CHAPTER III
RURAL DEVELOPMENT: EVOLUTION AND DIMENSIONS
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RURAL DEVELOPMENT: EVOLUTION AND DIMENSIONS

Development is a multi-faceted and multi-dimensional concept. It refers to the process of change aiming at progress in all directions. However, it has been defined differently by different scholars.¹ According to Webster dictionary, "to develop is to unfold gradually like a flower from the bud."² The traditional definition of development as "growth of the per-capita Gross National Product" has been considerably criticised in view of large number of countries failing to achieve on an average a satisfactory rate of growth of the per-capita Gross National Product.³ In the present day world, development has been viewed not as a mere economic growth but as


"growth, evolution, stage of inducement or progress."\(^4\)
It has been conceived as a "multi-dimensional process involving major changes in social structures, popular attitudes and national institutions, as well as the acceleration of economic growth, the reduction of inequality and the eradication of absolute poverty."\(^5\)
Development further has been defined in terms of "progressive reduction and eventual elimination of malnutrition, disease, illiteracy, squalor, unemployment and inequalities."\(^6\)
In course of time, the goals of development has as such become the enrichment of the quality of life and its availability to all sections of the population.\(^7\)

However, no single definition can provide a precise meaning to the term 'development'. A combined


views on the concept extended by different scholars may convey greater clarity on the matter. Prof. Gerald E. Caiden correctly remarks:

"Nobody really knows what the word development really stands for any more. Economists identify it with economic productivity; Sociologists with social change or social differentiation; political scientists with democratisation, political capacity or expanded government; administrators with bureaucratisation, optimum efficiency, performance or capacity to assume all burdens."

Thus, the term 'development' indicates overall progress - social, economic cultural and political improvement of a country.

RURAL DEVELOPMENT

While development aims at overall progress, rural development obviously stands for the improvement of village areas in all directions. Rural development has been described as a "challenge for a mission to fight against poverty, illiteracy, stagnancy, unemployment, ill health and various socio-economic static and dynamic backwardness." It has now come to be realised as "a sine qua non for national development and social welfare."

9 Quoted from ibid, p.4.
10 See S.N. Bhattacharya, Rural Development in India and Other Developing Countries, Metropolitan, New Delhi, 1983, p.13.
The problem is not merely one of development of rural areas but "the development of rural communities to dispel ignorance and poverty and assist the process of creating self-reliant and self-sustaining healthy modern little communities." The World Bank rightly defines the concept of rural development as, "a strategy designed to improve the economic and social life of a specific groups of people - the rural poor. It involves extending the benefits of development to the poorest among those who seek livelihood in the rural areas. The group includes small farmers, tenants and the landless. The objectives of rural development, therefore, extend beyond any particular sector. They encompass improved productivity, increased employment and thus higher incomes for target groups, as well as minimum acceptable levels of food, shelter, education and health."

With the end of colonial rule in the Third World countries, emphasis was laid by the planners, policy makers and administrators on developing the rural areas in those nations as a majority of people in such countries lived in the rural areas in the midst of abject poverty.

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malnutrition, insanitary living conditions and ignorance. To combat these problems Asian countries in particular and the Third World countries in general, for the last quarter century or more "have undergone a massive experimentation in rural development." While the community development programmes were adopted as initial measures in mid 1950s for achieving rural development, the severe food crisis during 1960s forced the developing countries to go for agricultural development, popularly known as 'Green Revolution'. But agricultural development approach was aimed at mere production dimension and resulted in 'class-hatred' and 'social tension' in many parts of rural Asia. Consequently, there evolved a new policy called 'rural development'.


taking both 'agricultural' and 'non-agricultural' aspects of rural lives. Despite this approach, socio-economic condition of rural Asia did not show significant change and rather generated 'ugly facts'. During mid 1970s there emerged new approach called 'integrated rural development' aiming at a direct and frontal attack on rural poverty.

The above discussion reveals that various approaches like 'community development', 'green revolution', 'agricultural development', 'rural development' and finally 'integrated rural development' have been made for the general welfare of the rural inhabitants. In course of time, rural development has become a total development process involving both the economic and socio-political development of rural areas as a part of the modernisation of the entire society.


HISTORICAL PERSPECTIVES OF RURAL DEVELOPMENT IN INDIA

India is primarily a country of villages. Even to-day, about 77 percent of its people live in the rural areas which cover more than 96 percent of the geographical area of the country. Development of the country, therefore, mostly has depended on the progress of the rural sector. Since the ancient time till independence, India has been ruled under different rulers. As such, approaches to rural development have been varied from time to time. In order to study the propensity of rural development and its conceptualisation, it has, therefore, to be viewed in its historical perspective.

The history of rural development in India can broadly be analysed under the following three heads:

(i) Rural Development in the ancient India;
(ii) Rural Development in the British India; and
(iii) Rural Development in the post-independence period.

RURAL DEVELOPMENT IN ANCIENT INDIA

The history of the village is as old as the history of Indian civilisation.21 The concept of village and the rural development is not only found in the Vedic

literatures, it has also occupied its place in the post-Vedic literatures. While the 'Rig Veda' and the 'Yajur Veda' advocated methods like common assembly and common thought, the 'Upanishads' had emphasized the importance of development of the total human personality which, according to these, develops when human beings live together and work for a common ideal.  

Manu, the Hindu law-giver, in his writings (c. 200 B.C. - 2nd century A.D.) said that the village was the fundamental unit of administration with its own officers and organisations. It was the basic institution that functioned for the rural development. Further, the excavations at Harappa and Mahenjo-daro had revealed how development was conceived through proper planning in the Indus-Valley during the pre-historic times.

During the later period, when the society became more complex, the three major ideologies like Hinduism, Buddhism and Jainism established the concept of whole

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world as one family and the prosperity of one being linked with the wellbeing of the other. Thus, these contained the concept of rural development in its embryonic form. 

RURAL DEVELOPMENT IN BRITISH INDIA

During the 19th century, the Christian missionaries played an active role in rural regeneration. The missionaries initiated definite "organised steps for the economic and social uplift of their converts", through the most common way of settling them on land, employing them in factories and workshops which were started for the purpose. This led to the positive contribution towards the improvement of Indian farming and the village life.

In the princely States, the rural reconstruction experiment was started by the Maharaja Sayyaji Rao Gaekwad (III) over the whole State of Baroda as soon as

26 See ibid, p.4.
27 One of the earliest of such settlements was made by Rev. C.T.E. Rhenius at Tinnervalley in South India. For details of such christian settlements, see V.P. Pande, Village Community Projects in India, Asia Publishing House, Bombay, 1967, pp.224-32.
he assumed office in 1385. The basic approach to rural development adopted by him was collaborative working of different departments with the people, which resulted him in achieving success in this direction. 29

During the British period when the East India Company started to exercise political control over the Indian regions, it remained apathetic to any form of rural development. 30 Even after the transfer of power to the Crown in 1858, the British administrators did not take interest to promote the rural life. 31 However, the Manchester Cotton Supply Association took an interest 32 in the promotion of agricultural improvement in India and advocated for the establishment of a special Department of Agriculture in each province.

In course of the British rule, a significant step was taken in improving the economic standards of the rural farmers. The Government adopted the system of advancing Takkavi loans to "proprietors, farmers, subordinate tenants and ryots for embankments, tanks,

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32 T.N. Mukharjee, A Hand Book on Indian Products, 1883, p. 65, as quoted by S.N. Bhattacharya, ibid, p. 21.
But the Government loans could not become popular among the peasants as the repayment of such loans was enforced with greater rigidity. Later on, the British Government was forced to set up Famine Commissions in order to deal with the problems caused by repeated droughts and famines in the country. It were the reports of such Commissions which motivated the British administration to initiate definite measures for agricultural improvement, thereby achieving certain degree of rural development in India.

However, the British Government took more positive steps in the field of rural development in the beginning of the 20th century. Lord Curzon, particularly took a number of steps like application of scientific method to agriculture and establishment of a Central Research Institute and agricultural colleges for realising agricultural development in India. The period of

35 The Famine Commissions were set up in 1866 and 1880, of which the report of the Famine Commission of 1880 is found to be important. It recommended for agricultural improvement and the extension of the canal system, etc. to protect the farmers from frequent droughts.
national resurgence and freedom movement (1920-47)
experienced altogether a different approach to rural
development. The Indian educated elites and the national
leaders like Mahatma Gandhi and Rabindranath Tagore
along with certain liberal British administrators
initiated a number of conspicuous programmes in this
direction. While Gandhiji tried to achieve rural
development through a system of self-supporting and
self-governing villages, Tagore thought of integrated
rural development through promoting consciousness among
the rural people regarding their problems. On the
other hand, the British officials like F.L. Brayne
advocated rural development through the improvement in
sanitation, agriculture, cooperatives, social reforms,
etc. Apart from these steps a number of similar
programmes were adopted for achieving development in the

37 For details see M.K. Gandhi, Constructive Programme—
Its Meaning and Place, Navajivan Publishing House,
Ahmedabad, 1984, pp.8-30.

38 Tagore started his rural reconstruction work at
Sriniketan in the year 1921. For details of the
objectives of Sriniketan Project, see S. Dasgupta,
"A Poet and a Plan" in, History of Rural
Development in Modern India, Vol.IV, Institute

39 F.L. Brayne was the District Collector of
Gurgaon who started his experiment on rural
development at Gurgaon in the year 1920.
For details, see, F.L. Brayne, Better Villages,
rural sector.\(^{40}\) No further measures, however, could be taken in promoting rural development till independence, when the Government at Madras introduced the Firka Development Scheme which adopted the system of free education, improved roads and communication and better sanitation in the rural areas.\(^{41}\)

RURAL DEVELOPMENT IN POST-INDEPENDENCE PERIOD

India after independence was able to take a more systematic and scientific step in promoting rural development.\(^{42}\) A number of provisions\(^{43}\) were adopted into the Constitution of India, particularly in Part IV (Directive Principles of State Policy), which became the chief sources for formulating different policies of rural development in the country. In this direction,

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40 Some important programmes were introduced by Spencer Hatch at Martandam (1921), and V. T. Krishnamachary at Kosamba (1932), etc.


42 Soon after independence, several States initiated rural upliftment programmes being inspired by the ideals of Gandhiji. Some of the important programmes are the Sarvodaya Scheme of Bombay (1948) and Etawah Project (1948) in Uttar Pradesh.

43 Some of the important Articles of the Constitution in this regard are Article 38(1) on promotion of welfare of the people; Article 40 on provision for organisation of Village Panchayats; Article 43 on a decent standard of life to all workers-agricultural, industrial or otherwise; Article 47 on raising the standard of life of the people and Article 48 provides for the organisation of agriculture and animal husbandry on modern and scientific lines. For details, see the Constitution of India.
greater attention was given in achieving the economic development of the villages through the measures like land reforms, abolition of Zamindari system\textsuperscript{44} and introduction of the Five Year Plans. With this end in view, the Planning Commission was set up in March, 1950 and in December, 1951, the First Five Year Plan was presented.

While the First Five Year Plan (1951-56) emphasised on 'Community Development Programme',\textsuperscript{45} and 'National Extension Service',\textsuperscript{46} through "democratic

\textsuperscript{44} For a detailed discussion on land reforms and abolition of Zamindari system, see P.R. Dubhashi, "Land Reforms : Intention, Implementation and Impact", Kurukshetra, Vol.XXXV, No.1, October, 1986, pp.14-20.

\textsuperscript{45} The Community Development Programme was initiated on Gandhiji's birthday on 2nd October, 1952 to tackle the problems of the rural areas. This programme was critically analysed by Carl C.Taylor, the Ford Foundation Consultant on "Community Development." For details, see Carl C. Taylor, \textit{A Critical Analysis of India's Community Development Programme}, Community Projects Administration, Government of India, 1956, p.32.

\textsuperscript{46} The Community Development Programme (1952) was supplemented by 'National Extension Service' (1953). For its implementation, the country was divided into blocks headed by Block Development Officers. Each Block Development Officer was assisted by some technical experts known as Extension Officers and Village Level Workers or Gram Sevakas, to carry the message of the programme to the doors of the rural public and transmit back their problems to the block for solution. See S.R. Singh, "Nature and Scope of People's Participation in R.D.," Kurukshetra, Vol.XXXV, No.10, July, 1987, p.39.
planning", the Second Five Year Plan (1956-61) advocated for "socialistic pattern of society" in promoting welfare of the rural inhabitants. For an effective rural development through people's participation, the institution of "Panchayati Raj", was established during the Second Plan Period on the recommendations of the Balwant Rai Mehta Committee (1957). Moreover, important programmes like Khadi and Village Industries Programme (1957), Village Housing Projects Scheme (1957), Multi-purpose Tribal Development Blocks Programme (1959) and Intensive Agricultural District Programme (1960), etc. were introduced during that period for achieving greater development.

The Third Five Year Plan (1961-66) on the other hand, laid importance on the eradication of poverty. For the purpose, attention was given in achieving self-sufficiency in food grains and increasing agricultural production. Corresponding to these goals certain important programmes like Intensive Agricultural Area Programme (1964) and High Yielding Variety Programme (1966) were implemented during this period. The Fourth Five Year Plan (1969-74) aimed at raising the standard of

47 A three-tier organisation of Panchayati Raj - consisting of village Panchayat at the village level, Panchayat Samiti at the block level and Zilla Parishad at the district level was established in 1959.
living of the less privileged section of the society. In order to realise this goal, the Government of India took a bold step in nationalising fourteen major commercial banks (in 1969) and involving them with the rural development programmes. Smt. Indira Gandhi, the then Prime Minister of India initiated the idea of "Garibi Hatao" (Remove Poverty) which resulted in the introduction of a number of poverty alleviating programmes like Small Farmers Development Agencies (1971), Marginal Farmers and Agricultural Labourers Agencies (1971), Tribal Area Development Programme (1972), Minimum Needs Programme (1972) and the Command Area Development Programme (1974), etc.

The Fifth Five Year Plan (1974-78), on the other hand, made a new approach to the concept of rural development. It advocated the principle of "development with social justice" for realising advancement in the rural sector. Consequently, the Special Live Stock Production Programme (1975) and Food for Works Programme (1977) were started during this period. And the most important programme on rural development, namely, the Integrated Rural Development Programme was adopted.

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48 Smt. Indira Gandhi in her election campaign in the General Election of 1971 had given a call for 'Garibi Hatao'.
in 1978.49 It was further supplemented with the Training of Rural Youth for Self Employment Programme (1979). Moreover, in order to expand the base of rural credit, Regional Rural Banks were established in the year 1975.

The objective of the Sixth Five Year Plan (1980-85) was "Progressive reduction in the incidence of poverty and unemployment," improving the quality of life of the people in general with special reference to the economically and socially handicapped population. The important programme introduced in achieving such objective, during this period included National Rural Employment Programme (1980),50 Development of Women and Children in Rural Area Programme (1982) and Rural Landless Employment Guarantee Programme (1983). And six more commercial banks were nationalised in the year 1980 in order to accelerate the tempo of rural development in the country. Conspicuously, the National Bank for Agriculture and Rural Development was set up in 1982 for providing adequate financial help for the promotion

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49 On October 2, 1980, Integrated Rural Development Programme was extended to all the 5,011 blocks in the country.

50 National Rural Employment Programme was introduced in place of Food for Works Programme.
of rural development. Furthermore, a programme for the benefit of the youth namely Self-Employment for the Educated Unemployed Youth was initiated in the year 1983.

Our analysis in the preceding paragraphs makes it clear that during the post-independence period a large number of rural development programmes and schemes had been adopted by the Government of India, particularly through the Five Year Plans. As these programmes themselves represent the different dimensions of rural development in India, we have made an attempt to study in brief the nature and objectives of such programmes in the following paragraphs.

II

NATURE AND OBJECTIVES OF RURAL DEVELOPMENT PROGRAMMES

Rural development in a country like India largely hinges upon the development of its rural economy. On the other hand, the development of rural economy is dependent, inter-alia, on the availability of credit.

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51 Appendix VI represents the Public Sector expenditure pertaining to rural development in India during the Plan periods.

Of the number of programmes implemented since independence for rural development, a majority are credit linked and have been implemented through the commercial banks and later on through the nationalised banks. Some of such important programmes are the Priority Sector Advances, Differential Rate of Interest Scheme, Integrated Rural Development Programme and Twenty Point Economic Programme. Let us have a brief discussion on each of these programmes.

PRIORITY SECTOR ADVANCES

The concept of Priority Sector Advances originated on 24th July, 1968 with the aim of utilising the commercial banks in advancing greater amount of financial assistance on agriculture and small scale industries. By 1972, the segments like retail trade, small business, professional and self-employed persons and education were brought under the priority sector. Gradually, the priority sector covered the anti-poverty rural development strategies which were adopted through

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53 The concept originated in the second meeting of the National Credit Council held at New Delhi on 24th July, 1968.

54 This was done on the basis of the report submitted by the Informal Study Group on Statistics in 1971.
the nationalised banks, by the end of 1982.\textsuperscript{55} And the banks were instructed to advance at least 40\% of their total aggregate credit to the priority sector.\textsuperscript{56} The chief objective in this regard was to extend institutional finance to the weakest among the weaker sections of the society. Our analysis on the Priority Sector Advances\textsuperscript{57} would be inadequate without a study into the progress made under this scheme. The following Table No. III.\textsuperscript{1} shows the advances extended by the Banks on the priority sectors during the period between 1969 and 1984, followed by the Diagram No.3.


\textsuperscript{56} As per Krishnaswamy Committee Report (1980) as well as Ghosh Committee Report (1982), this was to be achieved by the end of March, 1985.

\textsuperscript{57} Later on, the Reserve Bank of India included Small Road and Water Transport Operators, State Sponsored Organisations for Scheduled Castes and Scheduled Tribes, Housing and Consumption under Priority Sectors. For details, see \textit{Credit Information Review}, No.65, December, 1984, pp.1-3.
### Table No. III.1

Advances to Priority Sectors by the Banks in India (1969-84)
(Number of borrowers in thousands and amount in millions of rupees)

<table>
<thead>
<tr>
<th>Sl. Indicators</th>
<th>1969</th>
<th>1974</th>
<th>1979</th>
<th>1984</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Borrowers of credit</td>
<td>Amount of credit</td>
<td>No. of Borrowers of credit</td>
<td>Amount of credit</td>
</tr>
<tr>
<td>1. Agriculture</td>
<td>568</td>
<td>2,580</td>
<td>2,570</td>
<td>7,810</td>
</tr>
<tr>
<td>2. Small Scale Industries</td>
<td>72</td>
<td>3,469</td>
<td>224</td>
<td>10,173</td>
</tr>
<tr>
<td>3. Other Priority Sectors</td>
<td>78</td>
<td>541</td>
<td>672</td>
<td>3,225</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>718</td>
<td>6,590</td>
<td>3,466</td>
<td>21,208</td>
</tr>
</tbody>
</table>

**Note:** As separate figures are not available exclusively of the nationalised banks, we have included also the commercial banks in this Table.

ADVANCES TO PRIORITY SECTORS
BY BANKS IN INDIA, 1969-84

CREDITS (IN '000 MILLION RUPEES)

Agriculture
Small Scale Industries
Others

YEAR


6.6 21.2 67.8 183.3

Dig. No. 3
It is seen from the aforesaid Table No.III.1 as well as Diagram No.3 that considerable amount of credit had been extended by the banks in the priority sectors like agriculture, small scale industries, etc. during the period between 1969 and 1984. The total priority sector advances by the commercial banks had increased from Ks.6,590 millions in 1969 to Ks.1,83,301 millions in 1984 and also the number of beneficiaries had increased from 0.7 million to 22.3 millions by the end of 1984.

DIFFERENTIAL RATE OF INTEREST SCHEME

The Differential Rate of Interest Scheme (DRI) came into operation since the year 1972 primarily to extend credit to the poor at a very low rate of interest. The objective of this scheme was well highlighted by Sri Y.B. Chavan, the then Finance Minister of India in his talk to the Chief Executives of the Public Sector Banks in 1970. He said:

"Lower interest rates should be charged to carefully selected low-income groups, who deserve financial assistance for

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58 The scheme was introduced on the basis of the Hazari Committee Report (1971). The RBI appointed a Committee in September, 1970 under the Chairmanship of Dr. R.K. Hazari, Deputy Governor, RBI to determine, inter alia, the criteria for identifying the low income group borrowers who could be granted the benefit at lower rate of interest. The Committee submitted its report in May, 1971.
productive endeavour but cannot easily negotiate with banks, while higher interest rates may be charged to the more affluent borrowers. 59

In order to achieve success in this direction, the banks had to advance credit with interest at the rate of 4% per annum only to those villagers whose annual family income was within Rs. 2,000/-; and the amount of credit was limited to Rs. 6,500/- per family under this scheme. 61

The following Table No. III.2 shows the advances made by the banks in India under Differential Rate of Interest scheme since its introduction in 1972 till 1984.


60 The income ceiling has recently been enhanced to Rs. 6,400/-.

61 For details of the scheme, see Credit Information Review, No. 3, October, 1979, p. 4.
Table No. III.2

Advances of Banks under DRI Scheme in India (1972-84) (No. of borrowers in thousands and amount in millions of rupees)

<table>
<thead>
<tr>
<th>Sl. Indicators</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1972</td>
</tr>
<tr>
<td>1. No. of Borrowers</td>
<td>26</td>
</tr>
<tr>
<td>2. Amount of Credit</td>
<td>9</td>
</tr>
</tbody>
</table>

Note: The figures pertain to the commercial banks in India.


It is observed from Table No. III.2 that the loan amount under DRI advanced by the banks in India had increased from Rs.9 millions in 1972 to Rs.4,414 millions in 1984. Similarly the number of beneficiaries had gone up from 26 thousand in 1972 to 42.71 lakhs by the end of 1984.

TWENTY POINT ECONOMIC PROGRAMME

The Twenty Point Economic Programme was announced by the then Prime Minister Smt. Indira Gandhi on July 1, 1975.
and it was subsequently revised on 14th January, 1982, which was directed at a multi-pronged attack on poverty. The main target group under this programme was the weaker section of the society consisting of small and marginal farmers, landless labourers, tenant farmers, share croppers, artisans, Scheduled Castes and Scheduled Tribes, etc. Since the implementation of the Twenty Point Economic Programme, the banks were greatly accelerated in providing adequate credit amount to the poorer people who were included under the aforesaid programme. The financial assistance extended by the banks under the Twenty Point Programme are represented in the following Table No.III.3.

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62 This programme has been further revised by the Prime Minister Sri Rajiv Gandhi in August, 1986.


64 At the meeting with the Chief Executives of the Public Sector Banks, held on 15th February, 1982, the Finance Minister desired quick action on the revised Twenty Point Programme and accordingly Reserve Bank of India had set up a Working Group under the Chairmanship of Sri A. Ghosh, Deputy Governor, RBI, to identify the tasks for the banking sector for effective implementation of the Twenty Point Programme. The Working Group submitted its report in June, 1982.

65 For details of the Twenty Point Programme, see Appendix VII.
### Table No.III.3

Advances under Twenty Point Programme by the Banks in India (1980-84)
(No. of borrowers in thousands and amount in millions of rupees)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No. of Borrowers</td>
<td>4,902</td>
<td>5,772</td>
<td>9,513</td>
<td>11,163</td>
</tr>
<tr>
<td>2</td>
<td>Amount of Credit</td>
<td>16,190</td>
<td>20,372</td>
<td>41,520</td>
<td>51,630</td>
</tr>
</tbody>
</table>

**Note:** The figures pertain to the Public Sector Banks in India.


It is revealed from Table No.III.3 that there was a constant increase in the number of borrowers as well as in the credit advanced by the banks under the Twenty Point Programme, since 1980 till the end of 1984.

### INTEGRATED RURAL DEVELOPMENT PROGRAMME

The Integrated Rural Development Programme (IRDP) was the most important anti-poverty programme implemented during the Sixth-Five Year Plan in all the community development blocks in India. The objective of the IRDP

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was to provide full-employment through productive programmes in the selected areas.\textsuperscript{67} This programme was intended to promote the welfare of the rural people in general and the weaker sections in particular by improving their socio-economic conditions and to narrow down the inequalities in the rural community.\textsuperscript{68}

The programme\textsuperscript{69} carried a comprehensive approach to development. It involved several categories of integration viz: (a) spatial integration that is integration between areas, (b) integration of various sectors of rural economy like agriculture, rural industry, etc. with forward and backward linkages, (c) integration of economic development with social development, (d) integration of total area approach and target group approach and (e) integration of credit with technical services.\textsuperscript{70} The IRD programme for its greater success, adopted a training programme, namely,

\textsuperscript{67} For details of the objectives of IRDP, see \textit{Brochure on Integrated Rural Development, Agriculture and Co-operation Department, Government of Orissa, 1979, p.1} and also D.O. letter No.M.11012/2/78-IRD dated 23.3.78 from the Secretary, Department of Rural Development, Ministry of Agriculture & Irrigation, New Delhi, addressed to the Chief Secretaries of all the States and Union territories.


\textsuperscript{69} For various schemes and the scale of finance under IRDP, see Appendix VIII.

\textsuperscript{70} For details, see O.R. Krishnaswami, \textit{Op.Cit.}, p.5.
Training of Rural Youth for Self-Employment in order to qualify the rural youths with required skill so that they could be well benefited out of the aforesaid programme.\(^7\) The progress under IRDP in India may be seen from the following Table No. III.4.

### Table No. III.4
Progress under IRDP in India (1980-84)  
(Number of beneficiaries in thousands and amount in millions of rupees)

<table>
<thead>
<tr>
<th>SI No.</th>
<th>Indicators</th>
<th>Year</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total credit by the banks</td>
<td>2,890</td>
<td>4,676</td>
<td>7,140</td>
<td>7,735</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Subsidy by the Government</td>
<td>1,587</td>
<td>2,646</td>
<td>3,596</td>
<td>4,061</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Total investment</td>
<td>4,477</td>
<td>7,322</td>
<td>10,736</td>
<td>11,796</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Number of beneficiaries</td>
<td>2,727</td>
<td>2,713</td>
<td>3,455</td>
<td>3,685</td>
<td></td>
</tr>
</tbody>
</table>


It is observed from the aforesaid Table No. III.4 that financial assistance extended by the banks had

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\(^7\) See G.P. Vallabh Reddy, "TRYSEM Programme : a Study in M.P," Kurukshetra, Vol. XXXIII, No. 12, September, 1985, p. 8; and also letter No. S.11011/95/82-IRD-I dated 17.6.83 of Ministry of Rural Development, Government of India addressed to Secretaries in charge of IRD programme of all State Governments and Union territories.
increased year by year and accordingly there had been an increasing trend in the disbursement of subsidy by the government. While the total investment under IRDP during the year 1980-81 was ₹.4,477 millions, it went up to ₹.11,796 millions in the year 1983-84.

Our analysis in the preceding paragraphs safely brings us to the conclusion that the banks in general had played a dynamic role in promoting the welfare of the rural mass through the implementation of various development programmes in the country. A study into the dimensions of rural development, however, would be incomplete without a reference to the various rural development programmes adopted in Orissa as we have focused our analysis on one of the important districts, that is Cuttack, of the State. Hence, we have made a systematic investigation into the various development programmes in operation in Orissa in the subsequent paragraphs.

RURAL DEVELOPMENT PROGRAMMES IN ORISSA

The efforts at the national level for the promotion of rural development have been well reflected in the State of Orissa. The following Table No.III.5 represents the name of the major programmes, year of their implementation, the areas covered for the purpose, etc. which were implemented in achieving rural development in Orissa.
during the period between 1969 and 1984.

Table No.III.5
Implementation of Rural Development Programmes in Orissa (1969 - 84)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the programme</th>
<th>Year of Implementation</th>
<th>Area covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DRI</td>
<td>1972</td>
<td>All the districts.</td>
</tr>
<tr>
<td>2</td>
<td>Twenty Point Programme</td>
<td>1975</td>
<td>All the districts.</td>
</tr>
<tr>
<td>4</td>
<td>ERRP</td>
<td>1980</td>
<td>All the 314 blocks.</td>
</tr>
</tbody>
</table>

Source: Agriculture and Co-operation Department, Government of Orissa.

It is seen from the Table No.III.5 that along with the operation of the centrally sponsored schemes, another State sponsored programme, namely, Economic Rehabilitation of Rural Poor (ERRP) was also adopted in Orissa for the upliftment of the rural poor. As such, it became imperative to analyse in brief about the programme at this stage.

The "Economic Rehabilitation of Rural Poor" (ERRP) programme was introduced by the Government of Orissa
The introduction of the programme became so essential that it prompted Sri J.B. Patnaik, Chief Minister of Orissa to remark:

"The Economic Rehabilitation of Rural Poor Programme is the most important programme of the government. On its success, depends government's success."

The programme envisaged of providing financial assistance to 10 poorest families in each village and above all rehabilitating 5 lakhs poorest families in the State over a period of 5 years commencing from 1980-81. The economic rehabilitation of the beneficiaries was carried on through various sectors like Agriculture, Animal Husbandry, Fisheries, Mulberry, Tussary, Handloom and Village Industries, etc. A schemewise coverage of selected beneficiaries under this programme is presented.

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73 Speech of the Chief Minister in the Collectors' Conference held on 30th October, 1980. See Brochure on Economic Rehabilitation of Rural Poor Programme, Agriculture and Co-operation Department, Government of Orissa, 1982, p.36.

74 See D.O. letter No.47891-GE-(GL),S.83/80R dated 1.7.80 of Secretary to Government of Orissa, Revenue Department addressed to Secretary Board of Revenue, Orissa, Cuttack.

75 The various schemes under ERRP alongwith capital cost and subsidy are furnished in Appendix IX.

76 See letter No.11939(13)Ind. dated 5.9.80 of the Director of Industries, Orissa, Cuttack addressed to all General Managers of District Industries Centres.
in the following Table No.III.6.

Table No.III.6

Scheme-wise Coverage of Beneficiaries under ERRP Programme in Orissa (1980-84)

(Number in thousands)

<table>
<thead>
<tr>
<th>Sl. Year No.</th>
<th>Land Based Schemes</th>
<th>Animal Husbandry Schemes</th>
<th>Fishery Schemes</th>
<th>Non-agricultural Employment Schemes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 1980-81</td>
<td>14</td>
<td>16</td>
<td>1</td>
<td>6</td>
<td>37</td>
</tr>
<tr>
<td>2. 1981-82</td>
<td>23</td>
<td>28</td>
<td>2</td>
<td>12</td>
<td>65</td>
</tr>
<tr>
<td>3. 1982-83</td>
<td>12</td>
<td>26</td>
<td>7</td>
<td>20</td>
<td>65</td>
</tr>
<tr>
<td>4. 1983-84</td>
<td>32</td>
<td>17</td>
<td>10</td>
<td>43</td>
<td>102</td>
</tr>
<tr>
<td>Total</td>
<td>81</td>
<td>87</td>
<td>20</td>
<td>81</td>
<td>269</td>
</tr>
</tbody>
</table>


It is clear from the aforesaid Table No.III.6 that while maximum rural people were benefited under the animal Husbandry schemes, majority of them got benefit under the land based schemes and non-agricultural employment schemes. A very few of them could be benefited from the fishery schemes. Further, against the envisaged target to rehabilitate 5 lakhs poor families in the State
under the programme, 2.69 lakhs families could be covered by the end of 1983-84.

SUMMARY

This chapter deals with the conceptual analysis of rural development. The concept of rural development, its evolution and various dimensions of development programmes have been focused in course of the discussion. While the first part of the chapter has been concerned with the global approach to rural development along with the growth of the concept in Ancient, British and Post-Independence period of India; the second part analyses the nature and objectives of rural development programmes in India with particular reference to Orissa.

We found that the countries in general have attempted to promote rural development mainly through the programmes like 'Community Development', 'Green Revolution', 'Agricultural Development' and 'Integrated Rural Development'. This was almost true in case of India. In ancient India, the village was taken as the basic institution for developing the human personality through proper planning, particularly during the Indus Valley civilization. During the British rule in India, it was found that a significant step was taken to improve the economic standard of the rural farmers through advancing Takkavi loans. Lord Curzon,
the then Viceroy of India, took keen interest in achieving rural development through the establishment of a Central Research Institute and Agricultural Colleges. However, the Indian elites were found to be very active in promoting rural welfare during the pre-independence period through a system of self-supporting and self-governing villages.

A systematic approach to rural development could be possible only during the post-independence period through the adoption of Five Year Plans. The Government of India implemented numerous rural development schemes for improvement of both agricultural and non-agricultural sectors. In order to achieve rapid development in the rural areas, major commercial banks were nationalised and were engaged in advancing sufficient financial assistance to the rural poor. Remarkable steps were taken to remove poverty and tackle unemployment problems in the country.

Orissa, being an integral part of the country, also experienced all those development programmes and schemes for the upliftment of the rural poor. However, the State was conspicuous in adopting a separate programme, "Economic Rehabilitation of Rural Poor" for the aforesaid purpose.