology in these small units are slow. It also makes production cost high compared with competitors in other advanced states in India and overseas.

(4) Product Marketing

Andhra Pradesh State is one of the leading states that amended their existing APMC legislation and it is ahead of other states in terms of allowing direct procurement from farmers and promoting contract farming. GoAP has also promoted setting up farmers' market ("Rythu Bazar" for local term) where farmers' directly market to consumer in order to ensure remunerative prices by removing intermediaries. In practice, however, contract farming is not officially practised and traders and commission agents are selling the produce instead of the farmers at Rythu Bazar. In addition, most of the trading for major commodity is carried out outside the APMC markets as the number of APMC functioning markets is not sufficient to cover all trading.

Another salient issue observed in the value chain of the selected crops is the little existence of aggregated marketing practice by farmers. As a result, farmers are unable to get benefits of economies of scale such as lowering transaction cost, access to credit or governmental subsidies, linkage with industry and so on. Since farmers market their produce individually, the only channel which farmers have is through traders except the case where there is a nearby APMC market. Farmers have to sell produce to traders at whatever price offered to them. However, recent government initiative to FPOs facilitates the formation of groups of farmers and started collective activities. The JICA Survey Team observed several active FPOs handling chilli and coconuts and they conduct activities for improving efficiency of value chain. FPOs are expected to play active role for collective marketing.

For marketing agro produce to high-end domestic market or overseas market, despite the favourable position of the state in terms of production capacity and natural quality of produces, Andhra Pradesh State fails to prove its competitive edge. It is mainly due to lack of practice to ensure food safety for many potential crops as many importing countries have strict food safety standards and traceability

requirements. There are needs for full-fledged testing laboratories and capacity development in major production areas. In the states, there are many crops grown naturally organic such as cashew. Since there is no proper system to certify organic produces in the state, farmers miss to tap the potential of acquiring a premium price. Therefore, there is a possibility to expand high-end markets and establish brands of certain products by interventions for ensuring food safety and proper certification system.

6.7 Community-based Organisations

6.7.1 Water Users Associations (WUAs)

(1) Maintenance

Elections toWUAs of all irrigation schemes in Andhra Pradesh State took place in the second half of 2015. Therefore, the functions expected from the WUAs have not been started and most of the maintenance works have been carried out by the department itself including maintenance of minor feeder channels and supply channels. Some emergent works have been carried out by concerned farmers in an unorganised manner. Minor maintenance works have also been done by WUA members to some extent. It seems that in many cases, the department has borne the cost of works apart from minor maintenance up to the tail end. In case of an emergent repair work that requires to be done, WUA members themselves pay from their pocket for the works and subsequently get reimbursement from the department out of O&M grant. In some cases, maintenance works have been done through the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) Scheme as a financial source. In the scheme, once works are done by the farmers, bills are sent to the department and payments are being arranged by the government.

Even though WUAs are entitled to generate revenue for O&M of irrigation schemes from other sources such as fisheries, trees, brick manufacturing, tank bed farming, ground water utilisation, and supply of drinking water to towns, Gram Panchayats are not permitting them to take control over these forms of revenue in many cases. Some WUAs get their revenue through fee for leasing of the tank for fishing (annually about INR 20,000).

Most of the WUAs have been not collecting any fee or do not have any revenue source of their own. It is observed that WUA members do not have motivation of collecting further fee and revenue from members or making other revenue sources as they believed that the maintenance works requiring monetary expenditure are under the department's responsibility.

Water tax cess is the only earmarked financial source for O&M for most of WUAs apart from schemes and budget allocated by the government. Since WUAs have been defunct, cess ploughed back, however, has not been realised. Furthermore, the level of water tax collection has been too low for any effective resourcing of the WUAs for O&M. In the absence of WUAs, water cess has been collected by the village revenue officer with the help of Gram Sarpanch (Village Head) for mobilisation. Therefore, farmers are not aware of the amount collected though cess. As stated by some of the new WUA members, the level of cess collection differs that would range from 60% to 90%. It needs to be confirmed further from reliable sources that less than 60% of the water cess is collected against the demand in 2005-06. This is further being complicated by the Revenue Department by taking enormous time to plough back the collected water tax to WUAs. A WUA takes up repairs, in case of emergency, with the guidance of the Department of Water Resources (DoWR) engineers. During emergency cases, WUA consults Assistant Executive Engineer (AEE) for contingency grant and AEE reports to the department for allocation of budget. The department assesses the situation and bears the cost of works from cess allocation.

(2) Water Management

Water management has been done by WUAs with the lead from Gram Panchayats even during absence of managing committees. In most cases, WUAs have appointed one operator to operate the sluice gates of the tank which are the only regulatory structures of the tank. To regulate the water flow, they put some sort of obstruction to block water flow to change direction. Once the crop season starts, farmers discuss amongst themselves and decide. A minimum of three meetings in a crop season are conducted to discuss water distribution and operation schedule. Water distribution is decided based on the amount of water available and the crops to be cultivated. The operator releases water through sluice gates at

certain interval of time based on the requirement, e.g.; on an average they release water every seven to ten days depending on the stage of crop growth. When water is not enough, farmers change their cultivation from paddy to ID crop.

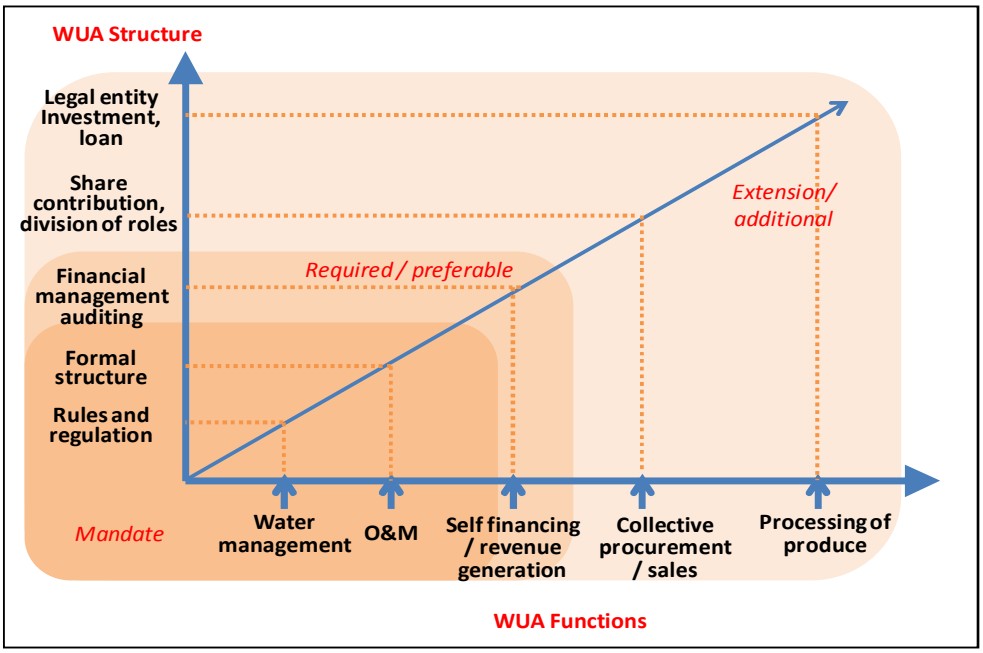
Table 6.7.1 summarises the current situation of O&M-related issues and opportunity existing to improve the situation.

Table 6.7.1 Present Situation and Issues Observed in O&M of Irrigation Schemes

Issues Regarding O&M	Present Situation	Opportunity
Water Distribution	Tail reach is not adequate This results in poor cess collection at the tail end	Improvement of water availability through proper maintenance.
Maintenance of Feederand Supply Canals	Partially done by farmers	Strengthening WUAs roles and responsibilities.
Maintenance of Major Structures	DoWR has been undertaking maintenance	Improvement of WUAs involvement.
Maintenance Cost	Cess collection done by the Revenue Department Cess is not fully collected and utilised. Since the government provide subsidies, the user charges collected do not recover the O&M costs.	WUAs involvement in cess collection. Realisation of 100% plough back of the CESS for O&M to WUAs and PRI after reestablishment of WUAs. Further revenue generation by WUAs.
WUA Structure	Very few women involved.	Collaboration with empowered women through SHGs.

Source: JICA Survey Team

Since WUAs have been reformed recently, possibility of further development of WUA is still open. The following figure indicates possible WUA structure depending on the level of roles expected of WUAs. For sustainable O&M of irrigation schemes, water distribution and management, maintenance of structures and self-financing through revenue generation are required. Whether WUAs take up further tasks or not depends on productive activities and relation with other community-based organisations. Possibility of WUAs taking uproles in agriculture-related activities are mentioned even in the Act. Programmes, such as the Andhra Pradesh Community Based Tank Management Project (APCBTMP), encourage expanded roles of WUA. However, DoWR is currently taking a stance on limiting WUAs function to the required level without extending to any productive activities. DoWR does not yet have a clear way forward on WUAs roles and necessary support after the recent re-establishment of WUAs. DoWR is currently preparing a WUA model that suits Andhra Pradesh context. Further analysis shall be made in the second field survey on WUAs role with regard to government policy, production in command areas, and other existing community organisations.



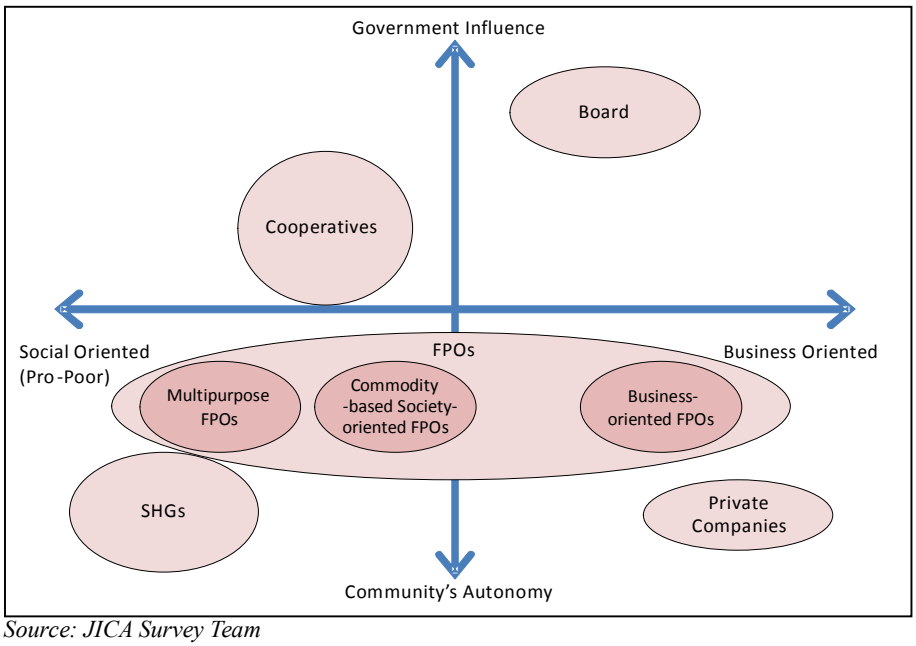
Source: JICA Survey Team

Figure 6.7.1 Structural Development Stages of WUAs

6.7.2 Agriculture and Horticulture-related Farmers' Organisations

(1) Observation and Analysis of Current Farmers' Producer Groups and Organisations

There have been several small farmers group formed and supported. Collective farming has not been successful while mutual help within their informal groups have been working. Benefit of scale has been one of the proved approaches to improve productivity and profit, while management of larger organisation requires higher capacity. Learning from the experience of Priority Agriculture Cooperative Society (PACS), Mutually Aided Co-operative Society (MACS), and Self Help Groups (SHGs), Farmer Producer Organisations (FPO) formation is one of potential ways of improving agriculture and horticulture practice and their profitability as well as bringing profit to small and marginal farmers. Considering the situation that different institutions support in different ways in formation of FPOs, different types and views of developing FPOs can be considered. Figure 6.7.2 shows the different types of farmers' organisations plotted based on its orientation and operation, in comparison with other farmers' organisations.



Source: JICA Survey Team

Figure 6.7.2 Characteristics of FPO in Comparison with Other Farmer's Organisations

The following are different approaches and possibilities of FPO observed through field surveys.

Table 6.7.2 Comparison between Different Types of FPOs

Model	Multipurpose FPO	Social-oriented Commodity-based FPO	Business-oriented FPO
Target	Farmers in a particular area	Small and marginal farmers with common commodity	Farmers of particular commodity
Scale	Ayacut area/village level	About 500 farmers	1,000-5,000 farmers
Objective	Meeting multiple needs of the members	Improving income of small and marginal farmers mainly through collective procurement and marketing and by eliminating intermediators	Promoting cluster based commodity by primary producers Developing value addition through processing
Formation	Based on existing community-based organisation or those interested in the area	Aggregation of existing Common Interest Groups (CIGs), or mobilising those growing particular crops	Mobilising those growing a particular strategic crop
Produce/Products	Multiple commodity for business, multiple service to the members	Target commodities to maximise economy of scale but deal with other commodities to reduce risk and improve sustainability	Limited target commodity with different value addition
Business Style	Mainly for marketing of primary produce with fair price to a secured buyer	Mainly for marketing of primary produce with fair price to a secured buyer	Value addition and high quality products
Advantage	Multiple function meeting multiple needs Self-sustainable	Pro-poor, equality, collective activity to benefit small and medium (S&M) farmers	Economy of scale
Challenges/ Issues	Different stakeholders (multi-sector, different interest of members) More social-oriented (less economic benefit)	Sustainability as social and business entity (requires business skills) Less advantage/benefit in the crops with less intervention of intermediators	Higher risk in success of business

Source: JICA Survey Team

The following part describes the observed situation of FPO formation in different types of FPOs.

(a) FPO for Collective Benefit

The major objective of FPOs categorised in this type is improving profit of the primary producers through collective procurement and marketing of the primary produce. The benefit from economy of scale is obvious in the situation where intermediators are taking a large part of the marketing transaction. However, there is no appropriate environment to promote the concept before mainly due to initial cost for establishment of such a large organisation and cost for searching a certain market. Currently, with the government's strategy to delegate responsibility to reliable non-governmental organisations (NGOs) as resource institutions, establishment of Resource Support Agencies (RSAs) and Producer Organisation Promoting Institutions (POPIs), and making available fund for establishment, the initiative to establish FPOs has taken off. With a certain support in formation and market opportunity, some FPOs have also started functioning.

Many of the FPOs have been formed based on the small community-based organisations such as SHGs, farmers clubs, and common interest groups. Organisations that have been working in collaboration with the departments and government organisations have been identified as POPIs. Since these POPIs have been working for so long in the community, they have deep insights in and relationship with the community. POPIs mobilised the small farmers' organisations to federate as a FPO seeking for a possible market and buyers to tie up with. Once a market is assured to some extent, without intermediators' charges, the farmers can make profit immediately with minimum investment. This is a great motivation for the farmers to develop FPOs. Furthermore, one of the significant features of FPOs that is different from other private companies is equal right to vote irrespective to their landholdings and share of equity. This assures equal rights to small and marginal farmers in decision making avoiding domination by larger farmers. In this context, this type of FPO has high potential in improving livelihood of small and marginal farmers.

The most remarkable benefit the FPO members gain, according to the field observation, is fair price from the tied-up buyers without commission and exploitation by middlemen. Many members also realised that other organisations including government, banks, and buyers are now approaching FPO, while it was a reversed situation before the formation of FPO where farmers approached the institutions and stakeholders largely in vein. Even though sustainable operation is still challenging for FPOs, this is one of potential options for small and marginal farmers to improve their livelihood through their current agriculture production.

For further development of this type of FPOs and enhancing their success rate, issues, and additional needs require to be addressed. Handholding support term of three years, which is the current available supporting fund by major funding agencies, is not enough to establish a stable management system of newly established FPOs. Secondly, quality of the POPI is a critical point of success for FPO, as it requires strong mobilisation of producers, comprehensive and in-depth capacity building, and feasible and reasonable market linkage. Thirdly, capital investment opportunity is still limited for the FPOs to step forward to self sustained operation. Since the FPOs might not have enough capacity to apply for the same loans and schemes as private companies, it is necessary to provide earmarked schemes such as subsidies and credit schemes for relatively young FPOs.

(b) Business-oriented FPOs

Some FPOs have been formed on the basis of business orientation. The idea is to generate larger benefit to the producers by incorporating value addition and processing units. A larger number of farmers (around 5,000 farmers) are federated into an FPO to maximise the benefit of scale. Aggregation of a large number of farmers enables larger investment through their share capital to start processing units. This type of operation can bring higher returns; although, launching the processing unit takes time and has some risks. Some of this type of FPOs have been supported by strong higher level institutions such as national level boards (such as Coconut Board, Spice Board, etc.), and some others are promoted by private business consulting firms. Even though only a few FPOs have started their profitable business, other FPOs still make profit by aggregating farmers and securing market for their primary produce. Successful FPOs have potential of being involved in the major value chain development of a particular commodity in a larger scale.

(2) Potentials for Supporting Agriculture-related Farmers' Organisations as Business Entities

FPOs in theory have huge potential to improve the livelihood of the poor through economic activities. However, it is a challenging task to make them succeed. Through the current situation and constraints they face, unmet needs and opportunities are identified for further necessary intervention. The following summarises the current situation of FPOs, challenges they are facing, and their potential opportunity to develop further.

Table 6.7.3 Observation, Challenges and Potentials in Supporting Formation of FPOs

Observation	Challenges	Opportunity/Potential
Some FPOs have started functioning (with realised benefit)	Capacity of POPI highly influence the establishment of FPOs	There are some well established NGOs to support FPOs although they might be limited
Different POPIs support FPO formations with different approaches and forms of support.	Processing activities are weak in FPO activities (relying on facilities of other organisation or private units)	Congregation and collaboration of departments, RIs, and relevant institutions can replicate good practice
Processing activities are weak in FPO activities (relying on facilities of other organisation or private units)	Opportunity/possibility for capital investment for the established FPOs to extend their activities seems to be limited or insufficient so far.	FPOs can collectively access subsidised schemes for setting up their infrastructure
Marketing by making linkage with a certain market such as wholesale and companies	Marketing and value chain needs to be well organised once many FPOs try to produce similar produce/products in a certain area	Business can be established through a step of business consultation

Source: JICA Survey Team

Even though business development is guided in the guideline, the major weakness observed in the newly established FPOs is entrepreneurship and planning. Even if the FPO's fundamental purpose is to eliminate poverty, it should have a strong business planning strategy to make the organisation sustainable to benefit the members. Support of business planning shall be considered in the project activities.

6.7.3 Potentials for Developing Farmers' Organisation in Irrigation Area

In consideration of the proposed Yen Loan project focusing on irrigation development, possibility of developing farmers' organisations shall be taken into consideration. Development of WUAs is inevitable for sustainable O&M of irrigation projects. On the other hand, further expansion of roles of WUAs is not in the current view of the DoWR, although it is provided for in the Andhra Pradesh Farmers. Management of Irrigation Systems (APFMIS) Act. In line with the value chain strengthening, support for agriculture production and marketing should also preferably be included in the project scope. However, development of FPO can be difficult in irrigated area as majority of the farmers in these areas cultivate paddy and cereals which have less advantage in establishing FPO compared with horticulture produce. There is a possibility to establish multipurpose FPO of farmers in certain command areas following the concept of federating SHGs. In the area where farmers are eager to develop production activities through value addition and quality improvement, business oriented FPO might be an option. Table 6.7.4 summarises the possibility and difficulties of each type of famers' organisations to be developed in relation with irrigation support. Further analysis shall be made through the second field survey.

Table 6.7.4 Possibility and Difficulties in Formation of FPOs with Irrigation Based Support

Model	Multipurpose FPO	Social oriented commodity based FPO	Business oriented FPO
Possibility	Area specific involving different stakeholders bound by the Ayacut area	Crop based FPO if the majority cultivates a certain crop with advantage for collective works.	Developing high value added products from the major crop in the irrigated area (e.g., paddy, maize)
Concerns/ Difficulties	Less advantage in uniformity due to different interests and crops amongst members	Less advantage of collective marketing for paddy Not enough economy of scale for other ID crops	Possible only on the pilot basis (difficult to apply as generalised model)

Source: JICA Survey Team

6.8 Findings of the Household Questionnaire Survey

The JICA household survey employing questionnaires was carried out in order to collect information and data regarding the current status on agriculture-related items as well as farm economy of farmers in the selected areas of Andhra Pradesh State. Number of samples, their distribution, and coverage are presented in Table 6.8.1.

Table 6.8.1 List of Sample: Irrigation Schemes for Household Survey

Target Region	Target District	Medium Irrigation	MI Tank Irrigation (1)	MI Tank Irrigation (2)	MI Tank Irrigation (3)
Northern Region (North Andhra)	Vizianagaram	Votitigeda	Dora (Kudama)	Pratapasagaram (China Merangi)	Chinni (China Merangi)
	Visakhapatnam	Raiwada	Krishnasagaram (Chowduvada)	Raju (Tenugupudi)	Sarvakala (Srungavaram)
Central Region (Coastal)	West Godavari	Tammileru	Pedda (Koppaka)	Venkatadri (Raghavapuram)	Vemanakunta (Narasannapalem)
	Prakasam	Mopadu	C.S.Puram (C.S.Puram)	Sakavaram (Sakavaram)	Bonthavaripalli (Bonthavaripalli)
Southern Region (Rayalaseema)	Chittoor	Kurishnapuram	Katherapalle (Katherapalle)	Lakshmipuram (Lakshmipuram)	Chokkamadugu (Chokkamadugu)
	Anantapur	Upper Pennar	Peruru Big (Peruru)	Peruru Small (Peruru)	Nallagutta (Thumucherla)

Note: Upper column indicates the name of MI tank and the lower column shows the name of village in parenthesis.

The number of survey samples in each irrigation scheme is 360 samples as shown in Table 6.8.2.

Table 6.8.2 Sample Size Chosen for Household Survey

Target Region	Target District	Medium Irrigation	MI Tank Irrigation (1)	MI Tank Irrigation (2)	MI Tank Irrigation (3)	Total
Northern Region	Vizianagaram	30	10	10	10	60
	Vishakhapatnam	30	10	10	10	60
Central Region	West Godavari	30	10	10	10	60
	Prakasam	30	10	10	10	60
Southern Region	Chittor	30	10	10	10	60
	Ananthapur	30	10	10	10	60
Total		180	60	60	60	360

Note: Upper column indicates the name of MI tank and the lower column shows the name of village in parenthesis.

Survey data was collected through the interview using questionnaire forms and those data were deteted into an excel file for further analysis as well as for interpretation. These outputs are shown in Attachment 6.8.1, and summarised as follows:

6.8.1 Questionnaire Interview Survey on Situation of Households

(1) Nature of the Households (HHs)

More than 95% of the surveyed households were Hindus with minor variations across the three regions. About 70% of the households reported farming or working on farms as labour constituting their prime engagement and source of income for their families. More than 95% of households has electricity supplied from the main grid. Nearly 80% of the households in central, northern, and southern regions get safe drinking water. Households will have easy access to all sources of drinking water (less than 50 metres).

Northern Andhra has issues in meeting the drinking water needs of families. In the northern region medium irrigation area, all households surveyed stated that water is inadequate throughout the year, whereas 50% households were not getting sufficient water to meet their basic drinking needs. In most households, either the family head or their family members maintain participation/membership in cooperative societies and groups.

(2) Land Holding

In the central region, average land holdings ranges from 1.5 to 2 ha. In the northern region, the average size of land holding is from 4 to 5 ha, while in the southern region, the average land holding varies from 1 to 2.85 ha. Medium and minor figures are 2.85 ha and 1 ha, respectively. Grasslands as well as orchards are figuring in the landholdings but on a very smaller scale for the households. The average size of land holding is around 2 ha in the irrigation scheme area.

(3) Seasons and Crop Productivity

Cropping and cultivation practices in crops vary in the three regions. There are three seasons, namely: *Rabi, Kharif*, and summer and a variety of grains, vegetables, and fruits are being raised. Sugarcane, lemon, paddy, maize, tobacco, etc. are being produced inside and outside of the irrigation scheme. However, crops and crop sequences vary across the three regions.

(4) Postharvest and Marketing

In general, the farmer households do not practice significant postharvest activities for crops. Mostly, they dispose the produce at the farm gate or in the village or local market, although there are few reported progressive farmers that market the crops outside the state. But mostly, the agri-value chain ends at the farm gate due to lack of knowledge about markets, inability and in-experience in marketing techniques, and poor stock holding facilities and capacity.

(5) Household Income and Expenditure

The Central Andhra Medium Irrigation Scheme recorded the highest household average income (INR 183,000) and expenditure (INR 147,500). This is followed by the Northern Andhra Minor (INR 155,700) and Southern Andhra Medium (INR 118,800). The Central Medium Scheme has the highest (INR 35,500) surplus reported for the reporting year. The North and South Medium Regions also have surplus of income over their expenditure despite the fact that their average incomes are comparatively lower than the Central Medium which is an indicative of relatively lower expenditures.

(6) Social Environment

In general, agricultural activities continue to be dominated by males. In the study area, most of the activities are done jointly by male members alone. Work dominated by females are mainly transplanting, weeding, watering, processing, and housekeeping. Seasonal migration is not a significant phenomenon in any of the families included in the study. Migration of labourers to cities is common in the southern and northern Andhra to earn for their livelihood.

(7) Household Assets

Amongst the reported households, motorcycles, pumpsets, and bicycles are the main assets held by most of the households in the surveyed regions. In general, the ownership percentage of agricultural and transportation equipment by households in the surveyed area is low. Farmers have no joint use of farm machinery with other farmers. The main items in the consumer items owned by the households are televisions (TVs), mobile phones, and TV dish antenna. Livestock is not a major asset category for most of the households. Amongst those who owned any type of livestock, buffaloes are the preferred assets.

(8) Natural Disasters and Land Conservation

Major disasters reported are droughts and floods (67%) followed by rodents (33%). Untimely rains, floods, and heavy cyclonic storms during harvesting time cause heavy damage to the crops, lives, and properties. Many farmer households experienced and expressed the non-availability of irrigation water as a major constraint in their farming plans and dreams. Crop diversifications, farm productivity, and farm incomes are being affected by having insufficient water supply and underdeveloped irrigation facilities.0

(9) Needs Regarding Livelihood

In all three regions, aside from cultivation of different crops, farmers lay emphasis on dairying (cows, buffalos) as it is the sure source of family income due to uncertainties in agriculture. Farmers in villages are trying to educate their children in convent schools spending huge amount of money with a

hope to see their children having good jobs. It is observed that the youth in villages do not show interest in farming as they feel that farming is not profitable. In all village households that were surveyed, farmers share their opinions about the availability of high yielding crop varieties, provision of irrigation facilities, regular supply of electricity, and good market prices which they believed are essential for sustaining agriculture and profits.

6.8.2 Questionnaire Interview Survey on CBOs

(1) Outline of the Survey on CBOs

Questionnaire survey was conducted to existing CBOs such as Agricultural Cooperatives, SHGs, FPO and WUAs to grasp and analyze situation of the existing organisations. The survey result is to supplement information from field survey to develop possible interventions for those CBOs in the project. The samples of the survey was randomly identifies in the HHS target village and surrounding area in case there is no relevant organisation in the sample area. The sample size of each organisation studied is summarised below.

Table 6.8.3 Sample Size of Questionnaire Interview Survey on CBOs

District	Medium Irrigation (6 in total)				Minor Irrigation (18 in total)	
	WUA	SHG	FPO	COOP	WUA	SHG
Vizianagaram	3	3	1	1	3	3
Vishakhapatnam	3	3	1	1	3	3
West Godavari	3	3	1	1	3	3
Prakasam	3	3	1	1	3	3
Chittoor	3	3	1	1	3	3
Anantapur	3	3	1	1	3	3
Total	18	18	6	6	18	18

Source: JICA Survey Team

(2) Agricultural Cooperative Societies

Questionnaire interview survey was conducted to one Agriculture Cooperative in each sample survey area. Results can be utilized to understand different status of agriculture cooperatives instead of drawing averaged data for generalization due to the small sample size. Through the survey, it was concluded that there are huge disparity in activities and level of functions of Agricultural Cooperatives in the area. The following are the major findings on agriculture cooperatives.

Both single and multi-purpose societies exist in the study region. Number of years in operation for the cooperatives varies from 25 years to just 2 years. There is no uniformity in respect of collection of membership fees. Seeds and fertilizers have been the major items under sale of Agricultural Inputs for most of the cooperatives, followed by pesticide and agriculture materials/implements. Only two cooperatives are engaged in procuring agricultural outputs/produce. Major Problems faced by Cooperatives are over dues or violation of loan norms, cited as a serious problem by three cooperatives, while one cooperative has indicated marketing and yet another has cited lack of agriculture land as a major problem.

(3) Farmer Producer Organizations

Since the promotion of establishment of FPO by the AP government is still early stage, not many FPOs have been identifies within the sample areas and their surrounding area. Sample size was less than expected and some are did not represent any sample. Furthermore, some organisations answered as FPOs are small community based group that are different from FPO concept of the AP government. The following summarise the remarks drawn from the survey result on FPO.

Five out of the seven FPOs studied were formed by organizing farmers. No FPO was formed through aggregation of farmer groups/organizations. Most of the FPOs surveyed are at initial stage, not borrowing any funds from financial institutions. Activities of the FPOs vary without any tendency drawn possibly due to variety of the organisations studied as FPOs. Sharing of labour, processing of produce, provision of loans are the few major activities indicated by the surveyed FPOs. No women

representation in Equity Holders category, though in two FPOs, women memberships are reported. Constituents of FPOs and their activities

(4) SHG

Even though there are some tendencies between sample areas observed from the data collected, it shall not be significant to conclude as specificity of the area due to small sample size and possible interviewer biases. The followings are the major findings regarding SHGs.

Except for West Godavari, all SHGs studied have been functional for more than 7 years. The combined average age of SHGs is 11 years. On an average there are about 29 SHGs per village in the villages where these SHGs are located. Except Prakasam district, in all the other 5 districts, the sampled SHGs were conducting regular meetings on monthly basis. The SHGs have received and maintained at least one Fund (Revolving or CIF). No SHG has reported defaults on loans made to the SHG members. SHGs practice different rate and terms for inter group loans. Usually it varied from Rs.1 to 1.5 /100. For loans out of bank loans standard interest rates ie 12% plus one to two per cent are being charged. All the SHGs studied in the 6 districts have been maintaining bank linkage and they have availed credit from formal financial institutions

As major advantages of membership in SHG, SHG members felt that it offered them an opportunity to access loans, support each other, participate in community activities, and improvements in their livelihoods/agricultural activities. No significant disadvantage has been reported by the Group members.

(5) WUA

Sample size consisted of 36 WUAs equally sampled from medium and minor irrigations projects in 6 districts. There are some tendencies deduced from the survey results. However, similar to the SHGs, differences observed between districts may not be concluded as regional difference. Activities of the WUAs could not be clearly studied due to transitional situation of WUA with recently elected management committee members. The following summarise notable tendencies observed.

No WUAs surveyed have reported any major income. No WUA in the 6 districts surveyed by this study, reported as to having any kind of assets they possess. The WUAs do not meet regularly except in West Godavari and Prakasam districts. Except Vizianagaram and Prakasam districts to great extent, no other WUA studied reported having attempted making water budgets or any regulation system for water use. Some of the major highlighted problems faced by WUAs are poor access to government support, lack of knowledge on water budgeting, lack of maintenance fund, difficulties in mobilizing people for community development initiatives and difficulties in collecting subscriptions from members.

6.9 Food Park and Private Sector

6.9.1 Preliminary Evaluation of Mega Food Park Schemes

During the first field survey, the JICA Survey Team visited three mega food parks, namely: 1) Srini Food Park, 2) Indian Food Park, and 3) Godavari Aqua Food Park. Amongst the three food parks, Srini Food Park and Indian Food Park have already started operation and Godavari Aqua Food Park has been under construction yet. Although it is still too early to evaluate those food park schemes due to a very short period in operation (Srini Food Park opened in July 2012, Indian Food Park in September 2014, and Godavari Aqua Food Park not yet in operation), the team implemented a preliminary evaluation for the food parks based on the secondary data and interviews with persons concerned. The summary of the evaluation is shown in Table 6.9.1 below.

Table 6.9.1 Comparison amongst Existing Mega Food Parks

	Srini Food Park	Indian Food Park	Godavari Aqua MFP
			
Present Status			
Established	July 2012	September 2014	Under Construction
Address	Chittoor, Andhra Pradesh	Tumkur, Karnataka	West Godavari, Andhra Pradesh
Land	147 acre	110 acre	70 acre
Plot (alloted/total)	4/22	1/20	1/30
Infrastructure (Power/Water/Sewage)	provided	provided	provided
Common Facility (Cold Storage, IQF, etc.)	provided	provided	provided
PPC/CC	4/14	6/-	2/9
Target Market	Export (100%)	Domestic (100%)	Export (>99%)
Advantages			
Geographical Location	Raw-materials Oriented - Easy access to mango, tomato, papaya, etc.	Market Oriented - Developer has strong retail network in India	Raw-material Oriented - Developer is a dominant in shrimp production
Forward Linkage	Export fresh mango to Japan with VHT facility	Developer (future group) has strong retail network in India	Export shrimp and fish to EU, USA, Hong Kong, etc.
Challenges	Limited number of tenants CPC not utilized during off-season	Limited number of tenants Backward linkage is under development	Poor access road to food park, waiting public works

Source: JICA Survey Team

(1) Advantages of Food Park

Srini Food Park is located in Chittoor, one of most production areas of fruits such as mango, tomato, and papaya and the park has a big advantage in accessing raw materials with direct connection with specific farmers. The park also establishes a forward linkage to export market and has unique market for fresh mango to Japan since the park has Vapour Heat Treatment (VHT) facility to conform with the requirement of Japanese standard.

Indian Food Park is located in Tumkur Industrial Area about two hours away from Bangalore, Karnataka State. This park is newly opened in 2014 and the land size is 110 acre. The developer is a subsidiary of Futune Group, which has multi-business including retail function. The park enjoys the group's strong retail network; therefore, a tenant is also able to sell their own product to the same market.

Godavari Aqua Food Park is located in West Godavari District, one of the biggest areas of inland aquaculture for shrimp around Bheemavaram. The developer is Ananda Group, which is a dominant producer and exporter of shrimp in the area. Ananda Group have their own food processing unit in Bheemavaram, which installs state of the art facility to meet strict food standards in the European Union (EU) and the United States of America (USA).

(2) Major Challenges

All of the three food parks face difficulty to find a tenant. Srini has four tenants in the park and has some potential tenants under discussion. The Indian Food Park found one tenant last year. Godavari Aqua has not opened yet but has found one tenant. According to the "Report on Evaluation of the Impact of the Scheme for Mega Food Park of the Ministry of Food Processing Industries" ICRIER, July 2015, it is observed that limited number of tenants is a common issue amongst the parks.

Other than the tenant issue, there are several issues observed. In Srini Food Park, the Central Processing Centre (CPC) is not fully utilised especially during off season of fruits. Another reason is that CPC is not utilised by tenants since their products, such as noodles and pomegranate seeds packs, do not require the use of the facilities. The Indian Food Park, in turn, has its backward linkage but is still underdeveloped. According to the developers, they have put efforts to formulate farmers' groups

but argued that it would take time for the education of farmers. Godavari Aqua Food Park has another challenge regarding poor condition of access road connecting the park and the main road. According to the developer, GoAP has already committed to repair the road but has been delayed due to shortage of budget.

6.9.2 Comparison amongst Food Park, Industrial Area and Food Processing Unit

The JICA Survey Team investigated not only the mega food parks but also industrial areas and individual food processing units. Table 6.9.2 explains the result of comparison amongst different schemes.

Table 6.9.2 Comparison amongst Food Park, Industrial Area, and Food Processing Unit

	Mega Food Park (e.g Srini Food Park)	Industrial Area/SEZ (e.g Sri City)	Individual Food Processing Unit
Location	Fixed	Fixed	Customized
Land Acquisition	Not necessary (Lease)	Not necessary (Lease)	Necessary (Purchase)
Clearance and Approval	Support from developer	Support from developer	Own cost
Infrastructure	Provided (water, electricity, road)	Provided (water, electricity, road)	Own cost
Expected Tenant	Dedicated in food industry	Multi sectors	No (single company)
Common Facilities	Available (eg. pulping, packing, cold store, IQF, QC lab, logistics, etc.)	N/A	N/A
Backward Linkage	Provided (if required)	N/A	N/A
Forward Linkage	Provided (if required)	N/A	N/A
Land Size per plot	Smaller (1-4 acre/plot)	Larger	Customized
Tenant/Investor			
Foreign company	Chaudhary group	Pepsi, Kellogg's, Lavazza, etc	Fuji Oil (JV w/ 3F Industries) etc.
Indian company	Sam Agritech, Nwp6	-	Jain Irrigation
Potential investors	Small and medium food manufacturers	Larger food manufacturers (preferably for foreign companies)	Larger food manufacturers (Preferably for foreign/Indian JV companies)

Source: JICA Survey Team

For tenant or investor, mega food park and industrial area have a big advantage to find land since there is land ready to start up their business. Those like Srini Food Park and Sri City also provide necessary support for clearance, approval procedure, and infrastructure such as water, electricity, and road. Furthermore, mega food park has common facilities like pulping, packing, cold storage, etc., and also has backward and forward linkages. Tenants can enjoy the benefits in utilising these facilities and services.

For the Individual Food Processing Unit, its location can be selected and land size can also be customised according to the requirement of business (e.g., easy access to raw material, port, and/or market). However, it is often a difficult task to search for an aggregated land to meet the requirement. The investor also needs to negotiate with the land owner to acquire the land and allocate a lot of time and cost for clearance, approval, and infrastructure.

Actual tenants in mega food park like Chaudhary Group and Sam Agritech are relatively smaller sized companies compared with the tenants in the industrial area like Pepsi and Kellogg's since the land size per plot in mega food park is smaller (1-4 acre/plot) than that in the industrial area (150 acre for Pepsi). Therefore, mega food park is one of the ideal options to setup a factory for small and medium companies, not for larger companies. Industrial areas like Sri City is an ideal option for larger companies especially foreign companies. Individual unit is a possible option for Indian companies and JV of foreign companies and Indian companies. Those options will be investigated further through the second field survey.

6.9.3 Potential Japanese Investors and Challenges Observed

(1) Types of Potential Japanese Investors

The JICA Survey Team categorised potential Japanese investors into four types as shown below.

- Developer/Promoter
- Food Manufacturer
- Agricultural Machines/Food Processing Machines/Freezer Manufacturer
- Trading/Distribution Company

Developer/promoter is defined as a company which has an interest to develop and/or operate a food park or industrial area. Food manufacturer is a company to be setup and operated into a food factory and sell products to domestic and export markets. Agricultural machines/food processing machines/freezer manufacturer is a company that sell and install machinery or plant to a farmer or food manufacturer. In some cases, other companies may setup and operate their factory in India. Trading or distribution company is a company that trade and export raw materials and food stuff in and around India.

(2) Potential Investors and Challenges Observed

As shown in the table 6.9.3, 13 companies have participated in the business matching session held on 2nd December 2015 in Vijayawada.

Table 6.9.3 Potential Investors and Challenges Observed

Closed to public

Source: JICA Survey Team

There were 8 companies from machines and freezer manufacturers and those companies had individual business meetings with food processing companies in Andhra Pradesh state. On the other hand, no meeting was held between Japanese food processing company and food processing company and/or food park developer in Andhra Pradesh state since there was no company participated from Japanese food manufacturer.

Even though food industry in India has big potential as a huge domestic market, the number of Japanese food manufacturers in India is still small. According to the interview with several Japanese food manufacturers, there are many challenges to start a food processing business in India; adoption of food standards in India, exploring of market in India, finding an Indian partner company especially in distribution business. In Chapter 8.7.2, current issues preventing Japanese investments are investigated through a questionnaire survey, and necessary countermeasures for future investment promotion are proposed in Chapter 15.

7. SELECTION OF TARGET IRRIGATION PROJECTS AND TARGET AGRICULTURAL PRODUCES

7.1 General

This study aims to assess the proposed irrigation projects through detailed survey of sample irrigation projects and to explore potential of developing food value chain of selected agricultural produce. For the detailed survey of those sample irrigation projects and selected agricultural produce for value chain, target selections were performed. The selection criteria, process, and results were explained to and agreed with the relevant government departments. This chapter explains the selection criteria, including the concept and procedures of the selections.

7.2 Target Irrigation Projects

7.2.1 Selection of Proposed Projects by DoWR

The Department of Water Resources (DoWR) proposed in April 2015 for the Andhra Pradesh State Irrigation Livelihoods Improvement Project-II (APILIP-II), a Japan International Cooperation Agency (JICA) Loan for modernisation of 21 medium and 485 minor irrigation projects in the document stated below.

- Project Concept Note - Andhra Pradesh State Water Management and Postharvest Investment Promotion Project (AP-IQMPHIP) to be financed by the JICA under Phase II (2015-2020)

The criteria of selection are as follows:

- Projects of more than 20 years are selected (Projects which have not been dealt with major renovation works for the last two decades are selected).
- The tanks located near the medium irrigation projects are selected and are given consideration in the APILIP-II proposal. These tanks are not included in any other schemes for renovation.

In February 2016, DoWR withdrew three medium irrigation projects out of 21, and proposed an additional three. The JICA Survey Team reviewed the three newly proposed projects and concluded that two were acceptable but the remaining one was dismissed because its command area was overlapping with the one that was originally-proposed as a medium irrigation project.

Moreover, another project was proposed in April 2016 as an addition; however, this was not included in the proposal list because the command area was vast at 120,000 ha and is categorised as a major irrigation project and has a preliminary estimated cost of Rs. 1,160 million, which was too high to be included in the list.

As for the minor irrigation projects, some original projects were taken back and some were newly proposed instead of February 2016.

As a result, the projects to be proposed are 20 medium and 472 minor irrigation projects. The comparison of the original and final proposal lists are presented in Attachment 7.2.1.

7.2.2 Selection Criteria for Target Irrigation Projects

The selection of the target projects is carried out in the following steps.

Step-1: Minor irrigation projects are grouped into one of the proposed medium irrigation projects nearby, designated “parents”, approximately within 30 km from the dam, headworks, or command area. The minor irrigation projects which are far from any proposed medium irrigation projects are categorised as “orphans”.

Step-2: Medium irrigation projects are examined in accordance with the selection criteria and ranked in order of marked points.

Step-3: Minor irrigation projects are subordinate to the rank of their “parents”. Amongst the minor irrigation projects of the same “parent” family, these are ranked for internal comparison.

Top priority is given to the highest ranked medium irrigation project and its surrounding minor irrigation projects. Amongst those minor ones, priority is given individually in accordance with their scores. The "orphan" minor irrigation projects are given the lowest priority.

This idea is based on the premise that the integral development in a limited zone will create more synergistic effect and lead to local activation than scattering investments over the entire Andhra Pradesh State.

(1) Selection Criteria of Target Medium Irrigation Projects

To select medium irrigation projects which are technically sound and economically feasible, the following factors are considered for project selection (priority ranking).

- Status of Project

  Advanced progress of the technical report preparation such as DPR and project note are considered as advantageous indicators as to how mature and ready the project is for early implementation.

- Water Availability

  It is considered that high water allocation per unit command area may lead to more secured water supply. Also, a larger dam storage capacity enables more flexible water distribution to the command area.

- Irrigation Practice

  For an aged project, modernisation is likely to be more effective to improve the present deteriorated condition of irrigation facilities. By the similar reason, the higher the gap ayacut is, the lower the water use efficiency is, therefore, the more improvement the modernisation may create.

- Farmers' Organisation

  The activeness and willingness of farmer's organisation are the key points whether or not the project operation will be successful.

- Others

  Land acquisition has been a major hindrance to the smooth implementation of APILIP-I. It is conditioned that no land is needed to be acquired in APILIP-II.

  The economic index such as benefit/cost (B/C) ratio is employed as a scoring parameter to estimate the economic viability of the project.

For more details, the employed criteria and the distribution of scoring points are presented in Table 7.2.1 below.

Table 7.2.1 Selection Criteria of Target Medium Irrigation Projects

SN.	Items		Max	Allocation of Points
C1	Critical	Land Acquisition	-	[Excluded] Required / [Included] Not required
C2		Benefit (BC Ratio)	-	[Excluded] < 1.0 / [Included] ≧1.0
S1	Status of Projects		10	[10] DPR has been prepared./ [5] Project Note has been prepared./ [0] Except above cases.
S2-1	Water Availability	Water Allocation (per ha)	5	[5] ≧1,200mm / [Proportional] ＜1,200mm
S2-2		Live Storage Capacity (per ha)	5	[5] ≧1,200mm / [Proportional] < 1,200mm
S3-1	Irrigation Practice	Construction Year	2	[2] ≧20 years / [Proportional] < 20 years
S3-2		Gap Ayacut	4	[4] 100 (%) / [Proportional] < 100 (%)
S3-3		Efficiency	4	[4] < 40% / [Proportional] ≧ 40%
S4-1	Famers' Organization	Water Cess Collection	5	[5] 100 (%) / [Proportional] < 100 (%)
S4-2		Willingness	5	[5] Confirmed / [0] Not confirmed
S5	Benefit (BC Ratio)		10	[10] ≧ 3.0 / [Proportional] < 3.0
Total			50	

Source: JICA Survey Team

(2) Selection Criteria of Target Minor Irrigation Projects

For selection of target minor irrigation projects, similar criteria are adopted as follows:

- Status of Project

  DPR is adopted as an indicator to measure the readiness of project implementation.

- Water Availability

  The same criteria adopted for medium irrigation project is applied for minor irrigation project as well. In addition, the number of months when the tank is full of water storage is added to judge water availability.

- Irrigation Practice

  The same criteria adopted for medium irrigation project is applied for minor irrigation project.

- Farmer's Organisation

  The same criteria as adopted for medium irrigation project is applied for minor irrigation project.

- Others

  The same factors adopted for medium irrigation projects regarding land acquisition and B/C ratio are maintained for minor irrigation projects.

  The original requirements for the proposed project are kept such as minimum size of command area and independency from other major or medium irrigation projects.

More detailed criteria together with the point distribution are given in Table 7.2.2 below.

Table 7.2.2 Selection Criteria of Target Minor Irrigation Projects

SN.	Items		Max.	Allocation of Points
C1	Critical	Command Area	-	[Excluded] < 40ha / [included] ≧40ha
C2		Independence	-	[Excluded] A part of medium/
				[Included] Independence
C3		Land Acquisition	-	[Excluded] Required / [Included] Not required
C4		Benefit (BC Ratio)	-	[Excluded] < 1.0 / [Included] ≧1.0
S1	Status of Projects		10	[10] DPR has been prepared./ [5] Project Note has been prepared./ [0] Except above cases.
S2-1	Water Availability	Water Allocation (per ha)	3	[3] ≧1,200mm / [Proportional] ＜1,200mm
S2-2		Live Storage Capacity (per ha)	2	[2] ≧1,200mm / [Proportional] < 1,200mm
S2-3		Full water period (per year)	5	[5] ≧5 months / [Proportional] < 5 months
S3-1	Irrigation Practice	Construction Year	2	[2] ≧20 years / [Proportional] < 20 years
S3-2		Gap Ayacut	4	[4] 100 (%) / [Proportional] < 100 (%)
S3-3		Efficiency	4	[4] < 40% / [Proportional] ≧ 40%
S4-1	Famers' Organization	Water Cess Collection	5	[5] 100 (%) / [Proportional] < 100 (%)
S4-2		Willingness	5	[5] Confirmed / [0] Not confirmed
S5	Benefit (BC Ratio)		10	[10] ≧3.0 / [Proportional] < 3.0
Total			50	

Source: JICA Survey Team

7.2.3 Result of Evaluation

It is noted that for the final selection or ranking, available data and information are not yet sufficient and further studies are required to be carried out. Nevertheless, trial selection results are presented hereinafter.

(1) Trial Selection of Target Medium Irrigation Projects

The data for the scoring is as follows and summarised in Attachment 7.2.2.

a) Availability of DPR and project note, b) command area, c) water allocation, d) live storage capacity of dam, e) original construction year of the project, f) gap ayacut, g) water use efficiency, h) willingness of farmer's association, i) water cess collection rate, j) necessity of land acquisition, and k) B/C ratio

Most of the data were obtained through requests to DoWR; however, h) construction cost and i) B/C ratio have been estimated by the JICA Survey Team. The estimated cost, expected benefit, and B/C ratio are described in Chapters 13 and 14.

Thus, the medium irrigation projects have been examined through the abovementioned selection criteria, and all the 20 projects have cleared the critical conditions. The top-ranked project is Upper Pennar with 42.7 points and the results of all the 20 medium irrigation projects are listed in Attachments 7.2.3 and 7.2.4.

(2) Trial Selection of Target Minor Irrigation Projects

The data used for selection of minor irrigation projects are:

a) Availability of DPR, b) command area, c) water allocation, d) live storage capacity of tank, e) average period of full storage in tank, f) original construction year of the project, g) gap ayacut, h) water use efficiency, i) willingness of farmers' association, j) water cess collection rate, k) necessity of land acquisition, and l) B/C ratio

Similarly to medium irrigation projects, all data were obtained from DoWR except for l) B/C ratio which was calculated by the JICA Survey Team. The results showed that 23 minor irrigation projects out of the 472 proposed projects have been discarded because they could not satisfy the critical conditions. Finally number of the target minor irrigation projects is 449 projects. The data employed for selection, scoring results, and summary by district and by "cluster" are given in Attachments 7.2.5, 7.2.6, 7.2.7 and 7.2.8, respectively.

7.3 Target Agricultural Produce for Value Addition

7.3.1 Two Levels of Food Value Chain Assistance

The planned project subject to this survey can be divided into two components, namely: modernisation of medium and minor irrigation projects including participatory project management, operation and maintenance, and sector reform including agribusiness infrastructure and marketing support services. The food value chain assistance falls into the latter component.

Based on the discussion with various stakeholders in the Government of Andhra Pradesh (GoAP), the JICA Survey Team came to a conclusion that assistance for food value chain should be provided in two levels, namely: strategic level and project level. While the assistance in the irrigation project level aims to improve livelihood of beneficiary farmers, upgrade their capacity for farm management, and improve efficiency of value chains at the grassroots level, the assistance at the strategic level will focus on developing a successful model, which is effective in competing in the global food market and can be replicated to other produce and other areas. Once the model is developed and replicated, the benefits will be spread to farmers growing other produce and in other areas. Those beneficiary farmers in the irrigation project will be in a better position to adopt a new model as their capacity is supposed to be developed through the support from the irrigation project.

In this way, the assistance at both levels can complement each other and contribute to the future development of agricultural sector in Andhra Pradesh State.

The target products for strategic assistance were decided based on the findings of the first field survey. The following sections explain the concept of strategic food value chain assistance, selection criteria for target products and result of evaluation.

7.3.2 Concept of Strategic Food Value Chain Assistance

The objective of strategic food value chain assistance is to develop a successful model which is effective in increasing competitiveness of agricultural produce in Andhra Pradesh State in order to

realise sustainable food value chain development in the state. As the previous JICA study entitled 'Data Collection and Confirmation Study on Agricultural Value Chain in the Republic of India' identified, low quality, low safety, and low image of agricultural produce in Andhra Pradesh State as the biggest bottlenecks for sustainable development of agriculture sector in the state. Unless the quality and safety of produce are improved, it is impossible for the Andhra Pradesh State agricultural sector to maximise the benefits from the growing but increasingly competitive global demand as well as domestic food market. The biggest challenge in improving the quality and safety of agricultural produce is improving farmers' farming techniques and practices as most of the farmers do not follow modern cultivation techniques.

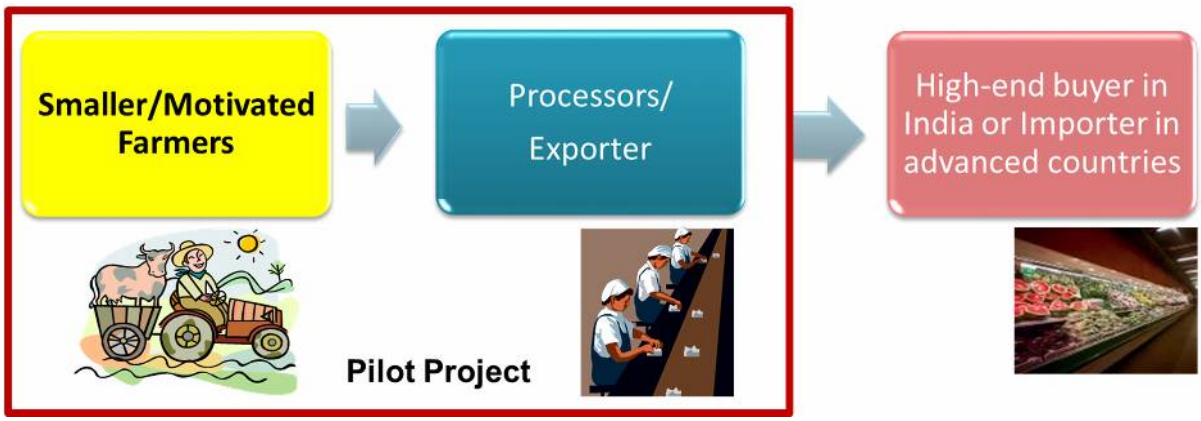
With this understanding, the JICA Survey Team proposes a concept of food value chain assistance which utilises the pressure as well as remunerative price from the markets as leverage to motivate farmers to improve the quality and safety of the produce. The prime target market is the export market to advanced countries where the requirements for quality, safety, and traceability for food produce are high while offering relatively higher prices.

Source: JICA Survey Team

Figure 7.3.1 Concept of Value Chain Assistance

There are several produce such as mango or pomegranate that have successfully explored export markets in advanced countries. However, most of the farmers involved in such value chains are large farmers or progressive farmers who have had enough resources and capacities on their own, while majority of small farmers are left behind. Aggregating and involving the farmers who are willing to improve their techniques but deprived of resources will be crucial for improving efficiency of food value chains and increasing competitiveness of agricultural produce in Andhra Pradesh State while distributing its benefits to a wider population.

The JICA Survey Team proposes to conduct a pilot project on specific produce which have strategic importance on improving efficiency of food value chains in Andhra Pradesh State. The pilot project will support the value chain of specific produce targeting export market in advanced countries. The project taskforce will be formed for respective produce consisting of selected farmer's groups, processors, exporters, government departments, and related supporting industries. They work together to explore the target market. Exporters and processors instruct farmers the market requirements. The government provides assistance by applying existing schemes or devising and testing new schemes. Farmers, as a group, collaborate with governments, processors and exporters, and upgrade their techniques and capacity to grow safe and quality produce which satisfy the requirements of the target market.



Source: JICA Survey Team

Figure 7.3.2 Value Chain Assistance Pilot Project

Good practices and lessons will regularly be reviewed, shared, and reflected to the policy and system. The tasks and responsibilities of government departments will be reviewed and redefined through the pilot project. Based on the outcomes of the pilot project, the government structure and system should be transformed from the current production-oriented system to the market-oriented system.

The proposed pilot project is considered important not only for increasing competitiveness of agricultural produce in Andhra Pradesh State but also in demonstrating an attractive model for future development of the food industry in the state which combines the agricultural sector with the manufacturing sector in an optimal manner to attract participation of youth entrepreneurs as well as prospective investors. If the model is successful to attract the interests of entrepreneurs and investors, their contribution will further enhance the potential of food industries in Andhra Pradesh State and thus contribute to the sustainable food value chain development in the state.

7.3.3 Selection Criteria for Target Produces

In order for the pilot project to be effective enough to impact on the agricultural sector in Andhra Pradesh State while minimising risks of failure, the target produce to be selected should be competitive in various aspects.

The JICA Survey Team proposes five criteria for target produce selection, namely: production capacity, possibility for value addition, market trend, and access to existing processing industries and export markets, and possible linkage with irrigation project. The points for consideration for each criterion are explained below.

Table 7.3.1 Selection Criteria for Target Produces

Selection Criteria	Points for Consideration
1. Production capacity	➢ Established production capacity both in terms of production volume and quality ➢ Scope for further productivity/technical improvement
2. Possibility for value addition	➢ Variety of processed produce ➢ Possibility for upgrading VC in the future
3. Market trend	➢ Sufficient size and growth of market ➢ Potential for further growth in the future
4. Access to processing industries and export market	➢ Existence of well-functioning processing units ➢ Existence of experienced exporters to advanced countries
5. Possible linkage with irrigation project	➢ Possibility of produce to be grown in the catchment area of the planned irrigation project

Source: JICA Survey Team

The principle of selecting target produce is to utilise the existing strength unless the produce has comparative advantage in the global market, the pilot project which targets export to advanced countries will not be feasible. In this sense, existing production capacity (1) and access to processing industries and export market (4) are necessary as it is not easy to develop processing industries from scratch. What is especially important for the target produce, however, is that it should have a potential for upgrading farmer's skill and capacity which leads to improving quality and increasing safety of the

produce. For this purpose, scope of productivity and technical improvement (1) as well as possibility of value addition (2) are assessed. Besides considering that the production volume of target produce continue to increase through the pilot project, its market should be expanding (3). Lastly, possible linkage with irrigation project (5) is added to ensure synergy between the irrigation project and the food value chain assistance. If the target produce is grown in the catchment area of the planned irrigation project, the effects of food value chain assistance will be enhanced because of improved availability of irrigation water.

7.3.4 Result of Evaluation

(1) Agriculture and Horticulture Produce

Eight produces, namely: mango, chili, cashew, tomato, maize, coconut, groundnut, and banana were evaluated by applying the criteria explained above. These produces were selected for evaluation based on the recommendation from concerned departments in the GoAP. Geographical distribution was also taken into consideration. Respective produce were evaluated in five grades for each criterion based on data and information collected through the desk survey and observation and interviews in the site visits. All grades are agreed by the three members of the JICA Survey Team in-charge of the food value chain. The details of evaluation are shown in Attachment 7.3.1. The result of evaluation is shown below.

Table 7.3.2 Result of Evaluation for Agriculture and Horticulture Produces

Crop		Mango	Chili	Cashew	Tomato	Maize	Coconuts	Groundnuts	Banana
Area		South	Central	North	South	Central	North and Central	South	Central and South
Product		Fresh & processed mango	Dry chili and Oleoresin	Cashew kernel	Tomato paste	Starch and other value added products	Various processed products	Groundnut oil	Fresh and processed banana
Market		Export	Export	Export	Domestic	Export	Export	Export	Export
Production capacity	Existing capacity	5	5	5	5	5	4	5	3
	Potential for improvement	4	3	4	3	1	2	2	2
Possibility of value addition		5	5	3	3	4	4	2	2
Market demand		4	4	5	4	3	5	2	2
Access to processing and export		5	5	4	4	3	3	1	2
Possible linkage with irrigation project		2	3	2	3	4	1	3	3
TOTAL		25	25	23	22	20	19	15	14

5: Excellent 4: Good 3: Average 2: Poor 1: Very poor

Source: JICA Survey Team

Mango, chili, cashew, tomato, maize, and coconut are considered to satisfy the criteria and worthy to conduct a detailed survey while potentials of groundnut and banana are low and thus dropped from the list. The overall evaluations of selected produce is shown in Table 7.3.3 below.

Table 7.3.3 Selected Target Produces (Agriculture and Horticulture)

Produce	Overall Evaluation
Mango	➢ Excellent track record for exporting processed mangoes ➢ Possibility of upgrading VC for both fresh and processed mangoes ➢ A successful model case of export-oriented processing industry
Chili	➢ Guntur chili has good reputation in and outside India ➢ Potential for high-value added produce like oleoresin ➢ IPM and aflatoxin are the issues
Tomato	➢ Basic ingredient of Indian cuisine. Processed tomato has huge potential for domestic market as Indian lifestyle is modernised ➢ Producing tomato paste reduces wastage and saves foreign exchange ➢ Success of tomato could be a model for contract farming
Maize	➢ Potential for high value processing industry ➢ Possibility to impact on beneficiaries of irrigation project

Produce	Overall Evaluation
Coconut	➢ Export market of coconut produce drastically increased in recent years ➢ Good potential of developing small scale and community-based processing industries

Source: JICA Survey Team

Technical support for value chain development of those target products has a great potential to contribute for promotion of entire food processing industry in the Andhra Pradesh State. For example, support for cultivation techniques such as land preparation, grafting, pruning, grading etc. for mango and tomato can be fully applied for other horticulture crops such as pomegranate and papaya which are suitable for processing. Also, technical assistance for quality management such as kaizen and 5S can be utilized for any other food products which target overseas and high-end markets.

Support for Good Agriculture Practice (GAP) and Integrated Pest Management (IPM) are particularly important for value chain promotion of chili, as exporting chili to the target market requires strict chemical residue and fungus control. These practices are also very much applicable to other export oriented crops which are facing strict chemical standards. The Andhra Pradesh State is indeed producing crops with high potential for export such as herbs and spices, thus it will help expansion of contract type farming.

Lastly contract farming to be introduced in the pilot projects will be the model for contract farming for any other crops. The guidelines for contract farming will be developed based on the experience of pilot projects. This will enhance the efficiency of VC and become a basis of quality backward linkage which is prerequisite for supplying raw materials to global companies.

(2) Fishery and Animal Husbandry

For fishery and animal husbandry, the overall sector was reviewed first. Selected produce, which are considered to satisfy the criteria, were further evaluated. As Table 7.3.4 shows, shrimp, tuna, and dairy were selected as target produce. While shrimp and tuna were selected for their strategic importance as explained in Chapter 6.5.1 and 6.5.2, dairy was selected upon the request of the Andhra Pradesh State government as there is an urgent need to cope with excess supply issue. In order to tackle this issue in a sustainable manner, not only in short term but also a comprehensive and long-term strategy is required.

Table 7.3.4 Selected Target Produces (Fishery and Animal Husbandry)

Produce	Overall Evaluation
Shrimp	➢ Excellent track record for export ➢ Strong possibility of expanding farming areas ➢ Potential to further improve the quality of the produce by small- and medium-sized farms
Tuna	➢ Nearly untapped resource is abundant in the Bay of Bengal area ➢ High demand in global market ➢ Strong possibility to add value in capture as well as processing stage ➢ High potential to improve traditional fishermen's livelihood
Dairy	➢ Andhra Pradesh State is the sixth largest producer of milk in India ➢ Milk is an important source of income for small farm households ➢ Milk supply far exceeds its demand within the state. As the farmers have already aggregated, there is a potential to upgrade the value chain

Source: JICA Survey Team

Selected target produce were surveyed in more details during the second field survey in order to examine the feasibility and modality of assistance. Details are explained in Chapter 8.

In order to expand the export Good Aquaculture Practices (GAP) will be emphasized to prevent diseases outbreak in shrimp culture pond as well as to prevent water pollution. It will also prevent the excessive use of antibiotics. Residue of antibiotics and antioxidant in shrimp will be disaster for export market. Exercise of GAP may be applied other aquaculture species such as fresh water shrimp, mangrove crab, catfish.

Shrimp processing may need to shift to produce ready to cook products such as shrimp tempura and

flitter. Technology to prepare ready to cook shrimp can be used to prepare other fisheries products using fish and squid.

Fishing technology to be introduced for catching tuna efficiently can be used to catch marine, sailfish, dolphinfish, and other large pelagic fishes. Freshness testing equipment can be used for other fishes so that quality assurance will enhance competitiveness of India's fresh and frozen fish in high end export market.

Quick freezing and vacuum packing method used for fileted tuna (saku) and block will also be utilized for above species and increased value for export.

8. DETAILED FIELD SURVEY

8.1 General

JICA Survey Team surveyed 3 sample medium irrigation projects and 6 clustered minor irrigation projects in Vizianagaram District (during Jan 26-30, 2016), West Godavari District (during Jan 31 to Feb 4, 2016), and Chittoor District (during Feb 5-11, 2016). The objective was to survey detailed conditions of medium and minor irrigation projects to review the DPRs.

Regarding agriculture and horticulture, based on information obtained from the site visits as well as secondary data, the current situation in the three sample Districts that is Vizianagrama, West Godavari, and Chittoor Districts were clarified. Further typical crop budgets of major crops as well as cropping patterns under present and proposed conditions were also confirmed.

In addition to irrigation system and agriculture and horticulture above, the current conditions on animal husbandry and fishery, farmer organization, food value chain, food park, environmental and social conditions in and around sample projects were also clarified.

8.2 Irrigation System

8.2.1 Irrigation Projects for Sample Survey

(1) Criteria for Selection of Projects for the Sample Survey

As it is not possible to survey all the proposed projects in a limited time available in the survey period, a sample survey method has been adopted. The method takes into consideration the efficiency of the survey works and the accuracy of the cost estimates in relation to project size.

Step-1: Selection of Sample Medium Irrigation Projects

- One medium irrigation project in each region of the state
  Considering that the climatic and hydrological conditions and irrigation practices have different characteristics amongst geographical regions of the state such as north, central, and south, one medium irrigation project in each region is selected as sample projects to represent the entire Andhra Pradesh State.
- Medium irrigation projects of which the detailed project report (DPR) is already available and has the most details.
  It is considered that the preparation of DPR is indispensable for sample survey. It is desired that the DPR describes the engineering parameters as detailed as possible. After scrutinising the DPRs available, one in each region is selected through comparison of their descriptions in engineering viewpoints.

Step-2: Selection of Sample Minor Irrigation Schemes

- Minor irrigation tank projects close to sample medium irrigation projects
  Taking into consideration the easy access[1] to the sites, minor irrigation projects nearer to the selected sample medium irrigation projects are chosen as sample projects.
- Minor irrigation projects of which the command areas are greater than 40 ha (100 acre) as Water User Associations (WUAs) are not organised for minor irrigation projects with a command area less than 40 ha. It is considered that the involvement of a WUA is an important factor for successful operation of an irrigation project. Thus, DoWR has agreed to exclude minor irrigation projects with command area less than 40 ha (100 acre) from the proposal for the JICA loan assistance.
- Two minor irrigation schemes in each region
  Considering the limited survey period available, two minor irrigation projects in each region are selected for sample survey. As DPR is not prepared so far for any of the 472 proposed

[1]The distance of easy access from the medium irrigation project site to the minor irrigation project sites is not defined; however, considering the limited time of survey, it is desirable that they are located closely.

minor irrigation projects, it is difficult to select sample minor projects from technical viewpoints. To estimate the overall project costs, it is considered necessary to arrive at the costs of hundreds of minor irrigation projects based on the correlation between the command areas and construction costs. Therefore, amongst the minor irrigation projects filtered through a criteria cited at (a) and (b) above, the largest and the smallest ones are selected for sample survey.

(2) Projects Selected for Sample Survey

In accordance with the criteria cited above, three medium irrigation projects have been selected for sample survey. Out of the ten medium irrigation projects for which DPRs are originally available, one in each region has been selected resulting into a sample of three projects as summarised in Table 8.2.1.

Table 8.2.1 Medium Irrigation Projects with Completed DPR

Region	District	Project	CCA		Minor Irrigation Tanks			Comparison of DPR (Ranking)
			(ha)	(acre)	Total	Larger than 40 ha	Smaller than 40 ha	
North	Vizianagaram	Peddankalam	3,113	7,695	7	7	0	3
		Vottigedda	6,746	16,682	29	8	21	1
		VengalrayaSagaram	9,996	24,700	3	3	0	2
Central	East Godavari	Torrigedda	5,998	14,821	16	9	7	3
	West Godavari	Tammileru	3,711	9,266	20	18	2	1
	Prakasam	Mopadu	5,147	12,718	20	12	8	2
South	Chittoor	Krishnapuram	2,479	6,103	16	15	1	1
		Araniar*	2,226	5,503	21	20	1	2
	Anantapur	Upper Pennar	4,066	10,047	4	3	1	3
		Pennar Kumudvathi	2,479	6,126	10	9	1	4

*Note: * The 46 MI tanks are grouped into 21 system tank groups.*
Note: Underlined projects are selected for sample survey.
Source: JICA Survey Team

Next, the two minor irrigation projects near to each of the three medium irrigation projects have been selected resulting into six minor irrigation projects in total as shown in Tables 8.2.2, 8.2.3, and 8.2.4.

North Region

Table 8.2.2 Minor Irrigation Schemes for Sample Survey (Northern Region)

Medium Irrigation Project	Vottigedda Medium Irrigation Project, Vizianagaram District		
Mandal	Village	MI Tank	Command Area (acre)
J. M. Valasa	Kudama	Tamara	128
J. M. Valasa	Kudama	Dora	286
J. M. Valasa	China Merangi	Pratapasagaram	165
J. M. Valasa	China Merangi	Meda Banda	115
J. M. Valasa	Singanapuram	Garnika	114
J. M. Valasa	Chinamerangi	Chinni	110
J. M. Valasa	Gavarampeta	Gowrisagaram	235
J. M. Valasa	Parajapadu	Jagannadhasagaram	279
Substitution			
Garugubilli	Dalaivalasa	Konkamayya	376
Garugubilli	Ullibhadra	Tamara	114

Note: Underlined projects are originally selected for sample survey substituted by the two in the lowest row.

Source: JICA Survey Team

When the JICA Survey Team visited the sites, it was informed that selected Dora and Chinni tanks (underlined) were system-fed tanks of Vottigedda Medium Irrigation Project. It is considered that these tanks should be part of the medium irrigation project, thus, they were ruled out from the sample irrigation projects. Instead, the two schemes, Konkamayya and Tamara tanks, were selected as sample minor irrigation projects.

Central Region

Table 8.2.3 Minor Irrigation Schemes for Sample Survey (Central Region)

Medium Irrigation Project	Tammileru Reservoir Medium Irrigation Project, West Godavari District		
Mandal	Village	MI Tank	Command Area (acre)
Lingapalem	Ayyaparajugudem	Talla	116
Lingapalem	Narasannapalem	Vemanakunta	105
Lingapalem	Konijerla	Ura	285
Lingapalem	T.Ch.R.Palem	Pedda	500
Lingapalem	Konijerla	Kamaraju	218
Lingapalem	Chandrannapalem	Pula	110
Lingapalem	Sivapuram	Bendadi	196
Chintalapudi	Ganijerla	Ura	165
Chintalapudi	Raghavapuram	Venkatadri	467
Chintalapudi	Mallayagudem	Nadikattu	248
Chintalapudi	Pothunuru	Pedda	127
Chintalapudi	Mallayagudem	Panakala	179
Chintalapudi	Chintalapudi	Kopulakunta	150
Chintalapudi	Recherla	Edula	127
Chintalapudi	Settivarigudem	Medavarapu	411
Pedavegi	Muttanaveedu	Perumallakunta	131
Pedavegi	Koppaka	Pedda	1,054
Pedavegi	Koppaka	Chinna	159

Note: Underlined projects are selected for sample survey.
Source: JICA Survey Team

Southern Region

Table 8.2.4 Minor Irrigation Schemes for Sample Survey (Southern Region)

Medium Irrigation Project	Krishnapuram Medium Irrigation Project, Chittoor District		
Mandal	Village	MI Tank	Command Area (acre)
Karvetinagaram	K.P.Agraharam	K.P.Agraharam	205
S.R.Puram	Thungamitta	Thungamitta	246
Karvetinagaram	Kunchuvaripalle	KunchuvaripalleEguva	181
Karvetinagaram	Kunchuvaripalle	KunchuvaripalleDiguva	181
S.R.Puram	Mudikuppam	MudikuppamEguva	173
S.R.Puram	Mudikuppam	MudikuppamDiguva	175
Karvetinagaram	Lakshmipuram	Lakshmipuram	213
Karvetinagaram	Sekuvaripalle	Sekuvaripalle	216
Karvetinagaram	Battuvaripalle	Battuvaripalle	178
Karvetinagaram	Chokkamadugu	Chokkamadugu	118
Karvetinagaram	Krishnapuram	KrishnapuramDiguva	226
Karvetinagaram	Katherapalle	Katherapalle	326
Karvetinagaram	Kothur	Epili	148
Karvetinagaram	Annur (Padirikuppam)	AmmagariCheruvu	186
Karvetinagaram	Gopichettypalle	Naidu	326
Substitution			
Narayanavanam	Narayanavanam	Erikambattu	593
Narayanavanam	Thumbur	Thumbur	341

Note: Underlined projects are originally selected for sample survey, substituted by the two in the lowest row.
Source: JICA Survey Team

By the same reason as in the case of the north region, the sample minor irrigation projects selected (underlined) have been replaced by two other minor tanks (Erikambattu and Thumbur).

In summary, the projects listed in Table 8.2.5 have been selected and surveyed in the second stage of the survey work.

Table 8.2.5 Selected Sample Irrigation Projects

Region	District	Medium Irrigation		Minor Irrigation			
		Project Name	Command Area (ha)	Mandal	Village	Tank	Command Area (ha)
North	Vizianagaram	Vottigedda	6,751	Garugubilli	Dalaivalasa	Konkamayya	152
				Garugubilli	Ullibhadra	Tamara	46
Central	West Godavari	Tammileru	3,750	Pedavegi	Koppaka	Pedda	421
				Lingapalem	Narasannapalem	Vemanakunta	42
South	Chittoor	Krishnapuram	2,470	Narayanavanam	Narayanavanam	Erikambattu	240
				Narayanavanam	Thumbur	Thumbur	138

Source: JICA Survey Team

8.2.2 Sanction Procedure of Irrigation Projects

For major and medium irrigation projects to be approved for implementation, the following guidelines[2] are to be followed in India:

- Guidelines for Submission, Appraisal, and Clearance of Irrigation and Multipurpose Projects, (2010) issued by the Ministry of Water Resources, Government of India.
- Guidelines for Preparation of Detailed Project Reports of Irrigation and Multipurpose Projects (2010) issued by the Ministry of Water Resources, Government of India.

The guidelines stipulate (a) the procedures in obtaining clearance for irrigation projects and (b) procedures for submission of information to be described in the DPR.

For minor irrigation projects, state governments are empowered to sanction the projects by following the Indian Codes of Practice issued by the Bureau of Indian Standards, Government of India (GoI) from time to time.

The necessary procedures are different depending on whether or not the major or medium irrigation projects have inter-state issues as described hereunder.

i) Non Inter-State Project

The State Government obtains a certificate from the CWC to the effect that such project / scheme does not have any inter-State ramifications / implications. The State Governments are empowered to accord administrative approval for the major and medium irrigation projects which do not have inter-State ramifications. The State Government shall obtain all required statutory clearance(s) form the Ministry of Environment, Forests and Climate Change (MoEF), Ministry of Social Justice and Empowerment (MoSJE) and all other relevant Central Ministries. The State Governments shall send the copy of the administrative approval accorded by them to the NITI, MoWR / CWC and all the Central Ministries / Organisations concerned. Shortly speaking, the sanction can be made only by the state government.

ii) Inter-State Project

In this case, CWC is involved in all stages of procedures.The preliminary report is prepared and submitted to the Project Appraisal Organisation (PAO) of CWC, New Delhi in case of major projects, and to the regional CWC in case of medium projects. A checklist for the preliminary report is established in the guidelines.

[2]http://www.cwc.nic.in/main/webpages/Guide%20lines_&_Guide%20books_%20publications.html

After the review by the abovementioned institution and exchange of comments, revisions, and discussions, an 'in-principal consent' is given to the state government if the proposed project satisfies the requirements. With this consent, the state government is allowed to proceed to the next step. Obtaining the 'in-principal consent' would take 18 weeks. The 'in-principal consent' has a validity of three years. Unless the final sanction is obtained within this term, the 'in-principal consent' becomes invalid and the procedures have to be re-started.

The state government prepares DPR in accordance with the applicable Indian Standards and Guidelines after relevant surveys and investigations. All required sanctions such as environmental impact assessment (EIA), forest, resettlement, and rehabilitation (R&R) should be obtained from concerned institutions and appended to the DPR together with cost estimates. The report shall be submitted to PAO, CWC in New Delhi in case of a major irrigation project, and to the regional CWC in case of a medium irrigation project.

If the state has Design and Planning Organisation (Central Design Organisation (CDO) in the case of Andhra PradeshState) with sufficient competency to design, the said institution is authorised to furnish a certificate to the project. CWC shall examine only the inter-state aspect, basic planning, hydrology, and economic viability.The project authority shall submit the concurrence of the state finance.Once the project is accepted by CWC, investment clearance is to be obtained from NITI Aayog, GoI.

In case CDO certifies the project proposal, the appraisal will be completed within sixmonths, otherwise, it will take 12 months if the response to the observations of central agencies is received within three months. In case the estimated cost of major and medium irrigation projects has increased by more than 15% without price escalation, or the scope has been changed, revised DPR shall be submitted for examinationbased on the new scheme.

In the guidelines, the definition of 'inter-state' is not clearly stated; however, DoWR of Andhra Pradesh State interprets that all irrigation projects proposed for Andhra Pradesh Irrigation and Livelihood Improvement Project-II (APILIP-II) are not inter-state projects because of the following reasons:

- The sites of dams, headworks, and pumping station are within the state territory including the foreshore reservoir areas.
- The projects are modernisation of the existing project facilities and, as suchno change will occur regarding water allocations.
- Andhra Pradesh State is located at the tail end portion of inter-state rivers such as the Godavari and Krishna rivers. The projects do not affect other states in the upstream stretch.

The Guidelines for Preparation of Detailed Project Reports of Irrigation and Multipurpose Projects consist of the following five parts:

i) Guidelines for Preparation of Detailed Project Reports of Irrigation and Multipurpose Projects
ii) Guidelines for Preparation, Appraisal and Clearance of Flood Management Schemes
iii) Guidelines for Preparation of Detailed Project Reports of Modernisation of Irrigation Projects
iv) Guidelines for Preparation of Detailed Project Reports of Command Area Development Projects
v) References

For medium irrigation projects proposed for APILIP-II, Part-III shall apply. It requires detailed information in various areas such as hydrology, water resources, land potential, cropping pattern, crop water requirement, impact of modernisation, canal system, land acquisition, water management, on-farm development, construction programme, construction organisation, environmental aspects, economic evaluation, operation and maintenance. The guidelines contain checklist, items to be described as salient features, contents of report, and necessary annexures.

The important procedures for project sanction clearance are arranged in Attachment 8.2.1.

(3) Sanction Status of Irrigation Projects for APILIP-II

DoWR has prepared, as of April 2016, 12 so-called DPRs out of 20 proposed medium irrigation

projects for APILIP-II. Out of the 12, eight DPRs have been sent to CWC, Delhi in 2013 and 2015 and it was verified that all of them were intra-state projects, not inter-state. DoWR have not taken further action to obtain technical and administrative sanctions so far. The status report given by DoWR in April 2016 is listed in Attachment 8.2.2.

As for the other 12 medium irrigation projects proposed for APILIP-II, no official proceedings have been made.

8.2.3 DPR Checklist based on CWC Guidelines

The DPRs received from DoWR are officially unapproved by CWC. The JICA Survey Team reviewed those DPRs based on the guideline (Government of India, Ministry of Water Resources, "Guideline for Preparation of Detailed Project Report of Irrigation and Multipurpose Projects 2010"). The guideline consists of four parts. Part-1 is "Irrigation and Multipurpose Project", Part-2 is "Flood Management Scheme", Part-3 is "Modernisation of Irrigation Projects", and Part-4 is "Command Area Development". Part-3 (Guidelines for Preparation of DPRs for Modernisation of Irrigation Projects) is appropriate for the target medium irrigation projects because the purpose of the projects is modernisation and rehabilitation.

According to the guideline, the DPR consists of three sections, namely: Section-1 is "Checklist", Section-2 is "Salient Feature", and Section-3 is "Report". In view of the technical points, Section-3 (Report) is the main part of the DPR. Section-3 includes hydrology, land, cropping pattern, interstate aspect, canal system, power, groundwater, and land acquisition.

Comparing the DPRs of the target medium irrigation projects and the guideline, the main part of DPRs is the cost estimates. Therefore, DoWR would prepare further studies to apply the DPRs to CWC in the future.

The JICA Survey Team reviewed the DPRs collected from DoWR based on the results of the field survey in view of technical points. The summary is shown in Table 8.2.6 and details are shown in Attachment 8.2.3.

Table 8.2.6 Summary of Review of DPRs Based on the Guidelines

Table of Contents		Medium irrigation Projects		
		Vottigedda	Thammileru	Krishnapuram
1.	Introduction	Insufficient	Insufficient	Insufficient
2.	Hydrology	Insufficient	Insufficient	Insufficient
3.	Reservoir	No mention	No mention	No mention
4.	Dam/Barrage/Weir	Insufficient	Insufficient	Insufficient
5.	Land Potential	Insufficient	Insufficient	Insufficient
6.	Cropping pattern and crop water requirement	Insufficient	Insufficient	Insufficient
7.	Pisciculture	No mention	No mention	No mention
8.	Horticulture	No mention	No mention	Insufficient
9.	Others	No mention	No mention	No mention
10.	Demand Table	No mention	No mention	Insufficient
11.	Impact of modernization proposal on existing, ongoing and proposed projects in the basin.	No mention	No mention	No mention
12.	International/interstate aspect	No mention	No mention	No mention
13.	Canal System	Insufficient	Insufficient	Insufficient
14.	Power	No mention	No mention	No mention
15	Navigation	No mention	No mention	No mention
16.	Ground Water	No mention	No mention	No mention
17.	Drainage and land reclamation	No mention	No mention	Insufficient
18.	Land acquisition, rehabilitation and resettlement	No mention	Insufficient	No mention
19.	Water management and maintenance	No mention	No mention	Insufficient
20.	On farm development	No mention	No mention	No mention
21.	Construction programme	No mention	No mention	No mention
22.	Construction organization	No mention	No mention	No mention
23.	Environment, Ecology and Forest aspects (details as per Para 17 Section-3 Part-II)	No mention	Insufficient	No mention

Table of Contents		Medium irrigation Projects		
		Vottigedda	Thammileru	Krishnapuram
24.	Economic Evaluation	Insufficient	Insufficient	Insufficient
25.	Administrative and legislative provisions	No mention	No mention	No mention
26.	Facilities for training the operational and maintenance personal	No mention	No mention	Insufficient

Source: JICA Survey Team

8.2.4 Review of Medium Irrigation Projects

(1) Outline of Sample Medium Irrigation Projects

(a) Vottigedda Medium Irrigation Project

1) Outline

The Vottigedda Reservoir Medium Irrigation Project was constructed across the Vottigedda River from 1967 to 1976. The project covers 38 villages. Water for irrigation comes from the Vottigedda River which has tributaries to the Nagavali River in the northern part of Andhra Pradesh. Water is stored in the Vottigedda Reservoir. The canal system consists of two main channels i.e.,the right main canal and the left main canal.

The project area is made of stepped fields with moderate slopes seldomly exceeding 5%. Drainage lines are fairly defined with slopes. Thus, there is no problem on drainage or soil erosion. The command area lies between the Nagavari and Vottigedda rivers.

The main objectives of the project are: to utilise limited water resources efficiently and equitably in order to mitigate water deficiency in the project area especially in the lower reaches, to rehabilitate and improve the existing irrigation systems to the design standards in order to ensure equitable water supply to the designed command areas, to improve water management by introducing rotational water supply and training farmers ad operation and maintenance staff, and to improve the living standards of farmers in the project area.

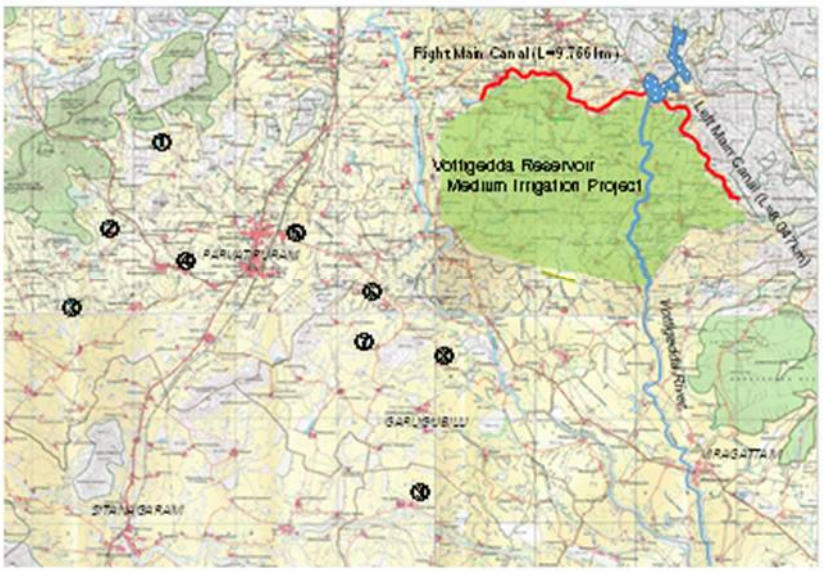
2) Location

The project is located near Raiwada Village in J.M. Valasa Mandalam of Vizianagaram District.

3) Command Area

The project command area is 6,746 ha.

4) Layout Map



Medium Irrigation Project	Command Area (ha)
Vottigedda Reservoir Medium Irrigation Project	6,746

Minor Irrigation Project	Command Area (ha)
① Varahalugedda Tank	344
② Tammayya Tank	123
③ Jaggunaidu Tank	49
④ Voora Tank	53
⑤ Sangamnaidu Tank	75
⑥ Tamara Tank	46
⑦ Konkamayya Tank	152
⑧ Jagannadhapatnaikuni Tank	42
⑨ Chintala Tank	114

Source: JICA Survey Team

Figure 8.2.1 Location Map of Vottigedda Medium Irrigation Project

5) Dimension and scope of works

Table 8.2.7 Scope of Works of Vottigedda Medium Irrigation Project

Facilities		Work Quantity		Facility Dimension		Contents of Civil Works
Dam	Live Storage	V=25.14x10^6	(m^3)			
	Catchment Area	A=285	(km^2)			
	Bund of Dam	L=2.152	(km)	Levelling and		Repair
	Chute Drains	L=2.152	(km)	Reshaping		Repair
	Parapet Wall	L=1.0(left side)	(km)	Downstream Slope		New construction
	Electrification			Concrete		
	Lighting	N=1	(set)			Reconstruction
	Generator	N=1	(set)			Replacement
		N=1	(set)	75kVA		Recommendation
				75kVA		
Spillway	Flood Discharge	Q=1507.6	(m^3/s)			
	Spillway (Gate)	N=4	(nos.)	B=12.2 H=6.1	(m)	Gate size
	Spillway Length	L=48.8	(m)			
	Spillway (Civil)					
	D/S Aprons	V =788	(m^3)	Concrete Wall		Reconstruction
	andTraining Wall					andextension
	Refreshing of	L=48.8	(m)	Surface of Concrete		Recommendation
	Surface	N=4	(nos.)			
	Spillway Gate	L =200	(m)			Replacement
	Wire Ropes	L=200	(m)			Replacement
	Rubber Seals	N=12	(nos.)			Replacement
	Rollers	W=6000	(kg)			Replacement
	Stiffeners	L=48.8	(m)	Host Platform and		Repair
	Painting			Gates		
Intake	Design Discharge	Left Side Q=1.70	(m^3/s)	B=1.2 H=1.2	(m)	
	Intake (Civil)	Right Side	(m^3/s)	B=1.8 H=1.8	(m)	Reconstruction
	Left Side	Q=6.40				Repair
	Right Side	N =1	(nos.)	Concrete		
	Intake (Gate)	V =123	(m^3)	Concrete Surface		Replacement
	Left Side	N=1	(nos.)			Replacement
	Right Side			B=1.2 H=1.2		Recommendation
	Reservoir	N=1	(nos.)	B=1.8 H=1.8		
		N=1	(nos.)	Desilting		
		V=		Excavation		
Canal	Design Discharge	Left Main Canal		Q=1.70	(m^3/s)	
		Right Main Canal		Q=6.40	(m^3/s)	
	Canal Length	Left Main Canal		L=8.047	(km)	
		Right Main Canal		L=9.756	(km)	
	Main Canal	C.C.Lining Canal		L=17.8	(km)	Reconstruction
		Earth Canal		L=0	(km)	
	Distributary	C.C.Lining Canal		L=7.0	(km)	Reconstruction
		Earth Canal		L=15.5	(km)	Repair

Source: JICA Survey Team

(b) Tammileru Medium Irrigation Project

1) Outline

The Tammileru Reservoir Project is a medium irrigation project constructed across the Tammileru River. The Tammileru River is one of the major rivers falling into Kolleru Lake. The river originates in the hills near Pothuvarigudem Village of Khammam District. The construction period commenced in 1969 and completed in 1980.

The project constructed a long back and canal system that is functioning for more than 32 years. The head works of the project like earth bund, chutes, spillway, and head sluices of the right main canal, left main canal, and the Mankollu Main Canal are totally damaged and require repairs. The entire canals and the Monkollu Main Canal systems are in a deteriorated condition and badly silted up and the ayacut is not getting adequate supply of water. With this condition, Ayacutdars are facing a lot of suffering.

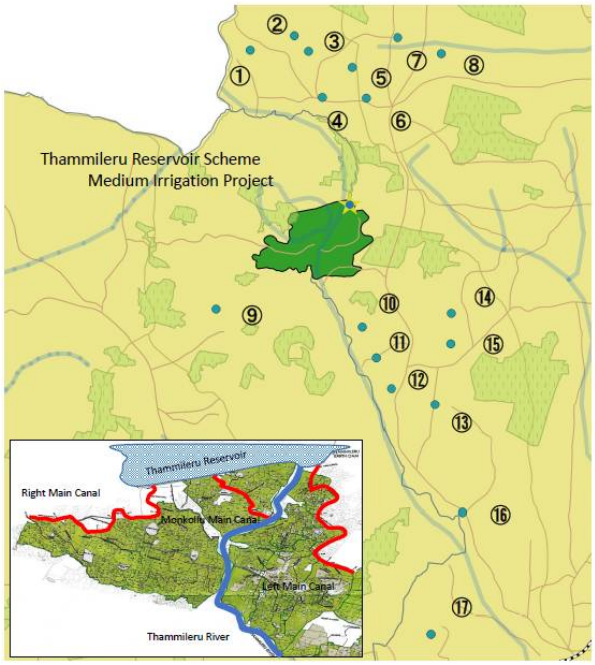
2) Location

The project is located in Nagireddigudem Village in Chintalapudi Mandal in West Godavari District

3) Command Area

The project command area is 3,711 ha.

4) Layout Map



Medium Irrigation Project	Command Area (ha)
Thammileru Reservoir Scheme	3,711

	Minor Irrigation Project	Command Area (ha)		Minor Irrigation Project	Command Area (ha)
①	Bendadi Tank	79.35	⑩	Pedda Tank	202.40
②	Venkatadri Tank	189.08	⑪	Ura Tank	115.34
③	Ura Tank	66.69	⑫	Rachappa Tank	32.38
④	Nadikattu Tank	100.44	⑬	Talla Tank	46.88
⑤	Panakara Tank	72.42	⑭	Vemanakunta Tank	42.55
⑥	Kopulakunta Tank	60.78	⑮	Pula Tank	44.50
⑦	Medavarapu Tank	166.43	⑯	Perumallakunta Tank	53.10
⑧	Edula Tank	51.25			
⑨	Rammana Tank	88.53	⑰	Pedda Tank	426.38

Source: JICA Survey Team

Figure 8.2.2 Location Map of Tammileru Medium Irrigation Project

5) Dimension and scope of works

Table 8.2.8 Scope of Works of Tammileru Medium Irrigation Project

Facilities		Work Quantity		Facility Dimension	Contents of Civil Works
Dam	Live storage	V=75.6x 10^6	(m^3)		
	Catchment area	A=611.24	(km^2)		
	Bund of Dam	L=6.4	(km)	Levelling & reshaping	Repair
	Chute drains & toe drain & berm	L=6.4	(km)	Downstream Slope	Repair
	Parapet wall	L=(partly)	(m)		Repair
	Electrification				
	Lighting	N=1	(set)	Concrete	New construction
	Generator	N=1	(set)		Replacement
	Maintenance room	N=1	(nos.)	75kVA	New construction
Spillway	Flood discharge	Q=736	(m^3/s)		
	Spillway (Gate)	N =3	(nos.)	B=12.9 H=4.6 (m)	Gate size
	Spillway length	L=38.7	(m)		
	Rubber seals	L=69.2	(m)		Repair
	Painting	L=38.7	(m)	Host platform & gates	Repair
Intake	Design discharge	Left side Q=5.097	(m^3/s)		
		Right side Q=2.55	(m^3/s		
		Mankollu Q=0.72	(m^3/s)		
	Intake (Gate)				
	Left side	N=1	(nos.)	B=1.22 H=1.8 (m)	Replacement
	Right side	N=1	(nos.)	B=0.91 H=1.52 (m)	Replacement
	Monkollu	N=1	(nos.)	B=0.91 H=1.52 (m)	Replacement

Facilities		Work Quantity	Facility Dimension		Contents of Civil Works y
Canal	Design discharge	Left Main canal	Q=5.097	(m^3/s)	
		Right Main canal	Q=2.55	(m^3/s)	
		Mankollu Main canal	Q=0.72	(m^3/s)	
	Canal Length	Left Main canal	L=11.985	(km)	
		Right Main canal	L=6.508	(km)	
		Monkollu Main canal	L=3.38	(km)	
	Main Canal	Side wall canal	L=2.47	(km)	Reconstruction
		Earth canal	L=21.865	(km)	Repair
	Distributary	Side wall canal	L=2.00	(km)	Reconstruction
		Earth canal	L=21.206	(km)	Repair
	System Tank		N=10	(nos)	Repair

Source: JICA Survey Team

(c) Krishnapuram Medium Irrigation Project

1) Outline

The Krishnapuram Project is constructed across the Lava River. The project consists of construction of an earthen bund and vertical gates as well as right main canal and left main canal. Main canals were constructed to provide irrigation facilities to ayacut through the system tanks and also through the channelsdirectly pertaining to the villages both in Karvetibagaram and S.R.Puram mandals of Chittoor District.

As the canals are under the dilapidated condition, it is necessary to modernise the right and left canals for their entire length and also the distributary system and system tanks of left and right side canals of the Krishnapuram Project.

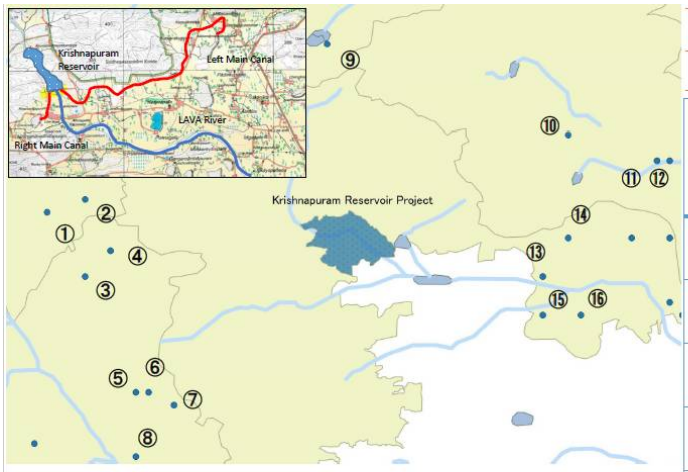
2) Location

The project is located in Krishnapuram Village in Karvetinagaram Mandal in Chittoor District.

3) Command Area

The project command area is 2,479 ha.

4) Layout Map



Medium Irrigation Project	Command Area (ha)
Krishnamuram Reservoir	2,479

Minor Irrigation Project		Command Area (ha)	Minor Irrigation Project		Command Area (ha)
⑤	Ellapalle Tank	50.52	⑪	Ayanamba kan Tank	142
⑥	Pedda Tank	40.32	⑫	Thumbur Tank	138
⑦	Hissa Tank	45.61	⑬	Satrawada Tank	137
⑧	Rathi Tank	66.93	⑭	Netteri Tank	152
⑨	Rayala Tank	329	⑮	Mudipalli Tank	302
⑩	Erikambatt u Tank	240	⑯	Netham Kandriga Tank	137

Minor Irrigation Project		Command Area (ha)	Minor Irrigation Project		Command Area (ha)
①	Ramalinga Samudram Tank	87.82	③	Hissa Tank	109.23
②	Pedda Tank	52.80	④	Pedda Tank	45.60

Source: JICA Survey Team

Figure 8.2.3 Location Map of Krishnapuram Medium Irrigation Project

5) Dimension and Scope of Works

Table 8.2.9 Scope of Works of Krishnapuram Medium Irrigation Project

Facilities		Work Quantity	Facility Dimension	Contents of Civil Works
Dam	Live storage Catchment area	V=4.87.6x 10^6 (m^3) A=61.9 (km^2)		
	Bund of Dam	L=445.4 (m)		
Spillway	Flood discharge Spillway (Gate) Spillway length	Q=1069 (m^3/s) N =3 (nos.) L=36.6 (m)	B=12.2 H=6.0 (m)	Gate size
	Spillway (Civil) D/S apron D/S guide wall	 L= (m) L= (m)	 Concrete Concrete	 Repair Extension(New)
Intake	Design discharge	Left side Q=2.78 (m^3/s) Right side Q=8.46 (m^3/s)		
	Intake (Gate) Left side Right side	 N=1 (nos.) N=1 (nos.)	 B= H= (m) B= H= (m)	
Canal	Design discharge Canal length	Left Main canal Right Main canal Left Main canal Right Main canal Left tail end distributary	Q=2.78 (m^3/s) Q=8.46 (m^3/s) L=7.0 (km) L=4.05 (km) L=6.7 (km)	
	Main canal Distributary	Side wall canal C.C.Lining canal Earth canal C.C.Lining canal Earth canal	L=1.03 (km) L=8.935 (km) L=0 (km) L=23.2 (km) L=0 (km)	Reconstruction Reconstruction Reconstruction
	System Tank		N=16 (nos)	Repair

Source: JICA Survey Team

The detailed field surveys of three sample project are shown in Attachment 8.2.4.

(2) Review of DPRs

The JICA Survey Team and DoWR reviewed the DPRs of three sample projects at the project sites. The contents of the DPRs are not generally based on the guideline as abovementioned. Hence study items mentioned in DPRs were reviewed. The DPRs of three sample projects are almost same components and mainly cost estimates. The JICA Survey Team conducted a review by checking DPRs, surveying at the project sites, and interview. The results of the review are shown in Table 8.2.10.

Table 8.2.10 Summary of Checklist for Medium Irrigation Project

Contents of DPR		Evaluation by JICA Team		
		Vottigedda (Vizianagaram)	Thammileru (West Godavari)	Krsihnapuram (Chittoor)
1. Hydrology	1.1 Water availability	OK	OK	No mention
	1.2 Inflow data	OK	No mention	No mention
	1.3 Upstream utilization	OK	No mention	No mention
	1.4 Maximum flood discharge	OK	OK	No mention
	1.5 Sedimentation	OK	OK	No mention
2. Farming	2.1 Present cropping pattern	OK	OK	OK
	2.2 proposed cropping pattern	OK	OK	OK
3. Water balance	3.1 Water resources	Recommendation (1)	Recommendation (2)	Recommendation (5)
	3.2 Water requirement		OK	
	3.3 Water balance		Recommendation (3)	
4. Facility design	4.1 Dam*	OK	OK	OK

Contents of DPR		Evaluation by JICA Team		
		Vottigedda (Vizianagaram)	Thammileru (West Godavari)	Krsihnapuram (Chittoor)
	4.2 Spillway	OK	OK	OK
	4.3 Intake	OK	OK	OK
	4.4 Canal	OK	OK	OK
	4.5 Drip irrigation	OK	Recommendation (4)	Recommendation (6)
	4.6 Road	OK	OK	Recommendation (7)
5. Others	5.1 Land acquisition	OK	OK	OK
	5.2 Resettlement	No mention	OK	OK
	5.3 Data of crops	No mention	OK	No mention

**: Regarding dams including other sample medium projects, those repair and improvement are minor. Main improvement such as raising dam height is not required. It is confirmed with CE, CDO Hyderabad. This opinion coincides with the dam guideline in Japan.*

Remarks: Recommendation

(1) The JICA Survey Team could not collect the water balance report. The team recommends to prepare the documents and to confirm the balance.

(2) The JICA Survey Team confirmed at the kickoff meeting the following: Water availability is calculated by using the data.

(3) The JICA Survey Team recommended the following: The water balance should be evaluated based on the water availability and water requirement.

(4) The JICA Survey Team confirmed at the kickoff meeting thefollowing: It is possible to promote the drip irrigation in the project. Drip irrigation is proposed in and around Tammileru Project by the team.

(5) The JICA Survey Team recommended after the wrap up meeting the following: Command area is different between the existing and proposed project. Therefore, the water balance should be confirmed by calculating water requirement.

(6) The JICA Survey Team confirmed at the kick off meeting thefollowing: It is possible to promote the drip irrigation in the project. Drip irrigation is proposed in and around Krishnapuram Project by the team.

(7) The JICA Survey Team confirmed at the kick off meeting thefollowing: DoWR will discuss with other departments regarding road development.

Source: JICA Survey Team

8.2.5 Review of Minor Irrigation Projects

(1) Outline of Sample Minor Irrigation Projects

The JICA Survey Team visited Vizianagaram, West Godavari, and Chittoor District. The team surveyed six sample minor irrigation projects as shown in Table 8.2.11. All those projects are clustered around the medium irrigation projects.

Table 8.2.11 Outline of Sample Minor Irrigation Projects

Name	Location			Command Area (ha)
	District	Mandal	Village	
Konkamayya	Vizianagaram	Garugubilli	Dalaivalasa	152.29
Tamara	Vizianagaram	Garugubilli	Ullibhadra	46.22
Pedda	West Godavari	Pedavrgi	Koppaka	426.55
Vemanakunta	West Godavari	Lingapalem	Narasannapalem	42.55
Errikambatta	Chittoor	Narayanavanam	Narayanavanam	138.00
Thumburu	Chittoor	Narayanavanam	Thumbur	81.00

Source: JICA Survey Team

(2) Review of Scope of Works

Scope of works is almost the same among six sample minor irrigation projects as shown below in Table 8.2.12. The main scope of works is bund reshaping and surplus weir reconstruction and sluice reconstruction regarding tanks, supply channel reconstruction, and structures regarding canals.

Table 8.2.12 Scope of Works of Sample Minor Irrigation Projects

Items		Tank			Canal		
		Bund	Surplus Weir	Sluice	Supply Channel		Structure*
		Earth	Concrete	Concrete, Metal	Earth	Gide wall	Concrete
District	Project	(m)	(nos)	(nos)	(m)	(m)	(nos)
Vizianagaram	Konkamayya	700	1	3	800	-	-
	Tamara	700	1	4	1,650	-	-
West Godavari	Pedda	2,850	2	1	8,168	-	16
	Vemanakunta	1,150	2	3	4,500	-	4
Chittoor	Errikambatta	1,250	1	1	-	3,000	-
	Thumburu	1,250	1	1	-	2,900	-

*Remarks:*Bridge,aqueduct, etc.*
Source: JICA Survey Team

8.2.6 Water Balance Study

(1) Objective

The objective is to presume present cropping pattern by evaluating water resources and proposed cropping pattern by using water resources created by the modernisation projects.

(2) Methodology

The water balance is roughly calculated during the copping period by using monthly rainfall data.

(3) Command Area

The command area is based on the DPRs prepared by DoWR. The present gap ayacut is average in the region (north, central, and south) based on the abstract prepared by DoWR. Proposal gap ayacut is zero because irrigation efficiency improves after the rehabilitation project.

(4) Water Resources

The water resources are based on the water allocation allocated by Andhra Pradesh State government. Evaporation from the reservoir surface is based on an existing study report (Evaporation, Ministry of Water Resources, River Development and Ganga Rejuvenation, Government of India). Rainfall is based on statistics data (India Water Portal, average; 1901 to 2002 and 2009 to 2013). Live storage volume and return flow rate are based on the DPRs prepared by DoWR. Seepage from the reservoir is based on Japanese standards.

(5) Cropping Pattern

The cropping pattern is prepared based on the detailed field survey by the JICA Survey Team and the DPRs are shown below.

Table 8.2.13 Basic Approach of Cropping Pattern

	Vottigedda	Tammileru	Krishnapuram
Present	Crops during the Kharif season are paddy and pulses. This cropping area is decided by adjusting the paddy cropping area because water requirement of paddy is more than the other crops.	Crops during the Kharif season are paddy and pulses. This cropping area is decided by adjusting the paddy cropping area because water requirement of paddy is more than the other crops.	A yearlong crop is sugarcane. Crops during the Rabi season are paddy and groundnut. This cropping area is decided by adjusting the paddy cropping area because water requirement of paddy is more than the other crops.
Proposal	Thecrop planted during the Rabi season is pulses based on the DPR. Crops during the Kharif season are paddy and pulses. Those cropping areas	Crops during the Kharif season are paddy and pulses. Thiscropping area is decided by adjusting the paddy cropping area	Proportion of sugarcane cropping is same as present. Crops during the Rabi season are paddy and groundnut. This cropping area is decided by adjusting the paddy

	Vottigedda	Tammileru	Krishnapuram
	are decided by adjusting the paddy cropping area because water requirement of paddy is more than the other crops.	because water requirement of paddy is more than the other crops.	cropping area because water requirement of paddy is more than the other crops.

Source: JICA Survey Team

(6) Water Requirement

The water requirement is based on a guideline (A Guideline for Estimating Irrigation Water Requirements). Conveyance efficiency of canals is prepared based on KC Canal records by the JICA Survey Team.

(7) Effective Rainfall

The effective rainfall is based on the guideline (A Guideline for Estimating Irrigation Water Requirements).

The water balance is evaluated based on above studies. The gap ayacut becomes zero (0%) by improving conveyance efficiency (from 35% to 60%) and by reducing paddy cropping area and introducing water saving crops. The summary of the studies is shown in Table 8.2.14 and the details of the studies are shown in Attachment 8.2.5.

The cropping pattern is prepared based on the detailed field survey conducted by the JICA Survey Team and the DPRs as basic approach as shown below.

Table 8.2.14 Summary of Water Balance Studies

Items		Vottigetta		Tammileru		Krishnapuram	
		Before	After	Before	After	Before	After
Command Area	(ha)	6,746	6,746	3,711	3,711	2,479	2,479
Gay Ayacut	(%)	14	0	28	0	61	0
Actual Irrigated Area	(ha)	5,802	6,746	2,762	3,711	744	2,479
Canal Conveyance Efficiency	(%)	35	60	35	60	35	60
Cropping Pattern							
Sugarcane	(ha)					503	1,289
[Kharif] Paddy	(ha)	1,915	4,115	775	2,041		
[Kharif] Pulses	(ha)	3,887	2,631	1,897	1,670		
[Rabi] Paddy	(ha)					164	198
[Rabi] Pulses	(ha)		2,024				
[Rabi] Maize	(ha)						
[Rabi] Groundnut	(ha)					300	992
Total (Kharif+Rabi)	(ha)	5,802	8,770	2,672	3,711	967	2,479

Source: JICA Survey Team

8.3 Agriculture and Horticulture

8.3.1 Production and Farming Practices of Major Cereals and Pulses

(1) Rice

(a) Production and Productivity

Rice (paddy) is the main staple food of Telugu people. The crop is cultivated throughout the year due to its photo-insensitive nature. Out of 6.4 million ha of total cultivated area, 2.4 million ha of land is under rice cultivation in Kharif (1.7 million ha) and Rabi (0.7 million ha) seasons with an annual production of 8.1 million tons of paddy (Productivity 3.40 tons per ha). Ideal soils for rice are medium to heavy black soils (Vertisols), redloams (Alfisols), alluvial silt loams (Entisols) and laterites (Oxisols).

(b) Seedling Preparation, Varieties, and Transplanting

In 95% of the farming situations, 30 kg paddy seed is shown in 250 sq meter nursery area (sufficient

for one acre). Major varieties are MTU-1010and MTU-1121 in Rabi, while BPT-5204 and Swarna in Kharif.

Seedlings pulled out at 35-40 days after sowing (DAS) and transplanted manually. Planting density is around 33 seedlings per m^2 in Kharif, while around44 seedlings per m^2 in Rabi.

(c) Application of Fertilizer and Plant Protection

Fertilizer and pesticide application, weeding, harvesting, threshing and winnowing are carried out manually. However, farmers ought to be trained on dose, time and method of application of fertilizers and pesticides to avoid excessive use of these inputs and to reduce the cost of cultivation.

(d) Water Management

On puddling, water dept with 2 to 3 inches are kept. After that water is drained and shallow water is controlled for transplanting, while water is completely drained for direct sowing. After transplanting and sowing, water with 3 inches is kept until 10 to 15 days before harvesting. Especially, water is required at heading stage.

(e) Harvesting and Post-harvest

Manual harvesting and threshing by tractor, bagging and marketing to middle man, IKP (Indira Kranthi Pathakam) or Food Corporation of India.

(2) Maize

(a) Production and Productivity

Maize is a versatile C-4 crop with high productivity levels of 8-10 tons /ha in central region. Maize is mostly grown as an ID crop cultivated both in Kharif and Rabi due to its wide adoptability.

(b) Varieties and Sowing:

Single cross hybrids such as Pioneer, Siri, DHM, Laxmi and Kaveri-50 are popular with the farmers.

In central and northern regions, it is grown in Rabi after Rice as a direct-sown crop or zero-tillage Maize in Rice-fallows. Traditionally, pulses like blackgram or green gram are grown after Kharif rice in costal AP.

However, because of severe problem of yellow mosaic virus (YMV) disease transmitted by the vector white fly in pulses, farmers now replaced pulses with high yielding maize hybrids. Usually, farmers dibble the maize seed on ridges and herbicide is applied to control weeds.

Introduction of Mechanization, seed treatment with Captan, ridge sowing, thinning, drip / fertigation, raising intercrops like Pulses are recommended.

(c) Application of Fertilizer and Plant Protection

Urea: 175 kg, SSP: 200 kg, MOP: 50 kg and ZnSO4: 20kg/ha are applied. IPM practices help in pest management. Pre- and post emergence weedicides are commonly applied.

Protecting in the crop from pest, disease, birds, wild boars and monkeys will boost the yield levels and net profits.

Shoot borer is a problem and can be controlled by spraying Monochrotophos at 1.6ml/ltr 10 days after sowing.

(d) Water Management

Six times of furrow irrigations are given during 90 days crop period. Drip irrigation not only saves water but also provides water at the root zone for proper growth of plants. Critical stages for irrigation are 15, 30, 45 and 60 DAS.

(e) Harvesting and Post-harvest

Harvesting is carried out manually. Cobs are dried and shelled in shelling machine and bagging. It has multiple uses as food, fodder, feed, seed and industrial crop for extraction of starch.

(3) Groundnut

(a) Production and Productivity

Groundnut (Peanut) is an important oil seed crop in Southern region in both Kharif and Rabi seasons. In Coastal Andhra 0.87 million ha of area is under groundnut cultivation with the annual production of 0.51million tons/annum, the mean productivity being 1700 kg/ha.

(b) Varieties and Sowing

Khadiri-6, Narayani and Anantha. For rain fed crop in kharif a spacing of 30X10cm and 22.5 X 10cm for irrigated groundnut in Rabi is recommended. Seed treatment with Mancozeb and Imidacloprid, proper spacing (22.5 x 10 cm), ridge-sowing,

Application of NPK, Zinc, Borax and Gypsum at right time and Rhizobium inoculation of seed will double the pod yield kernel size.

(c) Application of Fertilizer and Plant Protection

Pest and disease are responsible lower yields in all the three regions. For Rabi groundnut, SSP@100kg/acre and 33kg MOP is apply in the last ploughting along with 20kg Urea. 10kg Urea is apply at 30 DAS in furrows and irrigated. Gypsum @200kg/acre is allied at flowering time.

Tikka leaves spot and Kalahasthi maladies are major threats to groundnuts cultivation. Seed treatment with 3g Manacozeb and 2ml of Imidacloprid per kg seed will control the pest and diseases.

(d) Water Management

6 to 8 times of furrow irrigations are given during 100 days crop duration.

(e) Harvesting and Post-harvest

When the leaves dry up at 100 DAS, the pods are ploughed out and dried till the moisture content is 12%. Then the pods are bagged in 40kg bags for market.

(4) Sugarcane

(a) Production and Productivity

Sugarcane is a tropical crop with high photosynthetic efficiency due to its C-4 path way and consequent higher productivity of 80-100 tons/ha. In AP Sugarcane is successfully cultivated in heavy black soils (Vertisols) red loams (Alfisols), alluvial silt loams (Entisols) and Laterites (Oxisols). In Coastal Andhra 0.87 million ha of area is under groundnut cultivation with the annual production of 0.51million tons/annum, the mean productivity being 1700 kg/ha.

(b) Varieties and Sowing

Co-6907, Co-8014, Vishwamitra, Vasudha and Bharani ser sowing is commonly practiced. Set-planting on ridges is commonly practices.

Seed treatment with carbendazim and malathion, bud-chip method of nursery raising, leaving 4-feet space between two rows is proposed.

(c) Application of Fertilizer and Plant Protection

250kg N, 100kg P2O5, 120kg K2O /ha is followed. Total P&K are applied in final ploughing, while N is given in three equal splits. Wooly aphids, scale insects and red rot are major pests and diseases which can be managed by IPM.

Fertilizer placement, mulching with cane straw, earthing up, propping, tieing the plants, irrigation at fortnightly intervals are proposed.

(d) Water Management

Conventional furrow irrigation is practised. Drip irrigation saves water and gives higher yields.

(e) Harvesting and Post-harvest

Harvesting manually. The harvest cane is transported to sugar factory within 24 hours of cutting. Machine for harvesting is urgently required to save labour and time, in order to harvest at correct stage of maturity, applying brix meter. Meanwhile, it is proposed in field to check color changing of stem or drying bottom leaves as a simplified method.

At present, sugar factories offer Rs.2,200/- to Rs.2,400/- ton of sugarcane.

(5) Black Gram (Phaseolus mungo)

(a) Production and Productivity

Next to pigeon-pea and chickpea, black gram (Mung bean) is an important pulse rich in proteins. In all the three regions of AP, black gram is mostly grown in rice-fallows in Rabi and it comes up with the conserved soil moisture. The productivity levels are low ranging from 500 to 600 kg/ha which is un-economical. With the introduction of high yielding Lam black gram varieties and YMV resistant PB-31, it is now possible to get 1,500-2,000 kg/ha.

(b) Varieties and Sowing

LBG-365, LBG-736 and PU-13 are popular. Sowing seed @40kg/ha is done by broadcasting in standing rice crop just before harvesting. Further, use of YMV resistant varieties like PU-31 is proposed, optimum seed rate, one irrigation at 30 DAS, weed control and Rhizobium inoculation of seed will double the yields and net profits.

(c) Application of Fertilizer and Plant Protection

Usually no fertilizer is applied to the crop in rice fallows. Insects Maruca (chlorpyriphos @ 2.5ml/Ltr), Powdery mildew (Sulphur@3g-Ltr) and YMV are major pests and diseases. Growing YMV resistance variety PU-31 is suggested.

(d) Water Management

Generally, black gram comes up with the conserved soil moisture in rice-fallows and as such , no irrigation is given. For Rabi direct-sown Black gram, one irrigation at 30 DAS is recommended.

(e) Harvesting and Post-harvest

Black gram is harvested manually when the plant dry and threshing is done with tractor and the produce is bagged is bagged and marketed.

(6) Sesame

(a) Production and Productivity

Sesame (Gingelly) is an edible oil crop cultivated in rice-fallows and the crop comes up with the conserved soil moisture. The yield range from 500- 600 kg/ha which is very low.

(b) Varieties and Sowing

High yielding YLM-17 and local varieties are cultivated. Sowing is done using 7kg / ha of seed by broadcasting in rice-fallows.

It is proposed to use optimum seed rate, seed treatment with captan and Imidacloprid, and maintain spacing 30 x 15 cm.

(c) Application of Fertilizer and Plant Protection

No fertilizer is applied for the crop in rice-fallows. One spray of Monocrotophos @ 2ml/L is given to control the sucking pests and pod-borer.

(d) Water Management

No irrigation is given during crop growth period in rice-fallows. It is proposed that irrigation be done soon after sowing, at flowering and fruit development (Up to 70 DAS),

(e) Harvesting and Post-harvest

The Crop is harvested manually at 90 DAS and dried in open sun. The plants are threshed with tractor and seed is bagged and marketed.

8.3.2 Farming Practices for Horticulture Crops

(1) Tomato

(a) Production and Productivity

Deep, well-drained, sandy loam surface soil and a clayey subsoil with a pH of 5.5 – 6.8 is ideal for tomato cultivation. It is a day neutral plant and can be grow at any season of the year. However, the Tomato yields are low due to traditional methods of cultivation (10[3] tons/ha). Earthing up and propping with bamboo poles improves the plant stand and higher yields (20 to 30[4] tons/ha). Crop rotations with Pulses and Legumes will break the life cycle of the pests and reduces the pest menace.

(b) Varieties and Sowing

Avinash-2, Naveen, Rupali, Meenakshi, Vaisali, Arka, Vikas, Pusa Ruby and All Rounder. Tomato seed @ 500g / ha is sown in a nursery and 25 days aged seedlings are planted in main field, following a spacing of 60cm X 45cm, planting on ridges and furrows during October.

(c) Application of Fertilizer and Plant Protection

SSP @ 300 kg and MOP @100kg / ha are applied in last ploughing. Urea at 220 kg / ha is applied in three equal splits at 30, 45, and 60 DAP.

Thrips, fruit borer, Fusarium and Bacterial wilt can be managed by IPM schedules and by growing trap crops like Marigold and Maize.

(d) Water Management

Ten furrow irrigation are given during 150 day crop duration. Irrigation during establishment flowering, fruit setting are the critical stages for irrigation of tomato. Drip irrigation is common. Higher temperature during April, May and June inhibit the flowering and fruit-setting

(e) Harvesting and Post-harvest

Fruits are harvested when they turn red, graded and sold in the market. For transport, the fruits are kept in plastic trays and send them to markets through trucks.

(2) Chilli

(a) Production

In Coastal Andhra, 0.14 million ha of area is under chilli cultivation. With the annual production 0.53 million tons of dry chilli. The average productivity is 3750 kg/ha of dry chillie. Green chillie is 30 tons/ha while it is 3 tonnes/ha in case of dry chilli. The crop grows well in warm and humid climates and temperature ranging from 20 – 25℃ and in all the three regions, chillie is propagated by seed.

(b) Varieties and Sowing

Tulasi, Swathi, Venus, Nagma, Tejaswini, and Pusa-Jwala, are popular hybrids besides local varieties G-4 and G-4. Chilli seeds @ 500g/ha is sown in an elevated nursery beds for 45 days and planted in very finely prepared fields.

A seed rate of 500g/ha is used and nursery bed size of 20m x1m x 0.15m is prepared by mixing

[3]: site visit
[4]: POP

compost and sand. The seed is sown on raised beds. The seed germinates in 7 days time and seedlings are pulled out at 45 days after sowing (DAS) and planted in the finely prepared land at a spacing of 60cm x 45cm on ridges followed by irrigation. The crop duration is 150 – 180 days and vegetative stage extends up to 75 – 80 days and 75 – 85 days is the reproductive phase. Flowering starts at 45 DAP. Fruit setting is a problem during April to June due to high prevailing temperatures.

(c) Application of Fertilizer and Plant Protection

Total Phosphate @ 300kg SSP/ ha is apply in last ploughing. Urea @ 250 kg / ha and MOP @ 100 kg /ha are applied in four equal splits i.e. at planting, 30, 50 and 70 DAP followed by furrow irrigation.

Farmers use heavy doses of fertilizers, Irrigation, and chemical pesticides and fungicides leading to heavy pesticide load in the green and dry chillie causing often export rejections. Thrips, fruit borer, Fruit rot, Die-back and Bacterial wilts are the major pests and diseases causing considerable crop loss.

(d) Water Management

Ten irrigations are given during 150 days crop duration.

(e) Harvesting and Post-harvest

Harvesting at full-ripe stage and sun-drying to maintain 8 – 10% moisture in the dry fruit and Post Harvest Product Management (PHPM) would sustain good prices and higher net returns.

Usually, chillie harvesting is done manually four times and sold in the market as green chillie. In case of dry chillie, the fruits allowed to fully ripe on the plant, harvested and dried in open sun and stored in gunny bags for sale.

(3) Mango

(a) Production and Productivity

Generally mango varieties like Bangenapalli, and Rasaalu in central region, Suvarna Rekha and Panukula Manu in Northern region and Totapuri, Neelam and Alphanso in Southern region are extensively cultivated with low productivity levels of 10 – 15 tons/ ha. Economic yield starts after 6 years of planting and will continue to give yield up to 25 years of age.

(b) Varieties and Sowing

Totapuri and Neelam in south, Rasaalu and Bangenapalli in central region and SuvarnaRekha and Panukula Manu in northern region are most popular varieties cultivated. Healthy grafts developed from seeds are planted.

The low yield levels are mainly due to wider spacing (10m x 10m), low density of population (50 – 60 plants /ha), neglected management of water, nutrient, pest and diseases and absence of trimming and pruning. Introduction of high yielding, pest and disease resistant varieties, adoption of high density of population (a spacing of 2.5 m x2.5 m) to accommodate 1,600 plants / ha, regular nutrient, pest and disease management and use of Growth Regulators like Kalthar, would double the yield, fruit size and quality.

(c) Application of Fertilizer and Plant Protection

Fertilizers @ 2 kg Urea, 4 kg SSP and 2 kg MOP / bearing tree are applied in two equal splits first during June-July and second time during December-January. Fertilizers are applied in basins covered with soil and furrow irrigation is given. Monocrotophos @ 2 ml/L to control mango hoppers and wettable Sulphur 3g/L to control powdery mildew are applied.

(d) Water Management

Flood irrigation of basins is practised at fortnightly intervals.

(e) Harvesting and Post-harvest

Ripe fruits are harvested, graded and marketed to middle men. Pickle varieties are harvested at mature stage and processed for pickle-making.

Post Harvest Product Management (PHPM) for quality control and adding value to the product through processing will go-a-long way in sustaining the crop on a long term basis.

(4) Coconut

(a) Production

Coconut is a perennial plantation crop extensively cultivated in all the three regions of AP. Generally, a healthy palm gives 10,000 – 12,000 nuts / ha / annum. At present, nut and copra yields are low ranging from 5,000 – 6,000 nuts / ha / annum. Economic yield starts after 6 years of planting and will continue to give yield up to 50 years of age.

(b) Varieties and Sowing

East-Coast Tall, Gouthami-Ganga, Double Century and Kalpa Prathibha are popular varieties cultivated by farmers in all the three regions of coastal Andhra. One year old seedlings raised in nursery are planted in the main field the economic yield starts from 6^{th} year onwards.

Traditionally, a wider spacing of 7.5m x 10m is adopted to accommodate 125 plants per ha. In Coastal Andhra, Coconut palm is an essential component of homestead farming system.

Closer spacing of 7.5m x 7.5m accommodating 175 plants / ha, intercropping with legumes/ Cocoa, adopting IPM, INM and water management practices will improve the nut and copra yields and profits.

(c) Application of Fertilizer and Plant Protection

One kg Urea, 2kg SSP, and 2.5kg MOP / tree are applied in two equal splits, first during June-July and the second during December- January months followed by irrigation of the basin. Monocrotophos @ 2 ml / L by root -feeding to control the mite and caterpillars'.

The low yields are mainly due to low yielding varieties, low plant population, wider spacing, poor nutrient and water management, pests like Eriophid mite, black and red- headed hairy caterpillars and diseases like Ganoderma and bud rot.

Eriophid mite, red and black headed hairy caterpillars and bud rot are major pest and diseases causing damage to nut yield and quality of copra. Bio control methods and IPM practices developed by Coconut Research Station, Ambajipeta will help in pest and disease management in coconut gardens.

(d) Water Management

Irrigation is given by flooding the basins at monthly intervals. Green manure crops are grown in the basins to conserve water and to improve the soil fertility.

(e) Harvesting and Post-harvest

The ripe nuts are removed manually and dried in sun and marketed. Tender nuts are harvested and sold as coconut drink which works as an electrolyte and sugar and potassium supplement to human body. Coconut oil extracted from dried copra serves as anti-oxidants and nutrient supplement when applied to head and human body.

(5) Banana

(a) Production and productivity

The average productivity levels of banana in coastal Andhra is 30tons /ha while it is just half of it (15 tons/ha) in the world.

(b) Varieties and Sowing

Tella Chakera Keli (TeKeli), Karpura Chakera Keli (K.C Keli),Amruthapani, Poovan, Rasthali, Dwarf Cavendish and Grand Naine are very popular with the farmers.

Banana propagated through suckers, rhizomes and tissue culture plantlets in three regions.

Furrow, pit or trench methods of planting are practised by the local farmers. The suckers/rhizomes are planted in pits of size 45cm x 45cm x 45cm at a spacing of 1.8m x 1.8m accommodating a plant population of 3000 plants/ha in case of T.C. Keli. In case Dwarf Cavendish, a spacing of 1.5m x 1.5m is followed accommodating a plant population of 4,400 plants/ha. For K.C. Keli, a spacing of 2.1m x 2.1m accommodating around 2,300 plants/ha is followed.

(c) Application of Fertilizer and Plant Protection

Besides 25kg FYM, a fertilizer dose of Urea @ 440g and MOP @ 680g/plant is applied in six equal splits at monthly intervals. The total P dose of SSP @ 312g/plant is applied as basal at planting. Rhizome weevil, nematodes and bunchy top are the major pests, while leaf spot is major disease that cause considerable yield loss which can be managed by IPM practices.

(d) Water Management

Banana is a water loving plant and the crop requires 30 – 40 weekly irrigations during the crop growth period of one year.

(e) Farm Management

Weeding is done manually at quarterly intervals. Thrashing by removing dried leaves and earthing up is carried out at half yearly intervals.

(f) Harvesting and Post-harvest

Banana bunches will be ready to harvest after 12 months of planting. Propping with bamboo are wooden poles is essential to prevent the plants from falling due to strong winds.

Mature fruit bunches are harvested and smoke-cured in curing chambers for 24 hrs till yellow colour appears. The fruit bunches taken out from the chambers and sold in the market as bunches or hands. Vegetable banana variety Kovvuru Bontha is harvested mature and green stage and used as a vegetable curry.

Yield is estimated at around 30 ton/acre.

8.3.3 Constraints and Countermeasures

Constraints and countermeasures in agricultural activities in Andhra Pradeshare described in Attachment 8.3.1 and summarised as follows:

(1) Labour Scarcity

At present, timely availability and higher wages of labour force are serious problem faced by farmers. Further due to migration of labour to nearby towns and cities and lack of interest in farming by rural youth, scarcity of labour is encountered. Considering the current situation mentioned above, promotion of farm mechanisation would be helpful to overcome the labour scarcity, and to complete the work in short time at lower cost. Proposed farm machinery is shown as follows:

Table 8.3.1 Crop-wise Proposed Farm Machinery

Crop	Farming Practices	Farm Machinery
Rice	Tilling/Puddling	Power Tiller
	Direct Sowing	Drill seeder
	Transplanting	Transplanter
Maize	Sowing	Seeder
	Weeding	Power weeder
	Harvesting	Harvester
Pulses	Weeding	Power weeder
	Harvesting	Harvester
Groundnut	Ridging	Ridger
	Sowing	Seeder
	Harvesting	Harvester
Sugarcane	Ridging	Ridger

Crop	Farming Practices	Farm Machinery
	Weeding	Power weeder
	Harvesting	Harvester

Source) DOA, DOH, and JICA Survey Team

(2) Vagaries of Weather (Droughts, Floods, and Cyclones)

Since the rainfall is uncertain and availability of water resources are limited, it is imperative to convince the farmers to grow ID crops viz. maize, groundnut, pulses, and sunflower in the Kharif season in place of rice in the project area in order to conserve water and to produce other food crops and simultaneously reducing the cost of cultivation and to get more net profits. Critical stages against climatic condition are summarised as follows.

Table 8.3.2 Crop-wise Critical Stages against Climatic Conditions

Crop	Heat Stress (Higher Temperature)	Heavy Rainfall/Drought
Rice	Reduction division stage	Panicle initiation stage Reduction division stage Heading Graining filling Milking stage
Maize	Sowing stage Flowering stage Tasseling stage	Sowing stage Silking stage Tasseling stage Grain formation stage
Pulses	Flowering	Sowing stage Flowering
Groundnut	Flowering Pegging Pod formation	Sowing stage Flowering Pegging Pod formation
Sugarcane	Flowering	Planting stage Flowering
Tomato	Flowering stage	Planting stage Flowering stage Establishment stage Fruiting
Chilli	Flowering stage	Planting stage Flowering stage

Source: DOA, DOH, and JICA survey team

(3) Indiscriminate Use of Agro-chemicals

Lack of awareness on application of agro-chemicals resulting to indiscriminate use. Balanced and integrated use of fertilisers and pesticides is recommended. Meanwhile, too less or too excessive use of fertilisers and pesticides can adversely affect the environment and the crop health so rational use of these chemicals is advocated. Rational and need-based agro-chemical use will reduce the cost of cultivation while effectively controlling the pests and diseases. Optimum use of chemicals on need-basis is suggested for sustaining high yields and pest management. Accordingly, IPM and crop rotations are required for insect and pathogen management.

(4) Insufficient Storage Facilities for Farm Produce (Go-downs and Warehouses) in Villages

Public and private agencies should build sufficient go-downs and warehouses at production sites in villages. For tomatoes, loss due to fruit damage is very high. Farmers are advised to grow tough-skinned tomato varieties like Arka and Rakshak to withstand transport shocks.

Dry chilli needs go-downs and warehouses for storage. In Guntur, the Centre of International Trade, a number of airconditioned go-downs are used for storing dry chillis. Farmers would store the produce in go-downs and sell the chillis when the market prices are high and get higher profits.

8.3.4 Cost and Profit per Crop and Region-wise Cropping Patterns

Based on the findings as well as information through field survey and other relevant secondary data,

crop budget of major crops in the project area under present and proposed conditions are shown in Attachment 8.3.2 and summarised as follows.

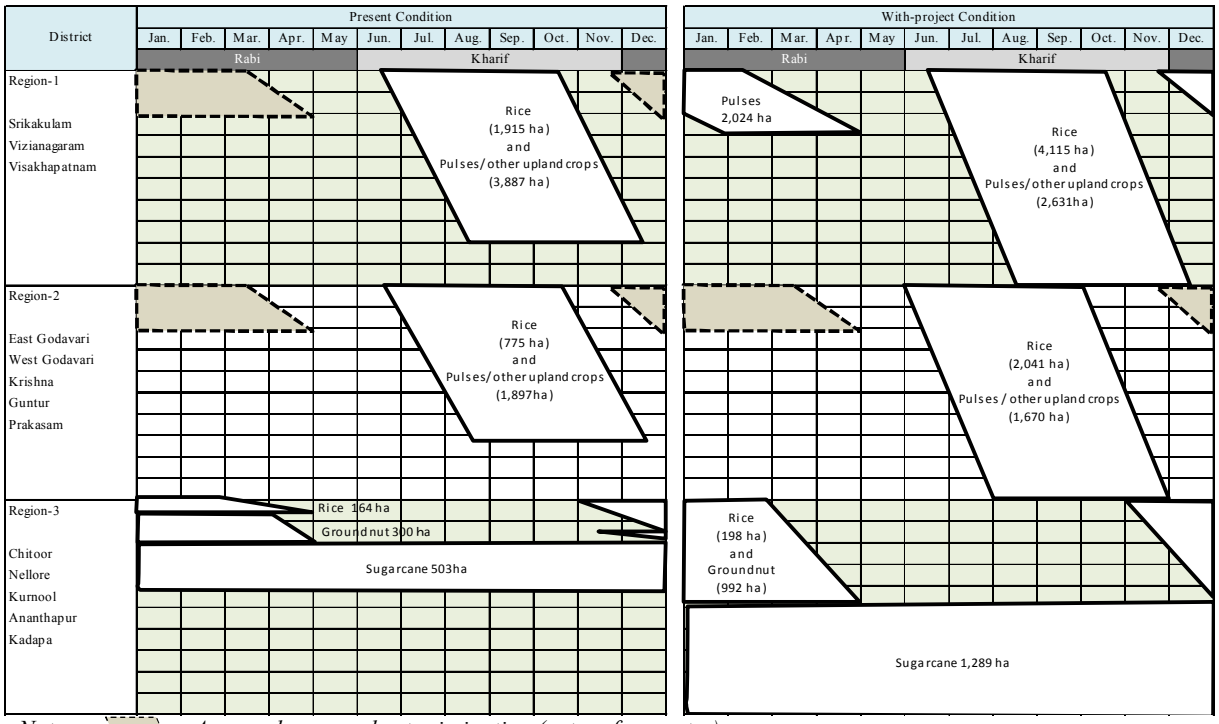
Table 8.3.3 Cost and Profit per Crop

(Unit:INR/ha)

Crop	Present Condition			Proposed Condition		
	Cost	Gross Income	Net Income	Cost	Gross Income	Net Income
Rice (Rabi)	38,300	81,500	43,200	43,500	95,100	51,600
Rice (Kharif)	39,600	68,000	28,400	43,400	81,500	38,100
Maize	42,300	89,000	46,700	44,900	103,800	58,900
Groundnut	41,800	74,100	32,300	44,000	98,800	54,800
Black Gram	13,300	37,100	23,800	18,600	64,900	46,300
Sugarcane	101,500	163,100	61,600	106,000	190,300	84,300

Source: JICA Survey Team, based on field visit, secondary data from DoA and Package of Practices (POP)

Meanwhile, present and proposed cropping patterns by regions are shown in Figure 8.3.1.



Note: Area under groundwater irrigation (not surface water)

Source: JICA Survey Team

Figure 8.3.1 Region-wise Cropping Patterns under Present and With-project Conditions

8.3.5 Extension and Research Agencies

(1) Agricultural Technology Management Agency (ATMA)

The Agricultural Technology Management Agency (ATMA) works as a link between the Department of Agriculture and farmers at the district level. The ATMA at the district level would be increasingly responsible for all the technology dissemination activities at the district level. It would have linkage with all the line departments, research organisations, non-governmental organisations, and agencies associated with agricultural development in the district. Research and extension units within the project districts such as Zonal Research Station (ZRS) or sub-stations, Krishi Vigyan Kendras (KVKs), and the key line departments of agriculture, animal husbandry, horticulture and fisheries would become constituent members or key stakeholders of ATMA. Each

researchextension(R-E) unit would retain its institutional identity and affiliation but programs and procedures concerning district-wise R-E activities would be determined by ATMA Governing Board to be implemented by its management committee (MC).

This scheme was approved on March 29, 2005. The scheme has made the extension system farmer driven and farmer accountable. Two hundred thirty-sevenATMAs at the district level have been set up to operationalise the extension reforms with active participation of farmers/farmer groups, non-governmental organisations (NGOs), Krishi Vigyan Kendras, Panchayati Raj institutions, and other stakeholders operating at the district level and below. The release of funds are based on Strategic Research and Extension Plan (SEWP)/State Extension Work Plans (SEWPs) prepared by the state governments. State level extension plans have been developed keeping in mind the strategic extension needs of the farmers. Two hundred fifty-twodistricts across all the states/UTs in the country were covered under the scheme during the tenthplan.

i) Objectives of ATMA

- To strengthen research – extension – farmer linkages.
- To provide an effective mechanism for coordination and management of activities of different agencies involved in technology adaption/validation, and dissemination at the district level and below.
- To increase the quality and type of technologies being disseminated.
- To move towards shared ownership of the agricultural technology system by key shareholders.
- To develop new partnerships with the private institutions including NGOs.

ii) Salient Features of ATMA

- Creating a Farmer Advisory Committee to improve feedback.
- Using NGOs to organise farmers.
- Encouraging private sector involvement in technology transfer.
- Validation and refining technologies through research units in the district.
- Bottom up planning procedure.
- Increased use of information technology (ARIS, WWW)
- In-service training to increase staff competence.
- Developing new public-private partnerships.
- Formation and strengthening of farmer's interest group.

(2) Krishi Vegyan Kendras (Farm Science Centres)

The Indian Council of Agricultural Research (ICAR), New Delhi has started the Krishi Vigyan Kendras (KVKs) in all the districts of the country with the following mandate. In the state of Andhra Pradesh, there are 13 KVKs in all the districts.

i) Mandates

- Conducting on-farm testing to identify the specific location of agricultural technologies under various farming systems.
- Organising frontline demonstrations to establish production potential of various crops and enterprises on the farmers' fields.
- Organising need based training for farmers to update their knowledge and skills in modern agricultural technologies related to technology assessment, refinement and demonstration, and training of extension personnel to orient them in the frontier areas of technology development.
- Creating awareness about improved agricultural technologies among various clienteles through an appropriate extension programs

- Production of quality seeds, planting materials, livestock breeds, animal products, bio-products etc., as per the demand and supply the same to different clienteles
- Work as resource and knowledge centre of agricultural technology to support the initiatives of public, private, and voluntary sectors for improving the agricultural economy of the district.
- Each KVK is provided with 16 technical and non-technical staff headed by the programmecoordinator (associate professors cadre) and six subject matter specialists (assistant professors cadre) in the discipline of crop production, extension, horticulture, plant protection, animal sciences, home sciences, etc., are provided to assist and implement the mandated activities of KVK. Furthermore, three training assistant cadre – farm manager, programme assistant (computer) and one programme assistant in the most relevant discipline are also provided to assist the programme coordinator and his staff to carry out the functions of KVK.
- The Krishi Vigyan Kendras provide intensive hands-on training in various aspects of agriculture, horticulture, animal husbandry and so on to encourage unemployed farm youth and farmwomen to start their own agro-based enterprise in their locality. These KVKs would also conduct on-farm testing of various agricultural and allied technologies for refinement and conduct frontline demonstrations on oilseeds, cereals, and pulses.
- The Scientific Advisory Committee (SAC) is the advisory body to plan and review the activities of KVKs. The SAC is headed by the vice-chancellor as the chairman, director of extension, zonal coordinator, ICAR, and officers of the developmental departments of the district, two farmers, two farmwomen as members, and the programme coordinator of KVK as a member – secretary.

ii) Activities

- Organising training programmes
- Providing soil, plant, and water testing laboratory facilities
- Setting up of demonstration units
- Production of quality seeds, planting materials and bio-control agents
- Providing advisory and consultancy services
- Conducting need-based training programmes

Each district in Andhra Pradesh has one KVK working for transfer of proven agricultural technologies to farmers' fields in the rural areas.

(3) State Agricultural Management and Extension Training Institute (SAMETI)

The State Agricultural Management and Extension Training Institute (SAMETI) is registered as an autonomous institute with the mandate of capacity building for related agricultural extension system to promote agricultural development. It conducts courses on participatory extension management, project management, watershed management, human resources management, information technology, etc. It also provides consultancy on agricultural extension management. It has training hall facilities well-equipped with conference system and multimedia projectors.

SAMETI has linkages with state agriculture and horticulture universities and other institutes such as MANAGE Hyderabad, NIAM Jaipur, and EEI Nilokheri. SAMETI organises workshops/trainings through the use of resource universities and institutes which cover field extension management, marketing management, technical/postharvest management, information technology, organic farming management, etc.

SAMETI promotes the extension and management tools for improving efficiency in extension services which covers i) extension management skills, ii) participatory approaches and PRA tools, ii) group mobilisation and team building, iii) human resource management, iv) farming system approach, and v) market led extension and marketing management.

Since SAMETI has facilities for trainings and workshops with resource persons in various disciplines, it is understood that this institute has potential in strengthening the existing extension functions, in cooperation with the Department of Agriculture (DoA).

(4) National Institute of Agricultural Extension Management (MANAGE)

The National Institute of Agricultural Extension Management (MANAGE) is an autonomous organisation under the Department of Agriculture and Cooperation (DAC), Ministry of Agriculture (MoA), and the Government of India (GoI). The institute was established in 1987 at Rajendranagar, Hyderabad in response to the challenges of agricultural extension in a rapidly growing and diverse agriculture sector. The transformation of Indian agriculture into an increasingly commercialised and market-driven activity, and the increasing complexity of agricultural technology, called for major initiatives towards reorientation and modernisation of the agricultural extension system.

The mandate of MANAGE is to assist GoI and states/UTs to help improve delivery mechanisms in agriculture and allied sectors through need-based changes in policies and programs and also by improving the knowledge, skills, and attitude of extension personnel. MANAGE offers its services in training, research, consultancy, extension, management education, etc. and implements select central-sector schemes.

Training of extension functionaries, working in the departments of agriculture, animal husbandry,andveterinary science, fisheries in various states/UTs as well as in the private sector is an integral part of the mandate of MANAGE. As part of capacity building, MANAGE conducts training programs, workshops, and seminars on key theme areas of current importance in agriculture and allied sectors.

The research activities of the institute focus on topics of contemporary relevance. MANAGE undertakes 'action research' to pilot-test the ideas/concepts/technologies in field situations on a limited scale and in a limited area. MANAGE also undertakes evaluation studies on the request of GoI/states/other organisations, on consultancy basis, for evaluation of various programs/projects to assess their impact.

(5) National Institute of Rural Development (NIRD)

The institute is located in Rajendranagar, Hyderabad. The main objectives of NIRD are to examine and analyse the factors contributing to the improvement of economic and social well-being of people in rural areas on a sustainable basis with focus on the rural poor and the other disadvantaged groups through research, action, research and consultancy efforts and to facilitate the rural development efforts with particular emphasis and focus on the rural poor by improving the knowledge, skills, and attitudes of rural development officials and non-officials through organising training, workshops, and seminars. NIRD is actively involved in rural development through training and extension activities in rural development in the state.

(6) Indian Council for Agricultural Research (ICAR)

The Indian Council of Agricultural Research isthe apex body for improving the productivity of different crops, animal breeds, meat, mutton, chicken, eggs, and fisheries in the country. It has over 100 research institutes, 54 agriculture institutes, 610 KVKs, and one academy for agricultural research management. These institutes conduct research for improving the productivity and reducing the cost of cultivation. The organisational structure of ICAR is given in the flow diagram (Annex-1).The mandate and activities of the institutes are briefly presented here under.

Table 8.3.4 ICAR Institutes and their Activities in Andhra Pradesh State

Institute	Location	Mandate/ Activities
Indian Institute of Rice Research (IIRR)	Rajendranagar, Hyderabad	Breeding high yielding rice varieties and developing package of practices for improving productivity and grain quality.
Directorate of Oilseed Research (DOR)	Rajendranagar, Hyderabad	Breeding high yielding varieties and development of improved package of practices for higher yields of sunflower, sesamum, castor, and safflower.
Indian Institute of Millat Research (IIMR)	Rajendranagar, Hyderabad	Breeding superior varieties and developing package of practices for obtaining high yields and superior quality in sorghum, finger-millet, and other minor millets.
Central Tobacco Research Institute (CTRI)	Rajahmundry, East Godavari Dristrict	Breeding high yielding tobacco varieties and developing package of practices for improving productivity and quality of leaf in flue-cured and non-flue-cured tobacco types in the country.
Directorate of Oil-palm Research (DOPR)	Pedavegi, West Godavari	Breeding high yielding oil-palm varieties and developing package of practices for improving productivity and quality of

Institute	Location	Mandate/ Activities
	Dristrict	oilpalm.
National Bureau of Plant Genetic Resources (NBPGR)	Regional Centre, Rajendranagar, Hyderabad	Collection, maintenance and conservation of indigenous landraces and germplasm of economic plant species.
Directorate of Poultry Research (DPR)	Rajendranagar, Hyderabad	Breeding high chicken and egg-laying poultry breeds.
National Research Centre for Meat (NRC Meat)	Hyderabad	Breeding high meat yielding sheep and goat breeds.
Central Institute for Dry land Agriculture (CRIDA)	Santhoshnagar, Hyderabad	Improving agriculture, horticulture, animal husbandry, fisheries and water resources in dry land areas.
National Academy of Agricultural Research management (NAARM)	Rajendranagar, Hyderabad	Imparting training on agricultural management in the country.

Source: ICAR website,2016.

(7) State Agricultural Universities (SAUs)

The Andhra Pradesh State has three agricultural universities working for the development of agriculture, horticulture, animal husbandry, and fisheries. While ICAR provides financial support, the SAUs are under the direct control of the state government of Andhra Pradesh.

(a) Acharya N.G. Ranga Agricultural University (ANGRAU)

It established in 1964 in Rajendranagar, Hyderabad now shifted to Lam near Guntur in 2016 after state bifurcation into Telangana and Andhra Pradesh. The ANGRAU with its wide network of research stations, KVKs, and agricultural colleges helps in development of agriculture in the state. It released large number of high yielding varieties in cereals, pulses, oil seeds, fiber crops, and sugarcane greatly influencing the agricultural economy of the state. ANGRAU has unique distinction in breeding and releasing high yielding rice varieties like BPT-5204 and a large number of Maruteru rice varieties which give 6-8 tons/ha of yield. Similarly, in pulses, lam varieties of black gram (LBG series) green gram (LGG series), and redgram (LRG series) give very high yields of 15-20 q/ha. In chillis, ANGRAU has released a series of Guntur varieties (G1-G7) which give high yields and very good quality. The research stations: Lam, Maruteru, Anakapalli, Agricultural College, and Bapatla are the centres of excellence in agricultural research, education, and extension in the state as indicated in the following Table 8.3.5.

Table 8.3.5 ANGRAU Agricultural Research Stations (ARS) for Different Crops

No.	Name of Research Station/College	Crop	Location (District)
1	ARS, Lam	Blackgram, Greengram, Redgram, Bengalgram, Cotton, Chilli	Guntur
2	ARS, Anakapalli	Sugarcane	Visakhapatnam
3	ARS, Ragolu	Rice and Pulses	Srikakukam
4	ARS,Vizianagaram	Minor millets	Vizianagaram
5	ARS, Naira	Mesta, Jute and Hibiscus	Srikakulam
6	ARS, Butchireddipalem	Rice Research	Nellore
7	ARS, Samarlakota	Rice Research, Extension, and Training	East Godavari
8	Agriculture College, Bapatla	Agriculture Education, and Rice Research	Guntur
9	Agriculture College, Naira	Agriculture Education	Srikakulam
10	ARS, Maruteru	Rice Research	West Godavari
11	APRRS, Maruteru	Rice Breeding	West Godavari

Source: ANGRAU, 2016.

(b) Dr. YSR Horticultural University (Dr. YSRHU)

Dr. YSR Horticultural University (Dr. YSRHU) was established in 2007 at V.R. Gudem in T.P. Gudem Mandal in West Godavari District. This university conducts researchand education in horticultural crops in Andhra Pradesh. Dr. YSRHU, with its network of horticultural research stations and colleges, is providing support to farmers in growing fruits, vegetables, flowers,

plantation crops, medicinal andaromatic crops, spices, and condiments. As a result of concerted efforts, Dr YSRHU in coordination with the State Horticulture Department, is able to significantly improve the yield and nutritional quality of horticultural crops in the state as indicated in the following Table 8.3.6.

Table 8.3.6 Research Stations in Dr. YSRHU for Different Crops

No.	Name of Research Station/College	Name of Crop/ Research	Location (District)
1	Dr. YSR Horticultural University, V.R. Gudem	Horticultural Education, Research and ExtensionWest Godavari	West Godavari
2	Horticultural Research Station, Kovvur	Banana Research, Yam, Colacasia, Papaya and Pineapple	West Godavari
3	Horticultural Research Station, Ambajipeta	Coconut, Oilpalm,Cocoa Research	East Godavari
4	Horticultural Research Station, Chintapalli	High Altitude Crops Research, Turmeric, Ginger, Pepper, Coffee, Rajma, and Pineapple.	Visakhapatnam
5	Horticultural Research Station, Bapatla	Cashew nut and Betelvine	Guntur
6	Horticultural Research Station, Tirupati	Citrus and Guava	Chittoor
7	Horticultural Research Station, Railway Kodur	Rice Research	Nellore
8	Horticulture College and Research Institute, Anantharajupet	Education, Extension, and Research	Kadapa
9	Horticulture College and Research Institute, Venkataramannagudem	Agriculture Education and Rice Research	West Godavari
10	Horticultural Research Station, Nuzvidu	Mango Research	Krishna

Source: Dr. YSRHU, 2016

(c) Sri Ventakeshwara Veterinary University (SVVU)

This university, established in Tirupati Town in Chittoor District, conducts research, education,and extension in veterinary sciences including cattle, small ruminants, and fisheries in the state. The university with an active collaboration with theDepartment of Animal Husbandry conducts animal health camps and promotes dairying, meat, mutton, prawns, and fish production in the state.

(8) International Crops Research Institute for Semi-arid Tropics (ICRISAT)

This international institute is located in Patancheru in Medak District of Telangana State and conducts research on five mandate crops, namely: pigeon pea, chick pea, groundnut, sorghum, and pearl millet extensively cultivated and consumed in semi-arid tropics in the world. ICRISAT varieties have high yield potential with remarkable resistance to pest and diseases and drought tolerance. ICRISAT lays greater emphasis on improving the productivity and nutritional quality of the five Semi-Arid Tropics (SAT) crops. It strives hard to produce more from every drop of water in the SAT region.

8.4 Animal Husbandry and Fishery

During the second field survey, the JICA Survey Team visited the following places (Table 8.4.1) to observe the livelihood situation of animal husbandry and fishery in the rural areas. The sites are chosen along with the pilot project sites of the middle and minor irrigations.

Table 8.4.1 Visited Places during the Survey

Area	District	Places
Northern	Vizianagaram	Pittada Village, Gajapatinagaram Mandal, Pedda Thumbali Village, Visakha Dairy Milk Cooling Center, DoAH
Middle	West Godavari	Narasannapalem Village, Lingapalem Mandal, Errampally Village, Koppaka Village, DoAH, Vijaya Dairy, Milk Production Cooperative Society, Animal Dispensary, Milk Outlet
Southern	Chittoor	Krishna Puram Village, Katherapalle Village, Chokkamadugu Village, Nagar Village, DoAH, Varverachenu Village, Rural Livestock Unit

Source: JICA Survey Team

8.4.1 Animal Husbandry

(1) Current Situation

Among those three visited districts, West Godavari has the largest number of households who owned backyard poultry and buffalo. Chittoor has the largest number of households that owned cattle and goat. In terms of production, Chittoor produces the largest volume of milk and meat. West Godavari exceeds Chittoor only with egg production. Vizianagaram ranked the lowest in all figures (Table 8.4.2)

Table 8.4.2 Basic Data of Livestock of Visited Districts

District	Number of Households Own				Production		
	Cattles	Buffaloes	Goats	Backyard Poultry	Milk (1,000tons)	Meat (tons)	Egg (Lakh no.)
Vizianagaram	116,459	46,679	19,437	206,594	414.34	28.22	3,218.49
West Godavari	43,808	182,716	19,082	233,678	832.49	29.85	19,781.70
Chittoor	286,879	23,175	31,005	169,131	948.00	65.12	15,377.14

Source: 19th Livestock census 2012 and Animal Husbandry Annual Report 2013-14

The Department of Animal Husbandry of Andhra Pradesh focuses at improving the productivity of livestock that is based on governmental policy. The state is targeting a double digit growth in gross state domestic product (GSDP) in 2015-16 financial year[5]. Based on the data of 2012, the productivity of milk of the visited districts is calculated below (Table 8.4.3).To follow the target of Andhra Pradesh government, the figures must be doubled. The efficient method to increase the productivity is needed.

Table 8.4.3 Total Number of Female Cattle, Buffalo, and Milk Productivity

District	Total Number of Female			Total	Milk Production (1,000kg/Year)	Productivity (kg/day)
	Indigenous Cattle	Exotic/Crossbreed	Buffalo			
Vizianagaram	169,633	104,697	174,204	448,534	390,000	2.38
West Godavari	125,581	537,120	48,713	711,414	742,000	2.86
Chittoor	116,215	72,984	652,744	841,943	938,000	3.05

Source: livestock census 2012 andAnimal Husbandry Annual Report 2012

(2) Major Challenges and Needs of Support

The major challenges and needs of support observed during the survey are summarised in the table below (Table 8.4.4). The corresponding needs of support against the challenges also listed at the right side.

Table 8.4.4 Major Challenges and Needs of Support

Major Challenges	Needs of Supports
- Lack of fodder, lack of cultivation land. It has decreased every year due to the expansion of farming land. Farmers prioritise not fodder cultivation but other crops. - Landless farmers cannot afford to add livestock. Their main income is not from livestock. - The number of agricultural labour is decreasing due to the governmental scheme (NREGA) which employs landless workers for public projects. - Lack of marketing and processing activities by the Department of Animal Husbandry. - Lack of dairy processing unit in Andhra Pradesh due to bifurcation.	- Create incentives to increase land use and cultivation of fodder. Support private sector which produces fodder. - Organise landless farmers group and expand subsidy to purchase livestock for them. - Amend the governmental scheme (NREGA) to secure agricultural workers. - Support of processing and marketing of dairy products. - Construction of dairy processing unit in bifurcated Andhra Pradesh State.

Source: JICA Survey Team

One of the main challenges the interviewees raised the most during the survey is the lack of fodder and cultivation land. The problem was mentioned in most of the villages where the JICA Survey Team visited (detailed findings are consolidated in Attachment 8.4.1). The department's activities to encourage fodder cultivation were not observed in the villages. Farmers know more or less that

[55]http://articles.economictimes.indiatimes.com/2015-09-18/news/66677502_1_gsdp-chandrababu-naidu-double-digit-growth

proper feed management increases milk production, yet, it is not practised because they do not know concrete method. The farmers do not prioritise cultivate fodder because their income from milk is not high enough to invest.

The survey revealed that, above all, the income from livestock is small for the general farmers. According to the interviewed farmers, their main income is not from the livestock but mostly from agriculture. Even for the landless farmers, their main income is from seasonal works. In fact, the results of the statistical survey implemented by the project showed that the portion of income from livestock ranges from 0.0% in the north minor irrigation area to 9.6% in the south minor irrigation area as maximum (Table 8.4.5). Fodder cultivation should be encouraged by providing government support so that the productivity would increase.

Table 8.4.5 Income of Livestock/Dairy in Irrigation Areas

	Central Medium		Central Minor		North Medium		North Minor		South Medium		South Minor	
Source	Average Farmer		Average Farmer		Average Farmer		Average Farmer		Average Farmer		Average Farmer	
	INR	%	INR	%	INR	%	INR	%	INR	%	Rs.	%
Agriculture	145,083.3	79.3	81,900.0	63.9	61,541.7	51.8	114,786	73.7	61,541.7	51.8	37,208.3	36.7
Livestock / Dairy	6,533.3	3.6	10,783.3	8.4	9,766.7	8.2	0.0	0.0	9,766.7	8.2	9,750.0	9.6

Source: Interview Survey of Community-based Organisations and Farmers under the JICA Data Collection Survey on Agriculture Food processing and Distribution in Andhra Pradesh

Another key challenge is that farmers cannot afford to purchase new or additional livestock especially for the landless farmers. In addition to their limited budget, the "owning land" is the condition to use common financial services. Although the government has a scheme to provide backyard poultry, it is not implemented as planned due to lack of financial resources.

The Department of Animal Husbandry is not mandated to process or market (the department in-charge of those areas is Andhra Pradesh Food Processing Society (APFPS)). To respond to the increased production, marketing support is needed. Besides, the department provides generous veterinary support to the farmers and most of the farmers showed their content with the services that they have been receiving to the JICA Survey Team.

8.4.2 Fisheries Livelihood

(1) Current Situation

Fishing and aquaculture activities are only possible when sufficient water is available. Unlike agriculture, fishing, and aquaculture do not consume water but use water to produce fish and shellfish. Unless the water bodies such as reservoirs and irrigation tanks are dedicated to drinking water, fishing, and aquaculture activities increase the productivity of water bodies as well as generate income for the rural economy.

Earthen captive nursery tanks outside of minor irrigation tank

Fishing communities are the poorest communities in India. They belong to a scheduled or a tribal caste that have been fishing in the rivers, lakes, and ponds before irrigation systems were constructed. Members of fishing caste do not live in the farmers' village but formed their own hamlet that is not directly connected to the farmers' village. They cannot sustain their life with only fishing. So people in this fishing caste often work as farm laborers and construction workers. Women in the fishing caste sell fishes that are being caught by men in fish markets in towns or peddling. A woman may sell 10 kg to 20 kg of fish per day and makes 200 to 400 rupees. When there is not enough fish from their own fishing community, the women go to different towns to purchase fish and sell at their marketing spot or conduct peddling.

The Fisheries Department of the state of Andhra Pradesh has been making efforts to enhance the productivities of water bodies by stocking artificially produced fish seedlings (fry), thus supporting

improvements of the living standard of fishing communities. Besides this fish seedling stocking program depends on the natural feed for the growth of fish. The Fisheries Department implements more aquaculture-like activities such as captive nursery that rear fry into fingerling and advanced fingerlings.

To develop fishing communities as their own initiatives, the Fisheries Department encourages fishing communities to form or strengthen the Fishermen Cooperative Societies (FCS) and stock fish seedlings by themselves (please see the table in the next page). The Fisheries Department matches the number of fish seedlings that were stocked by Fisheries Cooperative Societies. Three major Indian carps are usually used for this program.

The Fisheries Department and the Fishermen Cooperative Societies have also started cage culture projects in medium irrigation tanks and reservoirs where water is available throughout the year.

Cage culture facility with watchman/ storage house

Genetically enhanced (produce only male fish whose growth rate is superior) Nile Tilapia (*Oreochromis niloticus*) is used for cage culture trials.

Some women's groups have started ornamental fish (goldfish) backyard aquaculture projects with the assistance of the Fisheries Department. Women are trained at the School of Fisheries in Kakinada in culturing goldfish. Handmade rectangular aquarium tanks are shown on top of small round shaped backyard fish culture tanks as shown in the photo on the left.

Table 8.4.6 shows the number of Fisheries Cooperative Societies and membership in each district. Inland Fishermen Cooperatives have the largest number of members. More detailed information is available in Attachment 8.4.2.

There are 1,326 Inland Fishermen Cooperative Societies, 424 Marine Fishermen Cooperative Societies, 12 Brackish Water Fishermen Cooperative Societies, 509 Fisherwomen Cooperative Societies, and 4 Fishermen Marketing Cooperative Societies in Andhra Pradesh. Total of 2,275 primary FCSs forms 13 District level FCSs and one state level FCS. Total number of membership is 252,174.

District level Fisheries Department assist formulation and strengthening fisheries societies and implement various development activities such as aquaculture development and marketing support utilizing national and state budget.

Table 8.4.6 Number of Fisheries Cooperative Societies by District

	Name of District	Inland Fishermen Cooperative Societies		Marine Fishermen Cooperative Societies		Brackish Water Fishermen Cooperative Society		Fisherwomen Cooperative Society		Fishermen Marketing Cooperative Society	
		No of FCS	No of Members	No of FCS	No of Members	No of FCS	No of Members	No of FCS	No of Members	No of FCS	No of Members
1	Srikakulam	68	7,573	57	13,926	0	0	14	673	0	0
2	Vizianagaram	55	6,597	12	2,908			9	947	0	0
3	Vishakapatnam	25	2,089	70	10,996	0	0	39	3,831	0	0
4	EastGodavari	249	24,840	112	17,404	2	115	197	10,116	0	0
5	WestGodavari	217	21,922	16	1,042	4	194	28	2,318	1	2,000
6	Krishna	222	18,332	42	8,501	5	417	86	9,109	1	99
7	Guntur	106	10,829	26	5,855	1	36	19	1,142	0	0
8	Prakasam	49	5,338	39	10,450	0	0	19	1,155	0	0
9	Nellore	88	16,351	50	10,239	0	0	71	7,514	2	235
10	Ananthapur	90	7,195	0	0	0	0	4	261	0	0
11	Kurnool	80	4,583	0	0	0	0	8	373	0	0
12	Kadapa	34	1,763	0	0	0	0	2	52	0	0

	Name of District	Inland Fishermen Cooperative Societies		Marine Fishermen Cooperative Societies		Brackish Water Fishermen Cooperative Society		Fisherwomen Cooperative Society		Fishermen Marketing Cooperative Society	
		No of FCS	No of Members	No of FCS	No of Members	No of FCS	No of Members	No of FCS	No of Members	No of FCS	No of Members
13	Chittoor	43	2,527	0	0	0	0	13	327	0	0
	Total	1,326	129,939	424	81,321	12	762	509	37,818	4	2,334

Source: Fisheries Department, Andhra Pradesh

(2) Fisheries Livelihood Issues

The Fisheries Department is shifting from stocking of fry to stocking fingerlings and advanced fingerings to improve the survival rate of the fish and shorten the culture period, which will increase fisheries production and continue to be the top of the inland fisheries production in India (See Attachment 8.4.3). However, there are not enough nursery or aquaculture tanks/ponds and the cost of production is expensive.

Although the Fisheries Department encourages FCSs to conduct captive nursery and ultimately progress into aquaculture practices, fishermen are not used to culture fish that need daily attendance and caring for the environment as well as feeding fish. FCSs do not usually have sufficient funds to purchase fish feed.

Since the fishing community experiences insufficient water during the dry season, these irrigation tanks do not contain water continuously. Fishermen in Chittoor have commented that there has not been water in the tank for the last seven years.

Marketing activities of fisherwomen are often unhygienic as they do not use clean containers and ice. Without these things they are unable to maintain the quality of fish. There is a lack of permanent fish market outlets for sale of fish and fish products in some towns.

There is a lack of landing site infrastructure for boats and fishing gear as well as for marketing activities at the medium irrigation tank area.

There is a need to develop a comprehensive plan for the improvement of farmers' and fishermen's livelihood along with irrigation system rehabilitation and development.

The Fisheries Department does not have sufficient staff to provide much needed services for the fishing community in the rural communities. (Please see Attachment 8.4.4)

8.5 Farmers Organisations in the Sample Study Areas

Farmers organisations operating in the sample area studied were the water utility associations (WUAs), Self-help groups (SHGs), Primary Agriculture Cooperative Society (PACS), and a few Rythu Mitra Groups (RMGs). The findings of each category of groups are summarised below.

8.5.1 WUAs in the Sample Study Areas

The WUA is a group of water users, i.e., irrigators, who pool their financial, technical, material, and human resources for the operation and maintenance of the water system. The WUA usually elects leaders, handles disputes internally, collects fees and implements maintenance. The WUA membership depends on one's relationship to a water source i.e., canal or groundwater. The Andhra Pradesh Farmers Management of Irrigation System (APFMIS) Act was passed in the legislative assembly on March 27, 1997. Creation of an institutional structure for the user of water for irrigation, as a basic element, was proposed in the above Act. Acrossthe state of Andhra Pradesh, all WUAs were revived in October 2015. WUA's elections had taken place after a decade. During this period, in few projects, irrespective of medium and minor classifications, previous WUA continued with their roles and responsibilities. However, in few medium and minor irrigation projects, from 2012 onwards up to October 2015, the deputy executive engineer (DEE) had assumed the role of WUA President. This was observed and noted across three districts that the JICA Survey Team had visited.

In case of minor irrigation (MI) tanks and medium irrigation projects, WUAs have been in place since October 2015. The revived WUAs have their six members Management Committee (MC) in place. As the WUAs are a few months old, the newly elected members have some ideas on their roles and responsibilities as well as various sub-committees (SC). The following issues were identified during the focus group discussion (FGD) with key stakeholders.

(1) Tenant Farmers

In West Godavari District, percentage of sharecroppers was found to be notable. According to the farmers in the group discussions, almost half of the households are landless in the study area. Most of the tenant farmers are landless and are dependent on tenant cultivation for livelihood. Even though tenant farmers are entitled to be members of WUAs, most of them have been excluded. This is mainly because most of the tenant farmers tenure the land without official procedure but with informal mutual understanding with landowners. In the understanding of the WUA members interviewed in the survey, landholders automatically become members of the WUA. In this case, landholders shall take the position and voting right of the WUA.

(2) Poor Representation of Women in WUA

Membership of women in WUAs is limited since the WUA membership is given to landholders and most of the land is under the names of their husbands. Across three districts visited, it was observed and evident that more than 30% of cultivators under the studied command area were women landholders, while their representation in WUAs is almost nil in West Godavari and Viziagnagaram District. However, in case of Chittoor District, women had contested elections of WUA MC and won. In Krishnapuram Medium Irrigation Project in Chitthoor, there are four women elected as WUA representatives. Due to poor representation of women in WUA, as elected representatives or as active members, it was noticed or found that there are imbalances in access and control of water resources. Nil participation was observed when it came to women in water management, in decisions on use, and allocation of water resources across the project sites visited.

(3) Unregistered Command Area

Over the three districts in the project sites visited, unregistered command area in upland catchment area was noticed. Due to large number of acreage under unregistered command area, the tail end farmers are not receiving water for their crop. The irrigation officials and newly elected WUA representatives and members are in conflict concerning with unregistered command area. In the three districts, it was observed that misutilisation of water was found to be high, as many farmers in unregistered command areas have been illegally pumping water through oil engines and pump sets to irrigate their farm lands. Water men, who operate the sluice gates at the system tanks, play a key role of supplying water to tail end farmer during the drought periods or when the availability of water was found to be less.

(4) Rights and Entitlements of Different Water Users in a Given Command Area

In the three districts, rights and entitlement of different water users are in place, as many of the different caste groups are continuing with their traditional livelihood. However, in case of fisheries community, it was noted that fishermen community had to take prior permission from irrigation officials to undertake any fishing activity in either MI tanks or medium irrigation projects. It was stated that in most cases, irrigation for agriculture is the first priority of the use of tank water and fishery activities are performed in the water remaining after agriculture activities.

(5) Water Tax/Cess

The scenario across three districts is familiar in water tax collection. In Chittoor District, water tax was lastly collected in year 2001. Since then the district has been experiencing recurring droughts, and as a result, the concerned district authorities did not initiate any tax collection. As per the APFMIS Act, collection of water tax can be carried out only when there is “six months of assured water supply” to the farmers. Therefore, water tax collection could not be initiated when water supply was less than sixmonths. Even in West Godavari and Vizianagaram District, there have been recurring drought situations and as a result, the demand for tax collection has not been initiated by

the district collector officials.

(6) Operation and Maintenance of Structures:

The situations were found to be similar at all sites visited across the three districts. The infrastructure was found to be in degraded or dilapidated conditions. The farmers stated that due to poor operation and maintenance (O&M) there have been lowered benefits from irrigation investments. The WUA managements were recently formed, and as of the time of visit, they do not yet have adequate O&M system. During the absence of WUA management earlier, WUA did not take up O&M works due to poor water tax collection and non-payment of plough back amount. One of the key constraints/challenges that emerged from field visits is that irrigation bureaucracies are inhibiting effective O&M works where there is neither strong initiative from a particular party nor an effective coordination among relevant departments.

(7) Crop Planning and Water Budgeting:

In all the project sites visited, the findings were similar. There has hardly been crop planning and water budgeting. The reasons stated are as follows: a) prevalence of drought; b) poor O&M structures; and c) intensification in paddy cultivation. It was noted that the flood irrigation/intense irrigation was the first priority taken up by the farmers under the command area. Water scarcity and high preference on paddy cultivation cause unequal water distribution.

8.5.2 Primary Agriculture Cooperative Society (PACS) in the Sample Study Areas

Cooperatives have been mainly concerned with agricultural credit, marketing of agricultural produce, and distribution of fertilisers, pesticides and other essential commodities. PACSs have been continuing to some extent to hold their promise of helping to solve a host of problems of rural masses. Across the three districts, in the project villages, some particular PACSs were found to be functional and active. The PACSs are continuing to provide agricultural credit to farmers, mainly land owners. Apart from agricultural credit, the PACSs are also distributing fertilisers, pesticides, and other essentials. The following key issues/challenges were identified in the visited sample sites.

(1) Agriculture Credit

It was found that farmers and sharecroppers are not often availing agriculture credit from PACSs but are availing credit from Nationalised Banks and also from private money lenders at a higher interest rate. This is mainly due to lengthy and exhaustive procedures of PACS to avail credit, while farmers require timely loan to invest for their cultivation. Furthermore, PACS's efficiency as a financial intermediary is constrained both by internal and external factors. One of the major internal factors is the financial discipline of members such as poor recovery of loan amount dispersed and utilisation of loans dispersed to other purposes. External factors might be natural calamities, political interferences, and policy and legal procedures outside the control of PACS.

(2) Pesticides/Fertilisers/Seed Input Supply

In few PACS visited, it was noted that farmers were forced to purchase seeds (input supply) from private dealers, as PACS only provided the farmers with 4kg of seeds, irrespective of their land holding size, which is not sufficient input supply.

(3) Paddy and Maize Procurement Centre

Across the studied villages, it was noted that few PACS are procuring paddy and maize. In some centres, farmers stated that they need to bring crop produce to the procurement centre on their own transportation cost. Thus, farmers who cannot afford to or those who do not have means sell their crop to middlemen in distress. Even though purpose of PACS was to help farmers from clutches of exploitation by moneylenders, none of the PACSs in the visited areas is providing such comprehensive services.

8.5.3 Self-Help Groups (SHGs) in the Sample Study Areas

An SHG is a village-based financial intermediary committee comprising10-20 local women and

members that make small regular savings contributions over a few months, until there is sufficient capital in the group to begin lending. Many SHGs have been linked to banks for delivery of micro-credit. The findings have been the following across project sample sites visited.

Most of the SHGs are caste-based and there are several SHGs in different parts of the villages. The major function of the SHGs is availing credit from both formal and informal institutions for pursuing individual livelihood activity. There has been no group-based livelihood activity observed or noted in any of the project villages visited. Even though many of the SHG women are involved in agriculture allied livelihood-based activities, most of them preferred taking activity at the individual level. One of the very limited opinions raised as possible activities to be done collectively as a group is backyard poultry. Through bank linkages, SHGs are availing skill-based training. Poultry units are being promoted by District Rural Development Agency (DRDA) for landless women through SHG groups. There are a few women who expressed positive answer on taking up agriculture-related activities as a group. Apart from those few cases, most of the loans availed from SHG were used for individual activities of women such as operation of grocery shops, tailoring business, basket making, spice powder processing, leaf plate making, goat rearing, and backyard poultry. These imply that the loans from SHG availed by women can be use with their own decision.

According to a government order, the Indira Kranthi Pathakam (IKP) procurement centre of paddy isrun by Village Organisations (VOs). West Godavari is a progressive district on this matter. However, the situation has been taking a step backwards, as the Government of Andhra Pradeshhas withdrawn the payment on commission basis. In some IKP centres it has taken up by private traders. Decreased rice production due to drought situation in some area is making the situation worse. This result in an inefficient function of IKP and thus farmersin distress are forced to sell their crop produce to private traders. In one IKP Paddy Procurement Centre (PPC) visited, it was noted that PPC is catering to the needs of private players.

8.5.4 Rythu Mitra Groups (RMG) in the Sample Study Areas

As the experience of the state in developing women's SHGs have been very positive, RMGs were formed (G.O. No., 167 dated June25, 2003) on the same line. The Department of Agriculture organised RMGs mainly consisting of small and marginal farmers including tenant farmers. The RMGs' objective was to serve their common interest regarding technology transfer, access to market information, self-reliance in financial needs, etc., marching towards sustainable economic development. Across the three districts visited, the following situations were observed.

RMGs mostly consist of men. Since one person cannot avail public loan from two different sources, SHG members who avail loans from SHG through public source cannot apply for another loan. This automatically excludes women who are SHG members. The number of existing RMGs depends on the area. However, most of the RMGs have not been functioning since just after their formation or just after availing loans from the government at the beginning. Most of them do not function as an interface between the agri-extension system and farmers for sharing of market information and transfer of technology, to take into various developmental activities like soil testing camps, animal health camps and to formulate an optimal, resource-based and market-driven farmer's strategy.

8.5.5 Issues of Tenant Farmers

As mentioned above, there are many tenant farmers cultivating in the command area. In Chittoor and Viziagnagaram District, percentage of sharecroppers was found to be around 20%. Most of the tenant farmers had poor accessibility to formal financial institutions, lack of legal mechanism and assurance from government towards protection of tenant farmers rights. It was noted that the tenant farmers have an additional expenditure for taking land on lease, which is ranging from INR 7,000/- to INR 20,000/- per acre. The large chunks of tenant farmers are not able to avail any loans from formal institutions. This is mainly due to prevalence of "Absentee Landlordism" as there is no legal binding between the land owner and the tenant farmer. Secondly, it was observed that land owners are availing crop loans from banks, keeping the tenant farmers out of the loop. As a result, many of

the landless, with no option left, are resorting back to private money lenders. In Viziagnagaram District, it was noted during a group discussion, that a group of tenant farmers (five in number) had Loan Eligibility Cards (LEC) with a legal mandate through the Licensed Cultivators Act (2011) and they had availed loans from formal banking institutions for two consecutive years. Later, without any reasons stated, they could not avail loans from formal banking institutions. One of the key challenges, tenant farmers across the three districts stated that bank officials asked the tenant farmers to submit "pattadar" (land title deed) passbook of the land owner, in order to avail loan or at least obtain a consent letter from the land owner. As a whole, the non-cultivator land owners are obtaining crop loans and formal institutions are lending loans to absentee land owners rather than the tenant farmers.

8.6 Food Value Chain

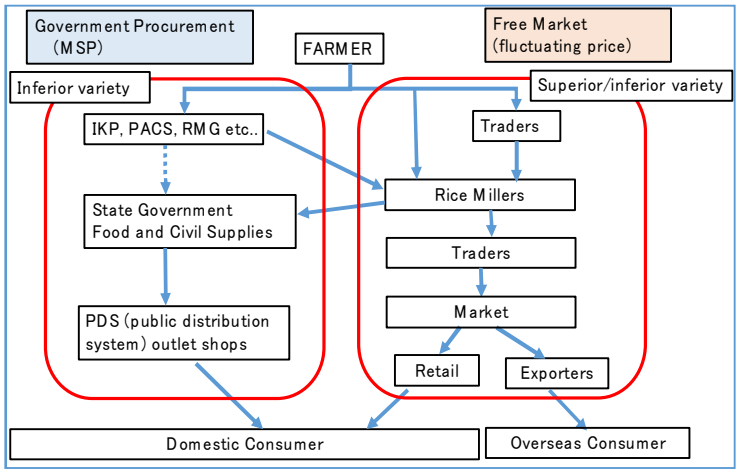
Based on the observation and findings of the first field survey described in Chapter 6, the JICA Survey Team visited three sites in the medium irrigation projects to collect detailed information on value chains of irrigated crops to identify needs for interventions. The JICA Survey Team also visited several sites where the strategic crops, which were selected based on the criteria described in Chapter 7 are intensively cultivated. The results of the detailed survey of the two selected major irrigated crops, paddy, and maize, and the strategic crops are summarised in this section.

8.6.1 Irrigated Crops

(1) Paddy

Current Status of Paddy Farmers

Paddy in Andhra Pradesh is cultivated under irrigated conditions in the command areas of tanks and canals, and under tube wells in rainfed areas. Average yield of rice in Andhra Pradesh is 3,172 kg per ha, which is much higher than the average of entire India but lower than the high yield states like Punjab and Haryana.The JICA Survey Team conducted focus group interviews with paddy farmers in the command areas of the medium irrigation in the three districts. (Summary is in Attachment 8.6.1) The situation is different in each district, but there are many similarities observed across the state. The majority of the farmers growing paddy in the survey area are small and marginal farmers and there is substantial level of landlessness. Most of the farmers in the survey area are taking loans from local money lenders to meet the input requirement for cultivation with very high interest rate. The farmers are being forced to sell their products to those money lenders cum traders at a lower price than government minimum support price (MSP). The net income of farmers is in the range of INR12,000-30,000 per ha and sometimes even runs deficit when yield is low mainly due to water shortage. The paddy famers are spending on an average of INR 25,000-35,000 per ha including pesticides, fertilisers, hiring machineries, and labour. Labour shortage is particularly serious and wage is increasing sharply during the peak period, which leads to large demand for mechanisation.



Source: JICA Survey Team

Figure 8.6.1 Overview of Paddy Value Chain

Overview of the Paddy Value Chain

Value chain of paddy in the state has roughly two channels, i.e., government procurement system and free trade channel as indicated in Figure 8.6.1. The state government (Food and Civil Supply Department) procures major food grains including paddy through procurement arrangement utilising

IKP, PACS, or RMG[6] under MSP[7], stores and distributes it through the public distribution system (PDS) with very low price in order to secure access to essential commodities for low income segment of the population. The price support policy is also directed at providing insurance to farmers against any sharp fall in farm prices. The MSP is fixed beyond which the market price cannot fall. Paddy farmers are free to sell in the open market or to the government at the MSP depending on what is more advantageous to them. However, according to the field observation, most farmers have no choice other than to sell at lower price than MSP to traders who lend the loan to them. Overall field observation revealed that profitability of paddy cultivation is low even if farmers can sell at the MSP due to low yield and high cultivation cost. Storage facilities in the village are found to be short but most farmers have no financial capability to store the products until the price is high. Therefore, providing better access to credit to farmers is necessary to reduce their dependence on the money lenders. Organising farmers' groups and arranging finances for holdings, processing, and selling paddy collectively for better price realisation is also needed.

(2) Maize

(a) Current Status of Maize Farmers

Andhra Pradeshhas the highest total production volume and yield of maize in India. The main cultivation areas are in the central districts such as Guntur and West Godavari. Most farmers cultivating maize generally grows paddy in the Karif season, and maize in the Rabi season but in some areas where seed maize cultivation is popular, maize is grown in two seasons. Due to labour shortage, cultivation cost is becoming high, and it promotes utilisation of combine harvesters at hiring basis. Profit of maize cultivation is found to be higher than paddy, but it is more susceptible to international market situation as the percentage of industrial use is higher and government procurement volume is lower than paddy.

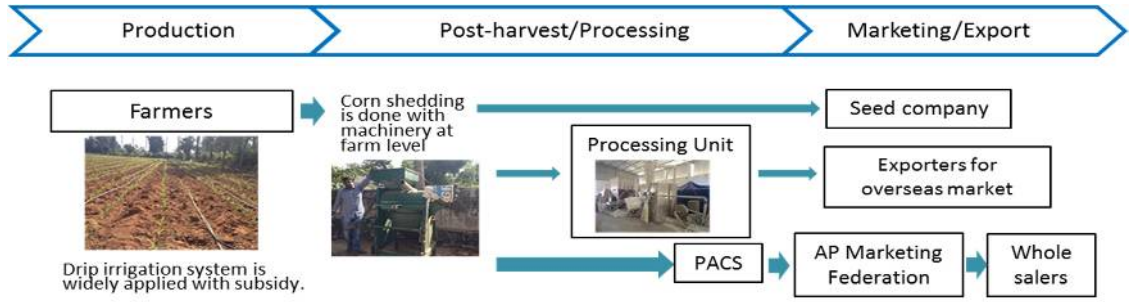
(b) Overview of the Maize Value Chain

Maize was used more for direct human consumption but recently commercial demand from animal feed and starch industry is increasing and it is leading to higher famer realisation. In most parts of Andhra Pradesh, maize is dried in the field for ten days after harvesting and shelling cob is done at farm level. It is procured through traders, directly by seed companies or processing units of feed and starch. The Andhra PradeshMarketing Federation under the Department of Agriculture procures maize at MSP through PACs aiming at price stabilisation and protection of farmers. The procured maize is sold to wholesalers through on-line auction system.

In Andhra Pradesh, there are four large-scale starch processing units, several ethanol processing units and many feed processing units. Procurement price of maize by industries is fluctuating in the range of INR 13-17 per kg. If farmers can store the products at farm level and wait for good price, farmers will be able to have better return. The major destination of Indian maize export is in Southeast Asian countries, but the price and quality of Indian starch is not competitive in the global market. New technologies and yield improvement are necessary to strengthen the industry. Under the current condition of Andhra Pradesh, increase production is more important for the farmers than improving the quality.

[6] The state government entrusted Indra Kranthi Patham (IKP) program run by SHGs, Primary Agricultural Cooperative Societies (PACS) and Rythu Mithra Groups (RMG)(farmers groups promoted by DOA) for the governmental paddy procurement. Regulations and payment modes are different for each organisation. Currently, IKP is the lead procurement organisation in Andhra Pradesh. Procurement was conducted by Food Corporation of India (FCI) at the national level to secure buffer stock, but the management was transferred to each state government in 2014.

[7] MSP of paddy and maize is changed every year based on production volume, market price, etc. Refer to Attachment 8.6.1.



Source: JICA Survey Team

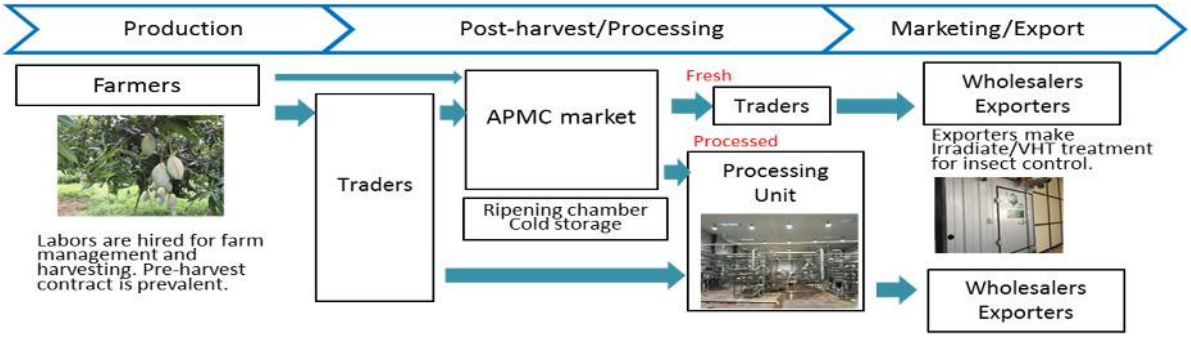
Figure 8.6.2 Value Chain of Maize in Andhra Pradesh

8.6.2 Strategic Crops

Overview and analysis of the value chain of the identified strategic crops are summarised below. The results of field observation of price structure at each stage of the value chain, stakeholder analysis, and market situation are in Attachment 8.6.2.

(1) Mango

India is the largest mango producing country and Andhra Pradesh is the second largest producer in India. Despite the high production capacity, Andhra Pradesh mango has yet tapped its marketing potential in global market. Below figure depicts an overview of the typical mango value chain in Andhra Pradesh. Various varieties are cultivated in the state including processing variety (Totapuri) and many other table purpose varieties (Banganapalli, Neeram, etc). Mango farmers in the region commonly sell their products to traders or pre-harvest contractors as many farmers take advance-payment or loan for the cultivation inputs from them. Since farmers usually face problem of labour shortage for orchard management and harvesting, pre-harvest contract is also an easy option for farmers, although the turnover the farmers can get becomes lower. Some farmers who lived near the Agriculture Produce Marketing Committes (APMC) market bring their products to the market by themselves and some farmers have direct linkage with processors or exporters. Those farmers can get higher return as there is no need to pay commission for middlemen (traders and commission agents). Fresh mangoes are delivered from the markets to various types of retailers. It is usually difficult for organised retailers to form their own supply chain for mangoes, so most of them obtain it through the traditional supply chain. Exporters make hot water or vapor heat treatment for pest control. The treated mangoes are exported by air. Despite the huge volume of mango trade transaction, there are few exporters in the state, and most of them are stationed in Mumbai and Chennai.



Source: JICA Survey Team

Figure 8.6.3 VC of Mango in Andhra Pradesh State

The current situation, challenges, and needs observed at the field survey are summarised below.

Table 8.6.1 VC Analysis of Mango

Process	Current Situation	Challenges/Needs
Production	-India is the world's largest producer of mangoes and Andhra Pradesh is	-Productivity is low and has potential for further improvement if proper cultivation practice is introduced.

Process	Current Situation	Challenges/Needs
	the second largest producer in India after Uttar Pradesh with total volume of 2,737,008 tons. -The average productivity of mango in the state is 9.0 tons per hectare; this is higher than the national average of 7.2 tons per hectare, but much lower than 16 tons per hectare in Uttar Pradesh.[8]	-Production cost is high (hiking labour and inputs cost). <Needs> -Technical intervention for Good Agriculture Practice (GAP), Integrated Pest Management (IPM)/Integrated Crop Management (ICM) and organic farming. -Support for micro irrigation and fertigation. -Support for cultivation and harvesting technique. -Promotion of intercropping.
Postharvest/ Processing	-There are 66 processing units in Chittoor. -Several major players have established relation with big buyers such as Pepsi or Coca Cola. -Companies such as Jain Irrigation and Srini Food Park established procurement network with farmers. Japanese companies buy processed mango from them.	-For fresh mango, improper postharvest handling, artificial ripening, weak linkage between farmers and exporters, and lack of aggregation is an issue. -For processed mango, weak linkage between farmers and processors, and reduced price for existing products. Need to explore higher value added products. <Needs> -Support for farmers collective marketing and linkage between farmers and processors/exporters.
Marketing/ Export	-World fresh mango imports increased by 16.7% from 2010 to 2013, 47.9% since 2003. -India' is the second largest mango exporter although its share stagnated around 15% in recent years from 20% before 2010. -World mango pulp production increased by 18.6% from 2010 to 2013, 38.8% since 2003. [9] -India' is the world biggest mango pulp producer with the share of more than 60% and it is increasing its share in recent years.	-Brand image of Indian mango is not established. -Competition with other countries such as Kenya, Thailand, and the Philippines has increased. -There is no traceability. <Needs> -Support for identifying necessary specifications for target markets and introduce standards and certificates. -Promote local packaging industry. -Development of skill and knowledge hub/incubator of mango products. -Development of branding and marketing strategy. -Development of mango promotional body.

Source: JICA Survey Team

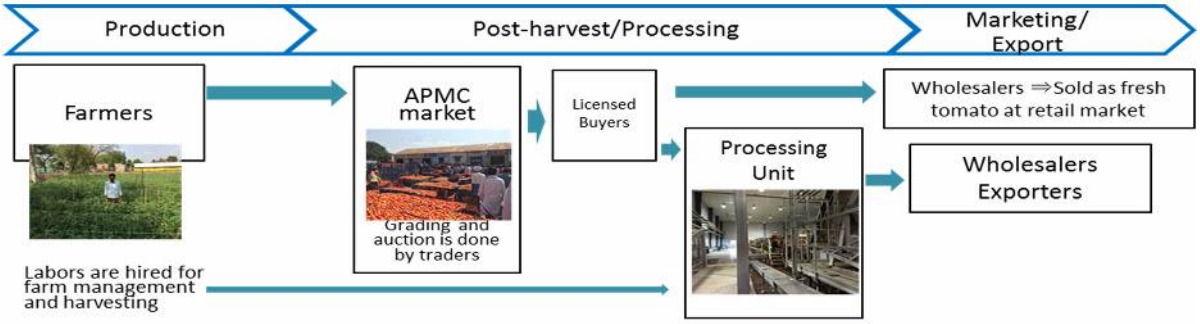
(2) Tomato

Andhra Pradesh is the largest tomato producer in India. Madanapalle Market in Chittoor deals around 100,000 tons of tomatoes annually which is one of the largest in Asia. Processing companies import tomatoes from China or the United States (US) to meet increasing domestic demand due to difficulty of stable procurement of local tomatoes. Farmers are reluctant to cultivate processing varieties as the procurement price of processing companies is lower than the market price of normal varieties.

Below figure depicts an overview of the typical tomato value chain in Andhra Pradesh. Farmers in the major tomato growing areas in Andhra Pradeshharvest tomatoes three times, i.e., Rabi (winter), summer, and Kharif (monsoon) season, a year. Farmers usually take their tomatoes to APMC markets by themselves or through traders for auction. Farmers generally do not sell their tomatoes to processing companies, as purchase prices of processing companies are lower than the market price most of time. Traders deliver most of the fresh tomatoes to large-scale wholesalers all over the country. Farmers and wholesalers often engage in grading and packing. There are several processing companies which process tomato to paste in Andhra Pradesh. They obtain fresh tomatoes from traders, as their linkage with tomato farmers is weak. Since there are difficulties for stable supply of fresh tomatoes for processing throughout the year, processing companies in the region do not process tomatoes in large scale.

[8] Indian Horticulture Database 2014
[9] FAO STAT (http://faostat3.fao.org/home/E)

Fresh tomatoes are delivered to various types of retailers. Most of them procure tomatoes through the traditional supply chain.



Source: JICA Survey Team

Figure 8.6.4 Value Chain of Tomato in Andhra Pradesh State

The current situation, challenges and needs observed in the field survey are summarised as below.

Table 8.6.2 VC analysis of tomato

Process	Current Situation	Challenges/Needs
Production	-India is the second largest tomato producer next to China and Andhra Pradesh is the largest tomato producer in India. Andhra Pradesh produces 3,354,470 tons which accounts for 18% of tomato production in India. -Average yield in Andhra Pradesh is 20 tons per hectare, which is almost the same as the national average, but only half of Uttar Pradesh which is 40.6 tons per hectare.[10] -Processing variety is rarely cultivated.	-Productivity is low due to water shortage and cost of external labour is high. <Needs> -Micro irrigation and fertigation, new cultivation technique to reduce cost. -Support to identify variety suitable for processing and demonstrate new varieties. -Introduction of farm management technique.
Postharvest/ Processing	-There are 15 processing units located in Chittoor capable of processing tomatoes. -Several big firms such as Srini Food Park and Global Green started contract farming of tomato. -There are 14 tomato auction markets in Chittoor, and Madanapalle is the largest dealing market at around 100,000 tons a year.	-Price fluctuation is high and farmers dump harvest when price is too low. -Cost of processing is high as farmers do not cultivate processing variety. - The large aseptic companies do not produce paste on large scale as there is difficulty in getting a stable supply of fresh tomato. -There is no traceability which hinders import by foreign buyers. <Needs> -Promote linkages between processors and farmers, whereby processors buy tomato at pre-determined prices and farmers comply with the promise to sell to the processor. -Training for processors for upgrading and standardising food processing operation such as contract farming, material handling, 5S, Kaizen, and food safety.
Marketing/ Export	-Tomato paste market in India has grown by 43.4% between 2010 and 2013, and 144.4% between 2003 and 2013. Although tomato paste production increased by more than 10% since 2010, it is not very stable. Consequently, India is importing tomato paste to satisfy 30% of its demand every year.	

Source: JICA Survey Team

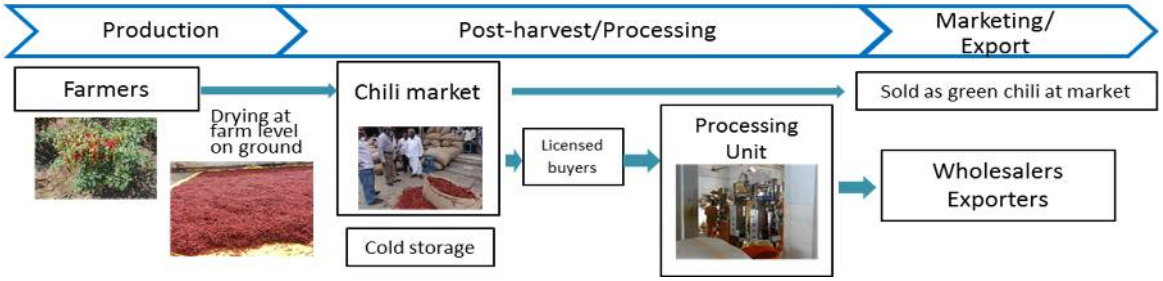
(3) Chili

Andhra Pradesh is the largest chili producer in India and it accounts for 40 percent of total chili production in the country. The Guntur chili market is known as the largest chili market in Asia.

[10] Indian Horticulture Database 2014

Guntur chili brand is famous with its pungency nationwide. The average productivity of chili in the state is 4.58 tons per ha, ten which is the highest in India, and more than double the national average of 1.93 tons per ha.

Below figure depicts an overview of the typical dry chili value chain in Andhra Pradesh. Some 10-25% of chili is sold as fresh green chili. The remaining chili is harvested after the color of the pod turns red. The harvested red chili is dried under the sun at farm level for about 10-15 days and brought to the APMC market either by the farmers themselves or local traders who procure dried chili by farmers. Once farmers bring their chili to the market, Control Atmospheres (CAs) received the product and sell it to buyers. Some processors, wholesalers, and exporters purchase dried chili directly from farmers, but the volume of the direct purchasing is limited. Indian chili has an issue of chemical residue and toxic fungus (aflatoxin) in exporting to high-end market which has strict regulations. (See Attachment 8.6.2)



Source: JICA Survey Team

Figure 8.6.5 Value Chain of Red Chili in Andhra Pradesh State

The current situation, challenges, and needs observed in the field survey are summarised as below.

Table 8.6.3 Value Chain Analysis of Chili

Process	Current Situation	Challenges/Needs
Production	-India is the world's largest chili producer and Andhra Pradesh is the largest producer of chili in India by producing 40% of chili production. -Guntur chili is famous and popular for its pungency and quality. -Productivity of chili in Andhra Pradesh is the highest in India.	-Lack of IPM/ICM causes issue of aflatoxin and chemical residue which hinders export to advanced countries. -High dependency on external labour leads to high cost of production. -The pesticide price is hiked when pest outbreak as no government price control of farm inputs. -Farm management remains at low level. <Needs> -Technical intervention for IPM/ICM. -Support for harvesting technique.
Postharvest/ Processing	-Postharvest handling (drying) is done at farm level. -Linkage between farmers and processors is limited. -Some Farmers Producer Organisations (FPOs) are formed for collective activities in support of NABARD Consultancy Services Pvt. Ltd. -There are several global companies like Tobacco Company of India (ITC) and Synthite which provide assistance to farmers and procure chilli from them.	-Improper drying methods generate toxin such as aflatoxin and chemical residues resulted torejection of Indian chili import in EU or Japan. -There is no traceability. <Needs> -Postharvest infrastructure at farm level (Proper drying facility) -Technical support for proper postharvest handling.
Marketing/ Export	-Chilli market in Guntur is the biggest in Asia with the well-established network of traders, processors, and exporter. -Dry chili and pepper export increased to 8.9% between 2010 and 2013, and 57.1% between	-Indian chili has negative reputation in certain countries due to the product being unsafe. <Needs> -Development of a platform converging all related stakeholders to promote high quality

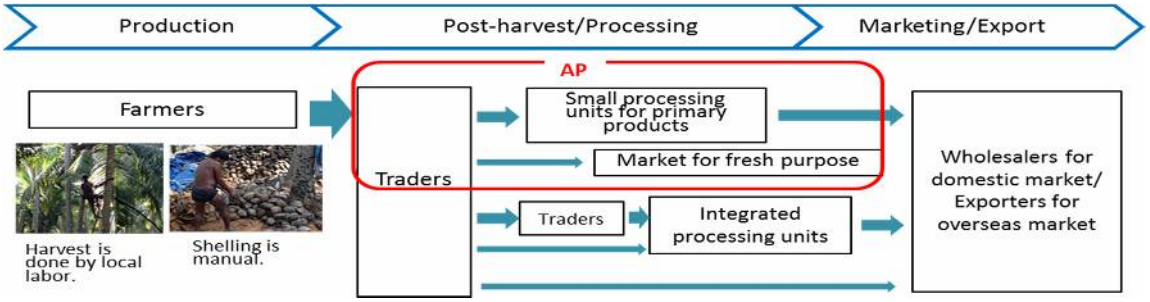
Process	Current Situation	Challenges/Needs
	2003 and 2013. India's share also grew from 23.2% in 20013 to 50% in 2013.[11] -India controls 60% of the 13,500 tons global spice oleoresins market even as China has emerged as a strong contender in paprika oleoresin, the most in-demand spice oil.[12]	Andhra Pradesh chili both at domestic and overseas market. -Proper quality test laboratory. -Branding of Andhra Pradeshchili and marketing strategy development.

Source: JICA Survey Team

(4) Coconut

The coconut crop provides ample opportunities of income generation to the state because of its multiple uses and various products. India is one of the major coconut producers in the world and Andhra Pradesh accounts for about 12% of the total production of India. Coconut is an important plantation crop of Andhra Pradesh grown along the coastal belt and adjoining districts which provides livelihood security to major segments of population in the area. Coconut related industries like coir de-fiber unit are also common in this area.

Below figure shows an overview of the typical value chain of coconut in Andhra Pradesh. As there is no integrated processing unit in the state, nuts are either traded as tender/mature nut for domestic consumption or exported to other states for processing to oil, cream, powder, etc. Although there is one APMC coconut market in Ambajibet, East Godavari District and supposed to trade at auction system, it has been defunct for long time and used merely as warehouse for traders. Traders play a big role for coconut trade in the state with its well interlinked and organised network nationwide.



Source: JICA Survey Team

Figure 8.6.6 Value Chain of Coconut in Andhra Pradesh State

The current situation, challenges, and needs observed in the field survey are summarised as below.

Table 8.6.4 VC Analysis of Coconut

Process	Current Situation	Challenges/Needs
Production	-India is the third largest producer (17%) in the world after Indonesia and the Philippines. -Andhra Pradesh's total cultivation area of coconuts is 121,9171ha with annual production of 1,828,755 tons which is the fourth highest in India. (After Tamil Nadu, Karnataka and Kerala) -Average yield of Andhra Pradesh is 10.3 tons/ha (16,100 nuts/ha) which is much higher than Indian average of 7.3 tons/ha.[13]	-Occasional outbreak of pests and diseases is observed in the region at controllable level. -Labour for harvesting is in shortage and labour cost is increasing. <Needs> -Development of nursery at the farm level. -Development and dissemination of sustainable preventive measures for pest and disease such as bio-agents.

[11] FAOSTAT
[12] Reported in the Economic Times on July 27, 2013
http://articles.economictimes.indiatimes.com/2013-07-27/news/40833605_1_paprika-oleoresin-geemon-korah-synthite-industries
[13] Coconuts Development Board

Process	Current Situation	Challenges/Needs
	-Intercrop of banana and cacao is promoted in coconut plantation. -Nuts are harvested by skilled local labour.	-Promotion of intercropping of income generation. -Mechanisation and new technology for harvesting.
Postharvest/ Processing	-Some FPOs are formed to conduct collective activities supported by the Coconut Development Board. -There is one large-scale integrated processing unit in Vizianagaram (under construction). -There are many (more than 200) small-scale processing units (coir and primary processing).	-There is no aggregate marketing practice and only one marketing channel for farmers is selling to traders. -There is not enough postharvest and processing facility in the region for value addition. <Needs> -Postharvest infrastructure at farm level (drying facility for making copra, primary processing for taking shells). -Aggregation for direct selling to processor to increase profit for farmers. -Technology for producing new value added products. -Development processing industry.
Marketing/ Export	-There is one coconut market in Ambajipet. -Volume of coconut products exported from India has increased from 5,120 tons in 2007 to 102,236 tons in 2013. -Total volume of global trade of coconuts has increased from 343,904 tons in 2000 to 837,720 tons in 2013.[14] -Rope made by coconuts coir is exported mainly to China. Other high value products such as oil are not produced in the state.	-The coconut market is not functional. -Direct marketing of the value added products are not conducted by local stakeholders as there is no processing unit of high value added products in the state. <Needs> -Market platform of coconut trade. -Support for facilitating linkage between farmers group and processors/exporters. -Market intelligence study of domestic and overseas coconut market. -Development branding and marketing strategy of Andhra Pradeshcoconut.

Source: JICA Survey Team

(5) Shrimp

(a) Current Situation

According to the press release of the Marine Product Export Development Authority (MPEDA) in 2016, shrimp aquaculture has recorded a tremendous growth (30.64%) and achieved the highest production figure of 434,558 tons in 2014-2015. Production of L. vannamei increased by 41% to 353,413 tons. Highest production was recorded in Andhra Pradesh with 279,727 tonsand 31% growth from the last year. Majority of the shrimp production in Andhra Pradesh are cultured L. vannamei. The second most shrimp producing state was Tamil Nadu with 32,785 tons.

The export of L. vannamei recorded a growth of 26.90% in quantity and 18.98% in USD terms. The United States of America (USA) is the top destination for L. vannamei with 42.77 % of total export in quantity, followed by south east Asia with 20.46%, European Union (EU) with 17.45%, Middle East with 4.55%, and Japan with 4.18 %.

(b) Issues

The USA and EU markets have very strict regulation on antibiotic residue in the product. MPEDA has developed strict laboratory and on site testing and certification process that function well.

In the case of the other high-end markets, there are a number of additional requirements although antibiotic issue is the most important requirement. Those requirements include standardised size

[14] FAOSTAT

(mixture of different sizes in a packet is not acceptable), freshness, no damage on tail. It has also been indicated that L. vannamei reared in low salinity water has inferior texture and color when cooked. (Refer to Attachment 8.6.3)

(6) Tuna

(a) Current Situation

India has abundant yellow fin tuna resources in Exclusive Economic Zone (EEZ) and target to yield 80,000 tons while the current yield is around 35,000 tons. Tuna and billfishes landing in Andhra Pradesh is about 22,000 tons of which yellow fin tuna consists of 34% (7,480 tons). Active fishing for tuna is generally done for six months (October through March) in a year.

MPEDA has been leading the development of tuna fishery for the last ten years by assisting the conversion of mechanical boats to equip longline fishery capability as well as providing technical training to fishermen to improve fish quality such as on board handling techniques. There are two mechanised boats that have been converted to longline gears in India now.

(b) Issues

During the interview of tuna processor/exporters in Kochi in Kerala State, they expressed their frustration of not getting good quality tuna. Although they purchased the best mechanised boats that were converted to longline and MPEDA trained, only 25% of the tuna were good for export.

Fishermen on the other hand, expressed their frustration for the low price of tuna even though they follow the on board handling procedures. Some longline boats do not care about cumbersome on board handling procedures as they can sell the tuna with relatively satisfactory price (INR 40/kg) in the local market.

Fresh tuna obtained the highest price athigh-end market (at times, INR 850/kg) but the price fluctuates a lot at the auction market depending on the quality of fish as well as the daily market situation. Even a high quality fish will not yield a high price if the fish has exterior damages and scratches. (Refer to Attachment 8.6.4)

8.7 Food Park and Japanese Technology

8.7.1 Investigation of Potential Food Park Site

(1) Survey Method

Food park shall be planned with consideration of the current movement of investors and necessity examined from the viewpoint of food value chain. However, there were still lots of vacancies in the existing food parks and even there was a limited interest on investment in Andhra Pradesh state by Japanese food manufacturers. Under the current condition, it is not possible to design a new food park based on the demand of Japanese investors. Therefore, JICA survey team investigated the potential sites for food park in order to assess the future possibility of development by Japanese investors.

The potential sites for food park were investigated per each geographical zone; north area (Srikakulam, Vizianagaram and Vishakhapatnam districts), central area (Godavari, West Godavari, Krishna, Guntur and Prakasam districts), and south area (Nellore, Chittoor, Kadapa, Anantapur and Kurnool districts). The list of the potential sites was prepared based on the following information provided by Andhra Pradesh Industrial Infrastructure Corporation Ltd. (APIIC) and Andhra Pradesh Food Processing Society (APFPS).

(a) Food Park

8 food parks are developed and/or planned in Andhra Pradesh state. Out of 8, Srini food park is the sole developed food park in the state, and other 7 food parks are under development and/or planning. All 8 food parks were investigated in the survey.

(b) Special Economic Zone (SEZ)

47 SEZs are developed and/or planned in Andhra Pradesh state. Out of 47, 10 are developed by APIIC and 37 are developed and/or planned by private developers or APIIC Joint Ventures. 6 SEZs were investigated in the survey.

(c) Industrial Park (IP)

Andhra Pradesh state has Industrial Parks (IPs) ranging from 15 acres to 2500 acres. IPs are basically equipped with approved layouts, internal roads, water supply and power supply. 7 IPs were investigated in the survey.

(d) Land Bank

According to the State Industrial Development Policy 2015-2020, Andhra Pradesh state has an identified land bank of 3 lakh acres and is further in the process of consolidating an additional industrial land bank of approximately 7 lakh acres to invite the investors. 7 land bank locations were investigated in the survey.

Table 8.7.1 List of Investigated Potential Sites for Food Park

Area	Name	Category
North	Chinarapalli	Land Bank under APIIC
	Peddaraopalli	Land Bank under APIIC
	Katakapalli	Land Bank under APIIC
	Kottakki	Land Bank under APIIC
	Bobbilli Mega Food Park	Food Park
	APSEZ : Rambilli	SEZ
	Grouth Center Bobbilli	Industrial Park
	IP Kantakapalli	Industrial Park
Central	Bayyaram	Land Bank under APIIC
	Vatlru	Land Bank under APIIC
	Ramasingavaram	Land Bank under APIIC
	Godavari Mega Aqua Food Park	Food Park
	Krishna Mega Food Park	Food Park
	Peddapuram Food Park	Food Park
	GMR Food & Agri Processing Park	SEZ
South	Bodduvaripalem Food Park	Food Park
	Pogurupalli Food Park	Food Park
	Srini Food Park	Food Park
	Sri City	SEZ
	IFFCO SEZ	SEZ
	Naidupet Multi Purpose SEZ	SEZ
	Krishnapatnam SEZ	SEZ
	Thamminapatnam IP	Industrial Park
	Naidupet IP	Industrial Park
	Attivaram IP	Industrial Park
	Mambattu IP II	Industrial Park
	Piler IP	Industrial Park
	Jain Ultra Mega Food Park	Food Park

Source: JICA Survey Team

The investigation was conducted by site reconnaissance, interview and questionnaire and the result is shown in Attachment 8.7.1.

8.7.2 Survey to Japanese Companies about Business Operation in India

(1) Outline of the Survey

JICA survey team conducted the questionnaire survey to Japanese agriculture and food related companies about current business operation and interests of future business development in India. Objective of the survey is to identify the issues and conditions for Japanese companies to develop the agriculture and food related business in AP state.

Target companies of the survey are the companies in agriculture and food industry, such as agriculture production, food processing, agriculture machinery, equipment and IT, logistics, distribution, wholesale and retail, food services, trading and consultant and services in allied sector.

Survey method was distribution of a questionnaire to Japanese food related companies from South Asia Department, JICA and survey period was from 1st February to 11th March, 2016. Number of replied companies was 19.

(2) Summary of Survey Result

Out of 19 companies, 13 companies answered operating in overseas countries. 7 companies have already advanced in India and 10 companies show interests in operation in India in future.

(a) Current Situation of Business Operation in India

Out of 17 companies operating and/or having interest in operation in India, 7 companies answered food processing and sales, 6 companies for sales of agriculture machine and equipment, 3 companies for agriculture productions (Question 3). Main reasons to choose India as business operation were "2. Expectation to market expansion" (14 companies, 82%) and "1. Expectation to high economic growth" (9, 53%), Japanese companies show expectation on Indian market in terms of market size and stable growth. Some companies also has expectations on "7. High potential of agricultural production" (7, 41%) and "5. Easy access to raw materials " (3, 18%) (Question 4).

However, there are problems and constraints on business in India (Question 6). Many companies indicated "2. Law and regulations (frequent reforms, complicated procedures, etc)" (13 companies, 68%) and "5. Infrastructure (insufficient transportation, cold chain, power, water supply, etc)" (11, 58%) as major problems and constraints on business in India.

(b) Direct Trade with India

Regarding business area of trading in operation/ with interests (Question 8), agriculture machinery and equipment companies show their high interest in export of their own products to India. On the other hand, only one company has interest to export of agricultural produces/ food products to India. The main reasons of trading with India were "1. High potential of agricultural production" and "3. Expectation to market expansion" (Question 9). Problems and constraints on trading with India were that "2. Law and regulations (frequent reforms, complicated procedures, etc)" (8 companies, 42%) was highest followed by "7. Profitability (high cost, etc)" (5, 26%). Some companies complains about complicated import procedures and high tariff on import of machine and equipment.

(c) Expected Public Support for Business Development in India

Regarding expected information, highest demand was "1. Information regarding investment environment and regulations" (14 companies, 74%), even though many Japanese companies still demand broad information about Indian companies, materials and its suppliers and agricultural produces of India (Question 11).

Regarding expectation of support and information from Government of Japan/ India (Question 12), highest answer was "4. Smooth clearance by local government" (11 companies, 58%) as the expected support from government of India/ Japan, followed by "3. Extension of business support in India" (10, 53%), "6. Funding support for feasibility study and pilot project to advance India" (10, 53%), and "1. Information about investment environment" (9, 47%).

The details of survey result are shown in Attachement 8.7.2.

8.7.3 Identification of Japanese Technologies and Machineries with Comparative Advantages in India

(1) APFPS Delegation to Japan

(a) Outline of the Program

Andhra Pradesh State Food Processing Society (APFPS) formulated a delegation team represented by Secretary of Food Processing to visit Japan for the invitation of MAFF, Japan. The delegation consists of the representatives from Government of Andhra Pradesh (APFPS and APIIC) and food allied companies in Andhra Pradesh state. The objectives of the delegation were to attend the meeting of Indian chapter of the Public-Private council for promoting Global Food Value Chain

organised by MAFF and to attend Foodex Japan, which is the international food and beverage exhibition in Japan.

During visit of the delegation, JICA survey team joined the program to collect the information from Japanese companies regarding their interests on business development in India in order to analyse the possibility of introduction of Japanese technologies in India.

(b) Result of the Program

The delegation visited Japan from 7th March to 12th March, 2016. During the visit, the delegation members attended the following program.

Table 8.7.2 APFPS Delegation to Japan

Date	Site	Agenda / Activities
8/March	MAFF, Tokyo	- The meeting of Indian chapter of the Public-Private council for promoting Global Food Value Chain - One on One Session among companies of Andhra Pradesh state and Japan
9 and 10/March	Makuhari, Chiba	- Site visit to FOODEX Japan 2016
11//March	Chiba City, Chiba	- Site visit to Chiba Food Industrial Complex

Source: JICA Survey Team

(c) The meeting of Indian chapter of the Public-Private council for promoting Global Food Value Chain, MAFF

The meeting of Indian chapter of the Public-Private council for promoting Global Food Value Chain was held at conference hall at MAFF on 8th March. From Indian side, total 38 persons participated on the meeting, though the registered number of participants from Japanese side was 94.

Table 8.7.3 Number of Participants at the Meeting in MAFF

	No. of Participants Registered	No. of Private Companies	No. of Government/ Public institutes
Japanese side	94	46 (65persons)	12 (29persons)
AP state's side	38	26 (32persons)	2 (6persons)

Source: JICA Survey Team based on the material from MAFF and APFPS

The agenda of the meeting includes the presentations from MAFF, JICA, JICA survey team and Andhra Pradesh state government followed by one on one session among companies of Andhra Pradesh state and Japan. On the one on one session, the participants from both countries were divided into 4 groups per industries such as fruits and vegetables, fishery, rice based products, and food park. They exchanged the idea about business opportunities and challenges on regulations and infrastructures.

(d) Foodex Japan 2016

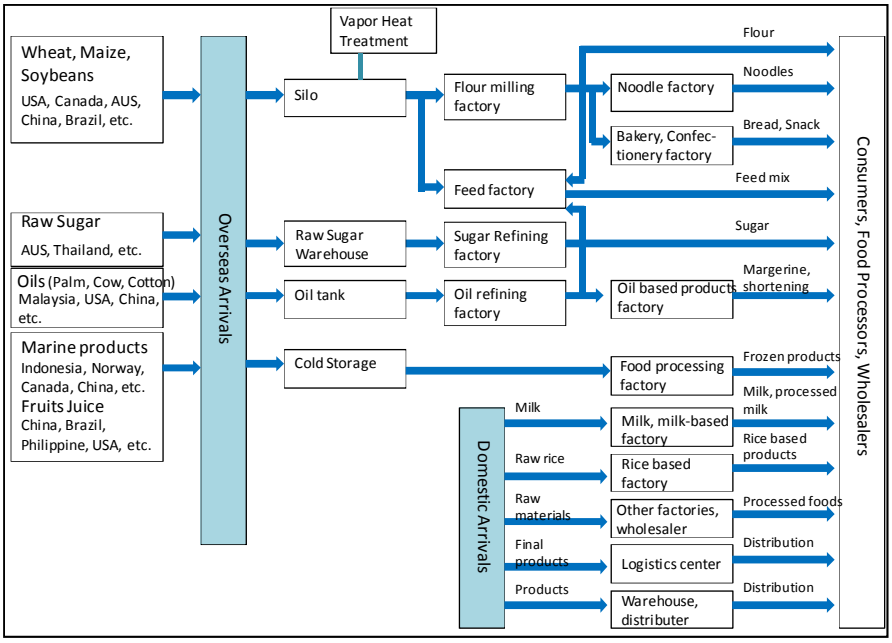
Foodex Japan is one of biggest international food and beverage exhibition in Japan and the number of exhibitors were about 3200 from 78 countries. Annexed with Foodex Japan, two exhibitions, namely asian seafood and frozen food fair and food pack and logistics, were also held at same days. Andhra Pradesh state delegation members visited Foodex Japan 2016 in Makuhari for two days 9th and 10th of March. The participants inquired the food products and machines exhibited by food manufacturers and machinery companies. The members from Andhra Pradesh state government also attended on a business matching event between Japanese and overseas companies on 10th March. The number of registered participants were 107 from Japanese and 29 from overseas countries. The members from Andhra Pradesh state introduced Andhra Pradesh state as the desirable business destination in India and exchanged business opportunities in India.

(e) Chiba Food Industrial Complex (CFIC)

CFIC located in Chiba city is the first and largest food industrial park in Japan. CFIC was constructed in 1964 in order to achieve the modernization of the food industry. Out of 610ha of reclamation land of central block of Tokyo Bay Chiba port, the land of 99ha was allotted for CFIC.

Currently, CFIC has about 30 tenant companies, such as raw material importers, manufacturer and shippers. The coastal area in CFIC has silo tanks and warehouses to unload the arrivals, such as

grain, corn, oils, raw sugar and frozen marine products from abroad. Adjacent to the silo tanks, food basic materials industries, such as flour milling, sugar and oil refinery companies are placed to produce flour, sugar, fat and oil products, etc. Behind those food basic materials industries, food processing companies are placed to manufacture the products such as bakery, confectionery, noodles, ready-to-eat foods, frozen foods. CFIC also contributes the development of the industry as well as local communities with guideline of MAFF, Chiba prefecture and Chiba city.



Source: JICA Survey Team

Figure 8.7.1 Products Flow in CFIC

CFIC is one of the model of "Food park", and the concept and structure can be a good example for the food park development in AP state. Therefore, the delegation planned a site visit to CFIC with coordination of CFIC Association on 11th March. The members visited Chiba Flour Milling Co., a CFIC company, to have a brief introduction about CFIC and see the facility and infrastructure in the factory such as jetty, silos, wheat milling machines. The members inquired about the products, applied technologies and operation system.

(2) Collaboration Fair for Andhra Pradesh State's Agricultural Products and Japanese Technology

(a) Objective

Andhra Pradesh state is one of the most desirable state in India for fruits and vegetables production. Those products will promote Andhra Pradesh state to establish high value added food value chain in AP state by developing food processing industries and improving cold chain network. However, as Japanese companies do not have much chance to know about Andhra Pradesh state's agricultural products, they do not have the privilege of considering collaboration with their own technology and agricultural products.

Hence, a collaboration fair was planned in Tokyo to create an occasion to introduce agricultural products of Andhra Pradesh state and food processing situation in order to encourage both Andhra Pradesh state's companies and Japanese companies to match agricultural products with Japanese technology.

(b) Outline

The outline of the collaboration fair is below.

- Date : 6th of June, 2016
- Venue : Embassy of India, Tokyo

- Sponsor : Embassy of India, Tokyo
- Co-Sponsors : APFPS, Agricultural and Processed Food Products Export Development Authority (APEDA)
- Partners : MAFF, Andhra Pradesh State Commission for the Public and Private Sectors, JETRO, JICA
- Invitees : Indian food processing companies (10 companies), officials from Andhra Pradesh state (5 staff)
  Japanese food processing companies, wholesalers and retailers (30 companies)
- Agenda : Welcome speech by Ambassador, Embassy of India, Tokyo
  Introduction of Food Industry and investment environment
  Introduction of Agricultural Products and Food Processing situation in Andhra Pradesh state
  Introduction of Japanese Processed Foods
  Interaction with AP companies and Japanese companies

(c) Preparation Activities

In order to organize the fair smoothly, JICA survey team requested APFPS to make necessary arrangements as follows;

Table 8.7.4 Plan of Operation for the Collaboration Fair

Activity	Apr				May				Jun	Responsible
	1w	2w	3w	4w	1w	2w	3w	4w	1w	
Nomination of person in charge of EOI		x								EOI
Confirmation of Date and time		x								EOI/APFPS
Confirmation of Venue at EOI		x								EOI
Draft of Agenda and invitation letter		x								JICA Team
Nomination of invitees and guests from Japan		x	x							JICA Team/ JICA HQ
Request of presentation to PISA			x	x						JICA HQ
Send of Invitation letter-1			x							JICA HQ/ MAFF
Nomination of participants from AP states		x	x	x						APFPS
Confirmation of exhibit items			x	x						APFPS
Sending invitation letter-2						x				JICA HQ/ MAFF
Confirmation of participants						x	x			JICA Team
Logistic arrangement for export/import						x	x	x	x	APEDA
Logistic arrangement for VISA, air ticket, hotel for participants from AP					x	x	x	x		APFPS
Pre-meeting (confirmation of agenda, venue, set-up details)								x		EOI/ JICA JICA Team
Printing of papers/documents									x	JICA Team
Set-up of venue (includes catering of foods and drinks)									x	EOI
Promotion Fair Day									x	

Note: EOI: Embassy of India, APFPS: AP Food Processing Society, APEDA: Agricultural and Processed Food Products Export Development Authority, JICA HQ: JICA Head office in Tokyo, MAFF: Ministry of Agriculture, Forestry and Fishery, Japan

Source: JICA Survey Team

Based on the discussion with APFPS, the following agricultural produces and processed foods were identified to be displayed at the collaboration fair in Tokyo.

- Fresh Fruits: Mango, Pomegranate, Guava, Papaya
- Processed Fruits: Mango, Guava, Papaya Pulp, IQF Fruits, other processed fruit products.
- Fresh Vegetables: Beans, Baby corn, Lime, Lemon, Green Chillies, Okra
- Processed Vegetables: Processed Gherkins; IQF vegetables; pickled vegetables
- Spices: Chillies, Turmeric
- Spice processed: Pure spice powders, spice mixes, oleoresins, natural colours

- Coconut products: tender coconut water, desiccated coconut, virgin coconut oil, etc.,
- Rice Bran Oil
- Groundnut: groundnut seeds, groundnut snacks and other spice coated nuts
- Coffee: Speciality Beans and Powder

(d) Result of the Collaboration Fair

JICA survey team prepared the collaboration fair, in the meantime, the Cyclone Roanu originated in south of Sri Lanka caused severe damages to the crops in Andhra Pradesh state and several companies were forced to cancel the travel to Japan. Considering this situation, Government of Andhra Pradesh instructed Secretary of Food Processing, who was the representative of the state for the fair, not to travel abroad in this period. In view of the above stated problems, it was decided to postpone the fair.

8.8 Environmental and Social Considerations

8.8.1 General View

Based on the proposed activities, the situations of the environmental and social considerations were confirmed through interview with government officials and field reconnaissance during the second survey period on February 3-April 2, 2016. Related to the proposed project, legal requirements for the environmental study and also overview of the legislations regarding resettlement and land acquisition were analysed byreviewing relevant legislations and interviewing governmental officials ofimplementation bodies. The results were compiled in the report.

JICA funded projects should follow the JICA Guideline for Environmental and Social Considerations. At the data collection survey stage, the preliminary information for serving the project categorisation was confirmed through interview with implementation agency and also field reconnaissance.

The relevant secondary information was collected by a consulting authority. Environmental study here intended to find information relevant to project categorisation/screening at data collection survey. Major activities are the following:

(1) Review and Analysis of Legislation Related to Environmental and Social Considerations

Related to the proposed project components, confirmed the situation of environmental study on the currently proposed projects and applicable legislations are confirmed for items, which have the potential impact, irrigation projects and food park development. Also, consulting with the environmental authority, State Pollution Control Board, relevant legislations and general situation of the environment in the state were confirmed. The land related legislations and their processes were confirmed withthe authority, commissioner for resettlement, and land acquisition for water resources.

(2) Collecting and Reviewing Secondary Information Related to Project

Relevant information in the state such as natural environment, social environment, and pollution control are collected from the authorities of the state. The collected informationwere compiled in Chapter 12.

(3) Field Reconnaissance and Interview in the Project Sites Selected as Sample Survey Projects

To grasp the current situation of the environment of the proposed projects, field reconnaissance to the selected sample irrigation projects and interview with responsible engineer for the project were conducted.

i.) Site observation in Vizianagaram
- Medium Irrigation: Vottigedda Medium Irrigation Scheme
- Minor Tank: 1. Dora Tank (J.M.Valasa Mandal, Kudama Village)
  2. Chinni Tank (J.M.Valasa Mandal, Chinamerangi Village)

ii.) Site observation in W-Godavari

- Medium Irrigation: Tammileru Medium Irrigation Scheme
- Minor Tank: 1. Pedda Tank (Pedavegi Mandal, Koppaka Village)
  2. Vemanakunta Tank (Lingapalem Mandal, Narasannapalem Village)

iii.) Site observation in Chittoor

- Medium Irrigation: Krishnapuram Medium Irrigation Scheme
- Minor Tank: 1. Katherapalle Tank (Karvetinagaram Mandal, Katherapalle Village)
  2. Chokkamadugu Tank (Karvetinagaram Mandal, Chokkamadugu Village)
- Field reconnaissance and interview in the project sites which are covered by the protected area
- Siva-Basham Medium Irrigation Scheme in Kurnool District

iv) Interview with theenvironmental authority in the districtsofsample survey projects

- Seshachalam Hills Biosphere Reserve in Chittoor District
- Kolleru Lake Wildlife Sanctuary

8.8.2 Results of the Survey

Due to time constraints, aquick site observation was made though field reconnaissance as mentioned above and the results are summarised below.

(1) Regarding Irrigation Scheme

Table 8.8.1 Observation of the Sample Projects in Chittoor District

Location	Description
Krishnapuram Medium Irrigation Scheme	- The scheme is one medium irrigation reservoir and 16 system tanks in the command area. - Although the main reservoir dam (H=21m, L=488m) in the scheme remained in good condition without damage, some parts of the facility have been aging. The new project includes reparation of the downstream apron, extension of the guide wall,and reconstruction of main canals. There is no major works related to the dam. - General condition, the dam and irrigation canals were constructed about 35 years ago. Water in the medium dam is connected to the 16 system tanks in the downstream. - For management, the surrounding area in the catchment area upper part of the water line is protected. Any activities are not permitted in the area of 100m in slope distance from the full water level (based on technical sanction at the design stage). Also, in case of the minor tanks, the area is reduced up to 10m from FWL in minor tank area equal/less than 10 ha of the catchment area and 30 m from FWL in minor tank area over 10 ha.
Katherapalle Minor Tank (Karvetinagaram Mandal, Katherapalle Village)	- The tank is one of the system tanks for the Krishnapram Medium Irrigation Scheme. The new project involves replacement of off take sluice, supply via slope protection of the bund and social forestry at the catchment protection area (buffer zone). - The tank is located adjacent to the village. Dam bund has been utilised as a village road connecting between communities in Katherapalle Village. Currently, the road requires some improvement and some facilities for irrigation should be improvement accordingly.
Chokkamadugu Minor Tank (Karvetinagaram Mandal, Chokkamadugu Village)	- The tank is located at the end of the medium irrigation project of the 16 minor system tanks in the area. Because of water shortage in the reservoir, water supply to the tank has not been stable. Some parts of the earthen irrigation canal were damaged by farming activities. Also, parts of the tank were used for cultivation by farmers. The length of the damaged canal accounted for 60% of the total length.

Source: JICA Study Team

Table 8.8.2 Observation of the Sample Projects in West Godavari District

Location	Description
Tamileru Medium Reservoir	- The reservoir dam is located on the Tamileru River which borders between West Godavari and Krishna. The reservoir hastwo reservoirs:one main reservoir on the Tamileru River and another reservoir in Krishna District and connecting canal has a length of approximately 2.5km. There are three main canals from the reservoir and those are right canal L=6.5km, Mankol canal L=3.38km, and left canal L=11.9km. Major activities for the scheme are:sluices, regulator, under terminal, spill passage, siphon, and desilting of canals drainage for the reservoir bund. - The reservoir does not have buffer area from the water catchment and some farmlands are located very close to the water body. As a problem, some farmers are connecting their water tanks to the reservoir to fetch water for their own use in the dry season,however, this practice

Location	Description
	is not officially allowed. - The reservoir has been used by fishery association for fishing purpose. Although water storage in this year (2015-2016) is very low under dead water level they still can use the reservoir throughout the year.
Vemana Kunta Tank(Lingapalem Mandal, Narasannapalem Village)	- The tank located closely to the Tamileru Medium Reservoir area but this is a individual tank and not connected to the reservoir. However, this connected to the several tanks in the area as one of chaining tanks. In general, even the tank is fully filled, water last only fro three months and it is difficult to contribute to two crops. A part of the area of the tank is being used for cultivation seasonally when the surface water is end. As major construction works, surplus weir x2 ,sluices x 3, guide wall for feeder canal are proposed. A part of the tank was already conducted desilting under the "Neeru Chettu(Water and Tree)" program.
Pedda Tank(Pedavegi Mandal, Koppaka Village)	- The tank is an individual tank at west side of the Tamileru River. Currently just adjacent to the tank, Polavoran Right Canal is under construction. Similar to the Vemana Kunta Tank, in general, the water last only threemonths and it is not enough for two crops even it is fully filled. Majority area of the tank is being used for cultivation seasonally when the surface water is end. Also, the tank is used for water storage tank pumping from outside of the tank. Reconstruction of sluice x2, resectioning and reconstruction of the feeder Canal, Improvement of the bund to gravel top for transport, are proposed as major construction works.

Source: JICA Study Team

Table 8.8.3 Observation of the Project in the Protected Area in Kurnool District

Location	Description
Siva Bhashyam Sagar Medium Irrigation Scheme (Kurnool, Department of Water Resources)	- Siva Basham Medium Irrigation Scheme partly fell into the area of the Nagarjunna Sagar Srisailam Wild Sanctuary (Tiger Reserve). Current situation and contents of the proposed project were confirmed though interview with responsible engineer and site visit in Kurnool District. - The proposed project may contain some maintenance works for the facilities. Those are road improvement(part of the current 4km maintenance road), additional field office(approx.5mx5m in 2F) on top of the dam body serving as store shed on the ground floor, solar system illumination, 0.7km of canal lining and standby generator installation.
Assistant Chief Conservator Forest, Atmakur Camp Office, Forest Department, Kurnool District	- The project can be permitted if applied. The impact of the work is very limited, however, adequate permission should be taken from the Forest Department. As long as it does not require additional land in the sanctuary area and also works are only limited to rehabilitation/maintenance of the existing facilities, it is not difficult to obtain permission and it might be not complicated. The details should be discussed with the Divisional Forest Office in Kurnool. - As the current situation of the sanctuary, the census of tiger population is planned to take this year (2016). Based on the previous census, the number of tigers was 62 in total including Telangana State area and it can be estimated approximately 31 tigers in Andhra Pradesh area. Besides tiger, Samber, Nirgil Spot dear and wildboar are found in the sanctuary. But near the dam area, crocodiles can be seen in the reservoir due to water availability and other may be difficult to find especially in the rainy season.

Source: JICA Study Team

(2) Regarding Economic Zones Related to Food Park Development

Table 8.8.4 Observation of the Existing Economic Zones Related to Food Park Development

Location	Description
Kisan SEZ, IFFCO, Nellore	- Visiting Kisan SEZ, IFFCO located in the northern part of Nellore City, current situation of the ongoing projects of SEZ was observed. (Approximate location: 14°37'33.42"N, 79°58'48.48"E) - There are three areas in the SEZ and those are No.1 approx. 900 acres, No.2 800acres and No.3 93 acres. No major operation has been done. Coca-Cola and GAMESA, respectively, has approximately 150 acres each, which are under construction to be operated in 2016. The SEZ is well connected to transportation such as highway, railway, and ports. The fundamental infrastructures provided by SEZ are electricity, water, and general sewage system. - The area previously belonged to the government. The land is a barren land before. No land acquisition from private owner is required/made. Partly adjacent to the forest land, and those are not involved in the project area due to governmental restriction. Also, some grazing activities are allowed to the villagers in the area. The companies obtained the right for 33 years lease hold and later can be extended. - Environmental clearance was obtained for the entire area by IFFCO; and for the companies consent for establishment (CFO) and consent for operation (CFO) are required. This process isgenerally conducted in the District Pollution Control Board, i.e; Nellore Pollution Control Board.

Location	Description
Krishnapatnam Port (KPCT) and Menakuru SEZ, Nellore	- Visiting APIIC, Krishnapatnam Port (KPCT), Krishna Industrial Park organised by APIIC located in the east of Nellore City (coast), current situation of ongoing projects of SEZ was observed. - General View for Food Processing - There are some potentials in the area related to food processing. These are: 1) shrimp, 2) pulses, 3) spices, and 4) cashew (groundnut, onion) - In case of shrimp, although certain amount of the products can be expected in the area, due to shortage of cold facilities, producers should wait for vacant containers for shipping. If the cold facilities will be available, the amount of the product may increase (500 containers/month currently and it may increase to 1,000 containers/month as twice). With those activities, the employment opportunities may increase in the area. - About pulses, the amounts for import and also export are very high. This can be established in some processing facilities aiming for domestic consumption shipping from the port. - Spices are major products from India. Especially, chili is one of the best products in the region. - Cashew comes from Kerala and other regions to the port and it may increase the amount for export. - Besides those food processing facilities, food safety facilities may require intargeting export such as quarantine and other laboratories. - About the industrial park (Menakuru SEZ): Approximate location(13°53'43.20"N, 79°49'19.38"E) - The land belongs to the government. EIA process for the existing area was already processed and the new area is under process. In case of the industrial area(industrial estate), the environmental clearance is processed in the central level(MoEF). In case of this park, the environmental study was taken for threemonths because the area has been already developed as existing (only for expansion). Anenvironmental study may take if it is anew project. As long as anenvironmental clearance is issued for the whole industrial area, the companies will not be required to conduct environmental study individually.
Sri City(Industrial Park) Nellore and Chittoor, Andhra Pradesh	- Visiting Sri City located in the south of Nellore District and east of Chittoor District, the current situation of the ongoing project of industrial park was observed. - Approximately 4,000ha of the land area (first phase 7,500acre, second phase 2,000ha) - The industrial park accommodates multiple production companies targeting domestic and international markets and it is divided by: 1) Special Economic Zone (SEZ), 2)Free Trade andWarehouse Zone, 3)Domestic Manufacture Zone, and 4)Electric Manufacture Zone. Sixteen Japanese companies are already located and majority of them are automotive industries. Besides electricity, water and sewerage plants as common facilities for the industry, residence, schools, leisure, and recreation facilities are under development. The city is planned to accommodate “environmental friendly industries” which are expected to create less impact to the environment. - Some questions and answers are the following: - About the Land - Around 30-40 % of the land belonged to the government and the other 60-70% of the area had been acquired from private owners (mainly those lands are used as farm land). - The land will be used for lease by companies for 99 years. - About Environmental Work - Meeting with the governmental policy, solar power generation has been applied. - Solid waste management is conducted by outsourcing company “Ramkey Environment”, one of the governmental approved agencies. - About Tax - Although the park is located closely to Karnataka State as it main access from abroad, the state border tax (interstate tax) is still applicable. However, it may be improved if the central government will apply goods and service tax (GST) in the future.

Source: JICA Study Team

(3) Regarding Environmental Authority

Table 8.8.5 Opinion of Experts in the Field Related to Environmental Conservation

Location	Description
Chief Conservation Forest(CCF), Tirupati, Chittoor District, AP	- There is a biosphere reserve in the United Nations Educational, Scientific and Cultural Organisation (UNESCO) (covering the area of Venkateswara Wildlife Sanctuary) in Tirupati in Chittoor District. According to the CCF, there is no majorproblems related to the current irrigation activities and it may give less impact compared with mining and others. - About the biosphere reserve, currently, the conservation of genetic resources isfocused and bio lab was established in the area. Biosphere reserve, Seshachalam Hills was designated in 2010, by UNESCO (4755.997ha). The area is covered by transition zone, buffer zone, and core zone. The total area for the biosphere reserved spreads to two districts i.e., Chittoor and Kadapa.There are some endemic species such as Cycas species and Red Sander tree species.

Location	Description
Wildlife Management Division Eluru , Divisional Forest Office, West Godavari	- In West Godavari District, Kolleru Lake Wildlife Sanctuary, the biggest natural fresh water lake in India, the only one Ramsar site in India, confirmed the current situation to the management authority. No particular impact will be concerned about irrigation if it is only for rehabilitation. - About Kolleru Lake, the area is the one of the Ramsar sites in India and only site in Andhra Pradesh State. The area approximately 900km^2 was originally bounded the area of 10 ft AMSL. At the time of 1954, about 3,000 nesting spot bill pelicans were observed. Major significance in the sanctuary was the bird and it was firstly notified as the bird sanctuary. However, no physical demarcation on the ground. There are people's residences and some areas are still owned by the public.The area was once almost totally encroached for fishpond use. At that time, the endangered specie, spotted pelican was also fully displaced without any nesting ground. In 2006, the authority tried to demolish the fishpond in the area, and artificially made a mound for nesting. Then the bird population has increased to approximately 8,000 birds currently.
Assistant Chief Conservator Forest, Atmakur Camp Office, Forest Department, Kurnool District	Please refer table above-

Source: JICA Study Team