



# Chapter – 6

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## RURAL DEVELOPMENT

**Agriculture is the major source of livelihood in the rural sector. The real progress of India did not mean simply the growth and expansion of industrial urban centres but mainly the development of the villages. It is because more than two-third of India's population depends on agriculture that is yet to become productive enough to provide for them; one-fourth of rural India still lives in abject poverty.**

### **WHAT IS RURAL DEVELOPMENT?**

**Rural development is a comprehensive term. It essentially focuses on action for the development of areas that are lagging behind in the overall development of the village economy. Some of the areas which are challenging and need fresh initiatives for development in rural India include**

- **Development of human resources like**
  - **Literacy**
  - **Health**
- **Land reforms**
- **Development of the productive resources of each locality**
- **Infrastructure development**
- **Special measures for alleviation of poverty and bringing about significant improvement in the living conditions of the weaker sections of the population emphasizing access to productive employment opportunities**

**All this means that people engaged in farm and non-farm activities in rural areas have to be provided with various means that help them increase the productivity. They also need to be given opportunities to diversify into various non-farm productive activities such as food processing.**

**Enabling them better and more affordable access to healthcare, sanitation facilities at workplaces and homes and education for all would also need to be given top priority for rapid rural development.**

## **CREDIT AND MARKETING IN RURAL AREAS**

**Credit: Growth of rural economy depends primarily on infusion of capital, from time to time, to realize higher productivity in agriculture and non-agriculture sectors. As the time gestation between crop sowing and realisation of income after production is quite long, farmers borrow from various sources to meet their initial investment on seeds, fertilisers, implements and other family expenses of marriage, death, religious ceremonies etc.**

**At the time of independence, moneylenders and traders exploited small and marginal farmers and landless labourers by lending to them on high interest rates and by manipulating the accounts to keep them in a debt-trap. A major change occurred after 1969 when India adopted social banking and multiagency approach to adequately meet the needs of rural credit. Later, the National Bank for Agriculture and Rural Development (NABARD) was set up in 1982 as an apex body to coordinate the activities of all institutions involved in the rural financing system. The Green Revolution was a major changes in the credit system as it led to the diversification of the portfolio of rural credit towards production oriented lending.**

**The institutional structure of rural banking today consists of a set of multi-agency institutions, namely, commercial banks, regional rural banks (RRBs), cooperatives and land development banks. Recently, Self-Help Groups (henceforth SHGs) have emerged to fill the gap in the formal credit system because the formal credit delivery mechanism has not only proven inadequate but has also not been fully integrated into the overall rural social and community development.**

### **Rural Banking — a Critical Appraisal:**

**Rapid expansion of the banking system had a positive effect on rural farm and non-farm output, income and employment, especially after the green revolution — it helped farmers to avail services and credit facilities and a variety of loans for meeting their production needs. To improve the situation, in recent years, all the adults are encouraged to open bank accounts as a part of a scheme known as Jan- Dhan Yojana.**

## **AGRICULTURAL MARKET SYSTEM**

**The mechanism through which these goods reach different places depends on the market channels. Agricultural marketing is a process that involves the assembling, storage, processing, transportation, packaging, grading and distribution of different agricultural commodities across the country.**

**Prior to independence, farmers, while selling their produce to traders, suffered from faulty weighing and manipulation of accounts. Farmers who did not have the required information on prices prevailing in markets were often forced to sell at low prices. They also did not have proper storage facilities to keep back their produce for selling later at a better price. Therefore, government intervention became necessary to regulate the activities of the private traders.**

**Four measures that were initiated to improve the marketing aspect.**

**The first step was regulation of markets to create orderly and transparent marketing conditions.**

**Second component is provision of physical infrastructure facilities like roads, railways, warehouses, godowns, cold storages and processing units.**

**Cooperative marketing, in realising fair prices for farmers' products, is the third aspect of government initiative.**

**The fourth element is the policy instruments like (i) assurance of minimum support prices (MSP) for agricultural products (ii)**

**maintenance of buffer stocks of wheat and rice by Food Corporation of India and (iii) distribution of food grains and sugar through PDS.**

**These instruments are aimed at protecting the income of the farmers and providing foodgrains at a subsidised rate to the poor.**

### **Emerging Alternate Marketing Channels:**

**It has been realised that if farmers directly sell their produce to consumers, it increases their incomes.**

**Further, several national and multinational fast food chains are increasingly entering into contracts/ alliances with farmers to encourage them to cultivate farm products (vegetables, fruits, etc.) of the desired quality by providing them with not only seeds and other inputs but also assured procurement of the produce at pre decided prices. It is argued that such arrangements will help in reducing the price risks of farmers and would also expand the markets for farm products.**

**In 2020, Indian Parliament passed three laws to reform agriculture marketing system. While some section of farmers support these reforms, the rest of the farmers oppose and these Acts are still being debated.**

### **DIVERSIFICATION INTO PRODUCTIVE ACTIVITIES**

**Diversification includes two aspects - one relates to change in cropping pattern and the other relates to a shift of workforce from agriculture to other allied activities (livestock, poultry, fisheries etc.) and non-agriculture sector.**

**Diversification towards new areas is necessary not only to reduce the risk from agriculture sector but also to provide productive sustainable livelihood options to rural people. Therefore expansion into other sectors is essential to provide supplementary gainful employment and in realising higher levels of income for rural people to overcome poverty and other tribulations. Hence, there is a need to focus on allied activities, non-farm employment and other emerging alternatives**

of livelihood, though there are many other options available for providing sustainable livelihoods in rural areas.

**Animal Husbandry:** In India, the farming community uses the mixed crop-livestock farming system —cattle, goats, fowl are the widely held species. Livestock production provides increased stability in income, food security, transport, fuel and nutrition for the family without disrupting other food-producing activities. Today, livestock sector alone provides alternate livelihood options to over 70 million small and marginal farmers including landless labourers.

**Fisheries:** The fishing community regards the water body as ‘mother’ or ‘provider’. In India, after progressive increase in budgetary allocations and introduction of new technologies in fisheries and aquaculture, the development of fisheries has come a long way.

**Horticulture:** Blessed with a varying climate and soil conditions, India has adopted growing of diverse horticultural crops such as fruits, vegetables, tuber crops, flowers, medicinal and aromatic plants, spices and plantation crops. India has emerged as a world leader in producing a variety of fruits like mangoes, bananas, coconuts, cashew nuts and a number of spices and is the second largest producer of fruits and vegetables. Economic condition of many farmers engaged in horticulture has improved and it has become a means of improving livelihood for many unprivileged classes. Flower harvesting, nursery maintenance, hybrid seed production and tissue culture, propagation of fruits and flowers and food processing are highly remunerative employment options for women in rural areas.

**Other Alternate Livelihood Options:** IT can play a critical role in achieving sustainable development and food security in the twenty-first century. Governments can predict areas of food insecurity and vulnerability using appropriate information and software tools so that action can be taken to prevent or reduce the likelihood of an emergency.

**It also has a positive impact on the agriculture sector as it can disseminate information regarding emerging technologies and its applications, prices, weather and soil conditions for growing different crops etc. Though IT is, by itself, no catalyst of change but it can act as a tool for releasing the creative potential and knowledge embedded in the society. It also has potential of employment generation in rural areas. Experiments with IT and its application to rural development are carried out in different parts of India.**

## **SUSTAINABLE DEVELOPMENT AND ORGANIC FARMING**

**In recent years, awareness of the harmful effect of chemical-based fertilisers and pesticides on our health is on a rise. Conventional agriculture relies heavily on chemical fertilisers and toxic pesticides etc., which enter the food supply, penetrate the water sources, harm the livestock, deplete the soil and devastate natural eco-systems. Efforts in evolving technologies which are eco-friendly are essential for sustainable development and one such technology which is eco-friendly is organic farming. In short, organic agriculture is a whole system of farming that restores, maintains and enhances the ecological balance. There is an increasing demand for organically grown food to enhance food safety throughout the world.**

### **Benefits of Organic Farming**

**Organic agriculture offers a means to substitute costlier agricultural inputs (such as HYV seeds, chemical fertilisers, pesticides etc.) with locally produced organic inputs that are cheaper and thereby generate good returns on investment.**

**Organic agriculture also generates income through exports as the demand for organically grown crops is on a rise.**

**Organically grown food has more nutritional value than chemical farming thus providing us with healthy foods.**

**Finally, the produce is pesticide-free and produced in an environmentally sustainable way.**

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