

INDIAN ECONOMY**REVISION NOTES****CHAPTER-6****RURAL DEVELOPMENT****➤ Rural Development**

It is a comprehensive term which essentially focuses on action for the development of area which is lagging behind in overall development of village economy.

• Objectives of Rural Development

- 1) Increasing productivity of agricultural sector.
- 2) Generating alternative means of livelihood in rural sector.
- 3) Promoting education and health facilities in the rural areas.

• Key issues in rural development

- 1) Diversification of crops that reduce risks of production and induces commercialisation of farming.
- 2) Promotion of organic farming with a view to make crop cultivation environmental friendly as well as a sustainable process over a long period of time.
- 3) Development of human resource like health, addressing both sanitation and public Health.
- 4) Diversification of production activity with a view to find alternative means of sustainable living other than crop-cultivation.
- 5) A system of marketing that ensures remunerative price to the farmer for his produce.

➤ Rural Credit

means credit for the farming communities. Farmers require credit for various purposes like purchasing agricultural tools and machines, digging wells and tube wells, purchasing

seeds, fertilizers, pesticides, etc. The gestation period between sowing and harvesting is high. so, farmers have to borrow to fulfill their needs during this period.

- **Sources of Rural credit**

Rural Credit availability can be broadly classified into 2 categories:

- 1) **Non-institution Sources:** These are the traditional sources of agricultural credit in India. They include money lenders, relatives, traders, commission agents and land lords.
- 2) **Institutional Sources:** They are cooperative credit, land development banks, commercial banks, regional rural banks, govt., national bank for agricultural and rural development (NBNR) and also self-help groups.

- **Agricultural Marketing System**

Agricultural marketing is a process which involves assembling, storage, processing, transportation, packaging, grading and distribution of different agricultural commodities across the country.

- **Measures to Improve Agricultural Marketing**

After Independent govt. has adopted various measures to improve of the system of agricultural marketing in the country. It has brought about following measures in order to regulate the markets:

- 1) **Regulated Markets:** The first measure was regulation of markets, to create orderly and transparent marketing condition. This is organized in order to protect farmers from malpractices of sellers and brokers.
- 2) **Cooperative Marketing:** Marketing societies are formed by farmers to sell the output collectively and to take advantages of collective bargaining, for obtaining a better price. Cooperatives are not functioning properly in a recent past due to inadequate coverage of farmer members and processing cooperatives and also inefficient management.

- 3) **Infrastructural facilities:** Govt. had also provided infrastructural facilities like roads, railways, warehousing, old storage and processing units.
- 4) **Standardization and Grading:** Grading and quality control helps farmers to get good price for quality products produced by them.
- 5) **Minimum Support Price:** To safeguard the Interest of the farmers, government fixes the minimum support price for agricultural products like wheat, rice, maize, cotton, sugarcane, pulses etc. the government willingly will buy any amount of grains from the farmers at a price higher than the market price in order to help them recover their loss.

- **Defects of Agricultural Market in India**

The existing system of Agricultural marketing has no. of defects the following are some of the defects due to which the marketing system is not properly organized.

- 1) Lack of storage facility for food grain and crops has damaged the products either by rats or insects or due to rain.
- 2) Distress Sale: Most Indian farmers are poor and they have no capacity to wait for better price. They sell the commodities at whatever the price available immediately. As a result, they go for distress sale of their output, to the village money lenders or traders for poor price.
- 3) Lack of transportation as a result farmer cannot reach nearby market to sell their produce at a fair price.
- 4) Long chain of middleman or intermediaries between the cultivator and the consumer will also reduce the profit of the producer.

- 5) There are also other defects like lack of institutional finance, lack of guiding etc. This makes Indian marketing system disorganized.

- **Diversification of Agricultural Activity**

Diversification includes 2 aspects:

- 1) **Diversification of crop production:** This involves shift from single cropping system to multiple cropping system. This also involves shifting cropping pattern from food grains to cash crops. The main aim is to promote shift from subsistence farming to commercial farming.
- 2) **Diversification of Productive Activities:** As agricultural is already overcrowded the major portion of the increasing labour force needs to find alternate employment opportunities in other non-farm sectors. This will provide alternate sustainable livelihood and would raise the level of income.

- **Organic farming**

Organic farming is the process of producing food naturally. This method avoids the use of synthetic chemical fertilizers and genetically modified organisms. It is very eco-friendly and very essential for sustainable development. It has a zero impact on environment.

- **Advantages of Organic Farming**

- 1) It substitutes costlier agricultural inputs such as HYV seed, Chemical fertilizers, pesticides etc. locally produced organic inputs, which are cheaper and thereby generate good returns on Investments.
- 2) It generates income through export as the demand, for organically grown crops are on the rise.
- 3) It provides healthy food as organically grown food has more nutritional value than food

grown through chemical farming.

- 4) It can provide more employment opportunities in India as it requires more labourers for production than chemically produced goods.
- 5) Organic food is a pesticide free and is produced in an environmentally sustainable way.

- **Disadvantages of Organic Farming**

- 1) Organic farming needs to be popularized by creating awareness and willingness on the part of the farmers for adoption of new methods.
- 2) There is no proper infrastructure and marketing facilities for these products alone. An appropriate agricultural policy should be brought in for organic farming.
- 3) The fields 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 large scale production.

- **Sustainable Development**

It is the development which aims to develop the present generation without effecting the quality of life of future generation. Sustainable development does not prohibit the use of any resources, but aims to restrict their use in such a way it is left for the future generation.

- **Operation Flood**

It is a system of milk co-operatives, launched in 1966. This system emphasised the pooling of milk by farmers through co-operatives societies. This increased the quantum of sale as well the market value of product. The production in milk increased four-fold. This system is commonly called operation flood.

- **Labour Force**

It refers to actual member of people available for work.

➤ **Cooperative Marketing**

It refers to a system in which marketing societies are formed by farmers to sell the output collectively and to take advantage of collective bargaining.

➤ **Non-farm sector**

It refers to jobs in govt. manufacturing, services, construction, mining, retail, etc.

➤ **Labour intensive Process**

It refers to the process or industry that requires a large amount of labour to produce its goods.

➤ **Role of IT Industries in the Development of Agriculture**

- 1) Information Technology has revolutionized many sectors in Indian economy. There is a broad agreement that IT will play critical role in achieving sustainable development and food security in the 20th century.
- 2) Through proper information and software tools, govt. has been able to predict area of food insecurity and vulnerability to prevent or reduce the livelihood of an emergency.
- 3) It also has a posture impact on the agricultural sector as it circulates information regarding technologies and its application prices, weather and soil condition for growing different crops.
- 4) This has increased the knowledge about agriculture.
- 5) The aim for increasing the role of information technology is to make ever village a knowledge Centre, where IT provides a sustainable option of employment and livelihood.