

**TRANSCEND
PU College**

... A revolution in COMMERCE education

www.transcendpucollege.com

Tel: 95912 95914



**In Collaboration With
TRANSITION**

... A CENTER FOR HOLISTIC DEVELOPMENT

www.transitionbangalore.com

Tel: 95912 95914

Unit 6 – Rural Development

Name: _____

Date: __/__/__

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 India include

- Development of human resources including – literacy, more specifically, female literacy, education and skill development – health, addressing both sanitation and public health
- Land reforms
- Development of the productive resources of each locality
- Infrastructure development like electricity, irrigation, credit, marketing, transport facilities including construction of village roads and feeder roads to nearby highways, facilities for agriculture research and extension, and information dissemination.
- Special measures for alleviation of poverty and bringing about significant improvement in the living conditions of the weaker sections of the population emphasising access to productive employment opportunities.

Credit and Marketing in Rural Areas

Credit: Growth of rural economy depends primarily on infusion of capital, from time to time, to realise 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

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. Famines became events of the past; we have now achieved food security which is reflected in the abundant buffer stocks of grains. However, all is not well with our banking system. This is largely because of the chronic underperformance of formal credit institutions and high incidence of overdue instalments by the farmers.

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. State intervention became necessary to regulate the activities of the private traders.

The first step was regulation of markets to create orderly and transparent marketing conditions. By and large, this policy benefited farmers as well as consumers. However, there is still a need to develop about 27,000 rural periodic markets as regulated market places to realise the full potential of rural markets. Second component is provision of physical infrastructure facilities like roads, railways, warehouses, godowns, cold storages and processing units.

The other elements are the policy instruments like

- (i) Assurance of minimum support prices (MSP) for 24 agricultural products
- (ii) Maintenance of buffer stocks of wheat and rice by Food Corporation of India
- (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 share in the price paid by the consumers. Some examples of these channels are Apni Mandi (Punjab, Haryana, Rajasthan); Hadaspar Mandi (Pune); Rythu Bazars (vegetable and fruit market in Andhra Pradesh) and Uzhavar Sandies (farmers markets in Tamil Nadu). Further, several national and multinational fast food chains are increasingly entering 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. Such arrangements will help in reducing the price risks of farmers and would also expand the markets for farm products.

Diversification into Productive Activities

Diversification includes two aspects: one relates to diversification of crop production and the other relates to a shift of workforce from agriculture to other allied activities (livestock, poultry, fisheries etc.) and non-agriculture sector. The need for diversification arises from the fact that there is greater risk in depending exclusively on farming for livelihood.

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.

Diversification into Productive Activities

Diversification includes two aspects: one relates to diversification of crop production and the other relates to a shift of workforce from agriculture to other allied activities (livestock, poultry, fisheries etc.) and non-agriculture sector.

The dynamic sub-sectors include agro-processing industries, food processing industries, leather industry, tourism, etc. Those sectors which have the potential but seriously lack infrastructure and other support include traditional household-based industries like pottery, crafts, handlooms etc.

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

Milk production in the country has increased by more than four times between 1960-2002. This can be attributed mainly to the successful implementation of 'Operation Flood' from 1966 onwards; it is a system whereby all the farmers can pool their milk produce according to different grading (based on quality) and the same is processed and marketed to urban centres through cooperatives. In this system the farmers are assured of a fair price and income from the supply of milk to urban markets.

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. The period between 1991-2003 is also called an effort to heralding a 'Golden Revolution' because during this period, the planned investment in horticulture became highly productive and the sector emerged as a sustainable livelihood option.

Fisheries

The fishing community regards the water body as 'mother' or 'provider'. The water bodies consisting of sea, oceans, rivers, lakes, natural aquatic ponds, streams etc. are, therefore, an integral and life-giving source for the fishing community. 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.

Rampant underemployment, low per capita earnings, absence of mobility of labour to other sectors and a high rate of illiteracy and indebtedness are some of the major problems faced by these communities.

Organic Farming – Benefits

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 incomes through international exports as the demand for organically grown crops is on a rise. Studies across countries have shown that organically grown food has more nutritional value than chemical farming thus providing us with healthy foods. Since organic farming requires more labour input than conventional farming, India will find organic farming an attractive proposition. Finally, the produce is pesticide-free and produced in an environmentally sustainable way.

It has been observed that the yields from organic farming are less than modern agricultural farming in the initial years. Therefore, small and marginal farmers may find it difficult to adapt to largescale production. Organic produce may also have more blemishes and a shorter shelf life than sprayed produce.