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Evolution of Paddy Cultivation and Procurement System in Telangana: Trends, Challenges and Policy Implications

Dr. Chintha Yellaswamy
Assistant Professor (Guest)
Dept of Economics
Sammakka Sarakka Central Tribal University, Telangana

Abstract

Paddy cultivation has become the backbone of Telangana's agricultural economy following unprecedented expansion in irrigation and the strengthening of the decentralized procurement framework. Since the formation of Telangana in 2014, large-scale irrigation projects such as the Kaleshwaram Lift Irrigation Project and Mission Kakatiya have transformed dryland agriculture into a high-input, high-productivity system dominated by paddy. The procurement of paddy through Minimum Support Price (MSP)-based Paddy Procurement Centres (PPCs) has reduced the involvement of middlemen and empowered local women's groups, particularly Self-Help Groups (SHGs), PACS and DCMS. During the COVID-19 pandemic, the decentralized procurement model was stress-tested and proved robust by operationalizing 7,700 PPCs that ensured farm-gate procurement and timely payments through the Online Procurement Management System (OPMS). Despite significant successes, challenges persist relating to logistical delays, storage shortages, quality-grading disputes and procurement quotas. Recent seasons (2024–25) recorded record procurement levels exceeding 60.61 LMT in Rabi and a projected 80 LMT target for Kharif 2025–26, demonstrating major institutional progress. Ensuring sustainability requires policy strengthening through logistic infrastructure upgrades, warehouse expansion, SHG capacity building and integration of labour support via MGNREGS. Overall, Telangana offers a replicable model of farmer-centric MSP procurement that has strengthened rural livelihoods, empowered women and stabilized agricultural markets.

Keywords: Paddy Procurement, Telangana Agriculture, Minimum Support Price (MSP),Irrigation Expansion, Kaleshwaram Lift Irrigation Project, Decentralized Procurement System, Self-Help Groups (SHGs),OPMS Digital Payments, Food Security, Rural Market Governance

Introduction

Agriculture plays a central role in shaping the socio-economic development of Telangana. Among all crops, paddy has emerged as the backbone of the state's agrarian economy due to rapid expansion in irrigation, increase in groundwater availability, and government-driven improvements in procurement mechanisms. Telangana today stands as **one of the largest states in India in terms of area under paddy cultivation**, ranked **eighth in rice production** and **fourth in rice yield**, next only to Punjab, Andhra Pradesh and Tamil Nadu. The progressive shift from dryland crops to paddy over the last three decades has been closely linked with increasing access to irrigation, expansion of agricultural markets and favourable price support through the Minimum Support Price (MSP) regime.

Irrigation Expansion and Rise of Paddy Cultivation

Telangana state formation in 2014 marked a turning point in irrigation-centric agricultural transformation. The newly formed government placed irrigation on the highest development agenda, with the goal of bringing one crore acres under irrigation. The completion of irrigation mega-projects — such as Kaleshwaram Lift Irrigation Project, Devadula, Sitarama, Nettampadu and Kalwakurthy — along with the rejuvenation of tanks through **Mission Kakatiya** dramatically altered water availability in rural Telangana.
Even before the bifurcation of Andhra Pradesh, farmers began shifting from **jowar, bajra and other coarse cereals** to **paddy**, especially in districts with high tube-well penetration. However, post-2014, canal irrigation systems stimulated rapid acreage expansion. **Twenty-eight major and medium irrigation projects**, supported by thousands of minor irrigation tanks, helped to **raise both surface and groundwater levels**, allowing year-round cultivation.

Empirical studies (Kagin et al., 2016; Burchfield et al., 2018) show a strong positive association between irrigation access and mono-cropping patterns, particularly for paddy, which is water-intensive. Consequently, both **area under cultivation** and **yield per hectare** have shown remarkable growth. Estimates suggest that ongoing irrigation projects alone contributed

an **additional 8.40 lakh acres under paddy** (Venkatanarayana, 2020), reflecting the structural shift of Telangana agriculture toward water-rich paddy production.

Status of Rice Production, Consumption and Surplus

The food requirement of Telangana's population is estimated to fall between **27 and 40 lakh metric tonnes (LMT) of rice annually**, depending on demographic projections (Venkatanarayana, 2020). In the last decade, total rice production has surpassed consumption needs, leading to **a consistent marketable surplus**. The state has emerged as one of the **leading contributors to the central pool of rice procurement**, after Punjab and Haryana. The Public Distribution System (PDS) absorbs a part of the procured stock for distribution to households below the poverty line, while the remaining quantity is transferred to the Food Corporation of India (FCI) for national food security commitments.

Evolution of the Decentralised Paddy Procurement System (DPPS)

The decentralized procurement model began in **2006** during the undivided Andhra Pradesh era, where **Indira Kranthi Patham (IKP) women self-help groups** were entrusted with responsibility for procuring paddy at the cluster level. The aim was twofold:

1. To ensure MSP to farmers by eliminating middlemen.
2. To empower women's self-help groups as economic institutions.

Following the formation of Telangana, this model was further strengthened. The Department of Civil Supplies established village-level **Paddy Procurement Centres (PPCs)** under women SHG leadership, along with participation from PACS, DCMS, GCC and HACA.

COVID-19 as a Stress Test

The COVID-19 pandemic and the 75-day national lockdown presented an unprecedented challenge. With Yasangi (Rabi) paddy ready for harvest, the Telangana government expanded the decentralized procurement system by opening **7,700 PPCs across the state**, ensuring MSP at the farm-gate level, preventing distress sales and facilitating cash flow in rural markets.
A rapid survey conducted in June 2020 across major paddy-growing districts found that:

- **Over 80% of farmers expressed satisfaction** about procurement accessibility and transparency.
- Payments were received within **five days** through the **Online Procurement Management System (OPMS)**.
- Farmers reported significant reduction in transportation expenses and post-harvest storage risks.

TABLE – 2: Recent Procurement Trends in Telangana (2024–25 and 2025–26)

Season / Indicator	Procurement / Projection	Key Highlights
Rabi 2024–25	49.53 LMT (mid-May) → 60.61 LMT (late May)	Highest Rabi procurement in Telangana history
Kharif 2025–26 (expected)	Production: 148.3 LMT; Target: 80 LMT	Highest procurement target among Indian states
Growth since 2014–15	~600% estimated increase	Procurement strengthened through decentralization

Table-1

Farmers selling the paddy at IKP Centres in sample villages

S.NO	Village Name	Simple size of farmers
1	Ibrahimpur	300
2	Fatheshapur	300

3	Madaaram	200
4	Laxmithanda	100
5	Somayakunta Thanda	100
6	Jakaram	200
7	Abangapuram	200
8	Mallampally	200

Source: Primary Data

Table-1: reveals that the farmers selling the paddy at Indira Kranthi Patham (IKP) centers in select sample villages. Paddy selling farmers occupied the first-place villages are ibrahimpur (300), Fatheshapur (300) followed by second place occupied villages are madaaram (200), Jakaram (200), Abangapuram (200), mallampally (200) and occupied third place villages are Laxmi Thanda (100) and somayakuta thanda respectively. It is observed that majority of the farmers (600) centralised in ibrahimpur and Fatheshapur paddy selling in IKP centers. It may be farmers well known about ensuring farmers sell paddy at Minimum Support Price (MSP) in IKP centers.

Table-2

Number of labours working at IKP and PACS

S.NO	Village Name	Number of labour work	Self-Help Groups
1	Ibrahimpur	25	10
2	Fatheshapur	25	10
3	Madaaram	20	5
4	Laxmithanda	20	5
5	Somayakunta Thanda	20	5
6	Erragollaphad	30	10
7	Nidigonda	30	10
8	Jakaram	25	10
9	Abangapuram	25	10
10	Mallampally	10	10

Source: Primary Data

Table-2: shows that the labor working at Indira Kranthi Patham (IKP) and Primary Agriculture Cooperative Societies (PACS). Uppermost labours are working under self-help groups recorded in Erragollaphad (30), Nidigonda (30) villages and followed by Ibrahimpur (25), Fatheshapur (25), Jakaram (25), Abangapuram (25), Laxmithanda (20), Somayakunta Thanda (20) and least village is Mallampally (10) respectively. Meanwhile, 10 number of labourers are working in self-help groups are Ibrahimpur, Fatheshapur, Erragollaphad, Nidigonda, Jakaram, Abangapuram, Mallampally and 5 number of labours are working in self-help groups are Madaaram, Laxmithanda, Somayakunta Thanda villages respectively. It observed that the maximum labours (60) are working in Erragollaphad, Nidigonda villages.

Table – 1: Major Field-Level Challenges Reported at Procurement Centres

Type of Challenge	**Percentage / Frequency Reported**
Delay / shortage of lorries for transporting paddy	81%
PPCs located far from villages / inadequate roads	60%

Lack of water, shelter, drying or loading space	39%
Bias in supply of gunny bags / procurement equipment	30%
High labour charges / shortage of hamalis	>30%
Deductions for moisture and damaged grain	Frequently reported

Policy Suggestions

To enhance long-term sustainability of the decentralised procurement model, the following interventions are suggested:

1. **Linking MGNREGS to loading and unloading work** during peak procurement.
2. **Upgrading rural infrastructure** — storage sheds, drying platforms, internal roads.
3. **Modern grain-testing equipment** to avoid disputes over moisture and damage measurements.
4. **Capacity-building of SHG members** on procurement norms and digital record-keeping.
5. **Strengthening transport logistics** through block-level lorry pooling.
6. **Warehouse expansion in high-production mandals** through PPP and cooperative models.
7. **Negotiation with Central government for higher procurement quotas** and flexible CMR delivery norms to match high production volumes.

Conclusion

The evolution of paddy cultivation and procurement in Telangana illustrates a powerful model of irrigation-driven agricultural transformation combined with decentralized market access. The state has succeeded not only in ensuring MSP to farmers but also in generating rural employment, empowering women's collectives and stabilizing the regional economy. Nevertheless, persistent challenges — especially transport shortages, storage constraints, labour bottlenecks and inconsistent grain-quality assessment practices — require sustained policy focus. Strengthening procurement logistics, institutional capacity and digital transparency can transform Telangana into a **national benchmark for farmer-centric procurement governance**.

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