

Chapter 6

Rural Development

Q. 1 What do you mean by rural development? Bring out the key issues in rural development.

Answer:

Rural Development is the economic and social transformation of the village economy. It focuses mainly on the development of the backward areas of rural India.

The key issues in rural development that needs to be corrected by implementing various initiatives are as follows:

- **Poverty:** the weaker section of the rural economy survives in substandard living conditions. Care must be taken to provide productive employment opportunities to the people so that their living conditions can be improved.
- **Education:** literacy, especially for women and children and skill development is a vital issue that needs to be addresses for improving the present and future conditions of rural India.
- **Health & Sanitation:** due to poverty, most people do not have access to basic sanitation which affects health negatively over time. Initiatives are being taken to provide affordable access to healthcare and sanitation facilities at workplace and homes. Also, education needs to be imparted so that the people have acceptance towards changes in their sanitation systems. For example: Mr. Arunachalam Murugunantham, a social entrepreneur, actually took the initiative of improving sanitation of women during their menstruation period by manufacturing biodegradable sanitary napkins but the acceptance among women of the rural economy is difficult because of lack of education and a blocked mindset.



- Infrastructure: facilities like roads, railways, land needs to be developed. Infrastructure development like electricity, better credit facilities, marketing, transportation, storage, processing units, facilities for agricultural research and extension, etc. are also required for improving living conditions.
- Employment: farming is the major employment of people in villages and since, it is seasonal in nature, the marginal farmers or labourers migrate to urban areas seasonally or permanently or they take credit in the off period to sustain their living conditions and often fall into a debt trap. Thus, they need to be provided with better means to increase productivity of grains and fruits and vegetables and also be given opportunities to diversify non-farm activities like food processing.
- Implementation of Land reforms.

Q. 2 Discuss the importance of credit in rural development.

Answer:

The rural economy majorly depends on agriculture for their livelihood and unless, they get paid for selling their crops and produce, they borrow money from various sources. This money is borrowed to infuse as capital for seeds, fertilizers, pesticides and also meet their basic day to day requirement since the gestation time period between the sowing of the crops to realization of income from their production is quite long. Thus, establishment of proper credit facilities and institutions is vital for progressive development of the rural sector at low rate of interests to meet the requirement of the people.

Q. 3 Explain the role of micro-credit in meeting credit requirements of the poor.

Answer:

Self-Help Groups (SHGs) have been established in rural sectors to promote prudent spending by people and save in small proportions.

Thus, this helps the people to make a minimum contribution to the group. The pooled money would be used to give credit to needy members repayable in small instalments at a small rate of interest. This credit facility is known as micro-credit programmes. The loan is mostly used for consumption purposes and less often for agricultural purposes. It has promoted savings and thrift amongst the poor.

Q. 4 Explain the steps taken by the government in developing rural markets.

Answer:

Earlier, the private traders and money lenders would exploit the farmers through various ways which included faulty weighing of farmer's produce, manipulation of their account, purchasing agricultural produce at very low prices due to farmers' inadequate information on prevailing market prices, etc. The Government then took initiative to protect the farmers from private traders and develop rural markets. Four such measures taken by the government are as follows:

- Regulation of markets to create orderly and transparent marketing conditions which benefitted both farmers and consumers.
- Improving and developing infrastructure facilities like roads, railways, transport, warehousing, cold storages and processing units. This prevented the farmers from selling their produce at low costs because of lack of storage facilities.
- Co-operative marketing which helps the farmers realize a fair price for their products.
- Safeguarding interests of the farmers by initiating certain policies like minimum support prices for agricultural products, maintaining and storing buffer stock of food grains and establishing a Public Distribution System to distribute food grains and other products. These instruments protected the farmers' income and also provided food to the poor at a subsidized rate.



Q. 5 Why is agricultural diversification essential for sustainable livelihoods?

Answer:

Agricultural diversification is essential for sustainable livelihoods for the following reasons:

- It leads to shift of workforce from crop production to other allied activities like poultry, livestock, etc. and non-agricultural activities like food processing, tourism, etc.
- Gainful employment to farmers which provides income in families even during off-seasons.

Q. 6 Critically evaluate the role of the rural banking system in the process of rural development in India.

Answer:

Earlier, the farmers used to borrow money from money lenders or trades who would exploit them by charging exorbitant rate of interest or manipulate their accounts to keep them in a debt-trap. In 1969, a welcome change took place in credit facilities of rural economy when social banking and multiagency approach was adopted to meet the credit needs of rural India adequately. The National Bank for Agriculture and Rural Development (NBARD) was also set up later as a Government initiative to coordinate all activities of all the institutions involved in rural financing.

Later, the Green Revolution took place which improved both the Indian agriculture by adopting modern methods and technology in agriculture and also the credit facilities as it led to the diversification of portfolio of rural credit towards product oriented lending.

Today, rural banking consists of a set of multiagency institutions namely, commercial banks, regional-rural banks, cooperatives and land development banks which aims to meet the credit needs of the rural



economy with cheaper rate of interests. Recently, Self-Help Groups (SHGs) have established in rural sectors to promote prudent spending by people and save in small proportions and make a minimum contribution to the group. The pooled money would be used to give credit to needy members repayable in small instalments at a small rate of interest.

Rapid expansions in the banking system have helped in developing rural sector in the following ways:

- Positive effect on rural farm and nonfarm output
- Steady income and employment opportunities as variety of loans were available to meet the production needs of the farmers.
- Achieving food security and buffer stock of grains.
- Promote thrift and savings

In spite of establishment of multiagency institutions, there were gaps in the credit facilities in rural India. Since, collateral security was required by the banks and cooperatives to avail loan, majority of poor households were out of the credit network and restored to taking loans from unorganized money lenders and rich farmers who would charge high rate of interest.

Although, many measures have been taken in the rural credit development, India still has a long way to go to establish a strong and successful banking system in this area as most credit institutions underperforms and also majority of borrowers are willful defaulters that discourages lending facilities in this sector. Farmer suicides is a major concern of our nation today, because it shows the lack of employment opportunities or proper earning and also pressure from credit lenders on farmers specially in case of crop failure or other mishap that compels the farmers to commit suicide.

Q. 7 What do you mean by agricultural marketing?

Answer:



Agricultural marketing is a process that involves assembling, warehousing, processing, packing, grading, transportation and distribution of various agricultural commodities across the country. Thus, it is the marketing of farm products to the buyers and consumers.

Q. 8 Mention some obstacles that hinder the mechanism of agricultural marketing.

Answer:

Difficulties that hinder the mechanism of agricultural marketing are:

- Lack of infrastructural facilities like proper road, railways, storage, transportation, etc.
- Inadequate credit facilities and banking system due to which private unorganized money lenders still predominates the agricultural market.
- Presence of middlemen
- Faulty weighing and measure of farm produce and manipulation of accounts of the farmers by the money lenders and traders.
- Lack of knowledge and information on prevailing market prices lead to the farmers to sell their crops at a much lower price.

Q. 9 What are the alternative channels available for agricultural marketing? Give some examples.

Answer:

Alternate marketing channels are emerging in which the farmers mostly sell their products to the consumers directly which increases their share of income. Some examples of these channels are:

- Apni Mandi in Punjab, Haryana and Rajasthan
- Hadaspar Mandi in Pune
- Rythu bazaar in Andhra Pradesh
- Uzhavar Sandies, a farmer's market in Tamil Nadu



Apart from these channels, many national and multi-national fast food chains are forming alliance or getting into contracts directly with farmers to provide them vegetables, fruits and grains of the desired quality. They also provide the farmers with seeds and other inputs. This minimizes farmers' risk and help them get better value for their produce and also expand market for farm products.

Q. 10 Explain the term 'Golden Revolution'.

Answer:

The period between 1991-2003 is known as the 'Golden Revolution' because during this period, planned investment in horticulture segment became highly productive and the sector emerged as a sustainable livelihood option. India became world leader in producing variety of fruits like mangoes, coconut, cashew nuts and a number of spices. It also became the second largest producer of fruits and vegetables. Economic conditions of many farmers engaged in horticulture improved which improved the livelihood for many underprivileged classes.

Q. 11 Explain four measures taken by the government to improve agricultural marketing.

Answer:

The Government took initiative to protect the farmers from private traders and develop rural markets. Four such measures taken by the government are as follows:

- Regulation of markets to create orderly and transparent marketing conditions which benefitted both farmers and consumers. This established fair trade practices and prevented the private traders and money lenders to exploit the farmers through faulty weighing of farmer's produce, manipulation of their account, purchasing agricultural produce at very low prices due to farmers' inadequate information on prevailing market prices or in any other manner.



- Improving and developing infrastructure facilities like roads, railways, transport, warehousing, cold storages and processing units. This prevented the farmers from selling their produce at low costs because of lack of storage facilities. It will still take longer for infrastructure to develop completely.
- Co-operative marketing which helps the farmers realize a fair price for their products. It received a major setback due to lack of coverage from farmers.
- Safeguarding interests of the farmers by initiating certain policies like minimum support prices for agricultural products, maintaining and storing buffer stock of food grains and establishing a Public Distribution System to distribute food grains and other products. These instruments protected the farmers' income and also provided food to the poor at a subsidized rate.

The initiatives taken by the Government has helped in rapid development of agricultural marketing. The Government is taking continuous measures in their Annual Budget including the current Budget 2018 to focus on improving farmers' conditions and the overall development of rural sector. The farmers need better awareness and training to improve their market ability and help achieve the growth faster.

Q. 12 Explain the role of non-farm employment in promoting rural diversification.

Answer:

Non-farm sector is an alternative employment opportunity for people in the rural sector. It has different segments for example the traditional household-based industries like pottery barn, handlooms, etc. and dynamic sub-sectors like food processing units, agro-processing units, tourism, etc. Some of these segments have potential for growth while others may have low productivity. Lack of infrastructure may also be a

hindrance for rapid development of the non-farming sector. On the positive side, the potential for this sector has opened employment opportunities for women as well. The produce from this segment contributes to the growth of GDP.

Q. 13 Bring out the importance of animal husbandry, fisheries and horticulture as a source of diversification.

Answer:

Animal Husbandry

- Animal husbandry is the method of farming where animals such as cows, goats, fowl, etc. are reared and used for generating income and meeting various needs of the family.
- Livestock production provides increased stability in income, food security, transport, fuel and nutrition for the family without disrupting other food producing activities.
- It provides livelihood option to a large number of small and marginal farmers. Landless farmers and women also find gainful employment in livestock production sector.
- Milk production has increased significantly between the period 1960-2002. Through the success story of Gujarat, where milk cooperatives have ensured fair price and steady income to farmers for supply of milk to urban markets, many states have implemented these cooperatives.
- Meat, eggs, wool, etc. are also emerging as important productive sectors in diversification.

Fisheries:

- Development of fisheries took place with increase of budget allocation and introduction of new technologies in fisheries and aquaculture.
- Fish production accounts for 1.4% of the total GDP.



- It is one of the major alternative employment opportunities for women. They are active both in exports and internal marketing.

Horticulture:

- India has adopted growing of diverse horticultural crops due to favorable climate and soil conditions. Horticultural crops include fruits, vegetables, flowers, spices, plantation crops, etc.
- These crops provide food and nutrition and also address employment concerns.
- During the Golden Revolution, investment in horticulture became highly productive and this sector emerged as a sustainable livelihood option
- India became world's largest producer of variety of fruits like mangoes, bananas, coconut, cashew nuts, spices, etc.
- India became second largest producer of fruits and vegetables.
- Economic conditions of farmers employing themselves in horticulture activities improved. Flower harvesting, nursery maintenance, food processing, etc. became highly remunerative employment opportunities.
- This sector provides employment to 19% of the total labour force in rural economy.

Rate this question:

Q. 14 'Information technology plays a very significant role in achieving sustainable development and food security' — comment.

Answer:

Information Technology (IT) has revolutionized many sectors in the Indian economy. It has wide prospects which will help in achieving sustainable development and food securities. The role IT plays in rural sector is as follows:



- Application of appropriate software tools helps the Government in information that predicts areas of food insecurity and vulnerability. This way action can be taken to prevent or reduce likelihood of an emergency.
- IT disseminated information regarding emerging technologies and its applications, prices, weather, soil conditions in different parts of the country, etc. which has a positive impact on the growth of the agricultural sector.
- It has potential to generate employment in rural areas.
- It can act as a tool to bring out the creative potential and knowledge of the people.

The Government of India is supporting development of IT for sustainable growth of the agricultural sector.

Q. 15 What is organic farming and how does it promote sustainable development?

Answer:

Organic farming is an eco-friendly technique of using organic inputs for agricultural purpose. Conventional agriculture uses HYV seeds, pesticides, fertilizers, etc. that are harmful chemicals which adversely affects the health of the consumer, depletes soil, harm livestock and deplete the natural ecosystem. In the long run, this will make the lands barren. Hence, organic farming has been initiated to restore, maintain and enhance the ecological balance which is essential for sustainable development.

Q. 16 Identify the benefits and limitations of organic farming.

Answer:

The benefits of organic farming are as follows:

- It uses green manure and compost and biological pest control which helps in sustaining soil quality and cascades the harmful effects of chemical fertilizers and pesticides.
- It helps in maintaining ecological balance.
- The cost of input is lower as compared to earlier chemicals and seeds which ensures good return on investment.
- High demand from organic crops opens avenues for international trade and greater income.
- Food generated from organically cultivated crops have more nutritional value, thus, it provides healthy food.
- It is more labour intensive which creates more employment opportunities.

The limitations of organic farming are as follows:

- In initial years, the yield from organic farming is lesser than modern agriculture; hence, it will be difficult for small and marginal farmers to adopt this practice.
- Shelf life of the organic produce is also lower.
- Lack of proper infrastructure and storage discourages organic farming as products gets damaged and wasted.
- It will take time to be a more popular method of farming since, it requires awareness and willingness on behalf of farmers to adopt new technology.
- Choice in production of off-season crops is limited in organic farming.

Q. 17 Enlist some problems faced by farmers during the initial years of organic farming.

Answer:

Problems faced by farmers during the initial years of organic farming are as follows:

- Yield from organic farming is lower than conventional agriculture which makes it difficult for small and marginal farmers to adapt to large scale production.
- Organic produce may have blemishes and has a shorter shelf life.
- Inadequate and improper storage facilities led to crop damage.
- Organic inputs are cheaper as compared to HYV seeds and other chemical pesticides and fertilizers but due to lack of awareness and information about the market, it becomes more difficult to obtain.