CHAPTER 1

PROBLEMS OF RURAL DEVELOPMENT

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CHAPTER - 1

PROBLEMS OF RURAL DEVELOPMENT

India is a vast country of agrarian people. About 742 million population amounting to 72.22 percent out of a total population of 1027 million are residing in 6 lakh villages as contained in the official document pertaining to the population census of India, 2001. The socio-economic development of the down-trodden/poor people living in the vast rural area of the country needs to be emphasised. Since independence India has gone a long way in undertaking both the short-term as well as the long-term developmental projects with a view to bringing about significant progress in various sectors/walks of life and made praiseworthy achievements especially in the early stages of post-independence period even though such developmental plans/projects require special attention for the progress of rural India. The Annual Report on the Rural Development revealed that nearly 27 percent of the rural population are poor and are, no doubt, much below the poverty line or subsist in poverty. According to the Planning Commissions’ Sixth Plan Document (1997-2000), the combine incidence of unemployment and under employment taking together is estimated at around 36 million as on 1st April 1997. As per 1991 census there is also

an acute shortage of housing projects in the rural area. It is estimated that 10.75 million houses would be needed to cover the population growth during the period, 1991-2000. It is noteworthy that there is a close link between the rural connectivity and growth, be it in the area of trade, employment, education, or health care. However, about 40 percent rural habitations are still without road connectivity. Apart from this, in some region rural population is still deprived of quality education, medical facilities, drinking water facilities, communication facilities, vocational institution facilities, etc. As a consequence of such an alarming situation, the villages and rural areas still need attention for their sustainable development.

**Meaning and Concept of Rural Development:**

Rural development in India is recognised as sine-qua-non for faster economic development and welfare of the common masses. As is well known, the performance of rural economy determines the overall growth rate of economy. Rural development is not merely the development of rural areas, but rather it involves human development of varied nature including an overall development of mental calibre of the rural people so as to transform them into a self-reliant and self-sustaining community utilising modern facilities available to any developing community. Rural development is, therefore, the development of rural areas in such a manner that each component of the rural life changes/transforms and
proceeds in the desired direction with the other components as envisaged in the plan. Besides, rural development also encompasses structural changes in the socio-economic situation in the rural areas in order to bring about human welfare, which is the primary goal of all the developmental activities. In addition, it is achieved at the earliest. Thus, the rural development should embrace all the objectives of enrichment and betterment of the overall quality of rural life through an appropriate development of manpower resources, infrastructure facilities and provision of minimum needs and livelihood.

Development, by definition, is an act, or process of by which growth may lead to evolution within the framework of available resources. In nutshell, its primary aim in India is to remove the poverty and all the socio-economic evils, which are inter-linked with it. The rural development may thereby be considered as a conscious effort to raise the standard of living of the people in rural areas.

In other words, the rural development seeks to achieve increased rural production and productivity. It is inter-linked with motivation, innovation and active participation of beneficiaries. The main objectives of the rural development are as follows:

1. Improving the means of livelihood.

2. Increasing the production and productivity.

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3. Equal distribution of wealth.
5. Raising the level of income and consumption.
6. Raising the standard of living of rural people.

The Process of Rural Development:

The process of rural development as has been defined by Copp\(^1\) is a process through collective efforts aimed at improving the well-being and self-realisation of people living in rural areas. The ultimate target of rural development is the people, not the infrastructure. Further Copp argues that the objectives of rural development are to widen people's ranges of choice. Efforts should be made towards preserving and improving the rural environment and the rural development planning may be conceived to identifying the complex factors, which contribute to the creation, change or development of rural areas. Another author Lassey highlights that the focus of rural development should be on\(^2\):

1. Preservation of ecological integrity with a view to providing continuous supply of life - supporting resources.
2. Efficient and appropriate land use.

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3. Healthy living conditions.

4. Aesthetically pleasing environments.

5. Effective social, economic and governmental institutions.

6. Improved human welfare in terms of minimal economic and social levels.

7. Physical structure and adopted landscape of pleasing design.

8. Comprehensiveness, i.e., a full range of physical, biological and human factors in rural region.

9. Increase in agricultural production and productivity.

Finally, it may seem necessary to create an atmosphere conducive to development by motivating the rural masses to improve their lots / standard of living by taking the above factors into their consideration.

Factors Affecting Rural Development:

Rural economy of India needs a specialised attention because of its peculiar problems related to the level and distribution pattern of income. In India, the population living below the poverty - line has been accepted as a measure of poverty. The number of rural people living below the poverty - line is estimated to be over 27.63 crore. Over the years, their number has decreased marginally
since the beginning of the plan era. The main source of livelihood, in rural India is land. Therefore, the rural poverty is associated with the ownership of land. The structure of land-ownership failed to meet the ends of social justice; ceiling was imposed on larger holdings and surplus lands were sought to be distributed among the small and marginal farmers. But these measures could not bridge the gap thereof, the proportion of poverty stricken population remains the same, owing to different reasons. The poorest section of the rural population belongs to the families of small and marginal farmers, agricultural labourers, artisans, Scheduled Castes and Scheduled Tribes, etc. They are still living in poverty, they do not have the necessary productive assets and skills with them to produce the wanted/essential goods and earn sufficient money. In rural areas land happens to be the main productive asset in the absence of widespread rural industrialisation.

There is widespread illiteracy and absence of modern skill among the rural masses. Naturally, even if, the rural artisans who go on producing traditional goods find that there is less demand for such goods, and they can not stand in competition with goods, coming from the urban areas, which are preferred by all including the rural consumers because they are comparatively cheaper and well finished. In the absence of productive assets or with an inadequate productive asset (as in the case of land), the only source of income for the majority of the rural masses is employment;
principle of contiguity assumes importance, as the numerous small villages of the country are treated as Community of small number of clusters of contiguous villages. The third approach is the “Cliental Approach”. Planning is done to improve the economic position of certain groups. The fourth approach is the “Sectoral Approach” in which the economy is divided into different sectors and the development plans are made for all sectors.

Banks can play an important role in the rural development of the country. In this direction banks have adopted five approaches towards reaching the target group, i.e., the weaker sections. These approaches are:

(a) Commodity Approach
(b) Area Approach
(c) People Needs-Based Approach.
(d) Service Area Approach.
(e) Self-Help Group Approach.

In the case of commodity approach, the commodity identified has ready market within the accessible area and with an expanding market activity expands the target group, which is induced to take up the activity, continues to benefit. Such an approach is successfully tried in dairy-farming and sugar cane cultivation. The approach helps the producer in getting the larger share of price paid by the
consumers. In the area approach, the focal point is the judicious utilisation of the resources in a particular area. The implications of realising the potential are worked out in a co-ordinated manner. The different aspects as considered, are the allocation of resources between different activities and the selection of target groups for the various activities.

Under the "people's need-based approach" the emphasis is laid more on bringing people together and involving them collectively and individually in self analysing their needs, constraints and ultimately drawing up the strategy for dealing with them.

Recognising that there substantial need and scope for increasing the development-linked credit as well as business at the level of the rural and semi-urban branches, Reserve Bank of India (RBI) has introduced the Service Area Approach to exploit the full potential banking infrastructure. The main objective of this approach is to make the rural lending more productive by relating it intimately to the local conditions and genuine needs of the villagers besides promoting the rural savings for lending and recycling of credit. In general, service area approach is the planning exercise in order to formulate the realistic credit plans for the villagers based on the actual needs of all the households living in the villages by making use of the locally available resources. Under this approach, the rural and the semi-urban branches of commercial banks including the RRB are assigned, identified, and specified.
the area comprising the approach cluster of 15 to 25 villages as in service area¹.

To accelerate the process of rural development, the important pre-requisite under this approach is the preparation of village credit plans reflecting the needs and potentialities of the area. The preparation of credit plan requires confirmed technical feasibility of an activity, established economic viability of an activity and the determined size of viable activities and their prioritisation.

Self Help Group (SHG) is a voluntary organisation of the rural poor people generally comprising of small-marginal farmers, landless labourers, rural artisans, women folks and other micro entrepreneurs who organise them to achieve their economic development by raising their resources. In order to make lending system more effective and purposeful, it may be suggested that linkages between the banks and the SHG can have either direct or indirect impact on the rural credit system. Banks can make available credit to SHGs, which, in turn, can make credit available to their members. Alternatively, banks can work through the voluntary organisation, which can provide credit to SHGs to be passed on to members. The route chosen by banks will depend upon the strength of SHGs².

In the light of the above approaches, the following generalisations have been made:

(1) Rural development activities must be organised around activities and services that have relatively well defined technologies, methodologies and objectives.

(2) Rural development activities must be organised to utilise relatively unskilled human resources that are available in the rural areas.

(3) Effective implementation of rural development programme is largely dependent upon the development of institutional capacity to mobilise the limited political and economic resources to the disadvantaged rural communities.

(4) The problem of welfare in the rural areas continues to be more a problem of level of output per individual than that of distribution and lastly; the structural characteristics of most rural communities and of the societies of which they are a part, will constrain them from securing access to many of the available developmental opportunities. Thus, the approaches of rural development should be considered in terms of fundamental humanistic values.

Strategies of Rural Development:

Rural development has been defined as a strategy to improve the economic and social life of a specific group of people, that is the rural poor including small and marginal farmers, tenants and landless labourers. According to the
World Bank Report, "A national programme of rural development should include a mix of activities including projects to raise agricultural output, to create new employment, improve health and education, expand communication and improve housing. The nature of content of any development programme will reflect the political, social and economic circumstances of the particular country or region."

Since the crucial issues of rural development largely emanate from the strategy and mythology postulated for accelerating the rural development, it would be appropriate to consider it properly. Prof. Naidu has suggested the following strategies for rural development:

1. Increasing production and productivity both in agriculture and allied sector.

2. Resources and income development of vulnerable section of rural population through development of primary, secondary and tertiary sectors.

3. Skill-formation and skill-upgrading programmes to promote self-employment against the rural poor.

4. Facilitating adequate availability of credit to support the programmes taken up for rural poor.

5. Promoting, marketing supports to ensure the viability of production programmes and to insulate the rural

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poor from exploitation of the marketing of their produce.

(6) Promotion of additional employment opportunities to the rural poor for gainful employment during the lean agricultural season through a National Rural Employment Programme (NREP).

(7) Provision of essential minimum needs.

(8) Realising pricing policy for agricultural products.

A comparative study of the development strategies in India is very significant from the point of view of locating the strength and weakness, thereby, evolving a suitable strategy of rural development. Among the strategies, special attention was given to Area Approach, which visualised in Community Development Programme in the year 1952, Intensive Agricultural District Programme, Intensive Agricultural Area Development Programme and lastly, “Target Approach” such a Small Farmers Development Programme, Intensive Child Development Scheme, Food for Work Programme presently known as a National Rural Development Programme.

A critical review of all the above programmes revealed that the benefits of development had been mostly availed by some better off members of rural societies. The majority of the rural people continued to take varying degree of poverty. The gap between promise and

1 Naidu L.K., Bank Finance for Rural Development; Ashish Publishing House, New Delhi, P.P. 51.
performance would not be bridged considerably on the rural front. To meet the deficiencies of the rural development programmes, the Government of India has introduced Integrated Rural Development Programme, a centrally sponsored scheme in the year 1978-79 as a new deal in order to eradicate poverty. This programme is based on the decentralised micro-block level planning.

Programme for Rural Development:

In the pre-independent era, many sporadic attempts were made by many distinguished personalities like late Mahatma Gandhi, Ravindra Nath Tagore, S.K. Dey, F.L. Bryne, Spencer Hatch, Albert Mayer and many others on their own to bring about socio-economic development of specific rural areas. Some such projects were; Sri Niketan project (1920) launched by Tagore, Gurgaon project (1920) launched by F.L. Bryne, the then deputy commissioner of Gurgaon; Marathandam project (1926) launched by Spencer Hatch; Baroda Rural Reconstruction Scheme (1929-30), launched by T.T. Krishnamachari and Firka Development scheme, launched by the Madras Government (1946).

At this stage specific mention may be made of the Grow More Food Campaign (GMFC), launched in 1943, in the Wake of Bengal famine, as the first main land-mark in the direct efforts of Government to increase food production rapidly. Its main lines of action were; (a) to divert area from cash-crops to food-crops; (b) to increase cultivated areas by bringing them under plough current
follow and cultivable waste-land; and (c) to promote intensive cultivation through provision of irrigation, better farming practices. A number of policy instruments and schemes were thus devised to achieve these objectives.

In 1950-51, when the Planning Commission formulated the first five-year plan, the Ministry of Food & Agriculture reviewed the working of GFMC and some important policy changes were made in the GMFC policy. These changes were:

(a) Concentration of seeds and manure's schemes in the areas of scanty rainfall and irrigation.

(b) Selection of compact areas, considered suitable for increasing minor irrigation facilities and for undertaking land improvement works.

(c) Special programmes of tube well construction on a fairly large scale sponsored and financed by the Central Government.

(d) Greater emphasis on productive schemes of permanent nature.

(e) Adoption of principles that the financing of scheme should be more through loans and those subsidies should be reduced steadily and ultimately terminated.

(f) Widening of the scope of GFMC to include schemes for the improvement of livestock. The State Government opposed the concentration of the GMFC.
in suitable areas on the ground that it would lead to discontentment in the areas, which would be left out.

In the Post-independent era also, some such efforts like Nilokheri Experiment (1947-48) launched by S.K. Dey, Etawah-Pilot-Project (1948), launched by Albert Mayer were made. All these attempts had their own strength, weaknesses and limitations. All these projects could create expected impact because of very many obvious limitations, but in spite of that their success and failures stood the planner in good stead in designing the rural development strategy in post-independent era. Some of the Steps taken by the Government of independent India to bring about rural development are furnished as under:

Community Development Programme:

A beginning was made in this direction by launching the Community Development Programme (C.D.P.) in October 1952. The aim of this programme was to provide suitable infrastructure for the extension work, full utilisation of material and human resources of the rural areas on an area basis and develop local leadership and self-governing institution. The basic idea was to raise the standard of living of the rural community with active participation and initiative of the people.

Panchayati Raj:

In order to set-up elected and organically linked democratic bodies at the village, block and district level, to

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1 Government of India, Planning Commission, First Five-Year Plan, New Delhi, 1952, Programme-224
take over the functions of planning and development from the officials, Panchayti Raj was introduced in 1959. On the basis of Balwant Raj Mehta Committee Report published in 1950, it was realised that it would not be desirable to enforce a uniform pattern for these bodies in the entire country. Hence, an option was left to the State Governments to adopt a two- or three-tier-system of Panchayati Raj administration. Most of the States in India have enacted laws for the establishment of Panchayti Raj institution. These institutions have been entrusted with financial and developmental power and responsibilities for their areas.

**Extension Education Training Scheme:**

A network of farmers' training institutions was started under the Extension Education Training Scheme (EETS) in 1961. The field workers and farmers are imparted instructions regarding the latest agricultural techniques. They are taken around demonstration plots and agricultural farms run by the State Governments. These farmers serve as leaders of the community to disseminate the knowledge of modern technological inputs and scientific crop planning. However, these programmes benefited mainly the rural elite and not the weaker sections of the community.

**Intensive Agricultural District Programme:**

In 1961, a new approach to intensification of agriculture through the Intensive Agricultural District

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2. R.C. Arora, Integrated Rural Development, S. Chand and company limited, New Delhi, 1979, P.41
Programme (IADP) was taken up in 16 selected districts, one from each State. The idea behind such a programme was to get increased yields through the co-ordinated use of fertilisers, insecticides and pesticides in irrigated areas.

**Hill-Areas Development Programme:**

Hill Area Development programme was started in Manali in 1952, as an offshoot of the Indo-German project in order to remove regional disparities and to evolve a suitable pattern for the development of backward areas.

Two central-hill area-development projects were taken up on pilot basis towards the end of Fourth Five year Plan in Pauri-Garhwal in Uttar Pradesh and in Nagba in Manipur. This strategy reflected two principal aims: (i) to maximise the agricultural production and (ii) to remedy the imbalances existing among the different regions of the country, integrated development of agriculture and allied fields such as multi-cropping along with the High Yielding Varieties Programmes. Horticulture animal husbandry activities together with building up of the necessary infrastructure in the fields of land development and soil conservation, minor irrigation etc. have also been adopted in the two central-sector-hill-area-development projects.

One of the important problems is that of improving the nutrition of the people. The task involves not only the production of more food but also better understanding of the relationship of food to health, the importance of

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1 Government of India, Planning Commission, Third Five-Year Plan, PP. 209.
specific foods, the need of certain group of population and the ways of making the best possible utilisation of the foods available.

**Applied Nutrition Programme:**

Applied Nutrition Programme was introduced in 1963 with a view to improving the nutritional status of the people, particularly those of mothers and children in rural areas. It also aims as educating the village communities for better awareness of the need to produce nutritionally charges in knowledge and beliefs about food and eating habits and consequent charge at family and village level in production, preparation, preservation and consumption of food. It also seeks to the extent possible the provision of heath-care immunisation, portable-water and environmental sanitation. The progress is bound on self-help activities and promotion of the local resources, viz. vegetables, fruits, poultry, fishery etc.

**High - Yielding Varieties Programme:**

Again, in the year 1965, the high Yielding Varieties Programme (HYVP) was conceived and introduced as a distinctive strategy in areas with assured natural advantages and comparatively better endowment in order to raise agricultural out-put. It was followed by the Agriculture Development Programme in the year 1966.

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Though several programmes for the area development had been under implementation in India right from the very inception of the planning in the country, the small and marginal farmers did not get much benefit from the breakthrough in agriculture technology. New benefits following from the investment in rural sectors were accruing to the poorer section of the rural population in a fair and equitable manner. It was felt that special programme for the exclusive benefit of the poorer section of the rural population would be required, if the distribution objectives of the policy were to be achieved¹.

**Corrective Steps:**

The realisation of the reluctant disparities lead to some corrective steps in the fourth and fifth five-year plans. A number of special programmes were introduced for the under privileged and depressed areas. The important areas are: Drought Prone Area Programme (DPAP): Small Farmers Development Agency, Marginal Farmer and Agricultural Labourers Scheme (SFDA/SFAL), Tribal Development Agency (TDA), Pilot Intensive Rural Development Project (PIREP), Intensive Agricultural Area Programme (IAAP), Command Area Development Programme (CADP), and Special Live - Stock Production Programme (SLSPP, 1975-76).

**Drought - Prone Area Programme:**

Another programme is Drought - Prone Area Programme, formerly known as Rural Work Programme,

was introduced in the year 1973-74 in order to ensure that the rural works, taken up under this programme, were of permanent nature with a view to providing employment through the direct construction works. At present, DPA is under implementation in 971 blocks of 183 districts in 16 states\(^1\). The areas under this programmes are selected on the basis of objective criteria of (a) Level and periodicity of rain fall, (b) Intensive and past occurrence of drought and (c) promotion of irrigated areas to the total cultivated area. The main elements in the development strategy of the programme were; (i) Restoration of ecological balance; (ii) Integrated rural development; (iii) Rational utilisation of new technology; and (iv) Equitable distribution of development efforts and direct and indirect employment.

**Small Farmer Development Agency/Marginal Farmer and Agricultural Labourers Scheme:**

In order to enable the small and marginal farmer and agricultural labourers to participate in the process of development and share in its benefits, the Fourth Five-Year Plan, Inter-alia provided for the two sets of projects; namely SFDA projects for small but potentially viable farmers and MFAL projects for the marginal farmers and agricultural labourers. These schemes were taken up on a pilot and experimental basis.

The programmes under SFDA and MFAL have been in operation since 1971 covering 1818 blocks in the country to

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assist persons specifically identified from the target group in raising their income level. This was to be achieved by helping them on the one hand, to adopt the improved agricultural technology and acquiring means of increasing agricultural production like the minor irrigation sources, and on the other hand, to diversify their farm economy through the subsidiary activities like dairy, poultry, bee-keeping, sericulture, sheep, and goat farming, inland fisheries etc. The project authorities were to make specific efforts to ensure that the needed inputs and credits were available to these identified beneficiaries by the respective agencies. Enrolling them as the member of credit co-operative societies was one of the operational objectives of the programme, so that they could draw the necessary assistance from the societies and derive benefits through the community approach, by retaining individual ownership of assets.

**Tribal Development Agency:**

Tribal Development Agency Programme was initiated in 1971-72. This is additive in its nature, in as much as it is not intended to replace the normal flow of investment in the tribal area, on the on going schemes. Each of these projects insures to cover 10,000 tribal families or 50,000 tribal people who are the weaker section even amongst the tribals. This is faster to the economic development of the tribal population so as to bring them within the mainstream of development effort and, in particular to make an

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impact on the agricultural development of these areas. The core economic programme, perusal by these projects, comprises of the agricultural development, including horticulture, land reclamation, land development, soil conservation, minor-irrigation, control of shifting cultivation, and cattle development. The development of infrastructure, physical and institutional is essential for its successful implementation.

**Pilot Intensive Rural Employment Projects:**

In the wake of rural works programme and crash scheme for the rural employment, the project work was selected for the pilot intensive rural employment project in 1972-73 in order to find answer to the problem of rural employment.

The approach of the fourth five-year-plan emphasised the necessity to create favourable economic condition for the promotion of agriculture. This implied a systematic effort to extend the application of science and technology to agriculture. Hence, Intensive Agricultural Area Programme (IAAP) was started in March 1974. The earlier programme of the intensive district was to be expanded into intensive areas. The kingpin in this agricultural programme was the promotion of high-yielding varieties and multiple cropping.

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1. Ibid. PP. 46.
Command Area Development Programme:

In most of the projects, utilisation of irrigation potentials already created could not be effected in the absence of the farm infrastructure. Moreover, where water has been used for irrigating crops, there hardly has been any effort to change-over from the uncertain-rain cropping pattern with low yields to scientific cropping, making full use of the technological perennial irrigation from these projects. Therefore, the centrally sponsored Command Area Development Programme was initiated in December 1974. It aimed at; (1) Bridging the gap between the irrigation potential created and the utilisation thereof; and (2) Raising the efficiency of water use and productivity from irrigated lands.

It is noteworthy that the programmes like SFDA, DPAP and CADA did bring about considerable improvement in the living conditions of the poorer people in the areas where the special programmes were in operation. But it became clear that the dimensions of rural poverty in India were such that a far more ambitious programme was required to remove the more degrading farms of rural poverty with the objective of raising the poorest families in rural areas above the poverty-line, by giving them income generating assets and access to credit and other inputs. A new programme known as the Integrated Rural Development (IRDP) was launched1. It was

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followed by the Food for Work Programme (FWP) and desert Development Programme (DDP).

**The 20 - Point Economic Programme:**

The former late Prime-Minister Mrs. Indira Gandhi after the declaration of Emergency in June 1975, announced her 20-point-economic-programme in July 1975, which among other things, aimed at "Devising alternative agencies to provide institutional credit to landless-labourers, rural artisans and small and marginal farmers. In this context, steps are also being taken to liquidate indebtedness of these classes in rural India."

These programmes not only covered many aspects of social justice but also a number of infrastructural programmes vital for the economic growth. The 20-point economic programme contained a number of steps in respect of the rural development. These are as follows:

1. **Continuance of steps to bring down the prices of essential commodities and to streamline the production, procurement and distribution of essential commodities.**

2. **Implementation of agriculture land ceiling and speedier distribution of surplus land and compilation of land records.**

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(3) Stepping up of the provision of house sites for the landless and the weaker sections.

(4) Bonded Labourer wherever exists, to be declared illegal.

(5) Plan for the liquidation of rural indebtedness, legislation for moratorium on the recovery of debt from the landless labourers, small farmers and artisans.

(6) Review of laws on the minimum agricultural wages.

(7) Five million more hectares of land to be brought under irrigation through national programme for use of under ground water

**Integrated Rural Development:**

In the budget session of Parliament on 1976, a blueprint for Integrated Rural Development was presented. The development of institutional infrastructure such as banking, Agricultural Credit Societies and programmes viz; SFDA, DPAP and CAD, which are broadly area development programmes and have the uplift of small and marginal farmers and the landless labourers as their main objectives, were continued and were to be utilised according to their relevance in particular areas to achieve the twin objectives of generating employment opportunities

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and increasing production integration among the different approaches.

**Food for Work Programme:**

Food-For-Work-Programme was started in April 1977, to provide opportunities of work and additional employment for rural poor particularly in start season. The programme was to create durable community assets such as irrigation facilities, roads, etc. against the payment of surplus food grains as wages. Special financial and fiscal concessions, credit on softer terms and subsidies have been made available to the under-development areas to attract increased investment. A minimum need programme was designed to provide in the rural areas, within a reasonable time-frame, certain basic amenities in the field of education, health, drinking water supply, electrification, roads and housing-sites. It was suggested that minimum-need-programme be linked with the FFWP so that the rural poor, particularly the landless labourers, are able to secure dependable employment and food throughout the year through these works' programme.

**Desert Development Programme:**

The Desert Development Programme was started in 1977-78 with a view to controlling the desertification and developing conditions for raising the level of production, income and employment of the people of the areas covered.

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under it. Experiences gained out of the Rural Development Programmes, such as DRAP, CAP, HAP, TAP show that neither the project nor the sectoral approach is adequate to land on overall development of an area and to the distribution of benefits to local population especially to the weaker sections of the rural population. The intensity of unemployment and poverty varies from region to region, so do the potential for development in agricultural and related activities².

It has rightly been observed that the essence of the programmes of rural development has been marked by a fragmented and compartmentalised approach in formulation on the one hand, and a top-down inflexible one-way system of implementation on the other. But in their very nature, they could not provide the impulse for sustained growth or for broad-based development³.

**Land Reforms:**

Land Reforms have been introduced on the National Agenda of Rural Re-construction since independence. The major objective of land reforms has been the re-ordering of agrarian relations in order to achieve an egalitarian social structure, elimination of exploitation in land relations, realising the age old goal of land to the tiller, enlarging the land base of the rural poor, increasing the agricultural

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1 Reserve Bank of India, Currency and Finance, Volume-2, 1983-84, Bombay, 1984 P- 52
productivity and infusing an element of equality in local institutions.

National Fund for Rural Development (NFRD):

With a view to encouraging the individuals, corporate and non-corporate bodies to participate in the national effort for the rural development, the National Fund for Rural Development (NFRD) was established in 1984. The donors while making donations may recommend their preference for the area or locality as well as the specific rural development programme(s) for which the donation may be utilised. Since inception under this Fund, the government has received Rs. 11.71 crore, out of which Rs. 10.93 crore has been released for 58 projects.

Information, Education and Communication (IEC):

IEC is an integral part of planning for sustained development. This programme has been implemented with the aim of sustainable holistic development in the rural areas. At present IEC is playing a pivotal role in creating awareness, mobilising people and making development participatory through advocacy and by transferring knowledge, skills and techniques to the people. It is also critical in bringing about transparency in implementation of the programmes at the field level and for promoting the concept of accountability and social audit.

Integrated Wastelands Development Programme:

Integrated Wastelands Development Programme (IWDP), a centrally sponsored programme, has been under implementation since 1989-90. The objective of this programme is to develop wastelands and degraded lands in order to promote employment generation in the rural areas besides enhancing the participation of people at all stages leading to sustainable development of land and equitable sharing of the benefits.

Council for Advancement of People’s Action and Rural Technology (CAPART):

CAPART was set-up as a pioneer organisation in the month of September 1986 as a supporting agency for the Voluntary Organisation (VOs) by merging two organisations, namely, the Peoples Action for Development and the Council for Advancement of Rural Technology (CART) with the mandate to promote voluntary action and propagate appropriate rural technologies for the benefit of the rural masses. Since then CAPART has been contributing towards the rural development and poverty alleviation through the work of VOs at the grass root level and by supplementing Government’s effort.

Pradhan Mantri Gram Sadak Yojna (PMGSY):

Rural road connectivity is not only a key component of the Rural Development in India, it is also recognised as

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an effective Poverty Reduction Programme. It is distressing to note that about 40% of India’s villages do not have proper road connectivity even after five decades of independence. Keeping in view the fact that the Rural Roads are vital to economic growth and measures for poverty alleviation in the villages, government launched PMGSY to connect all unconnected habitations in the rural areas with a population of more than 500 persons through good-all-weather roads by the end of the Tenth Plan Period1.

\textbf{Swarnjayanti Gram Swarozgar Yojna (SGSY):}

Government of India has launched a new programme known as the SGSY with effect from 1\textsuperscript{st} April, 1999 by restructuring the various self employment programmes implemented earlier viz., Integrated Rural Development Programme (IRDP), Training for Rural Youth for Self Employment (TRYSEM), Supply of Improved Toolkits to Rural Artisans (SITRA), Development of Women and Children Rural Areas (DWCRA), General Kalyan Yojna (GKY) and Millions Well Scheme (MWS) so as to avoid multiplicity of various programmes which resulted in the lack of social intermediation and absence of desired linkages among these programmes.

The basic objectives of SGSY are to bring the assisted poor families (Swarozgaris) above the poverty line by providing them income-generating assets through a mix of

\footnotesize{\textsuperscript{1} Annual Report, 2001, Government of India, Ministry of Rural Development, PP. 50.}
Bank Credit and Government Subsidy. The programme aims at establishing a large member of micro enterprises in rural area based on ability of the poor and potential of each area\(^2\).

**Sampoorna Grameen Rozgar Yojna (SGRY):**

There were two major programmes for the Wage Employment Generation namely the Employment Assurance Scheme (EAS) and the other for the Infrastructure Creation at the village level known as the Jawahar Gram Samridhi Yojna (JGSY). The EAS was basically meant for the creation of additional employment opportunities during the period of acute shortage of wage employment through manual work for the rural poor living below the poverty line and the JGSY aimed at creating the need-based rural infrastructure at the village level. These programmes contributed to a great extent in alleviating the rural poverty and in improving the quality of rural life. To meet an unusual high demand for the wage employment and food security due to the occurrence of calamities, it was felt that one ambitious programme be introduced which would take care of the food security, additional wage employment and village infrastructure at the same time. With this noble idea, the Sampoona Grameen Rozgar Yojna (SGRY) was launched on 25\(^{th}\) September 2001\(^3\).

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Role of Banks in Rural Development:

Banks can take right lead for the rural development, as they are the repositories of resources with which pace of agriculture and rural development may accelerate. Agriculture being the predominant activity in rural areas, these banks were expected to lend to agriculture so as to ensure self-sufficiency in food production and modernise/commercialise the agriculture to achieve the targeted growth rate in the sector. Credit provided by those banks has catalysed the process of agricultural development more particularly through the creation of irrigation facilities, farm-mechanisation, energisation of pump-sets, land development, moisture conservation, horticultural, plantation and forestry development. Investment credit together with the production credit helped a large number of farmers in using high-yielding variety seeds, fertilisers, pesticides, irrigation which ultimately reflected on sizeable production of crops, fruits and vegetables. Similarly, animal husbandry including the dairy and poultry as also fishery development got tremendous boost. Besides making available the finance to farm and non-farm sectors, banks can play catalytic role in developing the rural infrastructure, transforming technology and know-how, offering guidance and above all, educating the rural people of varied target groups, all the while propagating family planning among the weaker sections of the rural society. Banks credit for the agriculture and rural development in our country has been
viewed from the angle of protecting the rural community from the grip of local moneylenders who lend their money at an exorbitant rate and are considered as villain and great cause of poverty in the rural areas.

The government has assigned a pivotal role to the banking system in developing the village economy. The major thrust of its policy has been on ensuring the easy availability of credit to all the classes of rural borrowers, especially those belonging to the weaker sections. Since the advent of independence, government of India takes all sorts of measures to strengthen the banking system especially in rural areas. The banks were enabled to shape their polices and programmes after taking into consideration the longer social purpose and need of national priorities and objectives under the RBI guidelines. They were assigned an important role in promoting the economic development and social justice. Under Indian conditions, economic development and social justice involve an accelerated growth of agriculture and related sectors, which contribute to the bulk of national income and provide livelihood for the vast majority of the population.

The Government of India has emphasised the need to establish banks into the rural areas. As many as there are 106 commercial banks with 50,645 branches out of which 40,627 branches are situated in the rural areas while there
are 196 RRBs with 14,413 branches out of which 12,084 are situated in the rural areas as on 31st March 2000.

In addition, there existed a network of 29 State Cooperatives Banks with 651 branches, 367 District Cooperative Bank with 19,780 branches and 92,000 Primary Agriculture Credit Society (PAC) covering practically all the villages by the end of 31st March 2001.

Conclusion:

In India about 72.22 percent of the people are engaged in agricultural sector and are living in the villages. People of rural areas are confronted with many problems, such as unemployment, housing, illiteracy, medical facilities, rapid population growth, etc. Since independence of the country, there have been continuous efforts to improve the economic condition of the people who are still living in poverty.

Rural Development in India is a recognised necessity since the performance of rural economy determines the growth rate of whole the economy of our country. Consequently, many programmes were launched/undertaken by the government such as, CDP, IADP, HADP, PIRDP, PMGSY, SGSY, etc. in order to accelerate the economic development of the rural areas.

In spite of the various programmes launched by the government, the desired economic development could not be possible without the adequate supply of credit to the

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1 Review of the performance of RRBs as on March 31st, 2001.
rural people. There is no doubt that the co-operative and commercial banks failed to meet the expected growing demands of credit. Therefore, in the year 1975, RRBs were established to cater the needs of only the rural people. In the next chapter an attempt has been made to examine the growth of RRBs in creating conducive atmosphere in the rural area for an overall growth of the rural economy.

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*Hafisher and Roshan Singh, "Rural Development and Cooperatives". Yojna, July 2001, pp. 17*