Chapter -VIII
SUMMARY, FINDINGS AND
SUGGESTIONS
Agriculture is the sine qua non of an economy particularly in a developing economy as majority of the population depends directly or indirectly on it. In the annals of Indian economic history, it has a place of pride. People get their food from agriculture in various farms i.e. cereals, fruits, vegetables and livestock gets fodder. Many large and small industries depend on agriculture for raw material. Foreign trade also consists of many agricultural products. Hence, none can deny that the development of agriculture is the core of Indian economy. The growth of industry alone is not sufficient to provide employment to our teeming millions.

Several reasons that have been put forward as the causes of distress is mounting debt of farmers, crop failures, declining yields, unviable farm holdings, increasing cost of production, fluctuations in output due to natural disasters like cyclones, floods, and droughts and prices of major crops have witnessed wild fluctuations in recent years after opening the Indian markets to international markets. This has led to a high degree of instability in farm incomes. Reduction and wild fluctuations in agricultural incomes of the farmers has been manifested in the form of farm suicides.

Thus the major factors responsible for the crises are economic, ecological and political which are inter-linked one with the other and combine to produce distress in the region. This is seen from the levels of living in rural Andhra Pradesh. Therefore, there is a need to explore the causes behind the agrarian distress in rural Andhra Pradesh.

8.1 Research Problem

The governments at national and state level have undertaken numerous programmes over the years to mitigate the problems of distress among farmers. Massive investments on agriculture sector and schemes like debt waiver and monetary relief package programmes could not solve their miseries; the number of suicides is gaining momentum. Several studies and non-government reports on the suicides have identified the larger and broader factors that account for the onset of such distress. Some of the key structural issues that have been identified are: the impact of neo-liberal economic policies entered into the world market (Shiva and Jafri 1998; Patnaik 2004, 2006), increasing cost of production (Vyas 2004, Mohanty and Shroff 2004), inadequate institutional support including lack of availability of credit; deceleration in rural growth (Dev 2004, Rao and Gopalappa 2004, Ghosh 2004); decline in wages, growing indebtedness and unemployment (Patnaik 2004; Dev 2004; Sarma

Due to the persistent problems and neglect has led to widespread disenchantment with agriculture as a livelihood and as a way of life. Many rural residents seek to have alternative livelihoods that are distanced from that of agriculture. Thus there is an urgent need to contain this crisis in agriculture and instill self-respect and self-reliance among farmers.

8.2 Research Justification

The problem of distress among farmers is a multidimensional one and compounding year after year. The government has taken many steps since the inception of planning to mitigate the distress of farmers and a series of schemes were introduced. However a little done and vast undone is the result of all these efforts. Much has been said and written on both brighter and darker sides of agricultural growth in our country. Though some light was thrown to probe the causes of slow growth, stagnation, problems of irrigation etc but area specific studies are less when compared with diversified geographical settings in the country. Hence an attempt is made in this study in both dry and wetland regions of Andhra Pradesh besides searching to find out the relation between the farming community, distress and deprivation.

8.3 Need for the study

Poverty, deprivation and social inequalities have been topics of social science research since decades. Needless to say, the mechanisms responsible for creating disadvantaged situations undergo modifications along with changing social and economic structures, altering the forms of disadvantages. Thanks to the social policies, inequalities had in fact been somewhat mitigated, but never eliminated, and they started to increase again in 1980’s and under the new regime of liberalisation.

Andhra Pradesh is an agriculturally important state in India. It has been one of the front runners in reaping the benefits of green revolution. In order to address the problems of agriculture the state has been implementing various schemes from time to time. Despite this, agriculture in the state has been exhibiting stagnation in growth resulting in poor growth in the economy. The expenditure on irrigation declined significantly under various plans. The non-development of irrigation potential is a major hurdle in the development of agriculture in the state. This has resulted in high poverty among rural masses who were completely dependent on agricultural sector for their livelihood. Thus state is marked by the notoriety of
slow growth and perpetual poverty and backwardness which also resulted in increasing suicides in rural areas of Andhra Pradesh. The situation in the farm economy in the state is compounded by deteriorating political and institutional support besides natural factors. Poor infrastructure, healthcare and lack of educational facilities aggravated situation from bad to worse thus keeping millions in poverty and backwardness. Under this scenario the present study is undertaken with the following objectives.

8.4 Research Objectives

1. To examine the changing trends in the economics of dry and wetland irrigation.
2. To analyse the growth in area, production and productivity of crops in dry and wet lands.
3. To analyse the cost of cultivation in dry and wet land regions.
4. To analyse the socio-economic status of farming communities in both regions.
5. To analyse the factors influencing poverty among farm households in dry and wet regions.
6. To examine the impact of debt waiver announced by the government of India on both dry and wet land region farmers.
7. To analyse the causes that are responsible for distress and deprivation among farm households.

8.5 Hypothesis

1. Socio economic status of farmers is declining.
2. The cultivation of crops is not economical.
3. Distress among farming community in dryland region is more.

8.6 Scope of the Study

Based on the objectives the study is limited to the analysis of status of farming in the state of Andhra Pradesh. The study area is represented by different agro-climatic zones and mainly focuses on the socio-economic conditions of the farmers during the years 2008-2009 and 2009-2010. The study area is selected through the broad spectrum of 600 sample farmers belonging divergent farming communities and from different socio-economic backgrounds of different agro-climatic conditions. Thus, these samples represent varied strata in the large total.
8.7 Research Methodology

Confining to the above mentioned scope of study the methodology has been designed to carry on the research work in a scientific way. The methodology applied is the methods of sampling and way of determining sampling size is described in the following along with the methods and techniques used in the data collection.

8.8 Research Design

The theoretical framework of the study combines economic as well as social aspects with the distress in wet and dryland cultivation. An attempt is made to study in depth the evolution of distress in the dry and wet land agricultural practices. Both quantitative and qualitative methods of research were applied in the study through collection of data by household survey and in depth interviews, site visits and field observations. The secondary data is collected from different sources.

8.9 Selection of Study Area

Andhra Pradesh is the fourth largest state with diversified regional dimensions where striking differences exist among the regions. We find unequal and uneven distribution of rainfall, natural resources, irrigation infrastructure and agro-climatic conditions which are the most important characteristics of the agriculture in the study area. For a better and comprehensive understanding of the problems prevailing in the agriculture, a multistage random sampling method is employed. As first step two districts from each region of Andhra Pradesh viz., Coastal Andhra, Telangana and Rayalaseema is selected through random sampling. In the next stage one mandal from each district is selected at random. In the final stage one village from each of the selected mandal is selected at random. Thus a sample of six villages was selected for the study. Farm households in each of the selected villages were listed. Finally a sample of hundred farm households was selected randomly from total households whose main occupation is cultivation from each of the selected villages.

8.10 Data Collection and Statistical Techniques

As stated earlier the study is based on both primary and secondary methods of data. Structured questionnaire is prepared with all relevant questions pertaining to cropping pattern, farm income and expenditure and off farm income, input use, crop yield, cost and benefits of different on-farm activities and availability of institutional credit and utilisation of government schemes. All the sample households were interviewed personally to get the
required primary data as mentioned above in addition to their access to basic amenities like safe drinking water, sanitation, schooling, transport, market, communication facilities etc.

The secondary data is collected from Directorate of Economics and Statistics, government of Andhra Pradesh and from different standard journals. Besides village and mandal level data is collected from selected mandal revenue offices in the selected districts. The data thus collected has entered into the Statistical Package for Social Sciences (SPSS) for the quantitative data, basic tools and measures in statistics.

8.11 Techniques of Analysis

The analytical techniques used in the study are descriptive statistics and simple and Logistic regression analysis. Simple tabular analysis is used to provide simple summaries about the data. To verify the relationship between the variables, the simple regression technique is used. To analyse the factors influencing poverty among farm households the Logistic regression analysis is used. To analyse the economics of crop cultivation, the cost of cultivation concepts of farm management were used.

8.12 Socio-economic Conditions

Socio-economic conditions reveals that farm households are poor and it does not have any direct influence on the cultivation. The social group composition of the sample households is more or less representing the characteristics of state population. In irrigated area, majority of farm house holds i.e.55% belongs to forward castes whereas 45% belong to socially backward classes. Among weaker sections 25.33% belong to Scheduled Tribes. In dryland area, the respondents belonging to backward castes are more than the forward castes. Irrespective of category, 85.66% of households in irrigated area and 84% of households in dryland area are marginal, small and semi-medium farmers.

The percentage of nuclear families in irrigated area is higher than that of dryland area. Nuclear family system is prevalent among marginal, small and semi-medium farm categories in both the areas. The average size of family is 4.23 in wet land area and 4.87 in dryland area. It is observed that the size of family is bigger in dryland area than the wet land area. Majority of farm households in irrigated area have pucca houses than the dryland area.

Even access to basic facilities like drinking water, drainage facilities etc., are better in irrigated area than in dryland area. The sample households of irrigated area have better access to consumer durables like T.V., LPG connection, Fan, Refrigerator, Pump sets, Mobile
Phones, Bicycles and two wheelers than the households of dryland area. T.V. Fan, Mobile phones, Bicycles have become a part of life nowadays.

It is observed that 35.33% of sample households are illiterate in wet land area whereas it is 57% in dryland area. Level of literacy is high in wetland area than the other. In General Category 80% of farm households are literate. Illiteracy is very high among socially weaker sections. In dryland area, the average level of literacy is 43%. Illiteracy is very high among Scheduled Castes.

The main occupation of sample household is cultivation in both irrigated dryland areas. In irrigated area large number of farm households have no subsidiary occupation and they totally dependent on farming whereas in dryland area, 2/3rd of the sample households are working as labourers in agriculture farms apart from cultivation.

More sample households in irrigated area own more livestock than in the dryland area. We find that most of the sample households own buffalos and bullocks in wet land area. In irrigated land area, the average farm size is 5.68 acres and it is 5.79 acres in dryland area. Relatively, it is noticed that average farm size of socially backward classes in dryland area is bigger than that of irrigated area. Paddy is the main crop in irrigated area whereas Jowar, Groundnut, Redgram are the main crops in dryland area.

Most of the farmers in both the areas are not willing to continue their children in cultivation. They wish to get their children better educated and settle in a better position. Only 11.67% in wet area and 26.67% of households of rainfed area wish to continue their children in agriculture.

There is no much improvement in economic conditions of farm households in the past ten years in both wet and dryland areas. More than 50% of households’ conditions remained static whereas 14 to 20 percent farmers’ conditions further deteriorated. Moreover, less than 40% of the farmers only have the hope of improvement of their conditions in future.

There are insignificant land transactions during the period among 85.33% farmers. Further it is observed from this data that farmers in irrigated area are more hopeful about getting additional income from additional piece of land than the farmers of dryland area. Another significant observation is that 93.33% of households in dryland area are having access to banking facilities whereas it is only 87.67% in the case of irrigated area.
8.13 Economics of Cultivation

Expenses incurred on inputs in wetland area are higher than that of dryland area. Input wise and farm size wise also expenses are high in wetland area. The cost of cultivation per acre is increasing with the increase in farm size in dryland area whereas in irrigated area much difference is not noticed except in semi-medium and medium farm holdings. Intensive use of inputs per acre is high in wetland area and it is also changing along with size of farm. The large and medium farmers prefer to high value crops like cotton, chillies and paddy. The marginal and small farmers also cultivate similar crops along with low value crops like Jowar, redgram, green gram, sunflower etc.

Proportion of operational costs in total costs is higher in dryland area and the percentage of overhead costs is higher in wetland area. Use of farm machinery, equipment, high rental values are caused to high overhead costs in irrigated area when compared to dryland area. The proportion of imputed costs is slightly higher in wetland area than in dryland. Significant difference is not noticed between wetland and dryland area in proportion of paid out costs and imputed costs.

In dryland area farming is neither remunerative nor getting reward even for their own labour and investment. This is mainly due to lack of alternatives, large number of farmers are depending on agriculture. The living conditions of farmers are also getting worse in dryland area. The level of income, living conditions of farmers in irrigated area are marginally better than dryland area.

It can be observed from the table that input-output ratio of all crops is 1.2 in irrigated area and 0.72 in dryland area. It indicates that the farming in rainfed area is quite uneconomical. Intra-size wise also the farm business is uneconomical in dryland area when compared to wetland area.

Traditional inputs like bullock labour, hired labour, owned labour are the major items of total cost in both wetland and dryland areas. Rent of leased land and owned land is the other major item of cost of production in irrigated area, whereas in dryland area fertilizers, pesticides and manures are the other major items. The expenses on modern HYV seeds and machine labour are relatively higher in dryland cultivation. The farm households of dryland area are depending on modern inputs than irrigated area.
Relatively farm business incomes of large farms of all crops are higher than that of other farm sizes. The average farm business income per acre is high in chillies followed by cotton, paddy and maize in irrigated area. In dryland area also the average farm business income per acre is high in chillies followed by cotton, and groundnut. It is observed that small and marginal farmers are unable to apply adequate inputs to get economical output.

In irrigated area the mean value of output-input ratio of paddy is 1.08, cotton is 1.03, chillies is 10.01 and maize is 1.06. The output-input ratio of chillies is high at 1.10 and followed by cotton and groundnut with the values of 1.02 and 1.00 respectively in dryland area. In other crops like greengram, redgram, sunflower and jowar the values of output-input ratios are less than one. It indicates that the farmers are not getting output equal to the value of inputs. Except in cotton and groundnut, we cannot establish definite relation between farm size and input-output ratios. The overall observation reveals that marginal and small farms are at a disadvantageous position in the cultivation of all major crops in the study area.

8.14 Rural Indebtedness

It is observed that the percentage of indebtedness of farmers is higher in dryland area than in irrigated area. But, the amount of debt per farm household is higher in irrigated area at Rs.109205 than in dryland at Rs.64779. The outstanding debt per household of large farmers is much higher than that of the small farmers.

The farmers of both wet and dryland areas are depending on Government and private sources for finance. In both the areas farmers are indebted to institutional and non-institutional sources. Dependence of farmers on input dealers for finance is relatively higher in wetland area. The role of cooperative credit societies is very limited whereas commercial banks are providing major share of credit in both wet and dryland areas.

When compared to dryland area, the farmers of irrigated area spent a higher proportion of loan amount on productive activities. It is 93.16% in irrigated area and 80.76% in dryland area. The loan amount used for unproductive purpose is almost three times more in dryland area than in irrigated area. The usage of loan amount on agricultural inputs and labour is high in irrigated area. The percentages of amount spent on health, education and household shortages are higher in dryland area than in irrigated area.
The percentage of farmers benefitted from loan waiver scheme and the amount of benefit are high in dryland area. As this scheme does not apply to the loans taken from non-institutional sources, most of the farmers could not get benefit. Uncertainty of rain fall, inadequate irrigation facilities and increasing cost of cultivation kept the farmers in a state of desperation.

The risk of crop failure is very high in dryland area. Most of the marginal and small farmers in rainfed area are extremely poor and unable to bear the risk of crop failures. Relatively the risk of crop failures is less in irrigated area. The percentage of households received compensation is relatively higher in irrigated area but the payment of compensation is negligible in both the areas.

8.15 Deprivation

Based on composite index of standard of living it is to be summed up that the index value is lowest for marginal farm households which is 34 in wet land region, followed by small farmers 48, semi-medium farmers 56 and medium and large farm households 67. In dryland area the index value of standard of living is estimated at 32 for marginal farmers, 40 for small, 48 for semi-medium and 62 for medium and large farmers. Thus dryland region farmers are in a disadvantageous state because their standard of living is low when compared to irrigated region farmers in both economic and social aspects.

Index deprivation is computed using scoring technique for the selected variables. It could be inferred that the sample households are found to be deprived based on social, economic indicators. However the dryland region farm households are more deprived than that of irrigated region.

Logistic regression model adopted to study the factors influencing the poverty level of a household showed that the level of Count $R^2$ is 0.78 which indicates good predictive ability of the model. The estimation yielded the expected signs for the coefficients of all the independent variables expect social status.
8.16 Findings

- The study area is endowed with diversified geographical, climatical, physical and infrastructural facilities.
- It is found from the study of socio-economic conditions that most of the farm households are in the grip of poverty.
- There is no correlation between the socio-economic structure and cultivation.
- In the irrigated area majority of farm households belong to forward communities whereas 45% belong to backward classes. One of the striking features of the irrigated area is 25.33% belong to STS.
- In dryland area Backward Communities are more than forward castes.
- Irrespective of the category 85.66% households in irrigated area and 84% households in dryland area constitute marginal, small and semi-medium farmers.
- The percentage of nuclear families in irrigated area is higher than that of dryland area.
- The average size of family is 4.23 in wetland area and 4.87 in dryland area.
- Majority of farm households in the irrigated area have pacca houses than in the dryland area.
- Access to basic facilities is better in the irrigated area than in dryland area.
- Households in the irrigated area are enjoying better access to consumer durables.
- 35.33% of sample households in wetland area are illiterates whereas it is 57% in dryland area.
- Illiteracy is very high among Scheduled Castes.
- In both the areas cultivation is principal occupation.
- Large number of farm households in irrigated area have no subsidiary occupation whereas 2/3rd of the sample households in dryland area are working as labourers in agriculture farms apart from cultivation.
- More sample households in irrigated area own more livestock than in dryland area.
- In irrigated land area the average size of the farm is 5.6 acres whereas it is 5.79 acres in dryland area.
- Paddy is the principal crop in irrigated area whereas jowar, groundnut, redgram are the main crops in dryland area.
- Most of the farmers in both the areas are not willing to continue their children in cultivation.
• There is no much improvement in socio-economic conditions of farm households in the past decade in both the areas. Thus the first hypothesis that the socio-economic status of farmers is proved.
• Input cost is more in wetland area than in dryland area.
• Input wise and farm size wise also expenses are high in wetland area.
• The cost of cultivation per acre is increasing with the increase in farm size.
• Intensive use of inputs per acre is high in wetland area and it is also changing with the size of farm.
• The large and medium farmers prefer to high value crops like cotton, chillies and paddy. The marginal and small farmers also cultivate similar crops along with low value crops like jowar, redgram, greengram, sunflower etc.
• Proportion of operational costs to total costs is higher in dry land area and the percentage of overhead costs is higher in wetland area.
• The proportion of imputed costs is marginally higher in wet land area than in dryland.
• There is no significant difference in the proportion of paid out costs and imputed costs in both the regions.
• In dryland area farming is neither remunerative nor getting reward for the farmers’ own labour and investment.
• The living conditions of farmers in irrigated area are marginally better than dryland area.
• Farming in rainfed areas is more uneconomical while compared with irrigated area. Thus the second hypothesis is proved.
• Traditional inputs like bullock labour, hired labour, owned labour are the major items of total costs in both the regions.
• The farm households of dryland area depends more on modern inputs than in irrigated area.
• Farm business incomes of large farms of all crops are higher than that of other farm sizes.
• Both small and marginal farmers are unable to apply adequate inputs to get economical output.
• Farmers are not getting output equal to the value of inputs in both the regions.
• Marginal and small farmers are at a disadvantageous position in the cultivation of all major crops.
• Indebtedness of farmers is more in dryland area than in irrigated area. The amount of debt per farm household is higher in irrigated area than in dryland area.
• The outstanding debt per farm household of large farmers is much higher than that of small farmers.
• Farmers are dependent on government and private sources for their finances.
• Dependence of farmers on input dealers for finance is relatively higher wetland area.
• Cooperative credit societies are playing a limited role in the provision of credit in both the areas whereas commercial banks constitute a larger share.
• Farmers in irrigated area are spending higher proportion of loan amount (93.16%) on productive activities whereas it is a little less (80.76%) in dryland area.
• The loan amount spent on unproductive purposes is almost three times more in dryland area than in irrigated area.
• The percentage of farmers who benefitted from loan waiver scheme and the amount of benefit is higher in dryland area than in irrigated area.
• The risk of crop failure is very high in dryland area than in irrigated area. The compensation for crop failure received in both the areas is negligible.
• The index value of standard of living of dryland region farmers is lower when compared to wetland region farmers in both economic and social aspects.
• Dryland region farm households are more deprived than that of irrigation region based on deprivation index. Thus the third hypothesis distress among farming community in dryland region is more is proved.

8.17 Policy Measures

1. Provision of more credit without proper evaluation of the credit needs and repaying capacity of the borrowers will only worsen the indebtedness in the farm sector. It also acts as a deterrent for the financial institutions and banks to provide required credit. Further, as banks were asked to charge interest at flat rates, irrespective of risk perceptions, is likely to act as disincentive for banks in increasing their lending to this sector. Hence, it is suggested that banks may be permitted to provide agricultural credit at appropriate rates of interest on the basis of repaying capacity/ incremental repaying capacity estimated to be generated out of the borrowed fund and availability of other risk mitigants, rather than only on security considerations.
2. As the returns on agriculture are low, any intervention in the field of agriculture will have to include a large non-agricultural components in it. These non-farm activities need to be seen as complementary to the farm activities without any conflict with agricultural activities. It is suggested to establish agro-based industries and other gainful employment opportunities should be enhanced. Further it is suggested that these industries must be suitable to the region. The manufacture of compost, bio-fertilizers and bio-pesticides should be encouraged. The strength of amelioration of farmers ‘distress’ may well lie in non-farm sector. Hence the farmers must either be empowered with alternative skills to make them capable of moving out of farm sector or be enabled to become part-time farmers.

3. At present, there is no remedy available to the farmers from the spurious inputs supplied to them. Therefore, it is suggested that some legislative measures must be taken to ensure the quality of inputs supplied by the agents/suppliers.

4. Insurance provides cover against the risk of loss of produce or assets or health of the borrower and his family members. All the four categories of insurance i.e., crop and farm income insurance, weather insurance, asset insurance and life and health insurance are not popular among rural areas particularly among small and marginal farmers. If these were made popular farmers will be protected from yield fluctuations, farm income, rainfall. Health insurance will influence efficiency and health of the farming community. Asset insurance concentrating on insuring productive assets of the farmers like livestock, stock of grains in warehouses or otherwise fish in ponds, animal carts, failed wells, dwelling units, pump sets etc., has to be strengthened and made popular among farmers.

5. An unremunerative price for produce results in a dent in the farmer’s income. Much of the price/income risk is due to the inefficiency in existing marketing structure. Hence, the state government may create a congenial atmosphere by strengthening the existing farmers co-operatives in various post-harvesting stages of marketing. It is suggested that adoption of contract farming may also help the farmers to achieve economies of scale and get them better price for their produce since it reduces the number of intermediaries between farmers and consumers.

6. There is an urgent need to protect small and marginal farmers and farm labourers from the clutches of money lenders. The government should enact legislation to regulate the activities of moneylenders. The proposed legislation should include

A) Total liability of the borrower not to exceed double the amount borrowed.
B) Ceiling on rate of interest at prime lending rate of SBI Plus a margin of around 4%.
C) Court to have jurisdiction on the current liabilities with retrospective effect to scrap all liabilities if repayments have been made up to double the amount of capital or more.
D) One house and land up to 5 acres not to be attached under any circumstances and should not be taken as collaterals.
E) Land and residential house to be taken into consideration to assess the worth of the borrower to assess reasonable credit needs of the person.

7. It is suggested to change the rules of ‘One Time Settlement’ in such a way that the standard accounts which were rescheduled / restructured on account of natural calamities as also farmers defaulting on loans due to circumstances beyond their control may also be taken to qualify for ‘One Time Settlement’. Without any hesitation it is suggested that waiver of loans across the board is not a good remedy to the chronic problem of farmer’s distress because it is despoiling the repayment culture and affecting the mutual confidence between the borrowers and lenders.

8. The government has to spend adequately on running schools and spreading literacy among rural masses. Besides education proper agricultural counseling is needed to be entrusted to specialists to equip the farmers with proper training and sensitization. Experts from different fields like banking, insurance, agriculture universities and research stations may be engaged by the government agencies on a retainership basis for counseling of the farmers without collecting any fee from them. Appointment of agricultural graduates should made as Rural Development Officers to help farmers give various counseling services in every rural and semi-urban areas.

9. Agriculture is India’s largest user of water. However there is increasing competition for water between industry, domestic use and agriculture. There is urgent need to enhance the productivity of irrigation. Piped conveyance, better on-farm management of water and use of more efficient delivery mechanisms such as drip irrigation are among the actions that could be taken. Indiscriminate exploitation of ground water is to be contained. Irrigation and drainage departments should be modernized as well as to be integrated with the participation of farmers and other agencies in managing irrigation water.

10. There is limited scope to expand the area under cultivation, the role of agricultural R & D is critical to enhance agricultural productivity. Indian agriculture will have to shift from resource and input based growth to knowledge and science based growth triggered by innovations and the application of science to agriculture. Similarly, in marginal and disadvantaged areas where it is difficult to expand irrigation steps shall be initiated with
technological advancements complemented with institutional and policy support, thus in return improving productivity.

11. In order to improve the financial condition of the rural population the government has undertaken many rural employment programmes. Here it is suggested to create employment opportunities near at hand in the rural areas so that they work during day time in the industrial enterprises and return to their villages in the evening and tend to their farm work. In order to encourage industries and their ancillaries to be located in rural areas and to provide jobs to the local population. Bold decisions have to be taken in respect of exemption from all kinds of central and state taxes, capital subsidy on clean industrial enterprises, compulsory state of the art affluent treatment, if any and atleast 80 percent employment of the local workers from rural areas is suggested.

12. The health care system in rural areas is to be revamped. It is good health that turns out more and more efficient labour. But in our rural areas poor people are denied access to good health facilities. Hence it is suggested to adopt a two pronged approach for the improvement of these facilities in rural areas.

   a) Providing for health insurance and medi-claim services with subsidies (at least 50%) for the people living below poverty line in the rural areas and agriculturist families operating up to two hectares of land and all the agricultural labour families in the rural areas.

   Multi-speciality hospitals should be organized for every group of three blocks covering around 300 villages where there should be a community of atleast 50 doctors of different specializations. There should be enough number of medical vans well equipped with essential medicines and attendant medical staff. Each van should cover two villages in one day and van should visit the villages on alternative days.

The policy focus of finance led short-term solutions may not work in the long run. It is important to understand the changing face of Indian agriculture with all its forward and backward linkages. Apart from credit, the support to quality education, health and medical services and gainful employment opportunities created at hand in the rural or nearby areas will go a long way in alleviating distress of the agricultural and rural population and will put the economy on a higher growth that will perceptibly inclusive in its very nature.