

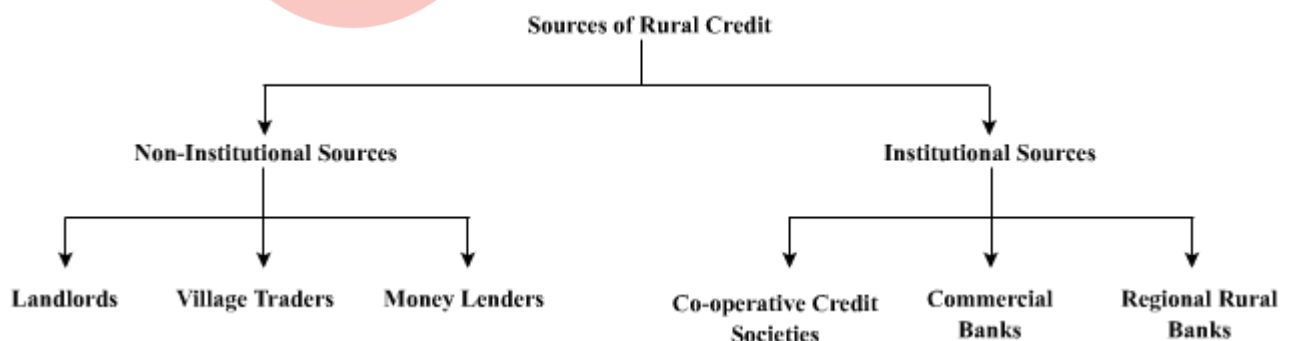
12th Standard- Economics

Rural Development

CHAPTER 6

RURAL DEVELOPMENT

- ❖ **Rural development** refers to the actions and initiatives taken for the social and economic development of the rural and backward areas.
- ❖ **Key Issues of Rural Development**
 - **Initiation of land reforms** (along with the technical reforms) enables economic viability of the land and large scale production.
 - **Development of infrastructure** (such as bank, credit, electricity, means of transport, means of irrigation, development of markets, agricultural research facilities, etc.)
 - **Development of the productive resources** responsible for generating newer employment opportunities.
 - **Development of human resources** (Human capital formation) by investing in education, imparting technical skills by on-the-job training, health care.
 - **Generating newer employment opportunities** → generates income → reduces rural poverty → raises living standards → makes rural people self-sufficient → promotes rural development.
- ❖ **Importance of Credit in Rural Development**
 - Acts as a **helping hand** for the farmers.
 - Facilitates **commercialisation of agriculture**
 - Supports farmers for meeting their **initial requirements of inputs** such as, seeds, fertilisers, etc.
 - **Protects** farmers from the **vicious circle of poverty**.

❖ **Sources of Rural Credit**

- ❖ **NABARD (National Bank for Agricultural and Rural Development)** is an apex body set up in 1982.
- ❖ Coordinates the activities of all the institutions involved in providing rural finance.
 - Acts a regulatory body to regulate the operations of rural banks.

Rural Development

- Takes appropriate steps to improve the credit delivery system.
 - Provides short-term credit to State Co-operative Banks for agricultural operations (such as, crop loan, distribution of fertilisers, working capital requirements, etc.)
 - Maintains R & D fund to conduct agricultural research and promotes rural development.
- ❖ **Agricultural Marketing** refers to all those processes between harvesting and final sales of the produce by the farmers. These processes include assembling, storage, transportation, packaging, grading, distribution, etc.
- ❖ **Steps taken by the government in developing rural markets**
- **Developing Regulated Markets:** The sale and purchase of the agricultural products are monitored by the Market Committee via regulated market, thereby promoting transparency.
 - **Developing Co-operative Agricultural Marketing Societies** that helps farmers to get fair prices.
 - Pursuing **Minimum Support Price Policy** (i.e. a minimum legislated price that a farmer should get in exchange for his products) insulates the farmers in case of acute price fluctuations.
 - **Development of Rural Infrastructures** such as cold storages and warehouses enable farmers to sell their product when the price is attractive. Also, railways offer subsidised transport facilities to the farmers.
- ❖ **Diversification in Rural Development includes**
- **Diversification of Crop Production-** Refers to the act of producing diverse variety of crops instead of one specialised crop. It implies a shift from single-cropping to multi-cropping pattern.
 - **Diversification of Employment-** Refers to a shift from the farm employment to non-farm areas of production. Diversification of employment leads to:
 - raised rural income,
 - reduced rural poverty
 - reduced disguised unemployment and excessive burden on agriculture.
- ❖ **Non-farm Areas of Production Activity**
- Animal Husbandry/Livestock Farming
 - Horticulture
 - Fisheries
 - Cottage and Household Industries
- ❖ **Animal husbandry** is an important non-farm area of employment in India.
- Poultry, cattle and goats/sheep are the important components of livestock farming.

Rural Development

- Provides extra income to the farmers.
 - Provides sustainable livelihood in the semi-arid and the arid regions where farming can't be performed well.
 - It is an important source of employment for the women.
 - Provides employment to nearly 7 lakh small and marginal farmers.
- ❖ **Operation Flood** is a system of Milk Co-operatives launched in 1966. The farmers used to pool their milk produce for collective sale in the urban markets. This act assured the farmers fair price. The best example of success story of Milk Co-operatives is Gujarat.
- ❖ **Horticulture**
- Horticultural crops include fruits, vegetables, medicinal and aromatic plants, spices and flowers.
 - The increase in the demand for the horticultural crops has led to a substantial rise in the income of the farmers engaged in horticultural production.
 - Shifting to the horticultural production lowered the vulnerability of small and marginal farmers.
 - Provides a gateway of opportunities for employment for women.
 - Accounts for 20 % of the total rural employment.
- ❖ **Golden Revolution-** The rapid growth in the production of the horticultural crops during the period 1991-2003 is known as Golden Revolution.
- ❖ **Fisheries**
- It is an important source of livelihood in the coastal states such as, Kerala, Maharashtra, Gujarat and Tamil Nadu.
 - Includes both inland sources (such as, lakes, ponds and streams) as well as marine sources of fishing (such as, seas and oceans).
 - It contributes 2% to India's GDP.
- ❖ **Cottage and Household Industry**
- It is one of the primitive industries.
 - Provides employment opportunities in various processes such as, spinning, weaving, dyeing and bleaching.
 - The emergence of new household activities such as, doll making, bee-keeping, soap manufacturing, etc. opened up new avenues for income generation.
 - These household activities are guarded by various Farm Women's Groups, which promote the upliftment of working women class.
- ❖ **Information Technology (IT)**
- It plays a very significant role in achieving sustainable development.

Rural Development

- Helps in achieving food security by weather forecasting.
- Helps in disseminating information regarding emerging technologies, weather and soil conditions for growing different crops, etc.
- Acts as a tool for identifying the creative potential and knowledge rooted in people.
- Generates employment opportunities in the backward areas via developing 'info kiosk' in the rural areas.

❖ **Organic farming** refers to a system of farming that sustains and enhances the ecological balance by employing organic inputs for cultivations. This type of farming is practiced to produce poison and chemical-free food for the consumers while simultaneously maintaining the fertility of the soil.

❖ **Advantages of Organic Farming**

- Discards use of expensive chemicals fertilisers.
- Promotes use of organic and cheaper inputs such as manure, cow-dung, etc.
- Helps in sustaining soil fertility.
- Produces healthier and high nutritional value food.
- Employs inexpensive technology for small and marginal farmers
- Helps in generating high income from the exports due to the high demand for organic crops in the international markets.
- Promotes sustainable development.

❖ **Limitations of Organic Farming**

- The **farmers are not fully aware** of the organic farming.
- **Inadequate infrastructure** does not support organic farming.
- The **problem of marketing of the organic products** is also a major concern.
- The organic farming **cannot be initiated by the small and marginal workers.**
- As organic farming **offers lesser yield than conventional farming, therefore,** it is not cost efficient and cannot be initiated by small and marginal workers.