

Chapter - 6
Unit - 3
Rural Development

- * Rural development is an action plan for the economic and social upliftment of rural areas.
- * Key issues in rural development.
 - (i) A robust system of rural credit.
 - (ii) A system of marketing that ensures remunerative price to the farmer for his produce.
 - (iii) Diversification of crops that reduces risks of production and induces commercialisation of farming.
 - (iv) Diversification of production activity with a view to find alternative means of sustainable living other than crop- cultivation.
 - (v) Promotion of organic farming with a view to make crop cultivation environmental friendly as well as a sustainable process over a long period of time.
- * Rural credit means credit for the farming families. Farmers require credit for various purposes.
- * Sources of rural credit in India -
 - 1. Non- institutional sources are money lenders, traders and commission agents, landlord, relatives and friends.
 - 2. Institutional sources are as follows -
 - (i) Co-operative credit societies.
 - (ii) Commercial Banks
 - (iii) Regional banks
 - (iv) NABARD (National Bank for Agriculture and Rural Development.)
- * Agricultural marketing includes - gathering the produce after

harvesting, processing the produce, grading the produce according to its quality, packaging the produce according to preferences of buyers, storing the produce for future sale and selling the produce when price is lucrative.

* Defects of agricultural marketing -

- (i) Inadequate ware houses
- (ii) Multiplicity of middlemen
- (iii) Malpractices in unregulated markets.
- (iv) Lack of Adequate finance
- (v) Inadequate means of transport and communication.

* Measures adopted by the government to improve marketing system -

- (i) Regulated markets.
- (ii) Co-operative agricultural marketing societies
- (iii) Provision of warehousing facilities
- (iv) Subsidised transport.
- (v) Dissemination of marketing information.
- (vi) Buffer stocks and PDS (Public Distribution System)

* Diversification in agriculture activities-

It has two aspects.

1. Diversification of crop production refers to a system of multiple cropping rather than mono cropping. It has two advantages :
 - (i) It lowers the risk of farming on account of failure of monsoon
 - (ii) It enhances the scope for commercialisation of farming.
2. Diversification of productive activities implies a shift from crop-farming to non-farming areas of employment. Non-farm areas of employment include -

- (i) Animal husbandry
- (ii) Fisheries
- (iii) Horticulture
- (iv) Cottage and household industry
- (v) Information technology - every village a knowledge centre.

* Organic farming is a system of farming that maintains, enhances and restores the ecological balance. It helps in sustainable development in the agricultural sector. In organic farming, farmers use organic manures, bio-fertilizers and organic pesticides.

* Advantages of organic farming -

- (i) Inexpensive process
- (ii) Generates income
- (iii) Healthier and tastier food.
- (iv) Solves unemployment problem.
- (v) Environment friendly.

* Organic farming involves labour - intensive process of production of labour so India has comparative advantage in organic farming.

ONE MARK QUESTION

1. What is rural development?
2. What is meant by agricultural diversification?
3. What is TANWA?
4. What is 'Golden Revolution'?
5. Write two instruments to safeguard the interests of farmers by the government.
6. What is co-operative marketing?
7. What do you mean by 'Operation Flood'?
8. What do you mean by micro credit programme.
9. Define non-institutional sources of agricultural credit.
10. What is agricultural marketing?
11. Mention two limitations of rural banking.
12. Name two institutional sources of agricultural credit.
13. Which state has an efficient implimentation of milk co-operatives?
14. When was NABARD established?
15. What is sustainable development?

3/4 MARKS QUESTIONS

1. Give two basic objectives of the co-operative credit societies.
2. Explain the importance of self help groups (SHG'S) in rural areas.
3. Why is state intervention necessary to regulate the activities of private traders in the rural agricultural sector?
4. How has horticulture encouraged Indian rural development?
5. Is it possible to develop imformation technology as an alternate livdihood option? Give reasons.
6. Why does indian farmer need credit?
7. Why were alternate marketing chennels set up?
8. What are the advantages of organic farming?

9. Why has rural banking not able to give adequate credit to farmers?
10. What do you understand by -
 - (i) MSP (Minimum selling price)
 - (ii) Buffer stock.
 - (iii) PDS (Public distribution system)
 - (iv) SHG (Self help group)

6 MARKS QUESTIONS

1. What do you mean by agricultural diversification? Why is it required?
2. Mention advantages and limitations of organic farming.
3. What steps have been initiated by the government to improve agricultural market system in India ?
4. What are the functions and weaknesses of co-operative credit societies?
5. What do you understand by the term rural development? What are the key issues of rural development.
6. Explain how animal husbandry, fisheries and horticulture are a significant source of sustainable livelihood in rural areas.
7. Explain the types of credit taken by farmers for different purposes. Bring out the significance and implications of non-institutional credit.

ANSWERS OF ONE MARK QUESTIONS

1. Rural development is an action plan for the economic and social upliftment of rural areas.
2. Agricultural Diversification means a major proportion of the increasing labour force in the agricultural sector needs to find alternate employment opportunities in other non-farm sectors.
3. TANWA (Tamil Nadu Women in Agriculture) is a project initiated in Tamil Nadu where rural women find employment in non-farm jobs, as well as they are trained in latest agricultural techniques.
4. The period between 1991-2003 is called 'Golden Revolution' because during this period the nanned investment in horticulture became highly productions and the sector emerged as a sustainable livelihood option.
5. Two instruments are fixation of minimum support price (MSP) buffer stock.
6. Co-operative marketing is a measure to ensure a fair price ot farmers . Member farmers sell their surplus to the co-operative society which substitutes collective bargaining in place of individual bargaining and hence provides best advantages to the farmers.
7. From 1966 onwards operation flood is a system whereby all the farmers can pool their milk produce according to different grading (based on quality) and the same is processed and marketed to urban centres through co-operatives.
8. Credit provisions made by self help groups (SHG) to its different members is known as micro credit programme.
9. Non-institutional sources include money lenders, traders, commission agents, landlords, relations and friends.

10. Agricultural marketing is a process of marketing in which farm produce are distributed through wholesalers and stockists to ultimate consumers.
11. Two limitations of rural banking are inadequate finance and large amount of overdues and default rate.
12. Two institutional sources of agricultural credit are co-operative credit societies and commercial banks.
13. Gujrat state has the efficient implimentation of milk co-operatives.
14. NABARD (National Bank for Agriculture and Rural Development) was established in 1982
15. Sustainable development is a system of a long- period sustaibable process along with an eco friendly envirnment.