

FREE EBOOK



RURAL DEVELOPMENT

ARD Notes For NABARD Grade A Exam



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Concept of Rural Area

A **rural area** is an open swath of land that has few homes or other buildings, and not very many people. A rural area's population density is very low. Many people live in a city, or urban area, a rural area, there are fewer people, and their homes and businesses are located far away from one another.

Structure of the Indian Rural Economy

India's rural economy comprises both farm and non-farm sectors. Remittances sent by millions of migrant workers like Ram contribute to its non-farm economy, which is made up of formal and informal employment in sectors such as retail, construction, manufacturing, hospitality, education, and transportation.

Significance of the Rural Sector in India

- The rural sector of the economy is so significant for the country that almost all the operations of the country's people bear its stamp.
- The most vital thing in regard to the rural sector is that it is very big in size, content, and nature, having far-reaching impact, consequences, and implications for the Indian Economy.
- The rural sector accounted for two-thirds of India's more than 125 crores of people, living in 6.4 lakh villages, and earning nearly 30 percent of the country's national income.
- It contains diversity that cuts across geographic trends to agro-economic, cultural, and social existence.
- It is an undisputed fact that the rural sector is comprised of many and a larger variety of economic operations.
- Agriculture is the largest segment of India's rural sector.
- The major crops of the rural sector are cereals, pulses, oilseeds fruits, vegetables, etc.

- The rural sector is the main supplier of major food and food products, raw materials and finished and semi-finished goods.
- India's rural sector also includes nature-based operations, which broadly consist of a separate sector and is also allied to agriculture, is forests.
- The main offshoots are industrial wood and fuel wood of various types used for different purposes and in many ways.
- The other minor goods of the forest are bamboos and canes, bidis leaves, lac, etc.
- Today another segment of rural economy comprises fishing, covering both inland fish and marine fish.
- The rural sector further depends upon a village or rural industries, this component mostly covered traditional industries and their artisan.
- The products are quite many and include, khadi, leather, etc.
- If India is to become a developed country, then added emphasis has to be given to the rural sector, and villages have to be transformed into developed villages.

Economic, Social and Demographic Characteristics of the Indian Rural Economy

The village is an Institution

The Village is a primary institution, and it satisfies almost all the needs of the rural community. The rural people have a feeling of belongingness and a sense of unity towards each other.

Dependence on Agriculture

The rural economy depends much on nature and agricultural activities. Agriculture and allied activities are the main occupations in rural areas.

Life of Rural People

Lifestyles in villages are very simple. Public services like education, housing, health and sanitation, transport and communication, banking, roads and markets are limited, and unavailable, Rural people rely much on faith, superstitions and traditional cultural practices, The standards of living of the majority of rural people are poor and pitiable, in terms of methods of production, social organization and political mobilization, the rural sector is extremely backward and weak. In recent years, the incidence of alcohol drinking has gone up.

Population Density

Population density, measured by the number of persons living per sq. km is very low and houses are scattered in the entire villages.

Employment

There exists unemployment, seasonal unemployment, and underemployment in rural areas. Unemployment refers to the situation of people with the willingness and ability to work but is not getting employed. Underemployment also called disguised unemployment is the situation of people employed in excess, over and above the requirement. Disguised unemployment is a situation Where people work but no increase in production. Both situations are common in rural areas.

Poverty

Poverty is a condition where the basic needs of the people like food, clothing and shelter are not being met. According to the 2011-12 estimates, about 22 crores of people in rural areas are poor and live below the poverty line.

Indebtedness

People in rural areas are highly indebted owing to poverty and underemployment, lack of farm and non-farm employment opportunities, low wage employment, seasonality in production, poor marketing network etc. A famous British writer Sir Malcolm Darling (1925) stated that 'An Indian farmer is born in debt, lives in debt, dies in debt and bequeaths debt'. Since formal loan facilities are not available to the villagers, they depend on local money lenders who, like a parasite, squeeze the villagers. Hence the villagers commit suicide frequently.

Rural Income

The income of the rural people is constrained as the rural economy is not sufficiently vibrant to provide them with jobs or self-employment opportunities.

Dependency

Rural households are largely dependent on social grants and remittances from family members working in urban areas and cities.

Dualism

Dualism means the co-existence of two extremely different features developed and underdeveloped, organised, and unorganised, traditional and modern, regulated and unregulated, poor and rich, skilled and unskilled and similar contradicting situations in a region. These characteristics are very common in rural areas.

Inequality

The distributions of income, wealth and assets are highly skewed among rural people. There are a number of historical, social, economic, and political reasons behind the existence of inequality. Landlords and landowners dominate the rural activities. Land, livestock, and other assets are owned by a few people.

Migration

Rural people are forced to migrate from villages to urban areas in order to seek gainful employment for their livelihood. This character of the development gives rise to the formation of cities. Enmity and Lack of basic amenities in rural areas also push the people to migrate to urban areas. This is called 'double poisoning' by Schumacher, on one side villages are empty, and on the other side, towns are congested. His book "Small is Beautiful" describes the dangers of the present kind of development.

Causes of Rural Backwardness

1. Economic Causes

❖ Low Agricultural Production

- The absence and lack of knowledge in using modern techniques of agriculture have resulted in the inability of farmers to protect their fields from pests and animals.
- In India, during the British rule, there was no improvement in agriculture.
- The Britishers introduced the Zamindari System, which has led to the exploitation of tenants by landlords or zamindars.
- The Government did not render any assistance to the cultivators to use modern techniques of agriculture. Superstitions among the farmers, rural indebtedness and illiteracy are some of the important causes, which increased poverty in rural areas.

❖ Unemployment

- This is one of the major causes of poverty.
- Non-availability of proper employment leads to lowering the standards of living of people.

❖ Economic Depression and Inadequate Development

- Economic depression usually causes a decline in trade and commerce activities and lock-out of mills and factories leading to unemployment of millions of workers and small traders.
- In India, inadequate development has been described as one of the causes of poverty due to defective planning.

2. Social Causes

❖ Lack of Sufficient Housing

- Houselessness is a problem faced by millions, especially in India.
- The family's dwelling unit and the neighbourhood within which it is located are important elements in the problems associated with poverty.
- It leads to overcrowding, which is a favourable condition for the growth of slums.
- The people living in such places are forced to live in unhealthy conditions. This reduces their capacity to work and increases health hazards due to an increase in communicable diseases, and frustration, which together lead to poverty.
- Poverty forces living in substandard houses and leaves little for the prerequisites of decent living.

❖ Faults in the Education System

- Our educational system generates thousands of educated persons, who are unemployed and live in poverty because of their inability to get suitable jobs.
- The high cost of education and insufficient scholarships are some defects of the present educational system. Such defects create educated but unemployed people in society.

❖ Joint Family System, Caste System and Religious Beliefs

- The joint family system discourages young people to go out and strive for new ventures. Due to minimum security provided by the family, people become lethargic and develop the stay-at-home habit.
- The caste system was a hindrance to the development of new industries, and it discouraged persons to leave their traditional occupation, lest they may be outcasted.

❖ Colonial Rule

- The colonial rule of the Britishers is one of the important causes of poverty in India.
- It ruthlessly destroyed our small-scale and handicraft industries for mercantile purposes.
- The British enforced backwardness in all fields for commercial interests. There were a lot of economic drains, whereby, the foreigners took the savings of the country away in return for a small compensation.
- The poorly managed economy failed to provide effective financing for economic development.

3. Personal Causes

❖ Sickness and Mental Ill-Health

- Due to mental disorders, and diseases, a person becomes incapable of finding a proper means of livelihood.
- Both these factors lead to a decline in the income of a person and an increase in poverty.

❖ Illiteracy

- People, who are illiterate, cannot get good employment opportunities. As a result, they go for some small jobs, such as daily wage labourers and other less paid jobs.
- Illiteracy increases poverty and poverty also compels persons to remain illiterate.

❖ Idleness

- In spite of sufficient opportunity and capacity to work, some people remain idle. Such a kind of attitude leads to poverty.

❖ Large Size of Family

- This is also an important cause of poverty, where the head of the family has to maintain a large family.

4. Geographic Causes:

❖ Climate

- Favourable climatic conditions are necessary for work as well as for production, both agricultural and industrial.
- In extremely hot or cold climates, there is a tendency for a reduction in the amount of work that contributes to production. This is found to be one of the reasons for the increase in poverty.

❖ Availability of Natural Resources

- Due to the insufficient availability of natural resources, the people, who stay in such areas, tend to be poor.

Rural Population in India

The rural population (% of the total population) in India was reported at 65.07 % in 2020, according to the World Bank collection of development indicators, compiled from officially recognized sources.

Occupational Structure

Occupational structure refers to the aggregate distribution of occupations in society, classified according to skill level, economic function, or social status. Such classifications are also used as a basis for the empirical analysis of economic and social class.

- **Primary activities:** These include agriculture, animal husbandry, forestry, fishing, mining, and quarrying, etc.
- **Secondary activities:** These include the manufacturing industry, building and construction work, etc.
- **Tertiary activities:** These include transport, communication, commerce, administration, and other services.

The Transition of Change in Rural Population and Rural Workforce

- **Rural transformation**, in general, has been conceptualized as modernization, rural development, changes in economic structure, and the migration of the population from the farming sector to the non-farming sectors of the economy.

- Different theoretical approaches (unidimensional and multidimensional) have been applied to the study of rural transformation, and these approaches have involved different indicators to examine the nature and magnitude of rural change/transformation.
- The rural development approach to the study of rural transformation has been criticized on the grounds that rural transformation does not always involve development.

Problems and Conditions of Rural Labour

The **agricultural labourers** have to face the **problems of unemployment and underemployment**. For a substantial part of the year, they have to remain unemployed because there is no work on the farms and alternative sources of employment do not exist.

Problems of Agriculture Labour

❖ The Marginalisation of Agricultural Workers

Moreover, the share of agriculture and allied activities in GDP at factor cost has consistently declined over the years - from 55.3 per cent in 1950-51 to 37.9 per cent in 1980-81 (at 1999-2000 prices) and further to 14.0 per cent in 2011-12 (at 2004-05 prices).

❖ Wages and Income

Agricultural wages and family incomes of agricultural workers are very low in India. With the advent of the Green Revolution, money wage rates started increasing. However, as prices also increased considerably, the real wage rates did not increase accordingly. Currently, labours are getting around Rs. 150/day under the MGNREGA in rural areas.

❖ Employment and Working Conditions

The agricultural labourers have to face the problems of unemployment and underemployment. For a substantial part of the year, they have to remain unemployed because there is no work on the farms and alternative sources of employment do not exist.

❖ Indebtedness

In the absence of a banking system in the rural areas and a trial process of sanction by the commercial banks, farmers prefer to take loans from un institutional sources like

Sahukars (moneylenders), and landlords at a very high rate (in some cases at 40% to 50%). This exorbitant rate traps us in the vicious circle of debt.

❖ **Low Wages for Women in Agricultural Labour**

Female agricultural workers are generally forced to work harder and are paid less than their male counterparts.

❖ **High Incidence of Child Labour**

Incidence of child labour is high in India and the estimated number varies from 17.5 million to 44 million. It is estimated that one-third of the child workers in Asia are in India.

❖ **Increase in Migrant Labour**

Green Revolution significantly increased remunerative wage employment opportunities in pockets of assured irrigation areas while employment opportunities nearly stagnated in the vast rain-fed semi-arid areas.

Issues and Challenges in Handlooms

Problems of the Handloom Industry in India

❖ **Disorders of an Unorganized Sector**

- Primarily a household industry, the weavers are unorganized and there is a lack of the necessary financial support and infrastructure.
- In addition to this, the production pattern is mostly dispersed and decentralized and there are no marketing strategies in place, unlike in a cooperative sector. This stagnates growth.

❖ **Lack of Product Diversification and Problems with Yarn Procurement**

- Non-availability of sufficient yarn in the form of hanks and the conservative attitude of the weavers, coupled with their ignorance about current fashion and market trends results in insufficient diversification of products.

❖ **Credit Needs**

- The credit facilities available to weavers are often much less than satisfactory.

- Loan offering financial institutions/banks are not many and have lengthy and complicated procedures for availing the same.
- The problems of the handloom industry in India are well pronounced.

Possible Solutions for the Prosperity and Growth of this Industry

❖ Better Organization

- Concerted efforts are being made to enhance production, infrastructure, productivity, and efficiency as well as enhance the income and socio-economic status of the weavers.

❖ Raw Material Supply and Design Development

- Support is being provided to resolve the hank yarn access issue.
- Help is also being provided to weavers for upgrading their skills and essential inputs are being offered for better quality and design management.

❖ Credit Availability

- In order to provide financial assistance, the Government of India has launched new schemes such as Deen Dayal Hathkargha Protsahan Yojana and some others.
- These are vital in solving the problems of the handloom industry in India.
- Along with the artistry of weavers, the Indian handloom industry demonstrates the richness and diversity of the Indian culture.
- Support at every level is vital for untapping the massive potential of this ancient industry and ending the problems of the handloom industry in India.

Panchayati Raj Institution Functioning and Working

Panchayati Raj is a system of rural local self-government in India.

It has been established in all the states of India by the acts of the state legislature to build democracy at the grass-root level.

It is entrusted with rural development and was constitutionalized through the 73rd Constitutional Amendment Act of 1992.

Evolution of Panchayati Raj in India

- Panchayati Raj was not a new concept in India. Indian villages had Panchayats (council of five persons) from very ancient times, which were having both executive and judicial powers and were used to handle various issues (land distribution, tax collection etc.) or disputes arising in the village area.
- Gandhiji also held the opinion of empowerment of Panchayats for the development of rural areas.
- Thus, recognizing their importance our Constitution makers included a provision for Panchayats in part IV of our constitution (directive principles of state policy).
- Art. 40 confers the responsibility upon State to take steps to organise Village Panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government.
- Thus, its formal organisation and structure were firstly recommended by the Balwant Rai committee, 1957 (Committee to examine the Community Development Programme, 1952).
- The Committee, in its report in November 1957, recommended the establishment of the scheme of 'democratic decentralisation', which ultimately came to be known as Panchayati Raj.
- It is recommended a three-tier system at the village, block and district level and it is also recommended for direct election of the village-level panchayat.
- Rajasthan was the first state to establish Panchayati Raj at it started in Nagaur district on October 2, 1959.

Organization of Gram Sabhas

- Creation of a three-tier Panchayati Raj Structure at the District (Zila), Block and Village levels.
- Almost all posts, at all levels, are to be filled by direct elections.
- The minimum age for contesting elections to the Panchayati Raj institutions is twenty-one years.
- The post of Chairman at the District and Block levels should be filled by indirect election.

- There should be reservation of seats for Scheduled Castes/ Scheduled Tribes in Panchayats, in proportion to their population, and for women in Panchayats up to one-third of seats.
- State Election Commission to be set up in each State to conduct elections to Panchayati Raj institutions.

Functions of Panchayat

- All Panchayati Raj Institutions perform such functions as are specified in state laws relating to Panchayati raj. Some States distinguish between obligatory (compulsory) and optional functions of Gram Panchayats while other States do not make this distinction.
- The civic functions relating to sanitation, cleaning of public roads, minor irrigation, public toilets and lavatories, primary health care, vaccination, the supply of drinking water, constructing public wells, rural electrification, social health, and primary and adult education, etc. are obligatory functions of village panchayats.
- The optional functions depend on the resources of the panchayats.
- They may or may not perform such functions as tree plantation on roadsides, setting up breeding centres for cattle, organizing child and maternity welfare, promoting agriculture, etc.
- After the 73rd Amendment, the scope of functions of Gram Panchayat was widened. Such important functions as preparation of annual development plan of panchayat area, annual budget, relief in natural calamities, removal of encroachment on public lands and implementation and monitoring of poverty alleviation programmes are now expected to be performed by panchayats.
- Selection of beneficiaries through Gram Sabhas, public distribution system, non-conventional energy sources, improved Chullahs, and biogas plants have also been given to Gram Panchayats in some states.

Functions of Panchayat Samiti

- Panchayat Samitis are at the hub of developmental activities.
- They are headed by Block Development Officers (B.D.O).
- Some functions are entrusted to them like agriculture, land improvement, watershed development, social and farm forestry, technical and vocational education, etc.

- The second type of function relates to the implementation of some specific plans, schemes or programmes to which funds are earmarked. It means that a Panchayat Samiti has to spend money only on that specific project.
- The choice of location or beneficiaries is, however, available to the Panchayat Samiti.

Functions of Zila Parishad

- Zila Parishad links Panchayat Samitis within the district.
- It coordinates their activities and supervises their functioning.
- It prepares district plans and integrates Samiti plans into district plans for submission to the State Government.
- Zila Parishad looks after development works in the entire district.
- It undertakes schemes to improve agricultural production, exploit groundwater resources, extend rural electrification and distribution and initiate employment-generating activities, construct roads and other public works.
- It also performs welfare functions like relief during natural calamities and scarcity, the establishment of orphanages and poor homes, night shelters, the welfare of women and children, etc.
- In addition, Zila Parishads perform functions entrusted to them under the Central and State Government-sponsored programmes. For example, Jawahar Rozgar Yojana is a big centrally sponsored scheme for which money is directly given to the districts to undertake employment-generating activities.

MGNREGA, NRLM, Aajeevika, Rural Drinking Water Program, Swachh Bharat

❖ MGNREGA

- **Mahatma Gandhi Employment Guarantee Act 2005** is Indian labour law and social security measure that aims to guarantee the 'right to work'.
- It aims to enhance livelihood security in rural areas by providing at least 100 days of wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

❖ NRLM

- **National Rural Livelihood Mission (NRLM)** is a poverty alleviation project implemented by the Ministry of Rural Development, Government of India.
- This scheme is focused on promoting self-employment and the organization of the rural poor.
- The basic idea behind this programme is to organize the poor into SHG (Self Help Groups) groups and make them capable of self-employment.

❖ DAY

- **Deen Dayal Antyodaya Yojana or DAY** is one of the Government of India's schemes for helping the poor by providing skill training.
- It replaces Aajeevika.
- The objective of the scheme is to train 0.5 million people in urban areas per annum from 2016.
- The aim of the scheme is skill development of both rural and urban India as per requisite international standards.

❖ SBM

- **Swachh Bharat Mission (SBM)**, Swachh Bharat Abhiyan, or Clean India Mission is a country-wide campaign initiated by the Government of India in 2014 to eliminate open defecation and improve solid waste management.
- It is a restructured version of the Nirmal Bharat Abhiyan launched in 2009 that failed to achieve its intended targets.
- Initiated by the Government of India, the mission aimed to achieve an "open-defecation free" (ODF) India by 2 October 2019, the 150th anniversary of the birth of Mahatma Gandhi.
- The objectives of the first phase of the mission also included eradication of manual scavenging, generating awareness, and bringing about a behaviour change regarding sanitation practices, and augmentation of capacity at the local level.
- The second phase of the mission aims to sustain the open defecation-free status and improve the management of solid and liquid waste.

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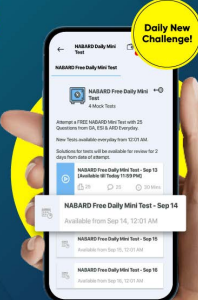
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