

**Class XI ECONOMICS**

**CHAPTER - 6**

**RURAL DEVELOPMENT**

**IMPORTANT QUESTIONS**

**MULTIPLE CHOICE AND VERT SHORT ANSWER QUESTIONS (1 Mark)**

**Question 1**

**Micro credit programme means?**

- a) Credit provision made by small farmers**
- b) Credit provisions made by self-help group to its members**
- c) Credit provision made by large farmers**
- d) None**

Answer

(b) Credit provisions made by self-help group to its members.

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**Question 2**

**What do you mean by rural development?**

Answer

Rural development is an action plan for the economic and social upliftment of rural areas.

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**Question 3**

**Noninstitutional sources of agricultural credit are**

- a) Commercial banks**
- b) NABARD**
- c) Regional banks**
- d) Traders**

Answer

(d) Traders are the sources.

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**Question 4**

**Full form of NABARD is**

- a) National Bank for Agriculture and Rural Development**
- b) Native Bank for Agriculture and Rural Development**
- c) Native Bank for Agriculture and Real Development**



**d) National Bank for Agriculture and Real Development**

Answer

(a) NABARD is National Bank for Agriculture and Rural Development

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**Question 5**

**Which of the following is false regarding SHG's**

- a) Small and informal association of poor persons
- b) Provide rural credit by mobilising their own resources
- c) Introduced in 1982
- d) Improve rural poor access to formal credit system

Answer

(b) Introduced in 1982.

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**Question 6**

**Why rural population need short term loans**

- a) For buying cattle
- b) For buying tractors
- c) For meeting consumption expenditure
- d) For paying old debt

Answer

(a) For meeting consumption expenditure

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**Question 7**

**Write two instruments to safeguard the interests of farmers by the government.**

Answer

The two instruments are fixation of minimum support price (MSP) and Buffer Stock.

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**Question 8**

**Following are the major producers of marine products except**

- a) Gujarat
- b) Punjab
- c) Maharashtra
- d) Kerala

Answer



(b) Punjab is not the producer of marine products

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#### Question 9

Long term loans required for rural population because

- a) For buying fertilizers
- b) For buying agricultural machinery
- c) To buy seeds
- d) For making minor improvements on land

Answer

(b) For buying agricultural machinery

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#### Question 10

Fish production from inland sources contributes about \_\_\_\_ percent to the total fish production and the balance \_\_\_\_ percent from main sector.

- a) 49,51
- b) 75,25
- c) 25,75
- d) 51,49

Answer

(a) 49,51 is the percentage

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#### Question 11

What do you mean by micro credit programmer?

Answer

Credit provisions made by self-help groups (SHG) to its different members is known as micro credit programme and the person who skills in it is called micro credit programmer.

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#### Question 12

What do you mean by agricultural marketing?

Answer

Agricultural marketing is a process of marketing in which farm produce are distributed through wholesalers and stockiest so that it can reach to ultimate consumers.

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### **SHORT ANSWER QUESTIONS (3 OR 4 MARKS)**

#### **Question 13**

**What is TANWA?**

**Or**

**Define the term TANWA. Where is it used?**

Answer

TANWA is Tamil Nadu Women in Agriculture. It is a project initiated in Tamil Nadu to train women in latest agricultural techniques. It induces women to actively participate in raising agricultural productivity and family income. With the accumulated savings, they promote small-scale household activities like mushroom cultivation, soap manufacture, doll making or other income generating activities.

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#### **Question 14**

**What is horticulture? How does it work?**

Answer

Horticulture is a part of crop agriculture that includes agronomy and forestry. By tradition, horticulture deals with garden crops such as fruits, nuts, vegetables, culinary herbs and spices, beverage crops, as well as ornamental plants. Horticulturist conduct research in gardening and landscaping, plant propagation, crop production, plant breeding, genetic engineering, plant biochemistry, and plant physiology.

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#### **Question 15**

**What is adoption of village by Parliamentarians?**

Answer

It is also known as Sansad Adarsh Gram Yojana (SAGY). It is a rural development programme broadly focusing upon the development in the villages which includes social and cultural development. The programme was launched by the Prime Minister of India, Narendra Modi. Under this scheme, each Member of Parliament needs to choose one village each from the constituency that they represent, except their own village or their in-laws village and fix parameters and make it a model village by 2019.

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#### **Question 16**

**What is sustainable development?**

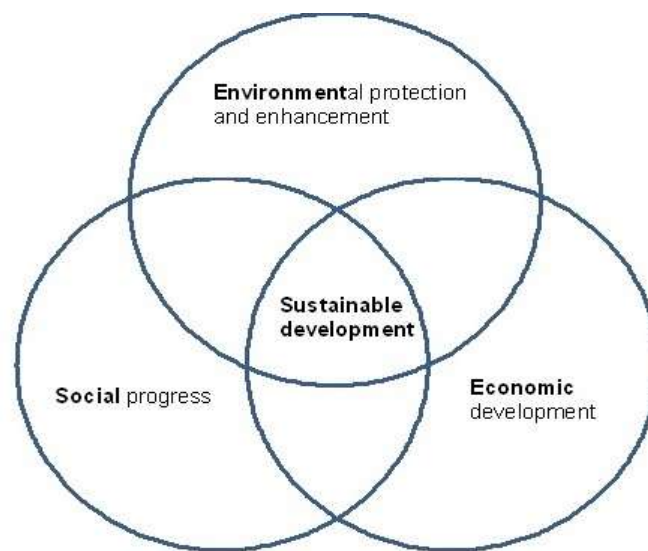
Answer

Sustainable development is the organizing principle for meeting human development goals while at



the same time sustaining the ability of natural systems to provide the natural resources and ecosystem services upon which the economy and society depend. Sustainable development can be classified as development that meet the needs of the present without compromising the ability of future generations.

Sustainable development is often illustrated by a simple diagram showing three overlapping circles representing social, economic and environmental progress, implying the need for balancing and managing the trade-offs between them.



Sustainable development impacts cross-political boundaries, requiring collaboration. Harnessing wind energy to provide power for homes, offices, and other buildings or to pump water is one of the best examples of sustainable development. After all, wind is a free resource.

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### Question 17

**Which state has an efficient implementation of milk cooperatives? Explain with example.**

Answer

Gujarat is the Indian state which has an efficient implementation of milk cooperatives. Amul, the brand owned by Gujarat Cooperative Milk Marketing Federation, is Asia's largest dairy brand. Milk is processed and marketed by 170 Milk Producers' Co-operative Unions and 15 State Cooperative Milk Marketing Federations. Over the years, brands created by cooperatives have become synonymous with quality and value. Other brands include Vijaya (AP), Verka (Punjab), Saras (Rajasthan), Nandini (Karnataka). Today, India accounts for 17 per cent of the global milk output. India's 70 million dairy farmers have a lot to look forward to, with the demand in the country projected to touch 203 billion litres a day in 10 years, a 64 per cent rise over the current 124.16 billion litres.

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### Question 18

**What do you mean by organic food?**

Answer

Organic food is produced by farmers who emphasize the use of renewable resources and the conservation of soil and water to enhance environmental quality for future generations. Organic meat, poultry, eggs, and dairy products come from animals that are given no antibiotics or growth hormones. Organic food is produced without using most conventional pesticides; fertilizers made with synthetic ingredients or sewage sludge; bioengineering; or ionizing radiation. Farmers growing organic produce do not use conventional methods to fertilize or control weeds and insects. An example of a natural pesticide is pyrethrin, which is found naturally in the Chrysanthemum flower. The principal methods of organic farming include crop rotation, green manures and compost, biological pest control, and mechanical cultivation. It aims to produce food while establishing an ecological balance to prevent soil fertility or pest problems. Organic agriculture takes a proactive approach as opposed to treating problems after they emerge.

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### LONG ANSWER QUESTIONS (5 OR 6 MARKS)

#### Question 19

**What are the differences between 'Green Revolution' and 'Golden Revolution'?**

Or

**Explain green revolution and golden revolution with suitable examples.**

Or

**How golden and green revolution benefited India?**

Answer

We will discuss the same one by one. Let us first start with Green Revolution.

**Green Revolution** is related to improved production of wheat and rice. It is a well-known that the Green Revolution in Punjab in the mid- 1960s singularly contributed to make India self-sufficient in food, by ringing in a quantum jump in food grain - wheat and rice - production and productivity. The chemical fertilizers made it possible to supply crops with extra nutrients and, therefore, increase yield. The newly developed synthetic herbicides and pesticides controlled weeds, deterred or kill insects, and prevented diseases, which also resulted in higher productivity. As a result, India became self-sufficient in the production of wheat and rice. As a result of the Green Revolution and the introduction of chemical fertilizers, synthetic herbicides and pesticides, high-yield crops, and the method of multiple cropping, the agricultural industry was able to produce much larger quantities of food. This



increase in productivity made it possible to feed the growing human population. There are so many achievements green revolution has got in India like increase in Per Hectare Productivity, industrial development, farmers prosperity, positive effect on consumers, increase in food production, capitalistic farming, ploughing back the profits, very good effect on rural employment, etc.



**Golden Revolution** is related to horticulture, i.e. production of fruits, vegetables, tuber crops, flowers etc. because of this India became the world leader in the production of fruits like bananas, mangoes, spices and coconut. The reason for the growing preference of horticulture crops for the Indian farmer is that vegetables are short duration crops that are mostly grown on small patches of land by marginal farmers, often in less than an acre of land. As land holdings become increasingly fragmented, production of vegetables ensure quick returns to farmers, compared to say, some pulse varieties that take up to six months to harvest. Better incomes, urbanisation and higher consumption of fruits and vegetable seem to be driving demand. The fact that farmers continue to grow perishables despite recurrent price fluctuations shows that returns are better for these compared to traditional food grains. This signifies a fundamental shift in Indian agriculture. Farmers are seemingly taking more risks by growing perishables where annual losses are as high as Rs32, 000 crore.

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#### Question 20

**What is meant by rural banking? What are its limitations?**

**Or**

**Is rural banking successful in India? What are the difficulties?**

Answer

People living in rural areas need the same banking services as those living in larger towns and cities. A community bank in a rural area might offer regular retail banking services, including loans and

mortgages, that let personal and business customers manage their banking needs close to home. Depending on their location and the local business focus, some rural banks develop specialty commercial skills in areas such as agribusiness. For example, some operate solely within the Farm Credit System, a network of borrower-owned lending cooperatives and specialized service organizations, specializing in business credit and funding for farming, ranching and other agricultural customers. Regional Rural Banks (RRBs) are scheduled banks (Government banks) operating at regional level in different States of India. Rural banking has become integral to the Indian financial markets with a majority of Indian population still living in rural or semi-urban areas. Government of India and the Reserve Bank of India have been continuously working to achieve complete financial inclusion i.e. timely and sufficient access to financial services and credit at an affordable cost, in the vast expanse of our country. Pradhan Mantri Jan Dhan Yojana is one of the recent initiatives by the new government which has definitely contributed to bring banking to every household. This scheme with time will significantly reduce the gap between rural and urban areas in terms of financial inclusion but the fact that about 70% of population of India is still rural and the penetration of banking facilities is as low as only 24% i.e. only this percentage of people in these areas have formal bank accounts, cannot be ignored.

Various initiatives provided by these banks have promoted the banking culture by making formal credit available to rural households. These facilities have helped to steer the agriculture dominated economy towards modernisation. The banks have to keep in mind the subtleties of the rural culture and understand that the rules of rural economy are different from urban dynamics. However, everything has some limitations. **Let us check out the limitations of rural banking as well.**

- **Running into losses** - This may be due to heavy overhead costs, reduction in lending rates, lower profit margins, heavy increase in salaries and allowances of staff, etc.
  - **Slow progress** - The progress of RRBs is not up to the expectation and is slow when comparing with other types of banks because of many restrictions on their operations.
  - **Limited scope of investment** - The basic objective of RRBs was to provide credit facilities to poor and weaker sections of society, i.e., to small and marginal farmers and other weaker sections.
  - **Lack of training facilities** - Generally the staff of RRBs is urban-oriented and they may not know the problems and conditions of rural areas. Lack of training facility concerning these areas also affects the growth of RRBs.
  - **Capital inadequacy** - The capital adequacy is the very basis to financial soundness. There is capital inadequacy in RRBs as most of the RRBs have huge losses in their Balance Sheet eating away all the Capital of RRBs.
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### Question 21

**What are the problems faced by farmers in the initial years of organic farming?**

**Or**

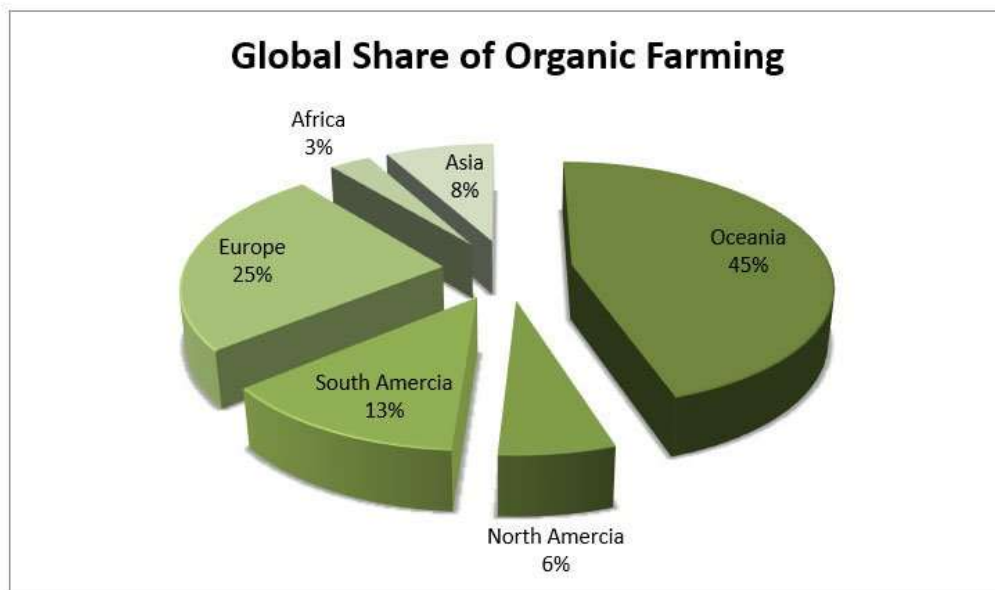
**How one can make organic farming successful?**

Answer

Organic farming is a method of agriculture system which primarily aimed at cultivating the land and raising crops in such a way, as to keep the soil alive and in good health by use of organic wastes (crop, animal and farm wastes, aquatic wastes) and other biological materials along with beneficial microbes (bio fertilizers) to release the essential nutrients from the soil. The principal methods of organic farming include crop rotation, green manures and compost, biological pest control, and mechanical cultivation.

There are various problems of Organic Farming which one has to face in initial days. There is a need for increasing awareness about organic farming among the farmers. Proper infrastructure facilities need to be provided so that farmers can be encouraged to go for organic farming. Produce from organic farming may have shorter life span and more quality issues. Growing more crops or getting large yields is not possible through organic farming; unlike modern farming. Small and marginal farmers are not in a position to adapt to organic farming on a larger scale. The soil will take time to regain its nutritional content from organic fertilizers as compared to chemical fertilizers. The nutrient content in organic fertilizers is not uniform it changes as per the material used as compared to chemical fertilizer. In chemical fertilizer nutrient content is fixed. Hence one is unable to give exact nutrient treatment to soil. Due to lack of awareness and proper knowledge, small and marginal farmers find it hard in adapting to this method. The biggest limitation for organic farming are consumers. Today's consumers are miss-educated. So as a farmer, and you try to bring organic stuff, then your consumer might not like it because they are not aware, not willing to buy what they don't know any more or the look is different from what the consumer expects. Currently, India stands on number 9<sup>th</sup> position globally for organic farming. See one of the survey reports below.





(Source: World of Organic Agriculture IFOAM & FiBL Outlook, ICREIR knowledge Report)

But there are various ways to make Organic farming successful. It is more environment friendly than modern farming. It helps in preventing pollution of soil and groundwater. Organic farming helps in promoting sustainable development. Organic farming has the potential of generating income through exports because organic farm produce are in high demand in many countries. Organic farming is highly labour intensive and hence can create more employment opportunities.

## Question 22

**What are the steps taken by Indian government in developing rural markets?**

**Or**

**Explain the steps necessary to develop rural markets.**

## Answer

Rural consumers are particularly aspiring or striving to purchase branded, high quality products. Consequently, businesses in India are optimistic about growth of the country's rural consumer markets, which is expected to be faster than urban consumer markets. India's per capita GDP in rural regions has grown at a Compound Annual Growth Rate (CAGR) of 6.2 per cent since 2000. The Fast Moving Consumer Goods (FMCG) sector in rural and semi-urban India is expected to cross US\$ 20 billion mark by 2018 and reach US\$ 100 billion by 2025@.

**Following are some of the major investments and developments in the Indian rural sector.**

- India's unemployment rate has declined to 4.8 per cent in February 2017 compared to 9.5 per cent in August 2016, as a result of the Government's increased focus towards rural jobs and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme.

- The Ministry of Rural Development is expecting to achieve its annual targeted length of 48,812 kilometers of rural roads by March 31, 2017 under the Pradhan Mantri Gram Sadak Yojana (PMGSY), which has reached a completion stage of 67.53 per cent (32,963 kms) as on January 27, 2017.
- The National Bank for Agriculture and Rural Development (NABARD) plans to provide around 200,000 point-of-sale (PoS) machines in 100,000 villages and distribute RuPay cards to over 34 million farmers across India, to enable farmers to undertake cashless transactions.
- Magma Fincorp, a Kolkata-based non-banking finance company (NBFC) plans to expand its operations in South India, with specific focus on rural and semi-urban markets to help the company grow rapidly.
- Bharti Airtel is applying for a payments bank licence and has involved Kotak Mahindra Bank as a potential investor in the venture, in a bid to tap significant revenue opportunities from the Reserve Bank of India's financial inclusion initiative. Payments banks are meant to fan out into the rural, remote areas of the country, offering limited but critical services such as money transfers, loans and deposit collection. While banks have the knowhow, telecom companies have the network, making it an ideal match.

Indian FMCG market in rural areas is big hit. The same can be seen from below chart.



The government has taken various measures to improve rural marketing. The main rural are of challenge is agriculture. And government is trying its best to fix this thing. For example, to ensure fair price for farm produce, the government announces MSP (Minimum Support Price) for some farm produce; like wheat, rice and sugarcane. On behalf of the government, the FCI (Food Corporation of India) procures farm produce from the farmers at MSP. The system of MSP helps in negating the impact of moneylenders and merchants to some extent but they still have a stranglehold on the major

market share. Roads have been built but still a major part of the rural India needs to be connected with all-weather road. Rail network has reached most parts of the country but lack of dedicated freight corridor means that farm produce often lie rotting in the warehouse of the railways. Number of cold storages is bare minimum which results in wastage of a huge quantity of perishable items.

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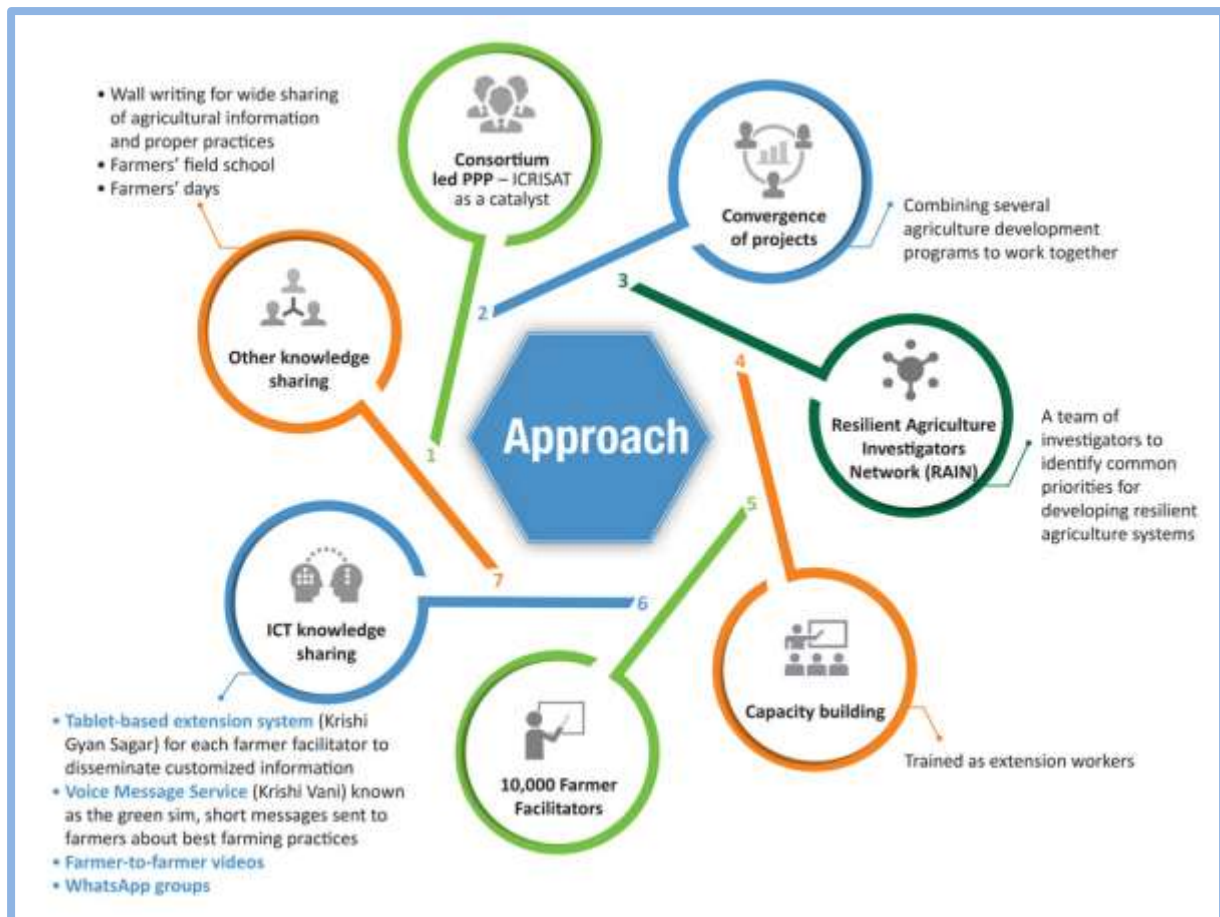
### Question 23

#### How can IT help achieving the target of sustainable development and food security?

Answer

Many modern thinkers believe that IT can play a significant role in achieving sustainable development and food security. IT by itself cannot bring change but proper use of IT as a tool can help in changing the scenario. The government can use information technology to disseminate timely information about areas susceptible to food insecurity so that timely action could be taken. Farmers can get real time information regarding weather, seed price and farm produce price. They can also get relevant information about best practices of farming if they can be connected through internet. Today, mobile phone has reached to most of the villages in India and it can be used as a tool to reach the benefits of information technology to the farmers. As the world population continues to grow, much more effort and innovation will be urgently needed in order to sustainably increase agricultural production, improve the global supply chain, decrease food losses and waste, and ensure that all who are suffering from hunger and malnutrition have access to nutritious food. Many in the international community believe that it is possible to eradicate hunger within the next generation, and are working together to achieve this goal. The Sustainable Development Goal to “End hunger, achieve food security and improved nutrition and promote sustainable agriculture” (SDG2) recognizes the inter linkages among supporting sustainable agriculture, empowering small farmers, promoting gender equality, ending rural poverty, ensuring healthy lifestyles, tackling climate change, and other issues addressed within the set of 17 sustainable development goals. The Sustainable Development Goals cover topics ranging from urban life and education to oceans, inequality and gender. There are 17 in total, all introduced in 2015 with a long list of targets that need to be met before 2030. E-agriculture services can offer farming advice as well as weather forecasts and market prices through the short messaging service (SMS) directly to farmers in their local languages. Farmers can go online to learn about new techniques, as well as to trade and find new partnerships.





In India, e-Choupal offers services that help farmers achieve better yields and secure better prices. TradeNet, in Accra, Ghana, has created a platform where farmers and traders across the world can share market information via mobile networks and the Internet. Similar platforms are being developed in Kenya. A systematic monitoring of world food supplies is a necessary step to address food security. This includes mapping agricultural production and food shortages and establishing comprehensive databases. Monitoring can be greatly facilitated by ICT, through remote sensing of agricultural and water resources, use of computers and software to collect, analyse and share information that is relevant to food security. Geographic information systems also provide powerful tools for analysing statistics. Rural radio connects people in remote areas and helps them improve their farming methods and productivity. Radio is a key medium as it is relatively inexpensive and has wide coverage in the developing world. In rural areas, information can also be made available to farmers through community telecentres, or digital villages which provide rural populations with access to the Internet, telephone and fax services,