

My Vision for India's Rural Development

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Dr. JAGANNATH MISHRA



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*Dedicated to the Memory of
My Elder Brother Late Lalit Narayan Mishra
Who has been the Fountainhead of Inspiration
and Guidance in Sharing
My Political Destiny*



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Preface

A visionary that Mahatama Gandhi was, he did at once perceive that India would never be a developed country until 62 crores of its people, living in the 6,30,000 villages, developed in the real sense of the term. India is a country of villages and its development is synonymous with the development of the people living in rural areas. Despite 'islands' of industrial growth, India cannot be called a 'developed' country, until a minimum level of rural development takes place all over the country.

In order to properly comprehend the dimensions of rural development, we have to be aware of the fact that in India villages have been conceived as micro-cosmos—a miniature universe. Villages do not only sustain the vast multiplicity of human, animal and plants and micro-organic species but are also the depository of the glorious heritage of this country. Visionaries perceived the villages as symbolising the potential of the divinity's conjunction with humanity. Here, nature abounds in diverse forms and fashions. Indeed, in India, villages have not been merely habitats of people but have served as great bulwarks against external attacks on our culture and way of life. Villages have devolved from our Vedic and pre-Vedic ancestries. It is a matter of marvel that the same streak of culture pervades in the entire length and breadth of the country even to this day. It is such people living in the villages that have to be in our focus for rural development.

It is unfortunate that Indian planners succumbed to the wiles of industrialism and understood development as a western model of growth—in rise of GDP, industrial production,

consumerism and all that. Not that these parametres are irrelevant—They indeed do constitute a bulk of our agenda for development, with a difference—but we have gone awry because of lack of proper grasp of the real problems which are indeed different from the given western model. Because of this lack of grasp, our massive efforts and vast amount of resources have gone off tangent. Development means change, discarding of some old ways and adoption of some new ones, so as to evolve a new model for future living. In the current scenario of the Indian villages, it requires deep introspection for determining “what to discard” and “what to adopt”. Why, inspite of massive efforts and huge amount of resources pouring into multiplicity of programmes, rural development is not happening in the way and at the pace desired?

Fresh Outlook on Development

It certainly is true, that all is not well, so far as India's development is concerned. It is to be pondered why inspite of growth of GDP and per capita income there is frustration all around. Economic development should make people well off, leading them to prosperity and happiness. We have to do some rethinking, if the so called economic development results in more crimes, corruption, chaos, cacophony, loss of values and confusion in the society.

The ‘why’ and ‘what’ of development requires a re-appraisal. GDP could be just a means to an end; quality of life, social justice, environmental congeniality, cultural upliftment, moral order are the real factors to reckon with. If these non-quantifiable parameters are eroded, what worth is development? Gandhiji foresaw this, right at the time of Independence, when India wanted to embark on its development. Programmes entailing blind imitation of western modes, concentrating only on economic factors and not found on holistic vision of values. Such imitation have led to moral and social chaos. Westerners are also realising that development, divorced from moral and spiritual dimensions, would lead to environmental pollution, slums, congested cities, teenage pregnancies, delinquencies,

crime, Aids and lots of other vices, repugnant to civilised living. Perhaps even the poor, with less material conveniences, can lead a better quality of life, in a society, where moral timbre is high. Even though per capita income has risen people are worse off due to non-economic reasons.

The picture is far more clear in our rural areas. The way rural development has taken place in this country has led to cultural erosion and loss of family and community values and loss of environmental and natural resources. Thus, if the sense of well being is not to be lost in the process of development, these cultural values must be integrated in the development process. Human development does not lie merely in raising incomes but in creating a holistic development of human being. In this country, the Gandhian movement, Swadhyay movement, Bhoodan movement of Acharya Vinoba Bhave, Ram Krishna Mission's development work, Sarvodaya movement of Jai Prakash Narayan, Swami Narayana movement in Gujarat and several other approaches indicate that development is underpinned by spiritual and moral motivations. Development aims at transformation of the individual as a human being and not merely as an economic being. Our rural development programmes need to integrate cultural and spiritual ethos in our development process.

It is true that a lot is needed to improve economic level of the villagers. They must have enough to eat. They must know how to produce more rice, wheat and other cereals, milk, fruits, vegetables etc. They must have means to acquire ordinary requisites of life. That is how they would merge with the mainstream of national life. Would that restore them to the pristine glory of life which villages once provided them?

Indeed the main challenge to rural development is to create a synthesis of the old and the new and this is where our focus seems to have gone astray. Rural development of this country has to be a fusion of ancestral culture and modern realities. Had we sincerely taken up rural development, we would have discovered lots about ingenuity of the people we never really knew.

Our vision of rural development is not extension of urban way of living in terms of housing, civic facilities, recreation centres and urban mores of consumption but a village with clean surroundings, clean mud and straw houses, pure drinking water, wells and ponds, people with robust health, a school for children's education, a community hall for men and women, where all have opportunity for some creative and productive work. There is bonhomie and sense of mutuality in solving their problems, a place where there is no cacophony and acrimony in relations, where old receive due respect, where men and women work together with equality, where people practice a high moral conduct and there is peace, prosperity and happiness all around.

It is not a dream picture that I am depicting but a reality in which Indian villagers lived centuries ago. This will give a distinct character to villages and even urban people will wish to live in villages. Unless this happens, villages will just be another poor extension of urban conditions. Let us attempt to make such villages. Let us not destroy the spirit which sustained the villages through the centuries. Let us recreate the synthesis of the ancient and the modern. Such synthesised villages will provide real strength to the Republic and emulation for the world. It is such a vision of rural India which is lingering in my mind.

The nation has already lost precious half a century in tinkering with this or that means, wasting our scarce resources. And today we stand where we were. Let us not be carried away by our muddled concept of modernity. Let us envision such villages while attempting rural development in this country.

Rich cultural heritage has been the most precious gift to this country. Let us peep into our past and retrieve the gems from the morass that rural set-up has become. The greatness of Indian village was, not because of massive accumulation of wealth, but the 'quality' of its men. Our vision is to recreate such villages. Although much of undesirable elements of urban way of life has penetrated the villages, there is still hope to transform our villages, if we stop outside interference and let the villagers

themselves build the villages, as they like. Gram Sabhas of the old were model institutions for keeping people together in harmony, peace and prosperity. Some people believe that Panchayati Raj system will create that order. I am skeptical about their efficacy and the way the system has been constituted. It appears to be largely an extension of the urban complex. We however, must admit some of its good features such as more pronounced role for women and the deprived classes. It is surely welcome that 'democracy' is extended to villages—but democracy in 'form' only has no meaning unless democracy in 'spirit' pervades rural way of life. Ram Rajya is said to be a perfect democracy without voting right to all adults and yet view point of every individual was respected. I have firm faith in rural people's ability and I am sure, left to themselves, they will create a synthesis of our 'old' and the present 'new'.

The rural development of our vision is that while the spirit of the old values and culture must be resuscitated, its physical structure must undergo a change in line with modern development. Every village must have adequate energy (electricity) wind power, bio-mass, fuel for its domestic and production purposes, roads connecting the villages with city, telecommunication, post office, telephone, telegraph, a dispensary with ayurvedic, homeopathy, yunani and allopathy and other traditional means of preventions and cure; drainage system, a cattle shed, pure drinking water, ponds and wells, play grounds and recreation centre, place of worship, social forestry and orchards, library, gram sabha office, a shopping complex, service centre for cycle, radio, T.V., hand pump and other equipments, etc. Provision of such infrastructure will not only extend opportunities for enhancing income levels but would also engender a sense of dignity and well being. Incidentally, this will also prevent any exodus from the villages; on the other hand such villages will motivate urban people to move to rural areas.

Such rural development requires co-ordinated effort by Central and State Governments (Distt. Administration) the Panchayati system, voluntary agencies, universities, schools, corporate houses and above all, of the villagers themselves. The problem may worsen if we delay the process any further.

Mahatama Gandhi will bless us from Heaven, if the nation applies itself to this task with vigour and determination. Such a India will be a model country for the world community.

Rural development is a vast subject encompassing all aspects of human development and a lot can be said on each facet. I have deliberately made my analysis brief. I have attempted to draw the attention of readers to only some thrust areas. There have been extensive treatises on agriculture, land tenure and land reforms, irrigation and water management, rural housing, rural roads, rural occupations, agricultural labourers, rural unemployment and numerous programmes for rural development. I have only incidentally touched upon them in the course of my analysis.

I am deeply impressed with the cultural ethos of the villages and I cherish for resuscitation of those values and institutions which created and sustained high quality of rural people. While I agree with several virtues of modernity, I wish for a synthesis of the 'old' and the 'new'. I know this is a difficult task but all good things are difficult and we always strive for the good. It is already late but not too late to attempt to bring about the change.

Many ideas on rural development have been bubbling in my mind for several decades, right from the time I taught economics to University students and more so, when I assumed ministerial responsibilities in State and Central Governments and I have given expression to some of them. I hope my thoughts expressed in this book will stir up re-thinking on the means and methods of rural development.

Before closing, I wish to express my deep sense of admiration and appreciation to Prof. D. Jha for enlightening me on several matters and sharpening my ideas on rural development, as also helping me in expediting publication of this book. I also wish to express my gratitude to Prof. P.N. Bhat of ICAR for going through the draft and making valuable suggestions for its improvement.

I may be permitted to point out that as Union Minister for Rural Areas and Employment I delivered a number of lectures on various aspects of rural development to varied audience.

These speeches reflect the general official feelings on the subject and would, I thought, form excellent supplemental material to the topics, I have discussed in this book. Accordingly, I have placed at the end of each relevant chapter adaptations from such speeches and these, undoubtedly enhance the comprehensiveness of the subject material. In the process, however, certain repetition of facts and figures may be spotted here and there. I would urge the readers to bear with me on this as any excisions would have mutilated the presentation.

Jagannath Mishra



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Chapter 1

A Glimpse of Rural India

It is rightly said that India lives in its villages—3/4ths of its people are rural dwellers. According to the 1991 Census, out of a total population of 845 million, 628 million people belonged to villages. Naturally in this situation, the primary focus has to be on the development of the country's villages. It is true that over the years we have tried to foster industrialisation but the extent of such development has been very limited. Despite some migration of rural population to industrial and urban areas, bulk of the people continue to live in villages.

One of the reasons for the slow pace of rural development is that bulk of the depressed sections of the people constitute rural population. Out of a total population of 138 million of scheduled castes, 112 million live in the villages. Likewise, out of 68 million tribal population, 63 million live in rural habitats. Again sizeable women population inhabits villages. Against every 1000 men, there are 951 women in villages and 925 in towns and cities.

Literacy, another growth indicator, is more acute in rural than in the urban areas. It is 44 per cent in villages and 73 per cent in cities. Again, more poor people live in the rural than the urban areas. Out of the estimated 210 million poor persons in the country, 168 million are located in villages and 42 million in urban areas. Out of 108 million rural household, 30 per cent are agricultural labour households. Fifty-eight per cent of households in the villages are marginal farmers, having less than 1 hectare of land and 18 per cent having less than 2 hectares.

These figures show that there is wide degree of diversity in some of the basic socio indicators of development between the rural and the urban areas and call for concerted action to alleviate this disparity.

The main source of income of the rural population is from cultivation of land, bulk of whom are small and marginal farmers. They are engaged mainly in producing foodgrains for their own sustenance. Producing for the market has gradually entered into their ethos in recent years, mainly covering villages in the vicinity of urban or industrial towns.

Standard of living of the rural people is low because their productivity is low. One of the main reasons for the low productivity is lack of water for irrigation. Most farmers depend on rains for cultivating their land. Canal water is available only in selected areas and due to inefficient water management farmers do not get water when they need, in quantity they need and at frequency of need. Thus, even where publicly provided irrigation facility exists, farmers do not get it for irrigating their land to make full use of land and labour.

In recent years, well-off farmers have installed their own pump-sets and cultivation practices and output of such farmers have improved. Disparity between the 'big' and 'small' land-holders has increased, because, while the big farmers have adopted some of the elements of modern technology, small and marginal farmers are left high and dry.

Among other things, rural development in a large measure depend on raising the income of the rural households—mainly agriculture, as about 80 per cent of them are as cultivators or agricultural labourers. Once agricultural development takes place to cover all of them to an appreciable extent, income of the households will increase, living condition will improve and rural development in the true sense will get into motion.

A primary reason why rural development is not taking place at the desired pace is because of lack of diversification of occupational pattern. While agriculture will dominate the rural scene, there are several other activities through which rural people can earn income. Agriculture may not be looked on as

merely tilling of land for producing food grains only but also covers dairy, poultry, piggery, goat and sheep rearing, etc. In the changing economic scenario, these have assumed great significance as demand for milk and milk products, egg and meat has very much increased and farmers can considerably increase their income by undertaking some of these pursuits. These are most appropriate occupations for small and marginal farmers, as they involve less time and land resource. Dairy or poultry farming does not involve much land but can provide substantial income.

Planners and policy makers have time and again been urging the villagers to take up dairying, poultry, goat and sheep rearing, bee keeping etc. It is a question to be investigated why rural people are not going in for these pursuits at the pace desired, even though the potential for additional earnings is well established. And here lies the rub. For centuries farmers have been so conditioned that they have not absorbed commercial considerations in pursuing such occupations. Tilling of land was considered to be the only way to earn income. There is undisputed need to change this mind-set.

One plausible cause for this attitude has been that the non-food productions need to be sold to get income. Where to sell so that they get fair price of their produce? Obviously local market has limited scope. The main points of consumption are urban and industrial centres. A small producer of say, 20-30 eggs cannot take his eggs to a market 10 km away for sale. Same is the case with 1-2 litres of milk producer. Thus marketing plays a great role in stimulating the farmers to undertake dairy, poultry and other pursuits. A breakthrough in the case of milk production came through marketing when Amul undertook to buy all the milk produced by farmers in the entire Kaira Dist. It is reported replication of Amul pattern of milk marketing has stimulated farmers in rural areas to go in for dairy farming. Absence of marketing framework has been one of the reasons for only partial success of poverty alleviation programme. Under this programme, cattle has been provided to households to produce milk for earning more income. The proponents of the programme did not realise that milk has to be sold to provide

them the needed income. But where would they sell the milk? It appears subsidiary occupations will percolate only when marketing conditions improve. Isolated efforts do not yield results—and that is the main reason why many of our piecemeal efforts for rural development did not deliver the desired results.

Rural development largely consists in raising productivity of all the pursuits in which rural people are engaged—agricultural labour, washermen, transporters, carpenters and providers of rural services etc. One thing is linked with the other and absence of one creates bottlenecks. There is therefore, need for all-out effort for improving productivity of all of them. The objective is complete rural transformation. Farmers cannot effectively use modern tools and techniques unless agricultural labourer knows how to use them. Training and retraining is the remedy. A massive training programme is essential to acquaint all groups of people with the use of modern tools and techniques.

It is strange that the basic pre-condition for rural development did not receive the required attention i.e. infrastructure. This has been the principal reason for their isolation. The problem is to bring them into the mainstream of national economy. There are many villages which cannot be reached because there are no subsidiary roads connecting them with the main road. Trucks and buses cannot reach the villages, thus hampering movement of goods and people from and to the villages. Perhaps development would be far quicker if a network of roads was there.

Our rural people do not lack enterprise. They can do things, if requisites for production are available. Many farmers claim they can do so many things if electricity is available. This is such a vital need that no complacency is tolerable. Uninterrupted power supply to the villagers can greatly speed up development of agriculture as well as rural industries and services, besides, improving their living conditions. Prof. William Arthur Lewis, in his monumental book on economic growth, has pointed out that supply of electricity to rural households will help family planning programme. Indeed electric supply to villages will be the most effective transformation device for rural development.

Table 1.1
All India Population Figures 1971-1991

		Rural			Urban			(Numbers in Millions)		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
1971										
Number		225	214	439	59	50	109	284	264	548
Percentage		79.2	81.1	80.1	20.8	18.9	19.9	100.0	100.0	100.0
Sex Ratio		NA	NA	948	NA	NA	859	NA	NA	930
1981										
Number		269	256	525	85	75	160	354	331	685
Percentage		76.0	77.3	76.6	24.0	22.7	23.4	100.0	100.0	100.0
Sex Ratio		NA	NA	951	NA	NA	878	NA	NA	933
1991										
Number		324	304	628	115	102	217	439	406	845
Percentage		73.7	74.9	74.3	26.3	25.1	25.7	100.0	100.0	100.0
Sex Ratio		NA	NA	938	NA	NA	894	NA	NA	927
2001 (P)										
Number		336	324	660	170	156	326	506	480	986
Percentage		66.4	67.5	66.9	33.6	32.5	33.1	100.0	100.0	100.0
Sex Ratio		NA	NA	964	NA	NA	917	NA	NA	949

NA : Not Applicable; P: Medium projections worked out by the Expert Committee on population projections (1988).
 Note : Sex ratio - No. of females per thousand males.
 Sources : (i) Registrar General of India, Census of India 1971, 1981 & 1991.
 (ii) Census of India 1991, Final Population Totals, Paper-2 of 1992, Vol. I.

In order not to make the volume bulky I have refrained from (analytical) commenting on (some) (vital) information relevant to the understanding of rural India but have instead appended statistical data for appreciation and reference by the readers.

(While functioning) as Minister of Rural Affairs and Employments in the Government of India. I have had opportunities to address several audience in different aspects of rural development and I have appended a few of these addresses as appendices to relevant chapters, which will be found useful. May be, in certain instances, I may have departed from the traditional pattern, but, taken together, the purpose is appropriately served.

Table 1.2
Distribution of Villages by Population Size

Population Range	No. of Villages (in lakhs)		% to Total No. of Villages		% of Population	
	1971	1981	1971	1981	1971	1981
Less than 500	3.19	2.71	55.40	48.70	16.40	12.50
500-999	1.33	1.36	23.10	24.40	21.50	19.10
1000-1999	0.82	0.95	14.20	16.90	25.80	25.90
2000-4999	0.36	0.47	6.20	8.40	23.80	27.10
5000-9999	0.05	0.07	0.90	1.30	7.40	9.30
10000 and above	0.01	0.01	0.20	0.30	5.10	6.10
Total	5.76	5.67	100.00	100.00	100.00	100.00

Source: Centre for Monitoring Indian Economy, Basic Statistics Relating to the Indian Economy, Vol. 1 : All-India, August 1990.

Table 1.3
Births, Deaths & Population Growth

Indices	1988			1989			1990		
	Rural	Urban	Overall	Rural	Urban	Overall	Rural	Urban	Overall
Crude Birth Rate/ 1000 Population	33.1	26.3	31.5	32.2	25.2	30.6	31.7	24.7	30.2
Crude Death Rate/ 1000 Population	12.0	7.7	11.0	11.1	7.2	10.3	10.5	6.8	9.7
Natural Growth Rate/1000 Population	21.1	18.6	20.5	21.1	18.0	20.3	21.2	17.9	20.5
Infant Mortality Rate/1000 Live Births	97.0	62.0	96.0	98.0	58.0	91.0	86.0	50.0	80.0

Source: Registrar General of India, Sample Registration System Bulletin, June 1992.

Table 1.4
Age-wise Disbribution of Population (Rural + Urban) 1992-93
(Figs in %ages)

<i>State</i>	<i>Age (years)</i>					
	<i>0-4</i>	<i>5-9</i>	<i>10-14</i>	<i>15-34</i>	<i>35-59</i>	<i>60 +</i>
Andhra Pradesh	10.7	12.9	11.3	34.4	22.5	8.2
Karnataka	11.7	12.9	11.9	34.9	21.1	7.6
Kerala	8.9	10.0	11.4	36.3	24.4	9.1
Tamil Nadu	9.7	10.9	10.8	35.2	24.7	8.7
Goa	7.8	9.0	10.5	38.6	26.0	8.1
Gujarat	11.1	11.9	11.3	36.2	21.8	7.7
Maharashtra	11.9	12.4	11.5	34.2	22.1	7.9
Delhi	12.0	12.4	10.7	39.2	22.8	4.8
Haryana	13.8	13.3	12.3	34.3	20.2	8.6
Himachal Pradesh	12.3	11.9	11.8	34.1	20.6	9.4
Jammu & Kashmir	11.6	12.7	12.7	35.7	18.8	8.6
Punjab	10.6	12.5	12.1	33.8	21.7	9.6
Rajasthan	11.8	14.6	13.2	32.7	20.1	7.7
Bihar	13.5	15.3	12.9	32.0	19.2	7.1
Orissa	10.7	13.0	11.3	35.4	20.8	8.7
West Bengal	11.2	12.8	11.7	35.9	21.4	7.1
Arunachal Pradesh	15.3	15.4	12.5	33.1	19.0	4.8
Assam	13.1	15.4	12.6	34.6	18.4	5.9
Manipur	10.4	13.3	12.5	37.1	19.9	6.8
Meghalaya	14.0	15.4	12.8	36.1	18.1	3.6
Mizoram	10.0	12.6	13.6	38.2	20.4	5.0
Nagaland	13.0	14.9	13.5	36.2	20.0	2.3
Tripura	11.1	13.5	12.4	34.3	20.3	8.4
Madhya Pradesh	12.5	13.9	12.2	33.4	20.0	7.9
Uttar Pradesh	14.6	14.1	12.7	31.3	19.6	7.6
India-Total	12.2	13.4	12.1	33.9	20.8	7.8
India-Rural	12.8	13.9	12.2	32.9	20.2	8.1
India-Urban	10.6	11.8	11.8	26.2	22.8	6.8

Source: International Institute for Population Sciences, National Family Health Survey 1992-93.

Table 1.5
Distribution of Rural Population by Labour Force Status

(%)

NSS Round No.	Year	Reference Period	Labour Force	Employed	Un- Employed
7	1953-54	30 days	45.5	45.3	0.2
17	1961-62	Week	37.5	35.6	1.9
27	1972-73	Week	49.5	47.6	1.9
27	1972-73	Year	51.4	50.9	0.5
32	1977-78	Year	45.6	43.9	1.7
38	1983	Week	44.8	43.1	1.7
43	1987-88	Week	43.8	41.9	1.2
45	1989-90	Week	44.9	43.9	1.0

Source: Labour Bureau, Handbook of Labour Statistics 1993.

Table 1.6
Distribution of Rural Workers by Occupation - 1981 & 1991

(%)

Occupation Category	1981			1991		
	Persons	Males	Females	Persons	Males	Females
I Main Workers	34.8	52.6	16.1	35.8	51.9	18.8
Cultivators	51.0	55.2	36.9	48.2	51.4	38.6
Agricultural Labourers	30.1	24.0	50.4	32.2	26.4	49.3
Household Industry	3.1	2.9	3.8	2.2	2.0	2.9
Other Workers	15.9	18.0	8.9	17.5	20.3	9.2
II Marginal Workers	4.0	1.2	7.0	4.3	0.7	8.0

Source: Registrar General of India, Census of India, Final Population Totals, Paper-2 of 1992.

Table 1.7
Distribution of Rural Workers by Occupation - State-wise - 1991

(Figs in %ages)

State/UTs	Percentage to Total Main Workers					
	Cultivators			Agricultural Labourers		
	Male	Female	Total	Male	Female	Total
Andhra Pradesh	39.1	24.5	33.5	37.3	67.7	47.5
Arunachal Pradesh	54.1	86.5	66.7	5.8	5.2	5.5
Assam	57.4	53.7	56.6	13.5	12.6	13.4
Bihar	50.8	32.9	47.8	35.9	61.2	40.2
Goa	19.3	30.0	22.3	9.9	21.8	13.3
Gujarat	49.5	35.2	46.1	24.5	50.6	30.7
Haryana	48.7	56.9	49.6	22.7	29.6	23.4
Himachal Pradesh	59.6	90.6	68.6	4.1	2.0	3.5
Karnataka	50.6	29.6	43.8	26.4	55.6	35.9
Kerala	17.7	6.5	15.1	27.0	42.3	30.6
Madhya Pradesh	64.0	54.9	61.1	21.2	39.3	27.0
Maharashtra	47.1	45.0	46.3	28.5	48.7	36.6
Manipur	66.5	73.7	69.7	4.6	9.0	6.5
Meghalaya	61.0	69.0	64.2	13.5	15.1	14.1
Mizoram	73.9	92.5	81.5	1.8	1.4	1.7
Nagaland	72.6	94.1	82.3	1.7	1.0	1.4
Orissa	54.5	27.6	49.4	25.2	57.9	31.4
Punjab	43.8	15.0	42.8	30.4	41.5	30.8
Rajasthan	70.0	74.5	71.0	9.3	19.3	11.5
Sikkim	56.7	75.7	63.2	8.9	7.7	8.5
Tamil Nadu	37.4	24.3	32.8	36.0	60.9	44.7
Tripura	44.3	43.1	44.1	24.8	34.7	26.5
Uttar Pradesh	64.5	52.8	63.0	18.9	38.6	21.5
West Bengal	40.9	19.9	37.9	30.0	45.8	32.2
A & N Islands	22.0	23.8	22.2	7.8	5.6	7.5
Chandigarh	5.9	2.0	5.7	3.0	4.1	3.1
D & N Haveli	55.9	76.5	63.4	8.5	14.9	10.2
Daman & Diu	16.2	20.5	17.0	4.0	14.0	5.9
Delhi	9.1	9.1	9.1	6.0	10.8	6.4
Lakshadweep	0.0	0.0	0.0	0.0	0.0	0.0
Pondicherry	14.3	6.2	12.1	47.5	78.0	56.0

Table 1.3

Source: NSSO, Sarvekshana, July 1993.

Table 1.9
Vital Rates in Rural Areas

State/UTs	Birth Rate		Death Rate		Infant Mortality Rate	
	1989	1990	1989	1990	1989	1990
Andhra Pradesh	26.3	26.6	10.2	9.7	88.0	73.0
Arunachal Pradesh	35.8	—	15.0	—	—	—
Assam	30.0	30.3	10.6	10.8	93.0	78.0
Bihar	35.1	33.8	12.5	11.0	93.0	77.0
Goa	15.1	—	8.2	—	—	—
Gujarat	29.6	30.2	10.0	9.6	92.0	79.0
Haryana	36.6	33.1	9.0	8.9	88.0	73.0
Himachal Pradesh	28.3	—	8.9	—	—	—
Karnataka	32.6	—	8.3	—	89.0	80.0
Kerala	29.1	29.0	9.6	8.8	23.0	17.0
Madhya Pradesh	20.2	19.6	6.0	6.0	125.0	120.0
Maharashtra	36.7	38.9	13.9	13.7	66.0	64.0
Manipur	30.6	29.5	8.9	8.5	—	—
Meghalaya	24.3	—	7.0	—	—	—
Mizoram	33.6	—	12.6	—	—	—
Nagaland	20.8	—	4.7	—	—	—
Orissa	31.1	30.7	13.2	12.2	125.0	127.0
Punjab	28.7	28.4	8.7	8.5	71.0	66.0
Rajasthan	35.4	34.7	11.4	10.1	103.0	88.0
Sikkim	32.8	—	10.1	—	—	—
Tamil Nadu	23.5	21.8	9.7	9.6	80.0	70.0
Tripura	26.6	—	7.9	—	—	—
Uttar Pradesh	38.8	37.0	13.5	12.8	126.0	105.0
West Bengal	30.7	32.0	9.5	9.0	83.0	68.0
A & N Islands	21.6	—	6.6	—	—	—
Chandigarh	29.4	—	6.6	—	—	—
D & N Haveli	35.3	—	8.5	—	—	—
Daman & Diu	36.5	—	7.7	—	—	—
Delhi	33.1	—	7.7	—	—	—
Lakshadweep	34.8	—	8.5	—	—	—
Pondicherry	19.8	—	8.2	—	—	—
Rural India	32.0	31.7	11.1	10.5	98.0	86.0

Sources: (i) Registrar General of India, Sample Registration Bulletin, June 1992.
(ii) Ministry of Health and Family Welfare, Family Welfare Programme in India 1989-90 (Year book).

Table 1.10
Scheduled Caste and Scheduled Tribe Population in
Rural Areas - 1991

(No. Lakhs)

State/UTs	SC Population		ST Population	
	Number	Percentage	Number	Percentage
Andhra Pradesh	87.60	18.00	38.80	8.0
Arunachal Pradesh	0.03	0.40	5.20	68.70
Assam	14.30	7.20	27.80	13.90
Bihar	114.00	15.30	61.50	8.20
Goa	0.10	1.80	Neg.	0.01
Gujarat	19.00	7.00	56.60	20.90
Haryana	26.80	21.60	NA	NA
Himachal Pradesh	12.30	26.00	2.10	4.50
Jammu & Kashmir	NA	NA	NA	NA
Karnataka	56.50	18.20	16.30	5.20
Kerala	23.50	11.00	3.10	1.40
Madhya Pradesh	75.20	14.80	146.52	29.00
Maharashtra	55.50	11.50	64.10	13.20
Manipur	0.20	1.30	5.80	43.50
Meghalaya	0.05	0.30	13.10	90.80
Mizoram	0.01	0.10	3.60	96.30
Nagaland	NA	NA	9.30	93.20
Orissa	45.80	16.70	66.70	24.30
Punjab	45.60	31.90	NA	NA
Rajasthan	61.00	18.00	52.20	15.40
Sikkim	0.20	5.80	0.80	22.60
Tamil Nadu	84.30	22.90	5.10	1.40
Tripura	3.80	16.30	8.40	35.90
Uttar Pradesh	258.20	23.20	2.70	0.20
West Bengal	136.10	27.60	36.10	7.30
A & N Islands	NA	NA	0.30	12.80
Chandigarh	0.10	21.40	NA	NA
D & N Haveli	0.02	1.80	1.10	83.50
Goa, Daman & Diu	0.02	4.40	0.09	17.00
Delhi	2.10	21.90	NA	NA
Lakshadweep	NA	NA	0.20	95.10
Pondicherry	0.80	26.70	NA	NA

NA : Not Available Neg: Negligible.

NB : Percentages are worked out to the respective state population totals.

Source : Registrar General of India, Census of India 1991, Final Population Totals, Paper-2 of 1992, Vol. I.

*Appendix 1.1***Rural Poverty***

We all know that crores of people in our villages live below the poverty line. The percentage of population in this bracket varies from 30 to 38, between the official and unofficial estimates. The single most important reason for rural poverty is large scale unemployment in the rural sector. This attribute in itself explains the gigantic magnitude of the problem.

The Union Government has been doing all that is possible to tone up the nation's economy. While our efforts have begun to bear fruit, with upward economic trends perceptible in the urban sector, much needs to be done to bring about the desired transformation in the lakhs of villages all over India.

It is not as if we have woken up to face the scourge of poverty overnight. It has been a sustained onslaught right from the days of our tryst with planning. It is only that our efforts in this direction have assumed a new urgency in the light of the current global situation.

The efforts at improving the lot of the poor through the Small Farmers' Development Agency (SFDA) and Marginal Farmers' and Agricultural Labourers (MFAL) programmes were the precursor of what is now called the Integrated Rural Development Programme, launched in 1976. The main objective of the programme has been to create self-employment opportunities by providing productive assets and inputs to identified rural poor families to augment their family income on a sustained basis so as to enable them to cross a perceived poverty line, at an annual income of less than Rs. 11,000 for a family of five.

The strategy and approach we have adopted to tackle the problem of generating employment in the rural areas is multi-pronged. The other salient points of our strategy are: more

* Adopted from the speech delivered at a Workshop organised by the Indira Gandhi National Open University on November 17, 1995.

powers to the people's elected bodies, due emphasis on self-employment and wage-employment, more effective implementation of existing schemes, formulation and enforcement of new schemes, land reforms, area specific development, due encouragement to voluntary agencies and non-governmental organisations, enlisting involvement of private corporate sector and creating awareness among various segments of rural population, so that they themselves think of it and seek out ways and means for generating employment in their areas.

We are creating avenues for employment in the rural areas under two broad categories, (a) Self-employment; and (b) Wage-employment.

The former is more beneficial and provides permanent source of earning, whereas the latter, obviously, provides periodic relief. Yet another angle to view employment generating activity is direct employment and indirect employment in rural areas. There are certain schemes like Jawahar Rozgar Yojana which provide direct employment. Then there are many such developmental schemes like National Drinking Water Mission whose work, seemingly, lies in other areas but they too generate indirect employment.

Statistically speaking, the salient features of our employment generation programmes are:

Highest ever provision of Rs. 30,000 crores in the Eighth Plan.

Assured employment of 100 days in 2,446 blocks, for more than 144 lakh persons, registered for wage employment.

Provision of Rs. 18,400 crores in the Eighth Plan for employment generation in rural areas under Jawahar Rozgar Yojana.

Indirect wage employment under schemes like 10 lakh houses for Scheduled Castes and Scheduled Tribes during the year, in addition to 1.7 lakh houses already constructed.

Provision of clean drinking water in 17,900 villages.

Benefit to 5,79,171 women under development programmes for women and children, programme for construction of 10 lakh wells, out of which 6.44 lakh wells are already constructed at a cost of Rs. 2261.62 crores, various activities for rural cleanliness under which, besides implementation of many programmes, 14,73,800 clean toilets have been constructed.

Employment Generating Schemes

The foremost among the schemes which generate direct employment in the rural areas is the Jawahar Rozgar Yojana. This scheme primarily aims at (i) providing additional gainful employment to the unemployed and the underemployed in the rural areas; and (ii) creating community facilities for long term benefits to the rural poor. So far, employment of 567 crore mandays has been generated. Fund allocation for Eighth Plan under this scheme is Rs. 18,400 crores.

During 1995-96, upto August, 1995, our achievements under Jawahar Rozgar Yojana and Intensified Jawahar Rozgar Yojana for 120 most backward districts have been as under:

	<i>Jawahar Rozgar Yojana (in lakhs)</i>	<i>Intensified Jawahar Rozgar Yojana (in lakhs)</i>
Employment generation in terms of mandays	1774.48	489.72
Achievement	66%	49%
Scheduled Castes	584.70	
Scheduled Tribes	306.75	
Landless	754.88	
Women	427.10	

Employment Assurance Scheme, obviously, aims at assured employment to rural poor in general and to the people in the desert, hilly, tribal and other areas, prone to drought and floods. So far, 2470 backward blocks have been identified for

enforcement of this scheme. It envisages 100 days of assured employment to two members of poor families during lean agricultural period and lays special emphasis on sustained employment through generation of permanent productive assets.

In 1995-96, employment generated in terms of mandays was of the order of 926.13 lakh, (Scheduled Castes 248.38 lakh, Scheduled Tribes 320.87 lakh, Women 278.95 lakh, and Landless 282.47 lakh).

Under the scheme for self-employment to rural youth, over 11,00,000 persons have already been trained in various trades, including technical and managerial skills.

The above data is the index of our efforts in generating direct employment. Besides, other programmes which are also essentially integral part of rural development, do give employment to our rural population. For example, our extensive land reform programmes, being geared up to run at faster pace, will provide surplus land to the landless and thereby provide employment to them.

Of late, it has been felt that apart from agriculture, our focus should shift to agro-based industries like fruit processing, etc. Also, some city-linked enterprises like toy-making, shoes, frozen vegetables, etc. can provide employment to people in the rural areas. Such experiment has been successful in China where, it is claimed, every 4 per cent increase in rural enterprise has contributed to one per cent increase in national industrial output. This experiment can succeed in India also.

A distinctive feature of the programme has been the close association of the Gram Sabha in the entire selection process of beneficiaries. In fact, the involvement of Panchayati Raj Institutions at all levels of decision-making is going to be the hallmark of our approach towards poverty alleviation.

Here, it is relevant to recall the Prime Minister's speech at Davos:

"Those who wear the shoe and know where it pinches should have full say in deciding how to mend it. We

cannot have ready-made formula; we cannot have ready-made prescriptions coming from thousands of miles".

Poverty Alleviation

The Integrated Rural Development Programme, since its inception, has helped a total number of 440 lakh poor families with an investment of Rs. 14,181 crores. Our approach has now shifted from setting physical targets to qualitative aspects of the programme; infusion of enhanced subsidy and credit, thereby raising the per family investment to a healthy level of Rs. 15,000 or thereabout, and closer monitoring and evaluation. An Expert Committee headed by the former Deputy Governor of the Reserve Bank of India, has made a number of important recommendations to make this instrument of poverty alleviation more effective. Some of these include back-ending subsidy for training literate youth, increase in ceiling of programme infrastructure, enhancement of ceiling for Group activities and modification of traditional target-oriented approach. These recommendations are slated for implementation shortly.

Under the Training for Self-employment of Rural Youth belonging to below-poverty-line families, concerted efforts are being made to enlist eligible youths, with a view to bridging the critical gap in the sphere of training infrastructure, it has recently been decided to provide financial assistance, in part, to the States for setting up of mini ITIs in all the blocks of the country, where no such facility exists either in the Government or in the private sector. Special emphasis is also being laid on forging an effective linkage between TRYSEM and IRDP and strengthening the marketing infrastructure so that the products of these trained artisans can be marketed at a remunerative price. A scheme for providing improved tool kits to the rural artisans to enhance the quality of their products has also been launched.

Gender Involvement

Women and children constitute, perhaps, the most under-privileged sections of our society. In order to provide self-

employment opportunities to women of poor households, according to their skills, aptitude and local conditions, so as to enable their organised participation in social development and economic self-reliance, a scheme entitled Development of Women and Children in Rural Areas (DWCRA) has been launched with assistance from the UNICEF. Under this, groups of 10-15 women members each from the poor households are formed at the village level for delivery of services like credit and infrastructural support for self-employment. Each group is given a lump sum grant of Rs. 25,000 as revolving fund which is shared by the Central Government, State Government and the UNICEF in the ratio of 40:40:20. So far, over one lakh such groups have been formed in various states with an investment of nearly Rs.150 crores.

Poverty and unemployment perpetuate each other. While providing wage employment cannot be considered as an end in itself, it has to be continued as a means of poverty eradication. Considering this, the Government has launched a massive rural employment generation programme in the form of Jawahar Rozgar Yojana (JRY), and the more recent Employment Assurance Scheme. Eighty per cent of the financial component under this scheme is borne by the Central Government. Wages are paid at the rate prescribed by the respective State Governments. Here also, preference is given to members of Scheduled Castes, Scheduled Tribes and freed bonded labourers for employment. Thirty per cent of the employment opportunities are earmarked for women.

Similarly, the objective of the Employment Assurance Scheme, now under implementation in 2,470 blocks spread over 367 districts of the country, is to provide gainful employment during the lean agricultural season and to create economic infrastructure in rural areas. By providing assured employment during the lean season, the scheme has helped arrest the flight of rural people to the cities to a great extent.

Roof over Everyone's Head

Shelter for the poor has been one of the major concerns of

the Central Government. The Government has launched the Indira Awas Yojana (IAY) under which 10 per cent of the total allocation of JRY is earmarked for providing dwelling units free of cost to members of the Scheduled Caste and Scheduled Tribes, freed bonded labourers, victims of atrocities and natural calamities, besides others, who are below poverty line. For the current year, a target of building a million houses has been fixed for which a provision of Rs. 1000 crores has been made as the Central share. Under the Prime Minister's directions housing programmes for rural areas will be so oriented as to build 50 lakh houses annually for the targetted segments of population in the villages.

The problems of the poor living in desert and drought prone areas are sought to be redressed by the Government through the two special programmes of DRAP and DDP.

Social Justice

Social protection to the under-privileged segments of the society has been the hallmark of all welfare States. Recognising this fact, our Government has also launched what is called the National Social Assistance Programme (NSAP). The objective is to give financial assistance to old persons having little or no regular means of subsistence, assistance to households living below poverty line in case they lose the primary bread winner and to pregnant women of households below the poverty line upto two live births. The sub-components of this programme are: (i) The National Old Age Pension Scheme; (ii) The National Family Benefit Scheme; and (iii) The National Maternity Benefit Scheme.

Under the Pension Scheme, a sum of Rs. 75 per month is paid to destitute persons of 65 years age and above. Under the National Family Benefit Scheme, lump sum benefit of Rs. 5,000 in case of natural death and Rs. 10,000 in case of death due to accident is given to households below the poverty line on the death of the primary bread winner. Under the Maternity Benefit Scheme, a lump sum assistance of Rs. 300 per pregnancy is given

upto the first two live births to the women above the age of 19 years who belong to households below the poverty line.

All these programmes go to demonstrate that *Garibi Hatao* is not a mere empty slogan, but a sacred commitment. In embracing economic reforms, we have shown that we recognise change when it is due. At the same time, we do not allow ourselves to be overwhelmed by the forces of change but continue to retain what is inherently good in our political and economic philosophy.

There has been a very meaningful dialogue with FICCI and ASSOCHAM on the role of corporate sector in rural development. Corporate sector can create a cooperative sector wherein Government, voluntary organisations and the businessmen, as also industrialists, can together play a significant role in generating employment and alleviate poverty in rural areas.

Cooperatives are yet another player which can have a significant role in generating employment in the rural areas. In fact, they have already demonstrated their potential and the profitable areas of their operation have been sugar, dairy, etc. They can be extended to rural-resource-based activities such as horticulture, forest-based resources, etc., apart from a variety of consumer goods activities.

The task of providing employment to the unemployed and the underemployed marginal farmers is gigantic. Rural labour force within the age group of 15 to 59 is expected to reach a staggering level of 265 million by the end of the century. This colossal problem needs equally colossal efforts. Obviously, besides Governmental activities, co-operation of all segments of society is imperative in generating adequate employment in rural India. The intellectuals and opinion makers of the country should suggest ways and means to achieve the national goal in this regard.

Chapter 2

The Rural-Urban Divide

There is a general and widespread feeling that 'urban' is superior to 'rural'. In fact they do present a comparative picture. Urban areas have high per capita income, better housing, better infrastructure—roads, communications, transportation, electrification, drainage, schools, colleges, hospitals and dispensaries, cinema houses, theatres, parks, shops, eating places and other amenities which a modern man seeks. In contrast, villages are either totally devoid of these or have very little of it.

It is not merely in terms of physical and material amenities which distinguish rural and urban areas and this is not a phenomenon peculiar to India. This is a universal phenomenon. Most of the countries were rural in character before the modern industrial development started. It is a simple fact of economic life, that before industrial revolution came about, most of the people were engaged in some kind of agricultural occupation and lived in villages. Industries demanded various types of services such as banking and finance, transportation and communications, health and education and various other services; thus urban centres grew up as service providers to industrial enterprises. As more and more people assembled in urban centres, more and more servicing people grew in urban centres "called towns and cities". As more and more industries came up, industrial townships grew in number. These industrial and urban centres needed more people and people from villages started migrating to urban areas and in course of time, urban population increased and rural population declined, as in the USA and other industrialised countries. India is currently

passing through such a phase though a bit slowly. May be, in course of time, when industrialisation quickens and becomes more widespread, the present ratio of rural and urban population in India may get reversed.

While it is true that rural and urban areas differ in terms of amenities, there is much more to it than meets the eye. Throughout the history of civilisation, towns and villages have presented contrasts in ways of living, in manners and morals and in fundamental values. These contrasts have sometimes manifested themselves in social and economic friction. Townsmen have ridiculed villagers in regard to their manners, speech and dress. The villagers also have thought of townsmen as idle wasters, showy and parasites. The villagers complain of trickery and cheating by townsmen. This is so conspicuous in trading, when the urban traders charge exorbitant prices for goods supplied to them and pay them low price for their produce.

Indeed, towns and villages represent antagonistic culture. Language and manners have often drifted apart. However, the process of modern economic development and easy transportation making forays into villages, have minimised the differences between the urban and rural sectors.

As compared to urban society, rural society is characterised by the following relative parameters:

1. Predominance of land-based occupations.
2. Closeness of people to mother Nature.
3. Smallness of communal aggregates (whereas towns and cities have a population in lakhs and millions, a village count is in hundreds or a few thousands).
4. Relatively sparse population (per sq. km. population is much more in towns than in villages).
5. Greater social homogeneity—very diverse types of people live in urban areas—with not much connection among them, whereas a village presents a more or less well-knit community, each supporting the other.
6. Less internal differentiation.
7. Less territorial, occupational and social mobility of population.

8. A rural dweller has fewer outside contacts.
9. A villager generally associates with people from a small geographic and social area.
10. Direct social contact, as opposed to indirect links, mark a villager's social life.
11. Villagers cultivate sustaining relationship with fellow beings.
12. Organic rather than contractual relationship are the hallmark of a villager's conduct.

The most distinguishing characteristic of a village is people's relationship with land from which most inhabitants make their living. Their diet and living conditions are related to their land produce and therefore tend to be regional, such as South Indian, North Indian, Bengali, Gujarati, etc. In the rural society, even those who carry on other functions, participate in one way or another, in the direct activities of agriculture. In contrast urbanisation is characterised by shifting of people from small communities, concerned wholly or chiefly with agriculture to other communities, generally larger, whose activities are primarily centered in occupations other than agriculture, e.g. administration, general services, manufacturing and other activities. Urbanisation depends largely on the extent to which industrial and mercantile products are divorced from agriculture. There is a co-relationship between non-agricultural activities and concentration of population in large cities.

Presently, in India, there is transition from pure rural society to urbanised rural society. Improvement in transportation has facilitated rural people's contact with urban life and urban consumption habits, urban fads and fashions and style of life. Emerging trading centres are becoming hubs of rural social life.

In India, out of a total population of 845 million, 628 million live in its 575000 villages. The census has projected a population of 1000 million by the end of this century, of which 700 million would be rural dwellers. In spite of family planning programmes, rural population is growing faster than urban population. Birth rate per thousand of population is 31.5 in rural areas as against 24.4 in urban areas. Out of a total work force of

106 million, 242 million live in rural areas. Although urban population is 217 million, many of the towns are in reality rural in character.

It is queer that for many persons rural development means creating urban conditions in the village and bridge the rural urban divide. It is alleged that it is the urban class of people who determine the pace and pattern of rural development for their own interest. It is also alleged that there is urban bias in rural development approach. This is despite the fact that most of the so-called elites of the country hail from rural areas. Quite a substantial number of ministers, civil servants and policy makers were born in villages. There is no doubt that rural development has lagged behind because of policy makers' attitudes to development—which had industrial and urban bias at the very initial stage of development planning for this country.

What was not heeded to 48 years ago is being realised today, viz. Gandhiji was right in saying that development approach at the initial stage, after Independence, should have been rural development. Had the nation taken Gandhiji's counsel seriously and implemented it earnestly, India would have been on the high road of development. India is still backward because the people of India, or most of them, are not participants in the development process. It is not creation of massive structure which make a country developed. It is the people who make a country developed. Gandhiji perceived this truth and hence his emphasis on rural development. It is a pity that the so called modernists scoffed at his assertion.

Villagers are in communion with nature directly, townsman meets nature through intermediation of business. Agrarian movements have often arisen whenever urban interest have encroached upon vital rural interests.

Another urban encroachment has been through money lending.

Yet another conflict relates to exploitative, pricing of agricultural products by the middlemen, transporters as also inflating prices of supplies to farmers.

Table 2.1
State-wise Rural and Urban Population 1991

State/UTs	Rural	Urban	Total	(Millions)
				% of Rural to Total
Andhra Pradesh	48.60	17.80	66.40	73.19
Arunachal Pradesh	0.80	0.10	0.90	88.89
Assam	19.90	2.50	22.40	88.84
Bihar	75.00	11.40	86.40	86.81
Goa	0.70	0.50	1.20	58.33
Gujarat	27.00	14.20	41.20	65.53
Haryana	12.40	4.00	16.40	75.61
Himachal Pradesh	4.80	0.40	5.20	92.31
Jammu & Kashmir	5.90	1.80	7.70	76.62
Karnataka	31.00	14.00	45.00	68.89
Kerala	21.40	7.70	29.10	73.54
Madhya Pradesh	50.80	15.30	66.20	76.74
Maharashtra	48.30	30.50	78.80	61.29
Manipur	1.30	0.50	1.80	72.22
Meghalaya	1.40	0.30	1.70	82.35
Mizoram	0.40	0.30	0.70	57.14
Nagaland	1.00	0.20	1.20	83.33
Orissa	27.40	4.20	31.60	86.71
Punjab	14.30	6.00	20.30	70.44
Rajasthan	34.00	10.00	44.00	77.27
Sikkim	0.40	0.03	0.43	93.02
Tamil Nadu	36.80	19.00	55.80	65.95
Tripura	2.30	0.40	2.70	85.19
Uttar Pradesh	111.50	27.60	139.10	80.16
West Bengal	49.40	18.70	68.10	72.54
Union Territories				
A & N Islands	0.20	0.07	0.27	74.07
Chandigarh	0.06	0.60	0.66	9.09
D & N Haveli	0.13	0.01	0.14	92.86
Goa, Daman & Diu	0.05	0.05	0.10	50.00
Delhi	0.90	8.40	9.30	9.68
Lakshadweep	0.02	0.03	0.05	40.00
Pondicherry	0.30	0.50	0.80	37.50
All-India	628.46	217.09	845.55	74.33

Source: Registrar General of India, Census of India 1991, Final Population Totals, Paper - 2 of 1992, Vol. I.

Appendix 2.1

Problems of Rural and Urban Poor and Employment*

"Every village should be a republic and Panchayats have full powers. Every village has to be self sustained and capable of managing its affairs. Independence must begin at the bottom. True democracy could not be worked by 20 men sitting at the Centre. It had to be worked from below by the people of each and every village"

— Mahatma Gandhi

We are today witness to the dreams of Mahatma Gandhi and Pt. Jawaharlal Nehru taking shape in the form of renewed emphasis on schemes of urban and rural poor and also with emphasis on making them self-sufficient through creation of both productive units as well as political consciousness. This consciousness can be really built through the institution of Panchayati Raj in the villages and other institutions in the towns and cities. We do not deny that there has been some urban bias with regard to programmes and policies. But having realised this, the Government is making full efforts to correct the situation. Problems of the poor in urban and rural areas are essentially the same in nature, though there are some differences at the micro level. Eradication of poverty and schemes which will uplift the poor are, therefore, of paramount importance for the health of our democracy.

We are more or less familiar with the problems of urban poor, provision of shelter being the most crucial problem. The ever enlarging growth of slums and shanties in our towns is a slur on the face of our nationhood. There is lack of basic health care, lack of education, problem of sanitation and hygiene and

*Speech delivered at a Debate organised by ASSOCHAM at New Delhi on September 29, 1995.

lack of educational facilities for the children. In short, all the basic civic amenities are denied resulting in growth of social evils and criminality which is the bane of urban social life today. Massive unemployment amongst the urban youth compounds the problem which needs our urgent attention.

Presently we are directly concerned with the rural poor. The fundamental problem in rural development is the existence of large numbers of people below the poverty line. Rural poverty is directly related to landlessness, low productivity, low level skill, social inequalities and large scale underemployment. The objectives of poverty alleviation programmes are to attack these problems directly through the promotion of self-employment, area development—particularly of drought prone and rainfed areas—skill development, wage employment and people's participation and organisation. The policies for economic reform, liberalisation and globalisation have resulted in giving a tremendous boost to industry, commerce and exports.

One of the major problems facing the country today is the continued migration of people from rural to urban areas which is essentially a reflection of the lack of opportunities in the villages. Whilst rural-urban migration to a certain extent is a natural and historical phenomenon, this has to be contained within manageable limits. For this, it is imperative to accelerate the growth of the secondary and tertiary sectors. Apart from policies and programmes this requires strengthening of the traditional manufacturing activity in medium and small towns, if not directly in the villages. This would help in promoting the development of the hinterland around these growth centres.

The initiative taken by committed groups are willing to take the cudgels on behalf of their less fortunate countrymen is indeed laudable as it will lead to strengthening the implementation of various schemes and ongoing projects. The corporate sector can play a leading role in identifying and developing such group-centres on self-sustaining viable basis, thus promoting skill development, production and employment.

Agriculture and land-based activities, which form the mainstay of the rural population, have not been able to provide

employment at reasonable and increasing levels of income to all the rural workers due to overcrowding. in the dryland farming areas where the scope for employment is restricted by low productivity, even in the agriculturally developed States, the increase in productivity has been attained through technologies which not only use less labour but even sometimes displace the existing labour force. Besides, the development endeavour has not been able to make a durable impact on rural poverty due to the exclusion of the rural people from participation in the planning or decision-making process in matters of concern to them. Consequently, the process of development could not effectively harness local knowledge, experience, resources and energies.

Though the concept of democratic decentralisation has been present in economic planning from the very beginning in one form or the other, it was given a concrete shape only with the passage of the historic Constitution (73rd Amendment) Act, 1992 which aims at imparting *de facto* powers to Panchayati Raj institutions and to ensure genuine decentralisation right upto the level of village panchayats. Much, however, remains to be done in operationalising the three-tier structure of self-government envisaged in the Amendment to serve as an effective instrument of economic development and social justice. The Eleventh Schedule of the Constitution contains an impressive list of developmental activities which could be entrusted to the panchayats. The Scheduled has poverty alleviations programmes as one of the items. The question of devolving adequate powers on the Panchayati Raj institutions is being vigorously pursued with the State Governments.

Together with the attitudinal shift in shedding of over centralisation and pursuit of decentralisation, the rural development programmes have received and added impetus in the wake of substantial stepping up of the Central allocations for rural development schemes. Such allocations have been enhanced progressively over three years' period and the current year's (i.e. 1995-96) allocation of Rs. 7,700 crores is the highest ever. The programmes have been specially focussed towards

specific backward areas and the disadvantaged sections of the society. The interests of the vulnerable sections comprising Scheduled Castes, Scheduled Tribes and the women have been specially protected.

India has two per cent of the world's geographical landmass and supports of 16 per cent of the world's population and 15 per cent of the world's cattle population. This puts enormous pressure on the delicate ecological system of the country. Rising demand for produce of the land competes with the increasing scale of land degradation. Though exact estimates differ, according to different perceptions, out of 330 million hectares of the country's landmass about 130 million hectares is afflicted by different levels of degradation.

In this difficult scenario, the Ministry of Rural Areas and Employment has conceptualised and executed a scheme to ensure sustainable use of land resources, increased productivity of land and provide employment to the rural poor. As a follow-up of the Hanumantha Rao Committee Report, the Ministry has recently formulated a set of common guidelines for watershed development for all area development schemes. Under these guidelines common objectives, strategies and financial norms have been adopted for the Drought Prone Area Programme, Integrated Wastelands Development Project Scheme. Fifty per cent Employment Assurance and Jawahar Rozgar Scheme.

The watershed has been made the over-arching principle of development. All development efforts would be sharply focussed on a recognisable geographical unit and investment would be made on private, community and Government lands quickly.

One of the important features of the guidelines is the involvement of a large number of organisations as Project Implementation Agencies (PIA). These include non-government organisations, corporate sector, universities, research organisations and other institutions. The people would be involved through users' group and self-help groups who would not only plan but also implement and maintain assets so created.

Decision making has been delegated to the Zilla Parishads which will approve the work plan of the watershed and the appointment of the PIA. The Panchayati Raj institutions would supervise, monitor, guide and evaluate the watershed development schemes at the rural level.

It is proposed to take up development of about 15,000 watersheds involving an outlay of about Rs. 1500 crores during the year. Over a 3/4 year's span this would involve the development of about 7.5 million hectares of degraded lands.

It is heartening to note the active support and cooperation being offered by the corporate sector and non governmental organisations to supplement and compliment the efforts of the Government. The problem that faces us is so large and so diversified that it is well nigh impossible for any one sector, be it the Government or the corporate sector, to undertake this task all by itself. Successful enterprise can only be activated by pooling together the resources of both. I whole heartedly welcome the participation of both corporate sector and NGOs in this effort.

Chapter 3

Development for Whom?

What is development? Does development mean creation of more material utilities—more food to eat, better houses, more clothes, more objects of comfort etc? Some of these are attributes of development. But there is more to it than meets the eye. There can be endless list of material objects making for development and yet it may not mean allround development. The question that arises is what is the ultimate focus of rural development? Development is not a cluster of benefits given to the people but rather a process by which a populace acquires a greater degree of mastery over its own destiny. It is an attempt to 'move' men. So far rural development programmes have not taken into account the immense diversity and complexity of man's environment. Alfred Marshal the great Guru of Economics had a picture of an old emaciated man on his table. His focus of economic analyses was welfare of that old man.

Over the years numerous programmes for rural development have been designed and implemented in this country. But one fails to locate its focus. A village is inhabited by a very wide range of people—old, young, children, infants, men, women, farmers, blacksmith, potters, shoe-makers, Hindus, Muslims, Christians, Buddhist, Brahmins, Kshatriyas, Vaishyas, Sudras—indeed too many types of people to be mentioned. True development will encompass all in its focus. Rural development will happen when all have their rightful place—children go to a school for education, where they receive foundation for their

character and development of personality; they go to a playground, equipped with all kinds of games and sports, recreation and enjoyments. They get food and nourishments which strengthen their muscles; bathe in clean water, they must have access to books and magazines, and have opportunities for exploring their artistic potentialities.

How can we conceive of a developed village without its women being developed? What a pity that even after 48 years of independence in many villages women are confined in their *Angan*, (courtyard) all through their lives. They cannot come out and sit in the verandah where men folk confabulate? They cannot converse freely with village men-folk. Even within the same household, they cannot come out and talk with their father-in-law and husband's elder brother. The worst thing is that they hardly ever have the opportunity of taking full bath. Really there is no life for 50 per cent of the rural population i.e. women. Most of them are illiterate. Some of them may have talent for singing, dancing, sports, dramatics, painting and other arts and crafts. Even in these fields there is absolutely no opportunity for them. So perhaps they have to be confined to cooking and other household drudgery. A village can never be developed when 50 per cent of its population is virtually stagnant, steeped in ignorance, squalour and filth. The place and the way they give birth to children is appalling. What does development means for them?

Besides children and women who constitute the bulk of rural population, there are wide variety of groups of people according to professions, caste, religion and social groups whose development in all facets of life is a prerequisite to rural development. Rural development cannot be said to come about unless each one in the village has the opportunity to improve his or her living condition.

It is a matter for serious reflection that once upon a time village people used to enjoy peace, serenity and prosperous life, some kind of idyllic society—all had a square meal a day, there were least dissensions and conflict, there was sense of camaraderie and mutuality, old persons enjoyed respect, there

was discipline and there was a moral code of conduct for each. There were no religious or caste conflict and each was happy. Gandhiji wanted resurrection of rural life to this level with the means and technology which modern science has provided to mankind. Development will lose its essence if this social fabric is ruptured.

The Rural Scenario

Ever since the down of civilisation India's people have been living in villages and perfected village life in its entirety to make it a thriving, sturdy community promoting art, culture, aesthetics and spirituality. They were wholly self-sufficient in meeting their requirements of life-growing, varieties of foodgrains, fruits, vegetables and other food needs, their sartorial needs and a suitable structure to live in. Villages had all supporting services such as blacksmithy, weaving, carpentry, shoemaking, pottery, etc. These service providers received a share of the harvest from each cultivator. There were also traders from whom to obtain goods which the villagers did not produce and sell their surplus outside.

Each village had its own organisation—a Gram Sabha to administer village affairs. This is testified by the relics of Mohanjodaro. Each village was almost autonomous and they were not accountable to any exterior authority. The leader of the village commanded unflinching respect of the people. He was above reproach and he commanded unquestioned authority over all village matters.

The villages were governed by true democracy and the leader took upon himself any default in the system. Each village had its own gramsabha, where they deliberated over all matters concerning the welfare of the people of the village. The village hall provided venue for villagers for relaxation and entertainment, sport, studies etc.

It was in such villages that Indian civilisation thrived to its glory. Education was under Guru-Chela system and knowledge passed from one generation to the next in unalloyed manner. The Guru, the teacher, commanded highest respect because of

his knowledge, wisdom and character. The moral timbre of the villagers was of such high calibre that people did not even lock their houses. There was complete harmony and co-operation among the villagers and there was least need for governance. Villages were synonymous with peace and happiness.

Despite various onslaughts of foreign invasions it was because of the inner vitality of ancient villages that Indian civilization preserved itself. In fact deterioration in the quality of village life started after Independence due to a misconceived notion of the concept of rural development, when its thrust shifted to urbanization of villages. May be today's villages, some of them atleast, have gained in material prosperity but there is no doubt that villages have lost culturally. The situation has indeed come to such a stage that there is craze among village people to migrate to urban areas. Good quality village stock has left and it is only the residual, aged, handicapped, women and children who cannot move to urban centres because of their limitation that they remain in the villages.

It is not that migration to cities is something abominable. It is in the nature of economic development that people migrate to cities/industrial towns for better earnings. Industrialisation needs various types of people and it is the villages which provide the needed labour force. Had the pace of industrialisation been faster increased migration would have taken place. Most of the migrated people have not come to the city for lure of urban life but out of necessity to earn their living.

S.C. Kala in a write-up in Times of India of 10th January, 1996 has described some deserted villages. Many young men have become graduates and migrated to green pastures scattered all over larger towns of the country. Many of them do not return to their native place. On the other hand there are large number of seasonal migrants—odd job workers—who earn some money in the cities and go back to the village. In fact, one of the reasons for no sign of poverty in the village is the steady flow of money—orders the villagers receive from their youngmen who have migrated to work in cities. This keeps them going even while they are not working and many villages have been described as "Money order economy".

One of the strategies for rural development has to be how to retain young capable persons in the village. A generation ago this problem was not severe because many educated persons serving in civil services/army etc. returned to the village for their post-retirement life. This has very much reduced, as most of them have constructed residences in urban areas and do not wish to stay in the villages. Such people with vast experience in various occupations earlier brought new ideas and new methods of work and contributed to betterment of the village. In fact, it is said to be one of the important reasons for Punjab's development, where we find many farms cultivated by ex-colonels, Brigadiers. But by and large many villages of the country do not have such enlightened persons as Punjab has. But wherever this elemental zeal exists, villages have progressed.

While migration of rural people to Urban areas may be desirable on its own merit, it becomes a matter of concern when people migrate in desperation because village economy does not provide them means for subsistence. It may be that some people would not move to urban areas if they can earn enough to maintain themselves within the village itself. It is a fact of life that many rural people are migrating to cities in search of employment. This may perhaps get reduced if villages could provide them opportunities for earning their subsistence.

The main source of employment in the rural areas is agriculture but there is not so much land on which the swelling village population can get enough work for livelihood.

Our antiquated agricultural practices do not need much labour. Perhaps with intensive agriculture some more labour could be employed. But producing a single crop or even two crops in primitive manner needs less labour. As it is, for quite some part of the year, the land is lying fallow. It is interesting to note that in one village, in Champaran district where irrigation is available, good quantity paddy is produced and the land is allowed to lie fallow for the rest of the year. In a survey, the farmers were asked why they do not produce a second crop, the response was that they do not need to produce second crop because the first crop production was enough for the year.

Perhaps if they had utilised land for production of another crop, demand for more labour would have arisen.

We know that many parts of the country have rainfed farming. They wait idly for the rain to come to cultivate their land. In such areas agriculture is not a full time occupation and there is no demand for labour for quite some time. An enterprising farmer can make use of the land for something or the other. In fact dry farming promises a lot of scope for producing a variety of products. Our agricultural experts have devised a number of ways in which dry farming can be conducted creating opportunities for employment.

One of the reasons for low demand for labour is because of narrow concept of agricultural production. Raising some crop in the field is considered the end of it. But in fact there are various stages through which agricultural production has to pass to make the produce fit for human consumption. Thus, apart from quantity of production, qualitative improvement of the produce is part of agricultural production process. Scientific harvesting is required. In the case of paddy the farmers can obtain maximum paddy yield when the crop is harvested when it has 15-20 per cent moisture; if it is more the grain gets squeezed and when it is less than 15 per cent, the grain gets crushed accounting for more broken rice. After harvesting, it needs, such threshing that no potential grain is left in the stalk. Next step in paddy production is proper drying of paddy grain so that maximum unbroken rice is obtained. The traditional drying practice has been sun-drying. But there is no uniform drying of all the grains in this method. Now, when paddy production has become the year round process, it is harvested even in rainy months when no sun shine is available and if the paddy is stored or milled without drying, considerable potential rice is lost. Simple drying method has been evolved but most farmers have not opted for it.

And then, of course, is the conversion of paddy into rice. According to traditional practice only 60-65 per cent of rice is obtained. But the modern technology has provided means to obtain 70-75 per cent.

It is worthwhile to dispel here the myth that raw rice is superior. In fact boiling the paddy before milling increases the quantity and quality of rice. More whole rice can be obtained from par-boiled paddy. Thus rice yield can increase by 5 to 10 per cent by parboiling method. The nutritive value of parboiled rice is far more than the raw rice.

So far bye products of paddy production was considered of no economic value. But the modern technology of rice milling has imparted economic value to bran and husk. There is a yield of 4-5 per cent of bran in rice milling and it contains 18-22 per cent of oil content. Thus if all paddy produced in the country can yield 2 to 2.5 million tonnes of bran oil, which is edible after processing, the farmers can receive a good return. Pure husk provides white ash which has good demand by certain chemical producers.

The example of paddy rice discussed above is illustrative of the ways in which post harvest technique can increase income and employment in agriculture. This is true not only of rice but many other products as well. Fruits and vegetables need to be preserved. Pre-cooling techniques increase the shelf life of fruits and vegetables. Thus modern scientific method provides lots of scope for more activities in agriculture and more scope for gainful employment.

Adoption of modern technology will not only increase agricultural production but also provide more employment to the people. We have come to a situation when we can no longer afford to be ambivalent towards adoption of modern technology. It is a myth that modern technology will increase unemployment.

One favourable impact of World Trade Organization (WTO) will be on fast modernisation of agricultural and industries, as, in order to sell in foreign markets our products have to have the quality as desired by foreign buyers. Therefore, quality of agricultural goods, production, harvesting, storage, processing, packaging, transportation and handling have to have the standard as prevalent in advanced countries. Once Indian farmers and traders in agricultural goods attain the standards

prevalent in advanced economies, Indian agriculture will stride forward in a big way making its presence effective in most markets of the world.

Since agriculture is conducted in rural areas it will enhance the pace of rural development. Rural development in this country is at low level because modern technology has not appreciably percolated to rural activities at the desired pace. Modernisation of agriculture necessitated by WTO will usher technological upgradation in all stages of agricultural pursuits—tilling, sowing, harvesting, threshing, storage, transportation, etc. In order to meet the challenge of competitiveness, rural infrastructure will improve breaking the barriers of closed economy and rural economy will increasingly enter the mainstream of the economy, thereby raising rural income and ushering in higher standards of living.

The state of rural scenario presents a very depressing picture. Many remote villages have not undergone any change over the last half a century—poverty, unemployment, illiteracy, ill-health, inactive women, faction-ridden, filth and insanitary conditions of living thrive. All attempts by Government programmes have not made any significant impact. While piecemeal attempts have influenced some aspects of life, the spark of development has not yet fully ignited the fire of development.

'Rural development' has been conceived and defined by so many people, in so many terms, that its meaning has become vague and blurred. While China's example may not be relevant for us, because of different political set-up, South Koreans' approach through training method can hold a good possibility of success in India. Like all developing countries, South Korea had this problem but they were earnest in their approach and made a total approach for rural transformation. The essence of their training programme was that they brought all concerned persons—right down from the Minister for Agriculture and Rural Development, Secretary of the Deptt., District Administration, block level functionaries and selected village leaders together under one roof. They stayed together in the same hostel, shared same food and met informally to discuss the

problem, establish priorities and methodologies and then entrusted the villagers with the money required for the purpose and execute the project. Since all concerned, from top to bottom, were present—mutually communicating ideas and methods, red-tapism was totally eliminated. There was no vagueness and rural development proceeded at a fast pace. Adoption of the Korean method will surely result in accelerated development.

Table 3.1
Selected Socio-Economic and Demographic Indicators

<i>Item</i>	<i>Year</i>	<i>Unit</i>	<i>Rural</i>	<i>Urban</i>	<i>All India</i>
Population					
a) Total	1991	M	628	217	845
b) Percentage	1991	%	74.3	25.7	100.0
Decennial growth rate	1981-91	%	19.6	35.6	23.4
Literacy rate (Including 0-7 age group)					
	1991	%	44.5	73.0	52.2
Sex ratio	1991	Females/ 1000 Males	939	894	927
Scheduled Castes					
i) Population	1991	M	112	26	138
ii) Percentage	1991	%	18.0	12.0	16.3
Scheduled Tribes					
i) Population	1991	M	63	5	68
ii) Percentage	1991	%	10.0	2.3	8.1
Total workers (Main & Marginal)	1991	M	249	65	314
Average house-hold size	1990-91	No.	4.8	4.6	—
Consumer expenditure per person per month					
a) Food	1990-91	Rs.	133.3	185.8	—
b) Non-food	1990-91	Rs.	68.8	141.0	—
c) Total	1990-91	Rs.	202.1	326.8	—
Per capita net availability of					
a) Cereals	1993 P	Gms/day	—	—	429.0
b) Pulses	1993 P	Gms/day	—	—	36.6

Table 3.2
Population Below the Poverty Line

Sector	1977-78	1984-85	1987-88	1989-90
(Population in Millions)				
Rural	253.1	222.2	196.0	168.6
Urban	53.7	50.5	41.7	42.2
Total	306.8	272.7	237.7	210.8
Poverty Ratio (in percentages)				
Rural	51.2	39.9	33.4	28.4
Urban	38.2	27.7	20.1	19.3
Total	48.3	36.9	29.9	25.8

Source: CMIE, Basic Statistics Relating to the Indian Economy, Sep. 1994.

Table 3.3
Monthly Consumer Expenditure on Food and Non-food Items-Rural Areas 1990-91

State/UTs	Consumer Expenditure (in Rs)			Average household size (No.)
	Food	Non-food	Total	
Andhra Pradesh	143.0	94.0	217.0	4.4
Assam	153.7	59.8	213.5	5.1
Bihar	144.0	42.9	186.9	5.1
Gujarat	161.5	70.7	232.1	5.1
Haryana	190.7	133.5	324.2	6.0
Karnataka	143.4	73.0	216.3	5.3
Kerala	184.0	130.9	314.9	4.8
Madhya Pradesh	137.9	69.4	207.2	5.3
Maharashtra	152.1	149.1	301.1	4.9
Orissa	149.7	64.7	214.4	4.8
Punjab	213.0	146.9	359.9	5.0
Rajasthan	170.7	93.1	263.8	5.6
Tamil Nadu	148.3	84.9	233.1	4.1
Uttar Pradesh	141.9	103.1	245.0	5.4
West Bengal	164.4	71.8	236.2	4.8
North Eastern	183.4	91.8	275.1	4.7
North Western	206.1	145.1	351.2	5.3
Southern	207.6	105.5	313.0	4.6
All-India	153.6	89.9	243.5	5.0

Source: NSSO, 47th Round August 1993.

Table 3.4
State-wise Sex Ratio by Residence 1992-93

<i>State</i>	<i>Rural</i>	<i>Urban</i>	<i>Total</i>
Andhra Pradesh	984	967	979
Arunachal Pradesh	980	920	973
Assam	954	896	947
Bihar	968	893	956
Goa	1036	1001	1019
Gujarat	961	912	944
Haryana	886	895	888
Himachal Pradesh	1083	950	1070
Jammu & Kashmir	983	964	980
Karnataka	969	972	970
Kerala	1067	1071	1068
Madhya Pradesh	901	923	906
Maharashtra	936	988	966
Manipur	982	997	987
Meghalaya	947	986	955
Mizoram	986	986	986
Nagaland	986	1008	991
Orissa	974	907	963
Punjab	905	929	912
Rajasthan	879	885	880
Tamil Nadu	1001	996	1000
Tripura	989	990	990
Uttar Pradesh	921	903	917
West Bengal	969	877	940
Delhi	763	829	824
India	951	925	944

Note : Sex ratio is the number of females per 1000 males.

Source : International Institute for Population Sciences, National Family Health Survey 1992-93.

Table 3.5
Total Fertility Rates (TFR) in Rural Areas - 1992-93

State	TFR		Crude Birth Rate
	15-49	15-44	
Andhra Pradesh	2.67	2.67	25.10
Arunachal Pradesh	4.38	4.19	34.70
Assam	3.68	3.68	32.00
Bihar	4.15	4.12	33.10
Goa	2.01	2.01	18.00
Gujarat	3.17	3.15	28.50
Haryana	4.32	4.30	35.40
Himachal Pradesh	3.07	3.07	29.00
Karnataka	3.09	3.07	28.00
Kerala	2.09	2.08	20.30
Madhya Pradesh	4.11	4.06	33.30
Maharashtra	3.12	3.12	28.40
Manipur	3.00	3.00	25.20
Meghalaya	3.81	3.66	31.90
Mizoram	2.28	2.28	19.20
Nagaland	3.55	3.52	33.70
Orissa	3.00	3.00	27.10
Punjab	3.09	3.08	26.50
Rajasthan	3.87	3.82	28.30
Tamil Nadu	2.54	2.54	23.60
Tripura	2.91	2.91	24.70
Uttar Pradesh	5.19	5.12	38.00
West Bengal	3.26	3.23	28.90
India	3.67	3.64	30.70

Source: International Institute for Population Sciences, National Family Health Survey 1992-93.

Table 3.6
State-wise Distribution of Females by Broad Usual Activity (Principal and Subsidiary) July 1990-June 1991
(Per Thousand)

State/UTs	Working			Not in Labour Force			
	Self-Employed	Regular Employee	Causal Labour	Total	Unemployed	Students	Engaged in Domestic Duties
Andhra Pradesh	216	7	293	516	2	107	163
Assam	76	14	29	119	1	272	432
Bihar	75	9	71	155	—	100	421
Gujarat	211	5	188	404	3	202	223
Haryana	156	4	13	173	—	247	384
Karnataka	230	7	176	413	3	155	209
Kerala	119	61	89	263	9	220	378
Madhya Pradesh	278	14	121	413	—	70	276
Maharashtra	176	6	200	382	—	183	247
Orissa	176	9	132	317	—	139	335
Punjab	105	17	49	171	1	172	412
Rajasthan	304	1	21	326	—	100	230
Tamil Nadu	204	25	212	441	2	156	231
Uttar Pradesh	136	3	17	156	—	91	470
West Bengal	98	18	46	162	—	179	434
North Eastern	209	10	25	244	9	239	320
North Western	230	6	165	401	3	154	217
Southern	81	74	145	300	—	321	229
Total	171	11	110	292	1	137	320
						230	707

Source: NSSO, Sarvekshana, July 1993.

Appendix 3.1

Economic Development Through Rural Development*

Economic Development of a country entails development of all segments of its population, whether living in metropolitan and urban areas or in semi-urban and rural locations. It includes all sectors both vertically and horizontally. It is manifested in the quality of life enjoyed by the people.

Our Government is committed to economic development of India. While not losing sight of our goal of egalitarian social order, we introduced bold economic reforms. The results of these reforms have begun to be perceptible in the urban areas but they are not yet fully manifested in the rural areas.

We all know that most of India lives in the rural areas. According to the Census of 1991, India has 5,87,179 villages and their population at that time was about 62.8 crores. Of these 63 crores people, about 30 per cent live below the poverty line. What to talk of amenities, they even lack basic necessities of life. This situation is really alarming and calls for a serious thought by planners, policy-makers and researchers. With one-third of our population below poverty line, we cannot expect progress, harmony or even stability. Articles 14, 38 and 39 of our Constitution enjoin equality for all citizens, equitable utilization of resources for all people and neglect of none. Mahatma Gandhi dreamt of Gram Swaraj or self sufficient 'village republics'. Article 25 of the UN Charter calls for fulfilling the needs of people. But the horrific level of poverty prevents us from realising the dream of Mahatma Gandhi or complying with the directives of our Constitution or the UN Charter.

Overall economic development of the country, therefore, depends upon the development that takes place in the rural

*Address delivered at the Seminar organised by the Institute of Economic Studies on December 19, 1995.

areas which are characterised by abject and widespread poverty. This poverty is reflected in low per capita income, less access to education, health, housing, water supply and other essential services.

Rural Development is imperative not only for alleviation of rural poverty and for improving the standard of living and quality of life in rural areas, but also for preventing the alarming imbalances and ills in urban sector. The present rate of annual increase in urban population is 4 per cent and 2 per cent of this is due to migration from rural areas. As against this increase, employment potential is restricted to 1.9 per cent. This gap is creating many problems—social, economic, ecological, etc. in the cities. These problems can be avoided if rural areas are appropriately developed.

The ingredients of rural development may be summarised as: adequate finance, power to the people, stress on self-employment, training facilities, extensive infrastructure, labour intensive techniques, creation of community assets, land reforms, provision of necessities such as drinking water, health, education, electricity, minor irrigation, use of science and technology, rural industries, monitoring, vigilance and prevention of malpractices, and some other area-specific requirements.

Development of rural areas through small industries including cottage and village industries will help in achievement of two other important objectives: (i) Eighth Plan goal of near full employment by the turn of the century and (ii) earning the precious foreign exchange. This is evident from the fact that while the whole organised industry in India provides employment to about 80 lakh persons in the private sector, rural industries employ around 110 lakh people. Foreign market for Indian handicrafts and horticulture products, etc. is very large and is likely to expand substantially in the years to come.

Our strategy for rural development is, broadly, based on (i) strengthening our agriculture—the principal employment avenue in the villages, (ii) eradication of rural poverty and (iii)

creation of new sources of sustenance in the rural areas so that the people there do not migrate to the cities.

Work done for strengthening of our agriculture is a well known fact. Because of highly successful Green Revolution, we have attained self-sufficiency in food production. However, it is conceded that our agriculture continues to suffer from some shortcomings such as low productivity and efforts are on to overcome them.

The Government of India is committed to eradicate rural poverty and improve the quality of life in rural India. Large financial allocation of Rs. 30,000 crores has been made in the Eighth Plan and even larger allocation in the Ninth Plan is intended to be made. Annual outlay for rural development has been raised from Rs. 5,000 crores in 1992-93 to the highest ever figure of Rs. 8,310 crores in 1995-96. Apart from huge financial allocations for rural sector, real power has been given to the village-folk by bringing about 73rd Constitutional Amendment which has, for the first time, given statutory status to Panchayati Raj institutions and has armed them with vast administrative powers.

Our strategy to fight rural poverty broadly consists of (a) creation of employment awareness in the rural areas since unemployment and underemployment largely contribute to rural poverty; (b) generation of assets; (c) gearing up the work of land reforms; (d) development of drought prone and desert areas and (e) social assistance under the schemes of National Social Assistance Programme.

The strategy and approach adopted to tackle the problem of generating employment in the rural areas is multi-pronged. The salient points of the strategy are: more powers to the people's elected bodies, due emphasis on self-employment and wage-employment, more effective implementation of existing schemes, formulation and enforcement of new schemes, land reforms, area-specific development, encouragement to co-operatives and bigger role to voluntary agencies and non-Governmental organisations, enlisting involvement of private corporate sector and creating awareness among various segments of rural

population so that they themselves think of and seek out ways and means for generating employment in their areas.

Avenues for creating employment in the rural areas are under two broad categories: (a) self-employment, and (b) wage-employment. The former is more beneficial and provides permanent source of earning whereas the latter provides periodic relief. Yet another angle to view employment generating activity is direct employment and indirect employment in rural areas. There are certain schemes like Jawahar Rozgar Yojana (JRY) which provide direct employment. Then, there are other such developmental schemes like Rajiv Gandhi National Drinking Water Mission whose work, seemingly, lies in other areas but here too indirect employment is generated.

Employment Assurance Scheme aims at assured employment to rural poor in general and to the people in desert areas, hilly areas, tribal areas and areas prone to drought and floods in particular. So far 2446 backward blocks have been identified for enforcement of this schemes. It envisages 100 days of assured employment to two members of poor families during lean agricultural period and lays special emphasis on sustained employment through generation of permanent productive assets. Employment generated under this Schemes has been a total of 4582 mandays.

Besides, other programmes which are also essentially integral part of rural development, do give employment to rural population. For example, extensive land reform programmes, being geared up to run at faster pace, provide surplus land to the landless and thereby provide employment.

For tiding over the problem of housing in rural areas, the Central Government launched the Indira Awas Yojana (IAY) under which 10 per cent of the total allocation of JRY is earmarked for providing dwelling units free of cost to members of the Scheduled Caste and Scheduled Tribes, freed bonded labourers, victims of atrocities and natural calamities, besides others who are below poverty line. A target of building one million houses has been fixed for 1995-96 for which a provision

of Rs. 1000 crores has been made as the Central share. More than 23 lakh houses have so far been constructed under Indira Awas Yojana.

The emphasis is on construction of low-cost houses in the villages as far as possible with local resources and labour force. On the basis of research done in this regard, a Gramawas Exhibition was organized recently at New Delhi.

A scheme to provide drinking water and toilets in all the rural primary schools in the country has been launched. This is an investment in the human capital as the children are the hope of the future.

Under the Million Wells Scheme, wells are being constructed in the rural areas where people are below the poverty line or belong to weaker sections like Scheduled Caste and Scheduled Tribe. Over 7 lakh wells have been constructed under the scheme.

Of late, it has been felt that apart from agriculture, focus should shift to agro-based industries like fruit processing, etc. Also, some city-linked enterprises like toy-making, shoes, frozen vegetables, etc. can provide employment to the people in rural areas. Unique features of agro-based industries are the small capital required, quick returns and catalyst for such occupational shift that will arrest migration from rural to urban areas.

Such experiment has been successful in China where, it is claimed, every 4 per cent increase in rural enterprises has contributed to one per cent increase in national industrial output. This experiment of generating employment through rural industrialisation can surely succeed in India also.

The Integrated Rural Development Programme, since inception, has helped more than 475.51 lakh poor families in the country with an investment of approximately Rs. 23,800 crores including about Rs. 14,680 crore for the banking sector. Our approach has now shifted from setting physical targets to qualitative aspects of the programme; infusion of enhanced subsidy and credit, thereby raising the per family investment to a healthy level of Rs. 15,000 or thereabout, and closed monitoring and evaluation. An Expert Committee headed by the

former Deputy Governor of the Reserve Bank of India, has made a number of important recommendations to make this instrument of poverty alleviation more effective. Some of these include back-ending subsidy for training literate youth, increase in ceiling of programme infrastructure, enhancement of ceiling for Group activities and modification of traditional target-oriented approach. These recommendations will soon be implemented by the Government.

Under the Training for self-employment of Rural Youth belonging to below poverty line families, concerted efforts are being made to train such youth for self-employment. With a view to bridging the critical gap in the sphere of training infrastructure, it has recently been decided to provide financial assistance to the States for setting up of mini-ITIs in all the blocks of the country where no such facility exists either in the Government or in the private sector.

Special emphasis is also being laid on forging an effective linkage between TRYSEM and IRDP and strengthening the marketing infrastructure so that the products of these trained artisans can be marketed at a remunerative price.

A scheme for providing improved tool kits to the rural artisans to enhance the quality of their products was launched in July, 1992. So far, more than 3.20 lakh tools kits have been distributed to the rural artisans and an amount of Rs. 97.37 crores has been released for this scheme. The initial Central allocation for 1995-96 under was Rs. 40 crores but it has now been decided to raise it to Rs. 65 crores.

Cooperatives are yet another player which can play significant role in generating employment in the rural areas. The profitable areas of their operation have been sugar, dairy, etc. They can be extended to other fields in rural areas like horticulture, forest based resources, etc. apart from variety of consumer goods activities.

Improving the condition of agricultural labour is a part of rural development. The Central Government has left the need to enact a comprehensive legislation for millions of agricultural workers whose number has grown from 27.4 million in 1951 to

74.6 million in 1991. The National Commission on Rural Labour had also forcefully recommended the adoption of such a law. We have to ensure that the agricultural workers are provided a modicum of justice.

A survey conducted by the National Council of Applied Economic Research shows that our efforts have begun to bear fruit and income levels and quality of life in rural India have registered an upward trend. There is a great demand for consumer goods—even costly consumer durables in rural India.

Our emphasis now is on revamping the delivery system and administrative structures for these programmes to make them more accountable and responsive to the beneficiaries they are intended to serve. We want to curb the leakages and mal-practices effectively. States will set up state, district and block level monitoring and vigilance committees which would include, apart from the officials, elected representatives also at the respective levels. These committees are intended to supervise, exercise vigilance and monitor all the central programmes for rural development.

Rural development is an integral and essential part of overall economic development of the country. This task is gigantic indeed. All the plans and programmes of rural development need co-operation of all segments of society as Government alone cannot accomplish this Herculean job.

Chapter 4

Gandhian Approach to Rural Development

After Independence, the first task before the leaders of the country, was to formulate a blue print for India's progress. This included creating a place of pride in the international community of nations where India's head will be high, create opportunities to re-organise its socio-economic structure, generate increasing incomes, set up industries, increase productivity, remove infrastructural deficiencies and step up economic growth, so that there would be plenty to eat for everybody, clothe and provide shelter for all to re-encourage art, culture, music, dance, painting and handicrafts—indeed quite many things, which had got eroded during centuries of foreign rule.

The task was to build a new India—a country that would be a model for the world community in every field of human activity. To build such an India, great effort was needed. Closed for centuries, it had to restructure its economic and social fabrics in a shape which provided it necessary dynamism and inner vitality. This could be possible only when 1/5th of the mankind of this earth participate in the development processes. The task indeed was to infuse a new vigour in the system.

The Indian situation at the dawn of Independence was that 80 per cent of its people were living in over 6 lakhs villages, only 20 per cent of its people lived in over 3,000 towns and cities and

a very few industrial locations. Obviously, one would see Indian people as villagers and undoubtedly development meant that these villages develop—all are productively engaged so that their income was high enough to lead a decent life.

The picture of development which our leaders had in mind was that of Europe and America which were highly industrialised and urbanised and they succumbed to the wiles of industrialisation, forgetting the traditional Indian masses living in villages. Thus the thrust for India's development was to go in for industrialisation, as such.

Having observed the fast growth of Soviet system, India opted for Soviet model of planning and control, not fully realising its limitations in a democratic polity. Through planning and controls our leaders wanted to build a half-way-house between socialism and capitalism but in the end it could harness neither. While individual enterprise was curbed, socialism was eluding us. In pursuit of realising this model India landed in a critical situation later. India landed itself in a trap where its debt burden, both domestic and foreign, reached a point where its servicing and repayment became a problem. The country could maintain its credibility only after undergoing basic structural changes in the economic set-up, a set up in which productivity and production went up, technology upgraded, exports increased, and foreign investment flowed in. India thus went in for liberalisation, privatisation and globalisation of its economy. Its initial impact has been very favourable. Future alone will show the long term impact.

India's actions is not something unusual. In fact the citadel of socialist system of Soviet Russia, after realising ghastly failure of state directed economy, has opted for market economy with all its consequential trappings. However, theoretically ideal socialist system may be it has failed to realise its objective and brought inefficiency and misery to the people. During the four decades of controlled economy, India's growth was too limited for the burgeoning needs of its people—low production, low productivity, swelling unemployment, a very large percentage of people living below the poverty line, corruption and inequity.

Although Indians are noted for their high intelligence, hard work and sense of enterprise, these qualities got stifled under the controlled regime. While India stagnated, its neighbours in South East Asia began roaring and forged ahead at a high rate of growth, a marvel for the world to see. By altering the structure, India too could roar like their other Asian Tigers. Although full reforms have yet to take place, India might emerge as a big economic power soon enough.

Mahatma Gandhi perceived an Indian in the image of a villager—its simplicity, wealth of heritage, cultural ethos, closeness with nature and divinity. He perceived a qualitatively fuller and richer life for the villagers. Surely he was not averse to modern science and technology but he gave high priority to man and his approach to development was making the vast mass of rural inhabitants to be full of self-reliance, vigour and verve which once belonged to them.

Building industrial India required vast amount of resources—which the country did not possess. This basic truth was overlooked—that India's own vast resources was human power and fuller utilisation of this resource could be the only best strategy for its development. Gandhiji's was thus the appropriate strategy for India's development. In retrospect we realise that had we followed his counsel, India would have developed in a real sense.

Gandhiji perceived the tremendous natural and human potentialities of villages contributing to the country's development. But while the potentialities were there, he observed emaciated skeleton-like figures of villagers with barely enough to eat, idling their time. The centuries of slavery had rendered the villager so imbecile that he could not do anything useful. Gandhiji wanted to restore his confidence in himself so that he could do some productive work and improve his economic condition.

Gandhiji saw that the only way of bringing hope and good living to the people in rural areas was by making the villages the central focus of economic development programmes. He prescribed the following conditions for rural development:

1. There should be orderliness in the structure of the villages.
2. Village roads and lanes should be clean.
3. Proper drainage should be provided.
4. Places of worship should be clean and beautiful, where people could feel calm and unruffled to meditate and ennoble his thought.
5. The villages should be like gardens full of flowers, plants, fruit and shady trees.
6. Every village should have a *dharamshala* where visitors could stay and where villagers could assemble for social and religious purposes.
7. Every village should have recreation facilities such as play grounds for games and sports for children and adults.
8. Every village should have reserve land for cattles.
9. Every village has a public hall where people could assemble in their leisure time to interact and exchange their views.
10. The village should have its own water works for drinking and other purposes
11. The village must have its washing and privy arrangement in such a manner as would not pollute air, water and environment.
12. Every village must produce its required quantity and variety of food and nutrition and clothing requirements.
13. Every village must have a school to provide education to all children.
14. Untouchability amongst castes should not be practised.
15. Non-violence should be the *dharma* of the village community.
16. As far as possible, all activities should be conducted on co-operative basis.
17. Every village must evolve its own mechanism of village guards for security and protection of the village.

18. Every village must have its own *gram sabha* or panchayat, elected by its adult members.
19. The village panchayat would be its judicial, executive and legislative authority.

The Gandhian concept was to make every village a republic, complete by itself and yet maintaining neighbourly relations with adjoining villages.

Gandhiji believed that every man must work to earn his living. He considered *charkha* (spinning wheel) as symbol of work. He must do some productive work. He was not averse to adoption of technology in doing things. He only said that machines should be used only when human labour was not available. This way he wanted complete utilisation of available labour force. Gandhiji observed following advantages of *khadi* :

- a. It requires little capital.
- b. Raw material is easily available.
- c. Simplicity of operation.

The greatest resource of a nation is its manpower. Gandhiji wanted full use of this resource. India would have been on high road to development if we had heeded to his words of wisdom.

Appendix 4.1

Gandhian Thought on Rural Development*

People ascribe the attainment of India's freedom to Gandhiji and to his techniques. I would say that achieving freedom for India—though no small measure on any count—is outweighed by Gandhiji's greater contribution in providing a way of life to the tormented and suffering people throughout the world. Gandhiji and his worthy followers Thakkar Baba and Acharya Vinoba Bhave are to be remembered and thanked for this enlightenment they provided to the world.

Gandhiji used to say '*do not come to me for a message; seek my message in my work*'. What then was his work? His work was not only waging the war of independence, nor was it confined to humbling the mighty British or arousing the international conscience against apartheid in Africa. The far greater dimension of his work lay in the philosophy of life, the mould in which he wanted to cast the life of every living human.

As I have said earlier, Gandhiji's teachings are not a dogma, but a profound way of life which he formulated after keenly observing and studying, in depth the needs of the people in India.

Gandhiji realised that India lives in villages and without self-reliance or *Gram Swaraj* in villages, India's political independence too will remain incomplete.

He saw that India has more hands, that is to say a large work force, whereas our villages do not offer matching avenues to sustain this work force. Large scale industrialisation would mean more work by machines than by men. That is why he advocated labour intensive, cottage industries for rural India.

*Speech delivered at the Youth Forum for Gandhian Studies, Madras, 28.10.1995.

The village or cottage industries required far less capital. They, therefore, did not subjugate man either to the capital or to the machine. This is not to say that Gandhiji was opposed to large scale bigger industries; far from it. He acknowledged their role but wanted them to complement the effort of total upliftment and this total upliftment was not possible without transforming the economy in villages. Hence his insistence on self-reliance i.e. economic activity in the villages by the villagers and for the villagers, using the resources available in the villages and making the village self-reliant. In our own humble way, we have tried to implement this by setting up mini-ITIs in all States. These will help the local youth to be trained so that their output is provided technical and marketing support and village level production and expertise encouraged.

In practice, the whole process was not so easy to operate. There were many obstacles. Unequal distribution of land and landlessness was a factor which required massive land reforms. But legislation takes its own course and is time consuming process. This provoked the true disciple of Gandhiji—Acharya Vinoba Bhave—to think of some other and more effective way. In the genuine Gandhian tradition, he tried to transform the mentality for land reforms. This gave birth to the Bhoodan Movement—one of the most revolutionary economic movements in the history of the world. The idea was further expanded to *Gram Daan* or donating the entire village. The *Bhoodan* and *Gram Daan* struck the soul-strings of the workers and of those among whom the work was undertaken—the benefactors and the benefited alike.

Today, we have travelled a long way on the path of economic progress through mixed economy and a socialist economy and finally the economic liberalization of today. The people's enthusiasm is the same as of *Bhoodan* movement. This is the greatest input for success of any economic activity. Even our present broad based economic endeavours succeed only when they succeed in enthusing the people and getting their co-operation.

Here, in this evoking of genuine enthusiasm among the people lies the success of Gandhian philosophy and the work of Thakkar Bapa and Acharya Vinoba ji.

Gandhiji's aim was simple living and high thinking. His credo was self-reliance. His method was to evoke people's enthusiasm and his strategy was co-operation for worthy causes, and sometimes even non-co-operation and civil disobedience to emphasize the truth. This emphasis on truth or the *Agraha* on *Satya* evolved the now world-famous word *Satyagraha*—the firm determination to adhere to the truth and to ensure that the truth alone prevails. He demonstrated rather amply that his virtuous tools bring about not only a material change but also change the heart and soul of those involved in the process. The efficacy of these tools, for ever-lasting effect and results is unquestionable even today and will remain so for ever.

Chapter 5

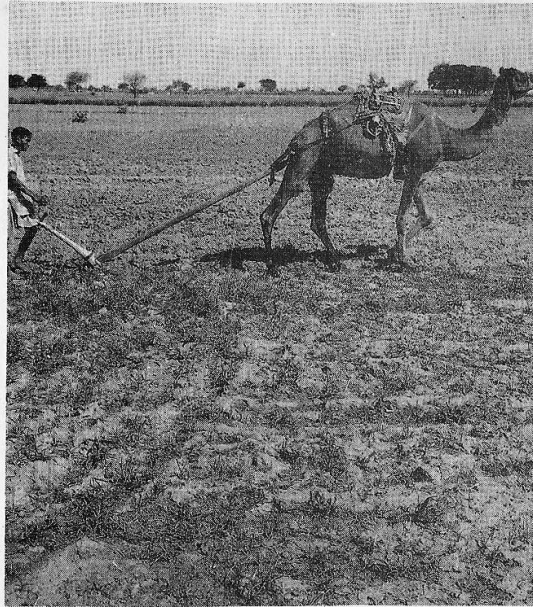
Agricultural Marketing

Pace Setter for Rural Development

Agriculture is the predominant occupation 80 per cent of our rural households. Rural development is therefore essentially dependent on agricultural development. Once income from agricultural pursuits increase, rural people's standard of living will increase, poverty will banish, unemployment and under-employment will diminish, agricultural labourers will get more income and employment, rural housing and living conditions will improve. In fact, rural development in all aspects will get momentum to the extent of agricultural development and consequential income generation. It is for this reason that so far most of the rural development programmes have focussed agricultural development as the key issue for development.

It is gratifying to note that as a result of numerous measures through the Plans we have succeeded in increasing agricultural production from 50 million tonnes at the commencement of the first Five Year Plan to 192 million tonnes in 1994-95. The nation is no more confronted with food shortage and we feel secure with 30 million tonnes of buffer stock.

One redeeming feature of agricultural development is that some farmers have shifted from subsistence farming to commercial farming. Farmers now do not limit themselves to production of cereals only but have ventured into production of horticultural crops—fruits, vegetables, pulses, oilseeds and such



Ploughing the field with Camel.



Ploughing the field with Bullocks.



Taking out Paddy seedling for transplanting.



Transplanting of Paddy in a line.



Transplanting of Paddy.



Eucalyptus seedlings.



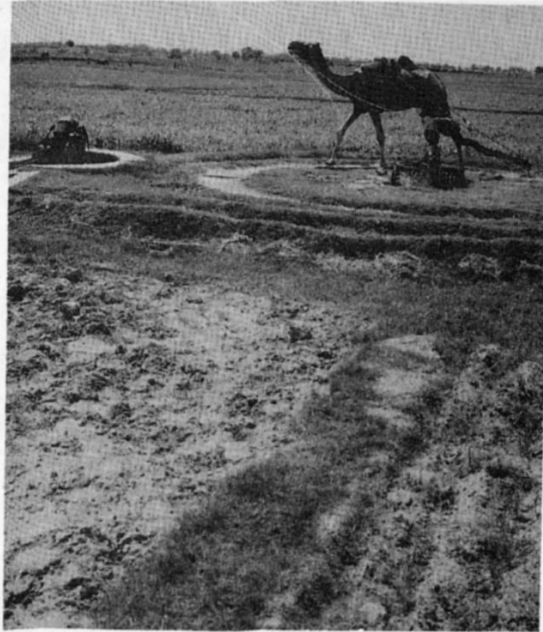
Harvesting of Paddy.



Women harvesting the Jowar.



Wheat harvesting-Punjab.



Rahat irrigation.



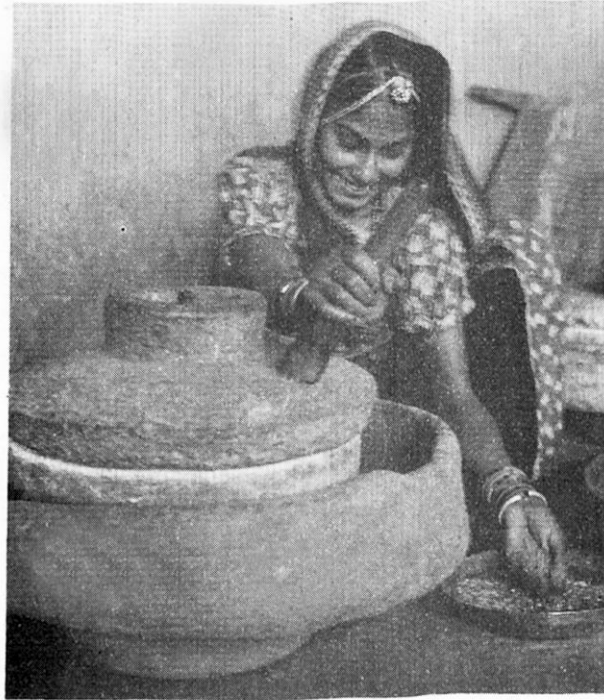
Preparation of Water Channel for Irrigation.



Thrashing the Paddy with hand.



Transportation of Wheat.



Preparation of Atta with the help of "chakki".



Potter at work.



Weaving.



Wood Cutter at work.



Tribal girl teaching the other method of grafting Kosabad.

crops which fetch better return. And here lies the rub. They can get good return only when agricultural marketing system provides them opportunity to sell their produce at remunerative price. If, due to marketing deficiencies, they are not able to get remunerative price they will have no incentive to produce. In the changed production system, when they borrow to apply fertiliser and other inputs, they must sell some of their produce to pay back their creditors. The modern farmer will calculate cost benefit ratio of farming and he will continue to produce only when benefit exceeds cost. Benefit will accrue to him only when he is able to get fair price for his produce. And this depends on the marketing set-up. In the traditional marketing system there is a chain of middlemen who use all kinds of devious methods to exploit the farmers and there are instances when the farmers get only 20-30 per cent of the prevailing market price. It is well known in what adverse conditions farmers have to sell their produce, sometimes even at throw-away prices. This may have been alright under the conditions of subsistence farming where they had no choice but to produce for their subsistence needs.

Marketing has assumed importance in the emerging scenario where the motivation for production is to obtain fair price for their produce. When production is for the market, there must be market, where they can obtain fair price of their produce. If there is no market there will be no production.

Agriculture of this country has reached this stage in recent years. Thus, while efforts to increase production must continue, the effort will be wasteful if marketing system of the right type does not emerge to sustain production system.

Before plunging into the discussion of agricultural marketing, it would be desirable to have an overview of agricultural scenario, especially the nature and diversity of agricultural products. A vivid knowledge of the product is essential before embarking on a marketing strategy and marketing techniques. The main aspects of agricultural production have been briefly analysed as a background for evolving a suitable marketing system consistent with the socio-economic objectives of the country.

Economic development means increase in production, income and employment in all pursuits in which people are engaged. It may be crop production, manufacturing and services. The proportion of people engaged in primary, secondary and tertiary sector varies with the level of development of the country. It has been observed that in the early stages of development, all countries are highly dependent on agriculture and agricultural income constitutes major share of the national income but as the country moves to higher stages of development, more and more income is generated in manufacturing and tertiary sectors. Looking from this angle, India is still in the early stage of development and a major share of national product and employment is provided by this sector. As a result of planning and development in the last few decades, the contribution of agriculture in the GDP has reduced from 54.91 per cent in 1950-51 to 32.82 per cent in 1990. Nevertheless, it still constitutes the largest single component of the GDP (see Table 5.1) and has an overall impact on other sectors with input linkages, employment and income.

Sector-wise contribution of Gross Domestic Product in India

	1994-95 (%)
1. Primary	34.58
2. Secondary	26.57
3. Tertiary	33.25
4. Miscellaneous	5.60

For the 8th Plan, the Planning Commission has envisaged a "combination of agro-business with farming" in order to raise the level of average agricultural income, to increase the export possibilities and raise value-added component in export".

Agricultural development is a critical factor in India's development because of a very large dependence of people on agriculture. As much as 65 per cent of the working population earns its living from some kind of agricultural activity. The growth of industry and service sector has not been fast enough

to absorb the swelling number of entrants to working force. On account of such a heavy dependence of people on agriculture, the level of income and employment in rural areas is low.

Table 5.1
Sectoral Distribution of GDP (1989-90)

	%age share of total
Agriculture	32.82
Mining	1.76
Manufacturing	20.00
Electricity, gas and water supply	2.14
Construction	4.4
Trade	12.67
Transport and communication	5.26
Banking and finance	9.84
Public administration	5.46
Others	5.60

Working Population of India

According to the 1991 Census, India has a population of 84 crores,¹ of which 63 crores reside in rural areas. The distribution of population by working status shows the dominance of cultivators and agricultural labourers (Table 5.2).

Table 5.2
Distribution of Working Population of India

Total population (1991 census)	83.66	crores
Total workers	31.49	crores
Marginal workers	2.95	crores
Main workers	28.54	crores
(i) Cultivators	11.06	cores
(ii) Agricultural labourers	7.46	crores
(iii) Household industry	1.06	crores
(iv) Other workers	9.98	crores

1. It is estimated to be 90 crores in 1995.

Growth of Agricultural Production in India

India had a very low base of agricultural production at the time of Independence in 1947. Then described as backward

country, the foremost task our leaders recognised was to create conditions for increased agricultural production. The country was acutely deficient in food and had to import food for feeding its people. This had many unsavoury implications for Indian ethos, particularly international relations. Since then it has remarkably progressed in several lines of activity including agriculture. India took up the challenge and started in a big way to increase its food production. India's major thrust of planning in each successive Five-Year Plans was to increase food production. Investment in agriculture was to be increased for creation of increased availability of inputs such as irrigation, fertilisers, seeds etc. for increasing production. While the production was growing slowly the major break-through in agricultural production came with the advent of high yielding seeds and modern production technologies which led to the emergence of Green Revolution in the country. To-day we may look forward with confidence to see that Indian farmers have raised food production from 51 million tonnes in 1950-51 to 192 million tonnes in 1994-95. The investment made in agriculture from the first to the eighth Plan, (Table 5.3) shows the increasing commitment of the Government in the area of agriculture. Its results are evident in the production of main agricultural products in 1991-92 and targets set for 1996-97 (Table 5.4). The targets for export of some plantation crops in 1996-97 further shows the forward-looking mood of the nation (Table 5.5).

Table 5.3
Investment in Agriculture Under-Different Plans
(Rs. in Crores)

Five Year Plans	1st	2nd	3rd	4th	5th	6th	7th	8th plan
Agriculture including cooperation	238	275	591	2059	3356	6440	10524	14800
All sectors	2377	4800	8099	15902	39322	97500	180000	3610000

Source: Agricultural Statistics at a Glance, March 1991, Directorate of E&S, Ministry of Agriculture.

Table 5.4
Areawise Break-up of All India Targets of Principal Crops in Eighth Five Year Plan

<i>Crop</i>	<i>1991-92</i>			<i>1996-97</i>		
	<i>A</i>	<i>P</i>	<i>Y</i>	<i>A</i>	<i>P</i>	<i>Y</i>
Rice	42.50	72.50	1706	43.50	88.00	2023
Wheat	23.50	56.00	2383	24.25	66.00	2722
Coarse grain	37.50	30.00	800	37.75	39.00	1033
Pulses	23.50	14.00	596	24.50	17.00	694
All foodgrains	127.0	172.5	135	130.0	210.0	1615
Oilseeds	23.5	17.5	740	24.5	23.0	939
Sugarcane	3.70	235.00	63514	3.90	275.00	70513
Cotton	7.40	10.50	241	7.50	14.00	317
Jute & Mesta	1.00	9.00	1620	1.00	9.50	1710
Other crops	19.60			23.70		
All India	182.20			190.60		

P - Production (Million tonnes)

A - Area (Million hectare)

Y - Yield (kg/ha)

Table 5.5
Eighth Plan Production and Export Targets for Plantation Crops

<i>Crop</i>	<i>Unit</i>	<i>VIII Plan (1996-97)</i> <i>Production</i>	<i>VIII Plan (1996-97)</i> <i>Exports</i>
Tea	(million kg)	950	300
Coffee	(000 tonnes)	220	125
Spices	(000 tonnes)	2076	163
Cardamom	(tonnes)	6000	2250
Tobacco	(mill kg)	175	80
Rubber	(000 tonnes)		600

Table 5.6
All India Final Estimates of Foodgrain Crops 1993-94

Crop	Area (Thousand Hectares)				Production (Thousand Tonnes)				Yield (KGS/Hectare)		
	1993-94 (Final)	1992-93 (Revised)	INC. (+) OR DEC. (-)	Absolute Percentage Col. 2 Over Col. 3	1993-94 (Final)	(1992-93) (Revised)	INC. (+) OR DEC. (-)	Absolute Percentage Col. 6 Over Col. 7	1993-94 (Final)	1992-93 (Revised)	1992-93 (Revised)
	2	3	4	5	6	7	8	9	10	11	
Rice											
Autumn/ Kharif	23263.4	23681.1	-417.7	-1.8	43589.1	41680.9	1908.2	4.6	1874	1760	
Winter	15373.4	1529.4	154.0	1.0	25823.8	23561.9	2261.9	9.6	1680	1548	
Total Kharif	38636.8	38900.5	-263.7	-0.7	69412.9	65242.8	4170.1	6.4	1797	1677	
Rabi/Summer	42033.6	41775.0	258.8	0.6	76972.4	72867.7	6104.7	8.4	1879	1744	
Wheat	24914.5	24588.9	325.9	1.3	59131.3	57210.1	1921.2	3.4	2373	2373	
Jowar											
Kharif	6945.9	7624.0	-678.1	-8.9	7528.5	9380.6	-1852.1	-19.7	1084	1230	
Rabi	5935.8	5416.6	519.2	9.6	3990.1	3424.9	565.2	16.5	672	632	
Total	12881.7	13040.6	-158.9	-1.2	11518.6	12805.5	-1286.9	-10.0	894	982	
Bajra											
	9526.6	10616.9	-1090.3	-10.3	5021.8	8880.7	-3658.9	-43.5	527	836	
Maize											
Kharif	555.0	5511.0	22.0	0.4	8356.8	8942.9	-586.1	-6.6	1510	1623	
Rabi	456.4	451.5	4.9	1.1	1122.7	1049.2	73.5	7.0	2460	2324	
Total	5989.4	5962.5	26.9	0.5	9479.5	9992.1	-512.6	-5.1	1583	1676	

Contd.

1	2	3	4	5	6	7	8	9	10	11
Ragi	1911.6	1905.3	6.3	0.3	2688.8	2531.4	157.4	6.2	1407	1329
Small Millets	1962.9	1983.0	-20.1	-1.0	933.3	868.8	64.5	7.4	475	438
Barley	785.3	915.6	-130.3	-14.2	1275.8	1512.4	-236.6	-15.6	1625	1652
Coarse Kharif	25880.0	27640.2	-1760.2	-6.4	24529.2	30604.4	-6075.2	-19.9	948	1107
Cereals Rabi	7177.5	6783.7	393.8	5.6	6388.6	5986.5	402.1	6.7	890	882
Total	33057.5	34423.9	-1366.4	-4.0	30917.8	36590.9	-5673.1	-15.5	935	1063
Cereals Kharif	64516.8	66540.7	-2023.9	-3.0	93942.1	95847.2	-1905.1	-2.0	1456	1440
Rabi	35489.0	34274.1	1241.9	3.6	75079.4	70821.5	4257.9	6.0	2116	2068
Total	100005.8	100787.8	-782.0	-0.8	169021.5	166668.7	2352.8	1.4	1690	1654
Tur (Arhar)	3578.6	3575.6	3.0	0.1	2700.0	2330.8	369.2	15.8	754	652
Others										
Kharif Pulses	7895.7	7799.9	95.8	1.2	2767.1	3296.0	-528.9	-16.0	350	423
Gram	6440.8	6453.7	-12.9	-0.2	4903.8	4416.7	487.1	11.0	761	684
Others Rabi Pulses	4519.1	4530.6	-11.5	-0.3	2726.7	2771.0	-42.3	-1.5	604	612
Pulses Kharif	11474.3	11375.5	98.8	0.9	5467.1	5626.6	-159.7	-2.6	476	495
Rabi	10959.9	10984.3	-24.4	-0.2	7632.5	7187.7	444.8	6.2	696	654
Total	22434.2	22359.8	74.4	0.3	13099.6	12814.6	285.1	2.2	584	573
Foodgrains Kharif	75991.1	77916.2	-1925.1	-2.5	99409.2	101474.0	-2064.8	-2.0	1308	1302
Rabi	46448.9	45231.4	1217.5	2.7	82711.9	78009.2	4702.7	6.0	1781	1725
Total	122440.0	123147.6	-707.6	-0.6	182121.1	179483.2	2637.9	1.5	1487	1457

Note: As against the all-India estimates of Rice shown above, the all-India estimates of production of paddy based on the data furnished by states works out as 118463.9 thousand tonnes for 1993-94 and 109300.6 thousand tonnes for 1992-93.

Table 5.7
Estimate of Commercial Crops Production 1993-94 (as on 20-01-95)

(Lakh tonnes)

Crop	1	2	3	4	5	6	7	8	9	10	11	12
			1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Groundnut												
Kharif			44.3	41.8	74.9	61.0	51.2	49.9	66.6	56.1	61.0	60.1
Rabi			14.5	16.7	21.7	22.0	23.9	21.0	19.0	21.5	22.0	22.0
Total			58.5	58.5	96.6	81.0	75.1	70.9	85.6	77.6	83.0	82.2
Castorseed			2.3	2.0	4.1	5.2	7.2	5.8	6.2	6.4	7.0	8.9
Sesamum			4.5	5.8	6.8	7.4	8.4	7.1	7.6	5.7	9.0	8.1
Nigerseed			1.3	1.8	1.8	1.9	1.9	1.8	1.6	1.8	2.0	2.0
Rapeseed and												
Mustard			26.0	34.6	43.8	41.2	52.3	58.8	48.0	52.9	57.0	54.7
Linseed			3.2	3.9	3.6	3.3	3.3	2.9	2.8	3.3	4.0	3.6
Safflower			3.5	4.6	4.4	4.9	3.2	2.0	3.4	5.8	4.0	6.0
Sunflower												
Kharif			2.5	3.8	2.2	2.7	3.3	3.6	4.3	5.3	6.0	3.8
Rabi			1.7	2.5	1.5	3.6	5.4	8.3	7.5	8.7	8.0	8.0
Total			4.2	6.3	3.7	6.3	8.7	11.9	11.8	14.0	14.0	11.8

Contd.

1	2	3	4	5	6	7	8	9	10	11	12
Soyabean		8.9	9.0	15.5	18.0	26.0	24.9	33.9	46.3	40.0	37.2
Total Nine Kharif		63.8	64.2	105.3	96.2	98.0	93.1	120.3	121.6	125.0	120.1
Oil Seeds		48.9	62.3	75.0	73.0	88.1	92.9	80.8	93.2	95.0	—
Total		112.7	126.5	180.3	169.2	186.0	201.1	214.8	220.8	214.5	—
Cotton*		69.1	63.8	87.4	114.2	98.4	97.1	114.0	107.1	125.0	116.5
Jute**		73.5	57.9	67.1	70.7	79.2	89.4	75.0	73.8	78.5	74.1
Mesta**		12.7	9.9	11.5	12.2	13.1	13.5	10.9	11.0	14.5	11.1
Jute & Mesta**		86.2	67.8	78.6	82.9	92.3	102.9	85.9	84.8	93.0	85.2
Sugarcane (Cane)		1860.9	1967.4	2030.4	2255.7	2410.5	2540.5	2280.3	2270.6	2500.0	2456.1
Potato		127.4	140.5	148.6	147.7	152.1	163.9	152.30	180.36		
Onion		25.3	27.0	33.5	30.7	32.3	35.8	34.90	37.18		
Coconut @		63.8	72.7	85.4	93.6	97.3	100.8	112.41	123.55		
Tobacco		4.6	3.7	4.9	5.5	5.6	5.8	5.97	5.69		

(P) Provisional.

* Lakh bales of 170 Kgs each.

** Lakh bales of 180 Kgs each.

@ In hundred million nuts.

Table 5.7 shows growth of agricultural production of all types particularly of rice, wheat, jowar, bajra, maize, pulses, oilseeds, potato, onion etc. during the decade from 1982 to 1993-94. Farmers are now investing in inputs like fertilisers, seeds, pesticides and improved implements to increase their production. They have increased production not only for more consumption of these items but for maximising their income and they look for proper marketing of their produce to obtain remunerative prices to sustain their interest in investment for more production. Marketing therefore, has emerged as a critical factor for sustaining the tempo of increasing production.

Besides agricultural and horticultural crops, India produced 57.5 million tonnes of milk and 22751 million eggs and 3.7 million tonnes of fish in 1991-92.

The Eighth Plan has given high importance for increasing agricultural production and proposed a number of measures for accomplishing the objective. A special foodgrains production programme has been devised in respect of wheat, rice, coarse grains as well as oilseeds and pulses. The focus of the programme is to extend improved technologies to achieve the targets.

India also produces significant quantity and variety of spices valued between Rs. 3500-4000 crores. India's share in global trade of spices is 22 per cent in volume and 10 per cent in value.

The Eighth Plan places greater attention on fruits, vegetables and pisciculture. Drip irrigation and tissue culture will be encouraged for speedy developments of horticulture. There is a provision of Rs. 1000 crore for development of horticulture.

The planners are aware that for sustenance of production programme marketing support has to be strengthened. Therefore, "the marketing infrastructure has to be further augmented and streamlined especially in respect of perishable commodities to realise a fair share of the price paid by the consumer. Efficient marketing by co-operatives of producers and their apex organisations will need to be intensified". In order to streamline marketing system in a proper manner the originating

point of production has to be appropriately located. It may be that some agricultural produce of Assam or Manipur may fetch better price in Delhi or Chandigarh and some agricultural produce of Kerala may fetch better price in Calcutta or Patna market. Therefore, India needs an integrated marketing system—which the co-operative marketing system provides for procuring the goods from the large number of small cultivators and selling them in far flung areas. The Statewise production of different varieties of crops (Table 5.7) shows there is a great variation of wheat output in different states of the country. Therefore, a single marketing strategy may not be valid for the whole country. Co-operative framework has the advantage that it has local base everywhere and state marketing federations evolve suitable strategy according to local situations.

In order to bring out greater clarity on marketing perspective the point is illustrated by providing separate tables for maize (Table 5.8), Bajra (Table 5.9), Jowar (Table 5.10) and Rice (Table 5.11). However, information on the products like gram, barley, groundnut, sunflower, safflower, soyabean, potato and onion has been provided in the appendices to this chapter.

Marketing Surplus

The dimensions of agricultural marketing depend on the quantum of marketable surplus of different crops. It is quite complex because of the varietal, seasonal and geographical spread of production. The quantum of surplus varies considerably in different commodities. Earlier, there was very little marketable surplus in a few food products, mainly because the basic motivation for production was only subsistence.

Marketable surplus emerges after the farmer has retained the produce for his family consumption, seed and feed and payment to farm labourers. With gradual monetisation and introduction of payment of wages in cash, more marketable surplus is emerging. Factors like sparing some produce during monsoon months, in case of failure of crops, also determined the quantity of surplus. It mainly depends on the size of holding of

the farmers. In food crops the bigger the farm the more the surplus. However, it has been observed that small agricultural producers also have to sell a large chunk of his produce for several cash obligations, such as payment of interest and principal to his creditors and village *sahukars* and meeting other cash obligations. Actually a farmer's marketed surplus may be more or less equal to his marketable surplus. If the farmer retains less for his consumption, marketable surplus will be more. Price of the produce also influences marketable surplus. Big farmers withdraw sale in a regime of falling prices whereas small farmers may have to sell more to meet their needs. Since so many factors influence disposal of farm produce, it is not a static quantum. It varies from time to time. Marketable surplus will be higher or lower depending on hoarding and dishoarding by the producers.

Due to these factors, it is difficult to calculate the exact quantum of marketable surplus of different types of agricultural products. Sometimes, the farmer waits for the new crop to come and then releases old stocks. Old crops and hoarded crops cannot be differentiated from the new crop. Again farmers and traders have the tendency to under-estimate quantity of crops stored or sold. Often farmers are not able to estimate quantity to be retained for family consumption and quantity needed for farm operations. Indeed, a number of factors are taken into account to estimate marketable surplus. These are:

1. Area under cultivation
2. Average yield per hectare
3. Average size of holding
4. Socio-economic conditions prevailing in the region, such as payment of wages in kind or cash.
5. Nature of crop/foodgrains/oilseeds/sugarcane/cotton
6. Marketing facilities
7. Price at the time of sale.

The planning committee in 1984 attempted estimation of marketable surplus of some commodities as noted below:

<i>Commodity</i>	<i>Per cent of total production</i>
Wheat	55
Rice	40
Jowar	23
Bajra	26
Maize	24
Barley	26
Gram	45
Gur	80
Potato	73
Groundnut	84
Rape & mustard	86
Sorghum	56
Linseed	80
Castorseed	94
Cottonseed	95
Nigerseed	56
Cashewnut	97
Tobacco	92
Milk	83

With the changing outlook of the farmers to produce for the market, the volume of surplus is increasing even for foodgrains. There are several agricultural products which are produced only for the market. Various estimates show that despite persistence of subsistence farming, more than 50 per cent of the foodgrains are sold. Marketable surplus is increasing with increase in productivity and production, increasing role of regulated markets, price support measures, spread of transportation, communication, greater role of cooperative marketing system and extension of infrastructural facilities in the rural areas. With the emergence of free trade and globalisation of market for agricultural produce and increasing export possibilities, more and more agricultural products will be offered for sale. Needless to stress that a very efficient marketing structure will be required to handle this surplus. It is only cooperative marketing system that can provide the wherewithal for this purpose.

Long term trends in agricultural development mean more and more industries have to be developed and more and more people would shift from agriculture to secondary and tertiary sectors. This can happen only when agriculture is modernised using the latest scientific knowledge and technologies at all the stages of agricultural production, post-harvest operations, marketing, storage and processing. At that stage agricultural productivity will rise, agricultural income will increase and it would absorb more people for various new processes and generate marketable surplus for domestic consumption and export. Not only more food products will be available but more non-food crops will also increase, providing more quantity and better quality of raw materials for agro-based industries. This will provide an impetus for greater industrialisation and the economy will stride forward speedily.

Massive all round effort is needed to push the economy to this level. Marketing plays a crucial role in bringing agriculture to this level because of its catalytic effect on all aspects of agricultural development. Efforts to increase agricultural production can not sustain without a sustained marketing support. It is not something peculiar to agriculture but is in fact true to all kinds of production in the competitive global scenario, which is fast emerging on the horizon. The poignancy of marketing as the key economic factor is because the entire productive effort will be directed to the market. It is the market, be it domestic or global, which will determine productive effort. Industries in this country have started to restructure their ethos, style and efforts for this purpose. This process will get further accelerated when WTO is fully operative. Once it happens, market for any product will greatly expand transcending the national boundaries. On the one hand, this market will be very competitive and, on the other hand, it will be very large and those having low cost and high quality will greatly benefit from free trade system.

India can greatly benefit from this situation for several reasons. India produces a large varieties of agricultural products,

particularly fruits and vegetables—some of which are unique to this country. Various varieties of mango, litchi, makhana (Lotus seed), besides vegetables of various kinds are exclusively unique Indian products. Not much effort has so far been made to commercialise and modernise their production and marketing. In the absence of modern marketing support, they operate only in local market and because of limited market, earning from these products is very low—inhibiting quantity and quality of this production.

Introduction of modern marketing support will trigger agricultural development. Due to persistence of old mindset where agricultural production was seen as means of subsistence just to meet the food requirement of the people, the concept of modern marketing did not percolate in the thought of the people. A little improvement at one place or another was projected as progress. That is why it did not have aggregative impact on the economy. In the absence of modern marketing facilities relating to harvesting, storage, grading, transportation, preservation, handling, packaging and processing, there is a colossal wastage of our potential produce and even though cost is incurred for producing crops, they are not available to the consumer. Provision of modern marketing services, therefore, will directly influence the growth in production, higher availability of consumer goods all over the country. It will ensure larger share of consumer's rupee to the producer.

Traditional marketing system in this country, like the private money-lender, has been exploiting both the producer and consumer. There is a wide gap between the price producer receives and consumer pays. For an item for which the consumer pay Rs. 5 to 10 per kg, the producer gets only Rs. 2 to 3. Small farmers are especially the worst victim of this problem. No marketing intelligence is presently available to farmers. Cooperative system has an in-built structural advantage to meet such requirements.

The foregoing analysis shows how crucial agricultural marketing is for the agricultural development in India.

Considering the fact that about 100 million small and marginal farmers are engaged in agricultural production, the marketing task is quite difficult. The great hope, however, lies in the co-operative marketing (group marketing), which alone, can satisfactorily tackle this problem.

The appendices given at the end of the chapter provide information on the production, name of crops, area, location and value of other crops and agricultural products, not covered earlier in the text.

Table 5.8
Achievements During the Seventh Plan (year wise)
and Annual Plans
(1990-91 and 1991-92)

<i>Year</i>	<i>Milk</i> <i>(million tonnes)</i>	<i>Eggs</i> <i>(million numbers)</i>	<i>Wool</i> <i>(million kilograms)</i>
1984-85	41.5	14252	38.0
1985-86	44.0	16128	39.1
1986-87	46.1	17310	40.0
1987-88	46.7	17795	40.1
1988-89	48.4	18890	40.8
1989-90	51.5	20204	41.7
1990-91	54.9	21342	42.0
1991-92	57.5	22751	43.6
Eighth Plan			
Target	70.0	30000	50.0

Table 5.9
All India Operational Holdings: Number and Area Operated by Size Classes

Category and Size of Operational Holdings	No. of Operational Holdings (Million)		Area Operated (Million Hectares)		Average Size (Ha.)	
	1980-81	1985-86	1980-81	1985-86	1980-81	1985-86
Marginal (below 1 hectare)	50.12 (56.4)	56.15 (57.8)	19.74 (12.1)	22.04 (13.4)	0.39	0.39
Small (between 1-2 hectares)	16.07 (18.10)	17.92 (18.4)	23.17 (14.1)	25.71 (15.6)	1.44	1.43
Semi-medium (between 2-4 hectares)	12.46 (14.0)	13.25 (13.6)	34.65 (21.2)	36.67 (22.3)	2.78	2.77
Medium (between 4-10 hectares)	8.07 (9.1)	7.92 (8.2)	48.54 (29.6)	47.14 (28.6)	6.02	5.96
Large (10 Hectares and Above)	2.17 (2.4)	1.92 (2.0)	37.71 (23.0)	33.0 (20.1)	17.41	17.21
All Holdings	88.88 (100.0)	97.16 (100.0)	163.80 (100.0)	164.56 (100.0)	1.84	1.69

Note: (1) Figures in parentheses are percentages to respective column totals.

(2) Percentages are calculated on the basis of absolute values.

Source: Ministry of Agriculture, Agricultural Statistics at a Glance - 1994.

Table 5.10
India in World Agriculture-1991
Agriculture and Allied Activities

<i>Item</i>	<i>India</i>	<i>World</i>	<i>India's Share %</i>
Total area (M.Ha)	3.29	133.90	2.50
Arable land (M.Ha)	1.65 @	13.5 @	12.20
Irrigated area (M.Ha)	43.1 @	237.4 @	18.20
Production (M. Tonnes)			
(a) Rice	110.00	520.00	21.30
(b) Wheat	55.00	551.00	10.00
(c) Millet	9.00	29.00	31.00
(d) Groundnut	7.00	23.40	29.90
(e) Rapeseed	5.20	27.20	19.10
(f) Sugarcane	240.00	1388.00	17.30
(g) Bananas	6.40	47.70	13.40
(h) Mangoes	9.70	16.10	60.20
(i) Tea	0.73	2.50	28.30
(j) Cotton (Lint)	1.70	20.60	8.30
(k) Jute and Jute Like	1.60	3.60	44.00
(l) Milk	56.70	526.70	10.80

M : Million

@ : 1990

Source: CMIE, World Economy and India's Place in it, 1993.

Table 5.11
India in World Agriculture-1991
Export of Agricultural Produce

<i>Item</i>	<i>India</i>	<i>World</i>	<i>India's Share %</i>
Total area (M.Ha)	3.29	133.90	2.50
Arable land (M.Ha)	1.66 @	13.47 @	12.30
Irrigated area (M.Ha)	45.8 @	237.4*	19.30
Production (M. Tonnes)			
(a) Rice	109.50	527.70	20.80
(b) Wheat	55.10	565.10	9.80
(c) Millet	10.60	29.00	36.60
(d) Groundnut	8.20	24.30	33.70
(e) Rapeseed	5.80	27.00	21.50
(f) Sugarcane	249.00	1103.00	22.60
(g) Bananas	7.00	50.30	13.90
(h) Mangoes	10.00	17.50	57.10
(i) Tea	0.73	2.47	28.40
(j) Cotton (Lint)	2.20	17.70	12.40
(k) Jute and Jute Like	1.26	3.14	40.20
(l) Milk	60.90	522.30	11.70

M : Million

* : 1990 @ : 1991

Source: CMIE, World Economy and India's Place in it, 1994.

Table 5.12
Exports of Principal Crops/Commodities

Commodity	Quantities : Thousand Tonnes					
	Value :		Rs.Crore			
	1991-92		1992-93		1993-94	
	Quantity	Value	Quantity	Value	Quantity	Value
Coffee	98.4	332	114.1	376	118.5	546
Tea and Mate	216.4	1212	168.1	977	154.3	1059
Oil Cakes	3649.6	922	3678.8	1545	4820.7	2324
Tobacco	84.2	377	88.3	474	104.7	461
Cashew Kernels	52.5	676	62.7	749	73.5	1048
Spices	143.0	394	128.7	393	182.4	569
Sugar and Molasses	445.7	157	485.1	354	204.5	178
Raw Cotton	160.2	305	63.7	182	297.3	654
Rice	678.2	756	1085.4	976	767.7	1287
Fish and Fish preparation	190.0	1443	210.8	1743	257.9	2552
Meat and Meat preparation	—	231	—	257	—	245
Fruits, Vegetables and Pulses (excluding cashew)	—	352	—	366	—	488
Miscellaneous processed foods (including processed fruit and juices)	—	305	—	373	—	470
Total	5718.2	7462.0	6085.7	8765.0	6981.5	11881

Source: Ministry of Finance, Economic Survey 1993-94 & 1994-95.

Table 5.13
Sectoral Investment during the Eighth Plan 1992-93 to 1996-97

Sector	(Rs. Crores)		Share of Public Sector in Total Invest- ment (%)	Sectoral Distribution (%)		
	Public	Private		6th Plan	7th Plan	8th Plan
Agriculture	52000	96800	34.95	15.24	11.23	18.65
Mining & Quarrying	28500	11100	71.97	6.06	6.70	4.96
Manufacturing	47100	141300	25.00	23.60	26.00	23.61
Electricity, Gas and Water	92000	10120	90.09	12.07	13.65	12.80
Construction	3300	17240	16.07	2.73	1.86	2.57
Transport	49200	38710	55.97	9.42	9.93	11.02
Communication	25000	1000	96.15	1.50	2.03	3.26
Other Services	63900	120730	34.61	29.38	28.60	23.13
Total	361000	437000	45.24	100.00	100.00	100.00

Source: Directorate of Economics and Statistics, Statistics at a Glance - 1994.

Table 5.14

[illegible]

Table 5.15
Land Use Classification—1989-90 and 1990-91

(Million Hectares)

Item	1989-90	1990-91 (p)
Geographical Area	328.72	328.73
Reporting area for land utilisation	304.87	305.01
(i) Forests	67.69	67.99
(ii) Not available for cultivation (A+B)	41.10	40.88
(A) Area under non-agricultural uses	21.24	21.22
(B) Barren and Unculturable land	19.86	19.66
(iii) Other cultivated land excluding fallow land (A+B+C)	30.50	30.51
(A) Permanent pastures and other grazing lands	11.72	11.80
(B) Land under miscellaneous tree crops and groves not included in net area sown	3.69	3.70
(C) Culturable waste	15.08	15.01
(iv) Fallow lands (A+B)	24.05	23.40
(A) Fallow land other than current fallows	10.19	9.59
(B) Current fallows	13.86	13.80
(v) Net area sown	141.53	142.24
Total cropped area (Gross Cropped Area)	182.20	185.48
Area sown more than once (3-V)	40.67	43.24
Net area irrigated	46.19	47.43
Gross area irrigated	60.54	61.78

P : Provisional.

Source: Ministry of Agriculture, Agricultural Statistics at a Glance-1994.

*Appendix 5.1***Agricultural Growth, Employment and Poverty in Rural Areas : Emerging Issues in the Context of Structural Adjustment***

Agricultural growth, employment and poverty in rural areas are inter-linked and have a deep bearing on overall growth of rural sector. As a result of meticulous planning by the Union Government and untiring labour put in by the farmers, agriculture in India has registered impressive growth during the last four decades since 1951. Large investment in infrastructure including irrigation, use of new technology, a remunerative price system and land reclamation and concrete measures of land reform have resulted in impressive 3 per cent annual growth in agriculture. In spite of some successive years of severe drought, the rate of growth of agricultural production has been higher than the rate of population growth, enabling us to attain self-sufficiency in food. We have every reason to be proud of this achievement.

Our agricultural sector, however, still suffers from some bottlenecks and the Central Government is making all out efforts to overcome the obstacles in the way of a faster agricultural growth.

The foremost drawback in our agriculture is low-productivity. This factor coupled with increasing number of population totally dependent on agriculture has resulted in large scale unemployment and poverty in rural areas. According to official estimates, about 30 per cent of rural population in India lives below the poverty line. According to UNDP Report, this ratio is much higher in comparison to 12 per cent in China or 8 to 10 per cent in Malaysia.

*Speech delivered at the seminar organised by the Society of Labour Economics, Patna, December 8, 1995.

This situation is alarming and calls for a serious thought by planners, policy makers and researchers. With one-third of our population below poverty line, we cannot expect progress, harmony or even stability. Articles 14, 38 and 39 of our Constitution enjoin equality for all citizens, equitable utilisation of resources for all people and neglect of none. Mahatma Gandhi dreamt of Gram Swaraj or self sufficient 'village republics'. Article 25 of UN Charter calls for fulfilling the needs of people. But the horrific level of poverty impedes us from realising the dream or complying with such directives.

Our strategy to fight rural poverty broadly consists of:

- (a) Creation of employment awareness in the rural areas since unemployment and under-employment largely contribute to poverty.
- (b) Generation of assets.
- (c) Development of drought prone and desert areas and;
- (d) Social assistance under the schemes of National Social Assistance Programme.

The fiscal allocation for rural sector has increased significantly from Rs. 5,000 crores in 1992-93 to Rs. 8310 crores in the current year (1995-96) which is the highest ever amount for any single year for rural sector. The total outlay for rural sector in the Eight Plan has been put at Rs. 30,000 crores. The tenth Finance Commission recommended an additional allocation of Rs. 480 crores and the Government of India has accepted this recommendation. These large allocations testify our concern for alleviation of rural poverty.

It was felt that apart from allocation of adequate funds, the elected bodies of people's representatives should be given more powers so that they can also help in implementing the Governmental schemes with greater authority and also formulate and implement their own schemes for employment generation. With this end in view, 73rd Constitutional Amendment was brought about which has armed various Panchayat Raj institutions with more authority. They can now participate in a better way in the allround development of rural areas and share the efforts for employment generation. Special

representation has been ensured for SCs, STs and women in this new dispensation.

The strategy and approach we have adopted to tackle the problem of generating employment in the rural areas is multi-pronged. This means we are attacking the problem from many angles which include, inter-alia, soliciting public views and vision also through workshops and seminars. The other salient points of our strategy are: more powers to the people's elected bodies, due emphasis on self-employment and wage-employment, more effective implementation of existing schemes, formulation and enforcement of new schemes, land reforms, area-specific development, due encouragement to voluntary agencies and non-Governmental organisations, enlisting involvement of private corporate sector and creating awareness among various segments of rural population so that they themselves think of and seek out ways and means for generating employment in their areas.

Cooperatives can play significant role in generating employment in the rural areas. In fact, they have already demonstrated their potential in this regard and the profitable areas of their operation have been sugar, dairy, etc. They can be extended to other fields in rural areas like horticulture, forest based resources, etc. apart from variety of consumer goods activities.

Increasing budgetary allocation and introducing new programmes to fill in the gaps is not enough. The emphasis has to shift towards revamping the delivery system and administrative structures for these programmes to make them more accountable and responsive to the beneficiaries they are intended to serve. Not only should the leakages and mal-practices be curbed, at the same time, the people at the local level have to be involved in all these programmes. Consequent to the 73rd Amendment and the formation of Panchayat Raj institutions, an important step has been taken in empowering the people in guiding their own destiny.

Chapter 6

Co-operativisation for Accelerating Rural Development

What Jawaharlal Nehru once said is worth reiterating: "I want to convulse India with co-operatives". Today we realise his prophetic pronouncement. With predominance of small economic units—more than 80 per cent of small farmers, marginal farmers, agricultural labourers, weavers, rural artisans, women and many others, who can not come up, on their own effort, and Govt. cannot reach them individually—group effort or co-operative effort is the only way out.

Although modern co-operative form may have emerged in England and Germany in the 1840s, the co-operative spirit in the rural structure of this country is of no recent origin. In fact in our rural system, many activities which a single individual could not do on his own, was performed by collective effort of the whole village. In such a system no individual found himself helpless because of his smallness. Rochdale Pioneers in England showed how small people can achieve big things by collective action.

Raiffissson in Germany showed how small contribution from peasants can free them from the clutches of usurious money-lenders and ensure their required credit need, out of their own collective contribution. In fact, today we have numerous examples, where small people, have improved their lot by collective action. Amul is a classic example of success through co-operative effort. We have example of sugarcane growers'

co-operative in Maharashtra ushering rural development in their area of operation.

Thus, wherever co-operative has been formed and managed in true spirit, it has delivered results. As a matter of fact, many co-operatives in this country, are in the red because they have not paid attention to some of the basic issues of co-operatives and in the following pages some of the issues are listed which afflict most co-operatives of this country and if co-operators remove these ills, these entities will emerge as vibrant organisations and poverty and unemployment in the rural areas will be a thing of the past.

Essence of Co-operation

The instinct of co-operation is endowed in man by the creator that everyone co-operates with his surrounding for his living and prosperity—that he practises it effortlessly for doing so many things. Man co-operates with nature for his survival and betterment. Co-operation is a God-given attribute to mankind.

In fact 'Co-operation' invokes these innate virtues of making for group action. We are practising 'Co-operation' in many ways in our day-to-day life.

Conflict has been the main source of human misery. History abounds with examples of conflicts destroying several civilisations. Human development would have reached its pinnacle, if instead of conflict, co-operation had been the moving current of human action. It is this current of 'mutuality' which co-operative movement must have as its basic value for creation of a better society where men will live in harmony, peace and progress.

Co-operative is a system of thought, feeling and action shared by a group of similarly situated persons, based on 'mutuality' giving all its members an objective and a code of behaviour. A true co-operative demands from its members strict adherence to righteous values—honesty, truthfulness, devotion, equality, equity and avoidance of all that is prohibited in the prescribed moral codes in the society. It is not for maximisation

of profit that a co-operative society is created but for fulfilling the needs of man and the need of his fellow beings. Merging his self-interest with the interest of his group fellows, pooling together their human and material resources, establishing *esprit de corps* with his fellow beings for attainment of a goal, of which they were deprived in the normal functioning of the market economy, is surely a distinct path and an unique achievement for mankind.

The union of people in a co-operative is the union of love and virtue. It is presumed that the very act of co-operation begets immeasurable excellence of friendship. Co-operation provides a benefit where none existed. It makes direct addition to GDP of the society. It provides benefits in the time of need, and however small, it has great value. The benefit of co-operation cannot be measured merely in terms of money. Its value is that it made it available where the option was none. Indeed the members of the co-operative are like friends in adversity. Creating and sharing a benefit is a great binding force for mankind. Co-operative capital changes men of no importance into those of importance and respectability.

It is said that sense of serving one's fellows adds pleasure to work. We see this when some disaster occurs—many people rush to help the victims. This inclination to serve his fellows is a natural instinct and a co-operative harnesses this urge of man. Co-operators tackle this disaster of 'deprivation' by group effort. In a co-operative all the members are expected to have highly motivated propensity to serve each other without comparing closely their personal gain. It is said men work harder if it serves certain social ends that they value. A strong sentiment of group cohesion achieves greater results than individual effort. Co-operation gives its members a social status and stimulus for action and opportunities for upward movement. Co-operation is an expression of the finer sense of man—fellow feeling, identifying, his self with the self of others—acceptance of universality in men, pooling their resources—human and material, altruism and satisfaction of all in the group rather than his self only does surely indicate superior qualities of men than

functioning for his own. Motivated by such urges, co-operative movement has charted a new path for the 'weak' persons of the society, who cannot on their own, attain that goal. In the market economic system where motivation for action is maximisation of individual gains, there will always remain a group who cannot meet their need by their own capital and effort. Thus pooling of resources by the group turns their small bit of money into productive capital and by working together they attain what they could not have attained by their lone effort. Thus group effort releases a new force, a new way for mankind.

In contrast with individual action, collective action in a co-operative can achieve better results. Keeping together is the essence of success. This is attempted in private enterprise organisations through various devices of personnel management. In co-operatives it is inherent in the very structure of co-operation. Ardents of economic growth stress that high rate of growth happens when organisations lay stress on realisation of objectives: goods and services to owners, devoted work, thrift, honesty, and equality of opportunities, all of which are present in the very structure of cooperation. Capital formation and growth process is quickened when people are united by a common purpose. Quarrels and conflicts start because of heterogeneity of interests but in co-operation, all having the same interests, there is less scope for conflict and there is ample stimulus for more action.

What co-operatives can achieve is not a matter of theoretical conjecture but a demonstrable reality. Over the course of a century and a half co-operatives have unique achievement to their credit. Starting from a modest consumer co-operative store, to meet their grocery need, today co-operatives of different types are pervading the whole world from a very highly developed country like America to developing countries of Asia, Africa and Latin America irrespective of their political creed. To be precise it is operating in more than 100 countries with a membership of over 750 million.

Universal Co-operative Ideal

It is given to mankind that it seeks co-operation of other similarity situated persons to obtain something more than is possible through individual effort. There are several informal group activities prevailing in the society. In the private enterprise economic system, several business enterprises have used group approach for their common goal, may be selling goods or buying some requisites. They are also using democratic methods in various shades and nuances in their management and some of these practices which co-operatives have enjoined on themselves are being effectively used by private businessmen also.

The Basic Urge for Cooperative Action

Two factors which made co-operative action functional and effective were:

- (a) determination of a group of people to work together.
- (b) Pooling of their resources.

A small contribution from every member results into productive capital. A co-operative consumer store would not have seen the light of the day if the Rochdale Pioneers had not collected £ 28 necessary for starting the store. More resources got accumulated over a period of time leading to additional items and ultimately this led to a full scale movement.

However well-intentioned a group may be, it cannot be effective unless they provide the requisite resources for producing the goods or service the members of the group desire to have. Only those co-operatives have succeeded which have been able to arrange the resources needed by them. Resource building has indeed emerged as critical problem for many co-operatives to cope up with emerging technological changes and adoptions. Co-operation starts with union of 'men' and once this happens they pool their resources to make it functional. It is the decision of the group of persons to form a co-operative which is the hallmark of co-operative endeavour. Co-operation makes it possible to pool their dedication, knowledge, experience and

resources and it is by pooling of all these that co-operation by definition, is more efficient in accomplishment than other forms of enterprises.

While it is true that success for co-operative come about because of pooling of resources, it is not an association of capital as in the company form of organisation. A company starts with association of capital whereas a co-operative starts with union of men. Capital formation follows after the members have joined together.

Mutuality is the essential motivation for co-operative action. Collective strength to achieve is the hallmark of co-operative. Co-operation can be genuine only when there is the spirit of 'each for all and all for each'.

Organisation of the society must be on voluntary basis of membership. Imposition from above could not be co-operative. This is fundamental to the organisation of co-operatives.

Co-operative Ethics

Co-operatives presume a set of ethical standards for its members. Implicitly there is recognition of certain level of missionary urge for the movement to flourish. It is the conduct of man which makes or mars an organisation. Co-operators have the vision to create a better society through co-operative activity and it presumes that its members are men of more than ordinary calibre. Thus it is said that a co-operator must have honesty, humanism, fellow-feeling (Camraderie), democratic mind, fairness and social purpose.

It would be useful to identify the factors that impede the growth and impact of cooperative movement so as to formulate guidelines for future growth of co-operative. Some of these are:

What Ails Co-operative Movement

1. Absence of Genuine Union of Persons

A co-operative has been conceived as a union of similarly situated persons having the same urge for a common purpose.

Such a group will be 'cohesive' in nature and have identity of purpose. Such a group will act devotedly for realisation of its objective because each gains from such activity. A heterogeneous group, with diversity of aims could not be a genuine co-operative. This is basic to the formation of a co-operative society. The society will not be effective if persons of different degree of intensity for a goods/services join together. While in practice, it may be difficult to constitute hundred per cent homogeneous group, the genuineness of the co-operative will very much depend on how closely homogenous the group is. A co-operative of dissimilar person, with diversity of interests, could not be called a genuine co-operative. This ails many co-operatives, giving rise to vested interests, who dominate and control it for their own benefit. There are large number of co-operatives created by the government. These are not inspired by the genuine need of the members. They have been brought together as members, as a result of government's programme to accomplish some governmental objective. Surely it is futile to search for values in such co-operatives. One genuine co-operative is better than many fake co-operatives. In a true co-operative the relationship among members, who wish to share the aspirations and find strength and direction in togetherness, is spontaneously nurtured. Here the interest of all participants is served by common work ethic. Each is happy and all are happy together. All co-operative values flow from genuine co-operation.

2. Apathy of Member

Success of a co-operative depends on how conscious, active, devoted and dedicated its members are for the realisation of the objectives of the society. If members are not vibrant and do not participate actively in the management of the society it will run in a slip-sod manner and ultimately go out of existence or someone else will take control of it for his own benefit. As a matter of fact, there are many such instances in the co-operative sphere. It is such co-operatives which deviate from co-operative ideology and principles and bring bad name to the movement.

3. Lack of Member Participation

The main source of strength of co-operative management lies in members' participation in the conduct of its affairs. The society belongs to them; it is for their specific need that the society is constituted and it is they who know best how to conduct its affairs. Co-operation does not consist in merely contributing to their share capital but is a union of their experience, know-how, sense of dedication and devotion for achieving the objective. That is why co-operation is more than a mere association of capital. The combined strength of wisdom, experience, skill and determination, is the real feature that distinguishes co-operatives from other organisations. A co-operative is no co-operative in real sense with sleepy members. A co-operative society can achieve its objective and purpose only when member's are alert and vigilant about its affairs.

4. Deviations from Democratic Management

It is indisputable that a co-operative society is formed by a group of persons for achieving some benefit. It is the members who know best what to produce, how much to produce and how to produce. It is of the members and for the members and it is they who can decide how to manage it. Therefore democratic management is a *sine qua non* of co-operative management. None else can manage it better than the members themselves. Indeed it is democratic management which gives it strength and purpose.

In recent years, however, it has deviated from it and has assumed character of an oligarchic management. In many societies there is only a facade of democracy and interests of members is not served. It has thus lost its co-operative character. In India many village societies are under the grip of one person or a few persons and they appropriate its resources and products. Such a co-operative is no co-operative. Therefore serious efforts must be made to make its members responsive. It is not the democratic form which is important but the spirit of democracy i.e. member's responsiveness.

5. Challenge of Technology

Technology is the most determining factor for efficient functioning of any organisation. There has been virtual technological revolution in conducting operations, be it agricultural production, industrial production or personnel management. Today organisational effectiveness is largely determined by the technology it uses in its various functions. Traditional ways of doing things makes its functioning inefficient and costly. In reality it cannot sustain itself in the face of its competing counterpart who use the latest technology.

By and large most of the rural co-operatives function on the basis of traditional technology and therefore their productivity is low, cost is high, quality of product or service is low. With such technology co-operatives cannot compete with their counterparts. Therefore if they have to survive and grow, co-operatives at all levels must adopt latest available technology in conducting their affairs.

The moot question is, why are co-operatives not adopting the latest technological methods in their operations. There are three inhibiting factors:

1. Incompetent leadership
2. Inefficient management
3. Paucity of capital

6. Absence of Committed Leadership

Co-operative movement owes its origin and progress to leadership. In fact the fortune of a co-operative swings and tilts according to the quality of leadership it has. However democratic it may be, it is the vision and dedication of the leader which sets the pace of co-operative development. There cannot be a movement without committed leadership. A co-operative leader inspires a group of persons to join together to achieve a purpose. Such a leader is clear in his mind, what needs to be done to achieve the objective. He is a true co-operative leader whom all the members say "We Trust You" and "We are with you" for any tasks entrusted by you. You lead us, we follow you.

Let us march together". A co-operative leader is possessed of the acumen that he harnesses many individuals into one coherent team. Needless to stress that he is honest.

It is rightly said by one co-operative leader that a co-operative fails not because of its members but due to the failure of its leader and a leader fails when he acts without conviction. We have numerous examples of co-operatives making phenomenal success with good leadership and well-run societies coming to grief because of bad leadership. Many co-operative societies are languishing not because they lack resources but because they have bad leader. Fredric Nicholson realised it when he was recommending co-operative movement in India with the word "Find your Raiffeisson".

In every society there are persons with potential for leadership. While it may be difficult to have many Raiffeissons, co-operatives can consciously create capable leadership. There is urgent need to do this by the existing leadership.

7. Inefficient Management

The key factor conditioning the health and strength of an organisation is management. In fact the level of an organisation is largely determined by its vision and commitment. It steers the wheel of the organisation giving it direction and speed. Having the same capital base, an organisation with better management achieves far more than an organisation with inefficient management. It is on the management's ability to set objectives, plan for realising those objectives, determine the strategy, raise resources and motivate its employees that results are obtained.

8. Lack of Professional Management

In the present scenario business operations can be efficiently conducted only by those who are fully trained to do so. It is only when such professionals are at the helms of affairs that the organisation achieves its objectives. The society's finances can be properly managed only by a financial expert, its technical work can only be done by qualified engineers. Indeed each job requires specific knowledge.

It is indeed a pity that many co-operatives have not properly comprehended this simple truth and very often management is in the hands of amateurs who have no requisite knowledge. Without any doubt, a co-operative society can not function efficiently without professionals.

Earlier, for some reason or the other, some co-operators thought that professionalisation of management was counter to democratic management which is not really so. It is quite consistent with democratic management and co-operatives must do it without any delay.

9. Inadequacy of Capital

To-day many modern business enterprises go in for financial restructuring to raise capital resources. What stands in the way of co-operatives to do likewise? By definition, co-operative being an organisation of men of small means, the members themselves cannot contribute the needed resources. Their equity base is so low that they cannot borrow the required amount from the market. However co-operatives can raise required resources if their equity base is enlarged and it is here that rub lies.

Many co-operative say that they can not increase their equity because of the "principle of limited interest on capital". Who will invest in a co-operative, where the return is limited, when plenty of opportunities of investments with higher return are available and even when co-operators have surplus savings they invest their money in other enterprises? Thus many co-operatives consider the principles of "limited interest on capital" as an obstructive factor in raising resources and plead for dropping this principle from co-operative principles. When this principle is not there, they can raise their equity base which will enhance their 'own' capital base as well as enable them to borrow from the market. Co-operatives still follow this despite renaming it as 'Economic participation' by ICA at Manchester Congress in 1995.

10. Vain Quest for Values

Presently there is too much fuss about values. Co-operatives are expected to observe so many vaguely conceived values that

they are confused. One such value which they are expected to pursue is 'social responsibility'. Why should co-operatives be singled out to pursue this ideology? It is not clear what social responsibility co-operatives must have. Co-operatives have big tasks ahead of them for improving the conditions of its members and potential members which is a legion. In fact, co-operatives by their very act of co-operation, are doing a big service to the society.

Co-operative movement was started not as a philanthropic or charity organisation but as an organisation to meet the stark material need of a group of deprived people, to be a little better off than they were otherwise. The co-operative provided them with a tool, a method, to improve their lot and it is a great contribution to the social framework in a market economy. The main orientation of the co-operative movement has been to meet the need of the people—farmers, workers, consumers etc. by contributing their human and material resources.

Co-operative ideology consists in "togetherness" of people. This togetherness in its chain brings about certain values—equality, equity, democracy and indeed several human virtue such as mutuality, fraternity, honesty, truthfulness, loyalty, and devotion. In a true co-operative, the relationship with their fellows, is spontaneously nurtured between those who wish to share the aspirations and find strength and direction in their togetherness. It is the sense of fellow-feeling, togetherness, mutuality, equity, equality, integrity which indeed are the real values of co-operative.

11. Dependence on Government

In several places, co-operatives have under-valued themselves, by looking to government for financial and other forms of assistance. Dependence on government undermines their autonomy and freedom of operation and in course of time, it becomes tutelage of the government.

The very act of co-operation generates inner strength in co-operative form of organisation. There are many instances when only those co-operatives have forged ahead which did not seek

government favours. It does not imply that they should be anti-government. If government on its own, offers some assistance, it is welcome; what is reprehensible is begging for government's assistance to carry on their normal functions. Genuine co-operatives do not need government's assistance and they grow on their own efforts. As far as possible it is in the broader interests of the co-operatives that they are not dependent on government for any assistance.

12. Government Interference

There are instances of several well-run societies coming to grief because of government interference on one pretext or the other, sometimes politically motivated and sometimes because of bureaucratic authority. Co-operatives have to fight them out by all legitimate means. First of all, their functioning should be above board, so that they don't give cause for government's interference. Sometimes government interference happens because of discord among members of the society and sometimes due to non-fulfilment of some legal or procedural matters.

Such interferences are detrimental to the working of the society. Therefore, co-operatives must be ever vigilant about their working, so that they give no cause for interference. The higher level co-operative organisations have to have effective lobby to prevent and thwart such interferences.

13. Ambivalent Attitude for Co-operative Education

While many co-operatives are worried about methods of raising capital, none feels concerned about neglect of the principle of education and no wonder many members of the co-operative societies are not aware of the objectives, methods and problems of co-operatives. This lack of interest is because of lack of awareness about the objectives and problems of co-operatives. Further, society at large is not aware of its noble aims and methods. It was for very solid reasons that founders of co-operative movement had enshrined 'education' as a principle of co-operation. It was intended to be a continuous affair so that

members are ever vigilant about their problems. Lack of funds cannot be taken as a cause for its neglect. There is lack of priority in spending co-operative earnings. Some critics have lambasted luxurious spending by some co-operatives. If the co-operative leadership is serious, ways can always be found for educating member.

There is need for training employees who have to conduct day-to-day business of the society. They must be exposed to the latest tools and techniques of management.

There is further need for imparting leadership training to members of the managing committees. Co-operatives must also educate potential members the virtues of co-operative form of organisation.

14. Lack of Co-operation among Co-operatives

The ultimate aim of co-operative movement is to establish co-operative commonwealth some day. This can, if ever, happen only when all types of co-operatives work in unison for this aim. It was after long deliberation that ICA commission of 1966 enshrined "Co-operation among Co-operatives" as a principle of co-operation. In all logic, it should effortlessly happen among all genuine co-operatives. The co-operators may, further devise methods to settle inter-co-operative conflicts amicably. Indeed there is great need for inter-co-operative co-operation for the mutual benefit of each. What a pity that some co-operatives have huge surplus and some others are clamouring for funds. This happens because of absence of co-operation among co-operatives.

15. Quality of Product and Services

In the present scenario of competition from multinationals, quality of the product/service is of paramount importance. No co-operative that does not adhere to high quality of produce can sustain in the market. So far co-operatives have not been reputed for it. Many of the co-operative products and services are below the standard quality. Today there is a rage for quality and customers are insisting on quality. Indeed co-operatives need to

devote whole-heartily to produce the quality which command premium in the market. Co-operatives justifiably claim to be more efficient and there is no reason why co-operative products should not excel the standard of competing products. Some co-operatives have indeed established a good image for their product. What is needed is that all co-operatives must subscribe to image-building.

Even though several co-operatives are doing good work, their image is not good. There is no effort at image building. Press and media highlight only their shortcomings and failures and not their achievements and successes. There is no effort for establishing 'brand' in the market excepting a few. Co-operatives can do good business if they establish their brand image. In India except 'Amul' none has made concerted efforts for this purpose. In the present scenario of privatisation and globalisation 'Image' has become very important factor for national and international market. Image is built over a period of time. It requires high quality produce and service, provide after-sales service, be customer friendly, fair-dealing and assurance of quality and indeed so many other little things which please the people. It must establish creditability all round. Good salesmanship and good public relations are important factors in creating image of the organisation.

If co-operative as a body, particularly the leadership pay due attention to the factors discussed above, there is no reason why the movement should burgeon into a dynamic movement for the welfare of not only its members but also the society at large.

Chapter 7

Impact of Globalisation on Agricultural and Rural Development of India

The World Trade Organization (WTO) is a mighty big event in the international economic scenario. Never before were a nation's borders so open as is happening today with the inception of the WTO. Despite regional blocks and still some negotiations going on for full operation of WTO, some sort of global economy has emerged and there is greater flow of goods and services among the nations now than ever before. The first World Trade report says that world trade has tripled since 1994 and it forecasts continued increase in the future. The report says that it has been possible because of opening up of new markets particularly in the developing economies. It reports India as one of the countries which had above average increase in the value of its exports and imports. India is the 32nd country on the list of exporters. India exported goods and services worth \$ 25.1 billion and imported \$ 26.8 billion. Both in output and trade, agricultural products recorded the largest proportional gain over 1993. The Commerce Minister expects India's exports to reach \$ 75 billion by 2000 A.D. In this developing scenario, horticulture and floriculture are poised for spectacular growth.

A UNIDO report has predicted that under the globalisation scenario a global market for industrial and agricultural products

and services will become a reality in the coming decades. This will be possible if countries are able to manage investment and technology flows in their economies.

Under the emerging global set-up there will be increasing pressure on the country as it would be up against a widening group of firms from different countries, including multinational corporations and their network of subsidiaries, affiliates and inter-firm relationships. Globalisation has acquired new significance with extraordinary growth in the international activities of firms, their rapidly growing numbers and the range and combinations of inter-firm relationships between enterprises in different countries, production areas and service sectors. This process is to increase significantly in the forthcoming years.

The driving forces of globalisation are:

- i. foreign direct investments;
- ii. trade liberalisation of policies;
- iii. domestic liberalisation of policies; and
- iv. international deregulation of capital markets and business services.

The report points out that foreign direct investment flows grew from \$ 5 billion in 1980's to \$ 78 billion in 1994. This is poised for further growth.

There has been phenomenal rise in portfolio investments, technology transfer and other non-equity participation (such as franchising, joint ventures etc.). The Minister for Industrial Development has stated in World Economic Forum that India has received 24,000 proposals for investment of Rs. 5,00,000 crores since 1991. The Central Government has approved 744 proposals for food processing alone entailing investment of Rs. 9,903 crores including foreign investment of Rs. 2,755 crores. This is expected to provide employment to 45 lakh persons directly.

Within the short period of the operation of the WTO there is evidence of spur of economic activity in this country and both industrial and agricultural goods are entering new markets. More than quantitative increase, it is qualitative upgradation which enkindles hope of increased access of Indian goods in

foreign markets. India has competitive advantage in selling a wide variety of goods in many countries of the world. India has much to gain if WTO operates in proper order.

One favourable impact of the WTO will be on fast modernisation of agriculture and industries as, in order to sell in foreign markets, our products have to have the quality expected by foreign buyers. Therefore, quality of agricultural goods, their production, harvesting, storage, processing, packaging transportation and handling have to have the standard as prevalent in advanced countries. Once Indian farmers and traders in agricultural goods attain standards similar to those in advanced economies, Indian agriculture will stride forward in a big way making its presence effective in most markets of the world.

Since agriculture is a rural phenomenon, it will hasten the pace of rural development. Rural development in this country is at low level because modern technology has not percolated to rural activities at the desired pace. Modernisation of agriculture, necessitated by the WTO, will speed up technological upgradation, in all stages of agricultural pursuits—tilling, sowing, harvesting, threshing, storage, transportation, etc. In order to meet the challenge of competitiveness, rural infrastructure will improve breaking the barriers of closed economy and rural economy will increasingly enter the mainstream of the national economy, raising both the rural incomes and standards of living.

Some economists claim that technology will destroy more jobs than it creates. This is despite the evidence of hundreds of years during which, the opposite has happened. In view of the fact that labour is so cheap in India and other developing countries, rich countries no longer possess comparative advantage in any industry and agriculture. New technology may displace some jobs but new ones will come up. Now Technology comes in two forms:

- (i) *Product innovation*: The appearance of wholly new items such as several home appliances, the demand for which creates jobs that did not exist before.

- (ii) *Process innovation:* New machines and methods of producing existing goods more efficiently.

In the short run process innovation enables a given amount of output to be produced with less labour and may therefore increase unemployment, but like product innovation, it also generates extra demand in the economy, which can offset the initial labour cutting effects. This happens because higher productivity reduces costs and lower costs, in turn, will lead to lower prices, higher wages, and better profits. The first two will boost real income and so raise the demand for goods and workers. Alternatively, if higher productivity brings profit, investment will expand, which will boost output and jobs. The net effect will depend upon how much sensitive demand is to lower prices.

In the past, the demand generating effects of new technology has always out-weighted the labour displacing effect. Technology has, in the end, created more jobs than it has destroyed. It may be that new technology will create unemployment in particular occupations or regions. There may however be lags in between destruction of old jobs and creation of new ones.

A Job study by Organisation of European Economic Co-operation (OECD) found that countries which had shifted their structure of production to high technology had created most jobs. History suggests that when government attempt to preserve jobs by curtailing the growth of productivity, they are far more likely to end up increasing unemployment and reducing living standards. There may, however, be change in job-mix, low skilled workers to high skilled workers.

Deregulation is one of the conditions of new order. Subsidies have been one of the barriers in the competitiveness and they must go. This is a problem of American and European agriculture which is highly subsidised. Indian agriculture is least subsidised and it is within permissible limits of the WTO. So although there may be a case for abolition of even this meagre subsidy on other considerations, so far as the WTO is concerned existing subsidies on Indian agriculture may not be affected.

Technological upgradation of agriculture will boost up investment in rural economy in all stages of agricultural production, transportation and communication.

Technological upgradation will necessitate skill upgradation causing for devices to impart new skills to operators of agriculture. New methods and techniques have to be devised to impart skills to agricultural workers.

Research and Training

Needless to stress that for a sustained long term effect, research and training will occupy prime place. It has to be more pragmatic rather than theoretical. One may ask, why inspite of so many agricultural universities and research institutions its impact on farm economy is negligible. This is because it is so much divorced from the people who actually conduct agriculture. Research has to be linked with agricultural operator's problems. A farmer will not change his methods just because some research has come out from a university's laboratory. A farmer has been used to a way based on his heritage of centuries. He wants betterment without totally discarding his way and it is here that indigenous research rather than imported models, play key role. Due to diversity of our geo-cultural situations, there is need for vast network of research workers in the geographical dimensions of our country side. Research has to have a new thrust and new orientation in the changed scenario.

As in research so in training. Trainers have to ask themselves—who needs training, what training? It is on the clarity of understanding of training needs that training can be effective. The existing training system is too formalistic. It has to be based on empathy rather than sympathy. It is said South Koreans accomplished rural development through their own indigenous methods of training. A training to be effective has to have total identity of purpose between the organisers of training, training institution, the trainers and the trainees.

Perhaps there is unnecessary fear on intellectual property right and bio-diversity. Bio-diversity of India will remain forever

and Indians are familiar with uses and practices of most of the plants and species and yet if a new method is found, there is nothing to fear. So much hullabaloo has been made about seeds. Indian farmers have nothing to fear about what and how he uses his seeds. Intellectual property is not a monopoly of Europeans and Americans. In course of time it may be the other way round. May be more Indians have the benefits of intellectual property rights. India has safeguarded its network under Indian Patent Act.

As is well known Indian agriculture has attained a level where food security is not a problem. The buoyancy of Indian agriculture has been proved by seven successive years of increase in food production reaching 197 million tonnes. Now the problem is of surplus and export.

Food security for vulnerable sections of the population is already taken care of by extensive coverage of fair price shops extended to rural areas also with the support of swelling buffer stock. The problem is not food shortage but poverty and unemployment. Under the new scenario, employment is to grow and therefore there will be reduction in poverty.

The most obvious advantage for India over foreigners is in cheap labour. National Council of Applied and Economic Research has identified 17 agricultural products in which India has comparative advantage over other agricultural producing countries. With increasing awareness, more agricultural products are entering this list, such as floricultural and horticultural products. Exports in this sector are estimated to grow at 20-25 per cent a year.

India has much to gain if WTO plays its game fairly, if signatories to it are sincere, there is no chicanery, deceit, foul play and dumping. There is gain and they must gain who have comparative advantage endowed by nature and their efforts. It is such a world which nations have pined for. Looking to the gain from the WTO, China is desperately trying to enter it. In such a climate, which the WTO is creating, India has much to give to the world and much to gain. The WTO will complete the task of Agricultural Revolution what Green Revolution could only partly do, if India meets the challenges of change successfully imposed by the WTO.

Chapter 8

Technology for Rural Development

It is often asserted that rural people are backward because they have no knowledge of modern technology in performing their pursuits. Per acre/per man productivity of agriculture is high, indeed much higher, in America, Japan and other developed European countries because they use modern scientific knowledge in tilling, sowing, application of fertiliser and pesticides, harvesting, threshing, storing, processing, transportation, and other agricultural operations. Indian farmers can also raise their agricultural production by making use of such technology. Why has this not happened in our rural economy?

It is not wholesale imitation of technology, developed in USA or Europe, that is relevant for introduction for agriculture in India. It is not that Indian farmers are ignorant in conducting agricultural operations. His wealth of knowledge is derived from heritage. Indeed there are many folklores which provide him a lot of wisdom in decision making. Several practices inherited from his forefathers have helped him to grow some crops even in adverse circumstances and he has eked out his living on the strength of his inherited knowledge. He knows that application of ashes and cowdung can kill pesticides, he knows when to apply seed etc. In Bihar “Dak bani” acts as a guide for several agricultural operations. Farmers all over the country have such heritage.

While this may be to their good so far as it goes, there has indeed been tremendous change in technological application particularly in the latter part of this century which has increased agricultural production many-folds. We want this technology to be used by our farmers.

It needs no emphasizing that rural development to a large extent consists in raising income of the households, most of whom are engaged in farming. Once the income of the rural households substantially increases, rural living conditions will improve, their health and sanitation will improve.

In our country one of the obstacles to acquisition and application of modern technology has been illiteracy of the people. Much of the new knowledge and its application today is contained in books, journals, pamphlets and illiteracy bars them from access to such knowledge. Their ability to read and write will certainly quicken acquisition of such knowledge. What a pity that even after 50 years of Independence, average literacy in India is only 52 per cent of which 63.9 per cent is males and only 39.4 per cent females. Most of the illiterates live in rural areas.

Rural development cannot wait until entire rural population becomes literate. Needless to say that there is urgent need for education for everyone in the villages. Our Constitution makers perceived its necessity and provided for compulsory education for all children. Had we heeded to it there would have been no illiteracy in this country by now. Indeed the tempo of our development depends on education at many levels—primary, secondary, university, education for artisans, mechanics, teachers, nurses, adult education, agricultural extension, etc. We have to have priority between technical and general education, between primary and adult education and between humanistic and technological education.

It has become fashionable to allege that rural people cannot progress because of illiteracy. While it must be admitted that literacy is desirable for its own sake, it is not a necessary pre-conditions for rural development. A farmer need not be literate to till his land better. Either he learns it by experience or learns it

by seeing someone else doing it. A practical demonstration may convince him of the method and thereby the objective of education is achieved. There are many such functions which a farmer has to do and the need is to educate him how to do it better. Let us call it "functional literacy". It is such education which may quicken the pace of rural development. Most of such education may be imposed by demonstration. There could be big list of such education for conducting agriculture.

It is admitted that rural development is very largely dependent on agricultural development. Once rural inhabitants are able to obtain higher income from agriculture, their food consumption will increase and they may have more for non-food consumption, their health will improve as they can now afford to spend on medicines, their children will go to school and so on. Thus the most effective strategy for rural development is to provide each agricultural worker with new methods of tilling the soil, sowing seed, applying fertiliser, pesticides, weeding, harvesting, threshing, storage, handling, processing etc. There will be additional gain by improvement at each stage of production. It is such an education which can promote economic growth of rural inhabitants.

Besides, agriculture, there are many other functions conducted in the village and functional literacy for each of them can improve their productivity and income, e.g., carpenters, blacksmith, cobblers, pot-makers etc. Once every rural inhabitant is able to increase his productivity and income on a sustained basis, rural development will automatically take place.

It is often said that rural people are poor because their productivity is low and their productivity is low because their method of working is antiquated and if they use new technology their productivity will improve. Technology is use of some new tools and techniques and methods of doing their jobs. By adopting new technology, he can produce larger output. Why is he not doing it? The main reason is that unless he is aware of it and is convinced about it, he will not adopt the new technology. A farmer has been practising a method since ages and he cannot adopt a new method unless he is fully convinced about it. He

does not have blank mind where he can implant whatever is said to him. There are many things that he is doing and he does not want to give them up all of a sudden. It is said "It is difficult to teach old dogs new tricks". Happy is the country which has no history. To change village people's attitude is no easy job.

Over the century the villager has been so used to doing his pursuits that he does not want to change. It has gone deep into his mind that only by strictly following the discipline in the use of fertiliser will be effective. If he tampers with any step in its application he will not get the full benefit of fertiliser use.

The best technology is evolved by the man who is on the job. Import of technology has its benefits in industrial production, but it has slow growth where it is concerned with people's life pattern as it mostly is in the case of rural communities. It is a big job, requiring persistent effort by the qualified persons.

Several of the technologies are machine based, such as tractor, thresher, winnower etc. the use of which can increase agricultural productivity. Many big farmers have gone in for such equipment but it is beyond the capacity of small and marginal farmers. That is why green revolution succeeded at the level of big farmers but could not permeate to small farmers.

Financial Support

Institutional finance can facilitate acquisition of these mechanical devices. It is unfortunate that financial institutions do not have good record in facilitating the process. They are too bureaucratic and apathetic about it. Due to swelling demand for credit lot of corruption is reported in the lending system. The functioning of commercial banks and rural banks is also not encouraging.

A lot of muck is attributed to cooperative lending. True, it sounds disconcerting that cooperative institution constituted by the farmers themselves would be sympathetic to their needs and would be responsible to their situations and circumstances and its lending will be beneficial to them. But barring exceptions, it is not really, so because although we call them co-operatives, they

are not really, co-operative in the true sense of the term. There is no homogeneity and cohesion among the members. The Government has created them for fulfilment of its own targets and functionally they are not better than commercial banks and rural banks. In fact they are worse because of the amalgamation of bureaucracy and non-official functionaries, resulting in inefficient, irresponsible and corrupt management. Co-operative loans are not given to the right persons, in right quantity, at the right time and for the right purpose. The so called co-operative leaders are least interested in the benefit of members. Co-operatives have generally become a tool of political leaders for their own vested interests.

We cannot expect farmers to adopt new technology on private money-lenders credit which is too exploitative. Thus the basic issue of reasonable rural lending still eludes us and new technology is not spreading at the desired pace.

A factor, which was not so perceptibly observed hitherto, and which is acting as big obstacle for rural development, is the absence of an appropriate marketing system, which can ensure fair price to the farmers for their produce. If, this does not happen, soon enough, it will upset agricultural progress and make rural development still more difficult. The country has taken great pains and incurred huge expenditure for improving agricultural production and has fairly succeeded in doing so. From the horrendous days of the fifties when India had to import wheat from America to feed its people, the country has emerged as a food surplus nation with 30 million tonnes of buffer stock. Indian agriculture is now making its presence felt in foreign markets.

This good position cannot be sustained if marketing does not improve. This problem has acquired further urgency. Private marketing system is too exploitative and there is evidence that a farmer hardly receives 1/3rd or 1/4th of what the consumer pays. Thus bulk of the gain is appropriated by middlemen.

One of the reasons for partial failure of Integrated Rural Development Programme was that while a buffalo was supplied to each poor farmer so that he could earn income by selling milk,

it was not thought as to where will he sell his milk. Milk cooperatives have succeeded because it arranges for proper collection and sale of milk in the market where its fetches fair price. It is not possible for each individual milk producer to sell his meagre quantity of milk in the market.

One type of co-operative which has fully succeeded in this country is Amul type dairy co-operative and the present spurt in milk production is accounted for by it. Can't we replicate it all over the country? Lal Bahadur Shastri was very keen for it and it was he who created National Dairy Development Board for this purpose. NDDB has already done it in some States where State Government have fully co-operated with it. Now NDDB is not limited to replication of Amul type dairy co-operative but has also gone in for cooperativisation for other commodities.

Appendix 8.1

Rural Areas and Employment Generation*

The Central Government has been doing all that is possible to tone up the nation's economy. While our efforts have begun to bear fruit with upward economic trends perceptible in the urban sector, much needs to be done to bring about the desired transformation in the lakhs of villages strewn all over the country.

The strategy and approach we have adopted to tackle the problem of generating employment in the rural areas is multi-pronged. This means we are attacking the problem from many angles which include, *inter alia*, soliciting your views through Workshops and Seminars. The other salient points of our strategy are: more powers to the people's elected bodies, due emphasis on self-employment and wage-employment, more effective implementation of existing schemes, formulation and enforcement of new schemes, land reforms, area-specific development, due encouragement to voluntary agencies and non-governmental organisations, enlisting involvement of private corporate sector and creating awareness among various segments of rural population so that they themselves think of and seek out ways and means for generating employment in their areas.

For enforcing the Governmental schemes with greater authority and also formulate and implement their own schemes for employment generation Panchayat Raj Institutions were imbued with more authority through 73rd Constitutional Amendment. They can now participate in a better way in the allround development of rural areas and share the efforts for employment generation. Specially reserved representation has been ensured for SCs, STs and women in this new dispensation.

*Speech delivered at the Study-Cum-Workshop organised for Hon'ble Members of Parliament at NIRD, Hyderabad from October 17-20, 1995.

We are creating avenues for employment in the rural areas under two broad categories:

- (a) Self-employment, and
- (b) Wage employment

The former is more beneficial and provides permanent source of earning whereas the latter, obviously, provides periodic relief. Yet another angle to view employment generating activity is direct employment and indirect employment in rural areas. There are certain schemes like Jawahar Rozgar Yojana which provide direct employment. Then there are many such developmental schemes like Rajiv Gandhi National Drinking Water Mission whose work, seemingly, lies in other areas but they too do generate indirect employment.

Of late, it has been felt that apart from agriculture, our focus should shift to agro-based industries like fruit processing, etc. Also, some city-linked enterprises like toy-making, shoes, frozen vegetables, etc. can provide employment to people in rural areas. Such experiment has been successful in China and can succeed in India as well.

Corporate sector can create a co-operative sector wherein Government, voluntary organisations and the businessmen and industrialists can together play a significant role in generating employment in rural areas. Concrete proposals may come up in this regard in the near future for consideration.

Co-operatives can play significant role in generating employment in the rural areas. In fact, they have already demonstrated their potential in this regard and the profitable areas of their operation have been sugar, dairy, etc. They can be extended to rural resources like horticulture, forest based resources, etc., apart from variety of consumer goods activities.

The task of providing employment to the unemployed and the underemployed marginal farmers is gigantic. Rural labour force within the age-group of 15 to 59 is expected to reach a staggering level of 265 million by the end of this century. This colossal job needs equally colossal efforts. Obviously, besides Governmental activities, co-operation of all segments of society is imperative in generating adequate employment. It is in this area that law makers can suggest ways and means to achieve the national goal.

Chapter 9

Devolution of Power to Rural People

The main reason why rural development has not happened in a manner and at the pace desired is because rural people did not have any say in the matter-what they need most and how to do it. Because rural development could not be tackled with the vigour and thoroughness it deserved it has degenerated into large scale discontent and frustration in villages which has assumed frightening dimensions and now it can not be ignored with impunity.

Villages are the primary units in which Indian society has been living through the ages, evolving their own 'mores' according to geocultural ethos. It will be too facile to generalise one common 'norm' for all the villages. Once upon a time villages used to be one composite unit, somewhat a republic and despite prevalence of 'castes' it worked as one 'community'. True, the 'community' concept eroded over the centuries of foreign rule, but more so, after Independence, when external forces intervened in their affairs. Today it is very difficult to conceive the reality of village life. It is neither the old village, nor a unit based on concepts of "modern village".

The crux of the matter is that villagers must have the power to decide their 'own' affairs, without any interference from above, political and bureaucratic.

Village Panchayats had pre-eminent place in our villages and were considered as 'divine'—*panch parmeshwar*. They occupied their place not by election but by consensus of the community and they functioned on the 'mores' of the community and they gave expression to the will of the community. They did not derive their authority from above nor were they answerable to any authority above. They were answerable to the people of the village.

Centralised blue-prints for rural development have often failed and governments and institutions are looking for alternatives. World Bank has researched experiences of decentralised rural development programme in Bangladesh, India and Ghana and found huge unsuspected capacity of local institutions to innovate and implement rural development projects.

Advantages of decentralisation are that it sets free the large latent capacity of local communities, earlier suppressed by centralised rule. Local institutions can tackle rural development more effectively. There was once time when the villagers lacked technical capacity. But experience has shown that motivation and innovation matter much more than anything else.

Village councils can be more effective in identifying and implementing micro-projects and in delivery of services.

Decentralisation of functions at village level has improved response time of governments at higher levels to problems and suggestions. By decentralisation there would be greater transparency and accountability in rural affairs. It would reduce corruption by breaking existing patronage networks.

It would be cost effective to get tasks done faster, to improve response time of administrators and to devise projects that cover a larger number of beneficiaries.

Some case studies of decentralised rural development in Brazil has shown that 95 per cent of funds reached the targeted beneficiaries, benefit-cost ratio exceeded 3, social internal rates of return touched 50 per cent and investment per job created fell to 90 per cent.

Decentralization can mobilise more resources and persuade local people to supply free labour and materials as in China.

Decentralisation has three important elements: (1) political (2) administrative and (3) fiscal. All three must be in harmony.

Political Decentralisation : There is so deep rooted patronage network that it is difficult to break it. Very often administrators have acted as bosses and resist taking orders from local bodies. Legal clarity and commitment of state/central government can help in this matter.

The few dominant elements in the village often tend to divert funds for their own interest.

Administrative Decentralisation : The highly centralised system has to be decentralised so that bureaucrats are posted in rural areas to provide professional support to local people. In the beginning, village councils would need technical assistance. In the past many technical assistance programmes failed because they were designed from outside and failed to address local needs. Technical assistance can be meaningful if it is demand driven—local people identify and demand it—which could be tailored to local conditions.

There may be clubbing of efforts by two more villages councils to achieve economics of scale.

At this stage speedier rural development is the crux of the matter. We have wasted half a century tinkering over the problem and it is still eluding us. Good sense has prevailed among the people's representatives in Parliament for amending the Constitution and making village panchayats as mandatory in the system. This has enkindled hope that rural people now will have say in their affairs and rural development will be speeded up in the years ahead.

Despite deterioration and breakdown of village's traditional order, the old values persist. Over the centuries villages have weathered so many storms and yet they have been too secure to be shaken even by the severest tempest. India's culture is so firmly rooted in villages that it could never be disintegrated. While thinking of rural development we need to be a little more than merely rational. The main reason why old rural institutions

are fast dying is because of interference from outside. It is not the villagers who decide what to do but the same is imposed from above and rural people become passive onlookers and rural institutions become inactive.

Fiscal Autonomy : At the outset high hopes have been entertained of Panchayats. They are expected to perform better than the existing departmental functioning. Panchayats can do so only when they have command over the resources needed. If they have to be dependent on government grant, all the time for all the things, little can be expected of them. In that case Panchayat's ability to function will depend on political and bureaucratic manoeuvring. It needs no debate to prove that Panchayats can play their role only when they have powers to raise resources and like the Finance Commission at the central level, they are given powers to share certain percentage of state resources. It is only then that they will formulate their own schemes. Panchayats without fiscal autonomy is a chimera.

Advantage of Devolution of Power to Rural People

1. Speedier rural developments is the crux of the problem.
2. When 3/4th of the people of this country reside in rural areas India cannot be called a "developed" country unless rural development takes place.
3. Our experience of 48 years shows that unless people living in the villages take initiative, participate and handle the operations themselves, rural development cannot take place on enduring basis.
4. Plethora of government schemes failed to enlist people's participation and the desired results could never be achieved. The Government took all decisions and actions to implement them through bureaucratic instrument without active participation of the people and this led to the failure of schemes.
5. Government's true role should be to create infrastructure and suitable institutions for sustained developments.

6. Panchayati Raj is one of the institutional devices for development, along with others, such as co-operatives.
9. The real thrust of Panchayat system should be that village people have freedom to choose what to do and how to do it.
10. Let them decide and make mistakes, if inevitable.
11. It ensures participation of people actively in the activities of developments.
12. It acts as training ground for leadership, and entrepreneurship.

Do the village panchayats constituted under the Village Panchayats Act have any semblance to the old structure? Gram Sabha at the village level comprises of all adults in the village who are the source of all authority in a democracy. Here is democracy in its true sense, where all participate in the decision-making process. Representative democracy enjoys lower status to direct democracy.

The spirit of self-governance is limited just because most of the legislation regarding raising resources requires approval of the State Government. Panchayats are creatures of the State, deriving their authority from the State Government hence they are inevitably politicalised and bureaucratised. Are the Panchayats autonomous bodies deciding their affairs as they think best without any fear or favour when Director of Gram Panchayat may remove any Sarpanch or reinstate any Sarpanch? In many matters, the order of the Director is final. Extensive power given to Director and his deputy make a mockery of self governance.

We are not creating village Panchayats because there is chaos. Villages have some traits which have helped them to survive through the ages.

In fact the case for creating of village Panchayats has strengthened because of realisation that state government has failed to promote desired rural development through its own mechanism.

There is no debate over the fact that rural development must be speeded up. The way to do is to entrust it to rural institutions. The Panchayat Acts have been framed with lurking suspicion that left to themselves the villages would ruin it and hence state must regulate its functioning. This would defeat the very purpose of village Panchayats.

It is wrong to think all villagers are fools and crooks. In fact it is the villages which have supplied leadership at the State and national level and given freedom to choose, they will find a leader who can guide the villages on the path of development. We have evidence of this after privatisation of the economy where entrepreneurs have come up for undertaking various enterprises. The same is desired for accelerating rural development also.

There are wise men in the villages, there are entrepreneurs and leaders who may come up as soon as they see the opportunity. Let them handle their affairs as they please without imposing any restriction on their functioning.

It is feared that like co-operative societies, the panchayats too would tend to be an instrument of political and bureaucratic control. Let the panchayats be moulded on the lines of Chaudhary Brahma Prakash Committee's recommendations for co-operative management.

*Appendix 9.1***Role of Panchayati Raj Institutions in Rural Development Programmes**

It is a matter of serious concern that Panchayati Raj Institutions have not been established in several States in accordance with the Constitutional provisions. It appears that States have brought their existing laws in line with the Constitution provision in the time-limit stipulated in Article 243.N of the Constitution. However, not all the States have constituted Panchayats as they are yet to hold elections for the same.

For convenience States have been divided into four categories:

1. Where election process has not be initiated.
2. Where elections for Panchayats and Panchayat Samitis have been conducted, but elections for Zilla Parishads are yet to be held.
3. Where the elections have been completed but devolution of powers and functions to the Panchayat bodies has not been effected.
4. Where Panchayati Raj Institutions have come into force according to Constitution.

The Government's commitment to the rural poor and qualitative transformation of rural life cannot be over-emphasised. Due importance is attached to programmes aimed at accelerating the pace of rural development and poverty alleviation. This is amply clear from the whopping outlay of Rs. 7,700 crores during 1995-96 for rural areas and employment programmes—an outlay next only to that of defence—fully consistent with the Government's policy to accord the highest priority to poverty alleviation in the context of the on-going economic reforms and structural adjustments.

It is equally obvious that the Panchayati Raj Institutions have a pivotal role to play in the radical transformation of rural India which accounts for three-fourth of the country's population. No qualitative change in the lives of the teeming millions can be brought about without building up and galvanising the grass-roots institutions. It is common knowledge that life in rural India, particularly the backward States, is almost sub-human—characterised by abysmally low income levels which cannot ensure even a minimum standard of life needed for survival.

Though there has been a perceptible decline in poverty ratios through the planning era, yet in absolute numbers, the population of the poor still continues to be staggering. Scheduled Castes and the Scheduled Tribes constitute the core group in this category, with the dominant presence of women within the groups. The village artisans, progressively losing their traditional vocations, have also joined the ranks of the rural poor. Apart from economic deprivation, these categories of people are characterised by high rates of population growth, incidence of mal-nutrition, high mortality rates, low literacy, lack of health care services and housing.

One of the major reasons why the development endeavour has not been able to make adorable impact on rural poverty is the exclusion of the rural poor from participation in planning and decision-making process in matters of concern to them. In the absence of involvement of people, the process of development could not harness the local knowledge, experience, resources and energies. Instead, there has been an over-emphasis and over-dependence on official machinery to combat problems of poverty, unemployment, low productivity and socio-economic disparities. It is in this background that the significance of the Constitution 73rd (Amendment) Act, 1992 has to be viewed. The amendment provides an ideal framework for effective participation of the people in programmes designed to promote economic development and social justice.

The State Governments and the Union Territories have demonstrated their commitment by either amending their

existing legislations or enacting fresh legislations to conform to the Constitutional stipulation. Most of the States have already constituted the panchayat bodies through new elections. The few States which have to constitute these bodies or some of the remaining tiers of these bodies are expected to complete the task soon. Much, however, remains to be done in operationalising the three-tier structure of self-government envisaged in the amendment to serve as an effective instrument of economic development and social justice. The Eleventh Schedule of the Constitution contains an impressive list of development activities which could be entrusted to the panchayats. The Schedule contains Poverty Alleviation and other programmes. The role envisages for the Panchayati Raj Institutions at different levels in the programmes of the country is explained in the succeeding paragraphs.

The Jawahar Rozgar Yojana (JRY), which is the biggest wage employment programme, provides that more than 80 per cent of the funds allocated to each district for the earmarked sectors will be distributed among the village panchayats. Diversion of resources from one village panchayat to another village panchayat is permissible. The funds of the village panchayats will be distributed by the District Rural Development Agencies (DRDAs)/Zilla Parishads in accordance with the conditions prescribed in the Sanction Order of the Government of India. These funds have to be kept in a bank or a Post Office in an exclusive and separate account by the village panchayats. The amount from the account of the village panchayats should be released through a cheque duly signed by the head of the panchayats along with another person authorised by the panchayat by a resolution. The other person should be a member of the village panchayat or Secretary of the panchayat. Payment of each amount should be authorised at the meeting of the village panchayat and the Government should be informed about it at its following meeting. Payment made for any other purpose shall be treated as unauthorised. The village panchayat is also authorised to spend upto a maximum of 10 per cent on maintenance of public assets within the geographical boundaries

created under the wages programmes which is that of the village panchayat or any public asset which is required to be maintained by it or any other body which is unable to maintain it on its own.

The village panchayat would be responsible for the preparation of the list of workers, of the schedule undertaken under the programme from the share of the panchayats and of the selection of sites in the panchayat area for building Indira Awas Yojana (IAY) houses. The work should be based on the felt-needs of the people and priorities indicated through the village assembly. No work should be undertaken by the village panchayats which cannot be completed within two years. The Plan execution of the works is the responsibility of the panchayats. Technical supervision is to be exercised by the panchayat samities. An important provision pertains to the competence of the village panchayats to accord approval to the projects after these are technically appraised and approved by the panchayat samities. The items of work chosen by the village panchayat shall not be allowed to be changed either at the panchayat or the district level. In order to make the entire business transparent, the village panchayat should appoint Committees for each village under its jurisdiction to oversee, supervise and monitor the implementation of works under the programme. In order to ensure social control of the Yojana, meetings of the village panchayat shall be held every month at a fixed date, time and place to consider the issues regarding planning, execution, monitoring and supervision of Jawahar Rozgar Yojana (JRY). The village assembly (gram sabha) should also meet at least twice a year to be informed about the progress and implementation of JRY and other related issues. The village panchayats would select the beneficiaries for two individual beneficiary schemes, i.e., the Million Wells Scheme and the Indira Awas Yojana.

No allocations have been provided for village panchayats under the intensified JRY and the works to be undertaken under the programme are to be planned at the district level. The shelf of projects to be included in the action plan of the district is to be

prepared by the panchayat samities. These plans should reflect the felt-needs of the people residing in the village panchayats in the jurisdiction of the panchayat samities.

The Employment Assurance Scheme (EAS), which aims at providing gainful employment during the lean agricultural season to persons above 18 years and below 60 years of age who need and seek employment, require such persons to register themselves with the village panchayats where they are residing. The village panchayats within blocks covered by EAS are required to maintain these registers containing the names and details of those registered. The village panchayats have to report the number of persons so registered to the Block Development Officer (BDO), who, in turn would consolidate these details and pass them on to the District Collector. The village panchayats should ensure that all the needy persons who qualify for registration, register themselves and get liaison with the line-departments to ensure that the works taken up are as per the needs of the people and that the schemes are executed without the involvement of contractors. The Panchayat members at all levels should also ensure that the persons are paid wages at the work sites according to fixed rates and the role of these institutions is not marginalised in the implementation of the scheme.

Under the Integrated Rural Development Programme (IRDP), the major criticism has been with regard to the selection of beneficiaries. The primary responsibility of each Panchayati Raj Institution would be to ensure that selection of beneficiaries is correct and that the selection is through gram sabhas. The village panchayats should ensure that selection of beneficiaries not only under IRDP, but also under TRYSEM, DWCRA and Tool Kits is fair. The Standing Committee of the Zilla Parishad should discuss the action plan prepared by the DRDA in respect of the programmes and suggest changes which they consider necessary. The Standing Committee of Zilla Parishad should also review the quarterly progress of the programmes. At the intermediate level, the panchayat samities should prepare the block plan for IRDP for creation of infrastructure and act as a

planning and implementing authority for the IRDP and allied programmes. The responsibility of the DRDAs would eventually become the responsibility of the Zilla Parishad after full merger of the two has taken place.

The Panchayati Raj Institutions at the district level have an important role in Watershed Development. Panchayati Raj Institutions (PRIs) at the district level would approve the watershed development plans and select the project implementing agencies. They shall receive funds directly from the Central/State Governments for implementing the programmes under the guidelines. These funds will in turn, be released by them to the Panchayats/Watershed Development Committees. The PRI at the district level would also exercise administrative and financial control over the project implementing agencies, Watershed Development teams and the Watershed Development Committees in terms of release of funds, inspection of works, super-check on the maintenance of accounts, inquires into complaints/allegations. They shall also lay down formats, norms and guidelines for maintenance of accounts, community organisation, campaigns, farmers' training, exposure visits etc. The Zilla Parishad at the district level and panchayat samities shall have the right to monitor and review the implementation of the programme and provide guidance for improvement in the administrative arrangements and procedures with a view to ensuring convergence of other programmes with the watershed development.

At the village level, gram panchayats shall be fully involved in the implementation of the programme, especially community organisation and training programme and use its administrative authority and financial resources to support and encourage the formation of Self-Help Groups and User Groups and the operation and maintenance of the assets created. They will also be responsible for maintenance of common property resources such as pasture lands, fisheries tanks, plantation etc. The village panchayats may also ensure that the funds from other development programmes are used to supplement and complement the watershed development programme. The PRIs

at the three levels are also entitled to take on themselves the responsibility of implementing a cluster of watershed projects in the capacity of project implementation agencies, if they so desire. In that capacity, they would be subject to such discipline and control as any other project implementing agency and would also be entitled to receive the prescribed administrative costs under the projects.

PRIs have an important role in the implementation of land reforms measures. The gram panchayats should have the right to ask for all necessary information relating to the implementation of land reform measures from the field level revenue machinery and it should be obligatory on the part of the latter to furnish the requisite information. The gram panchayats should also be effectively involved in locating the concealed/benami ownership of ceiling surplus land, recording of tenants/share-croppers, conferment of legal rights on tenants, selection of beneficiaries of ceiling surplus land, Government wasteland and Bhoodan land. The gram panchayats should also be assigned the responsibility of managing the community assets like grazing land, wet land, particularly inland water areas to be assigned to fishing community. The gram panchayats should also take up the work of development of social forestry and farm forestry on community land.

The gram panchayat should also be made responsible for collection of land revenue and water taxes. This has already been done in some States. The Gram Panchayats could also facilitate the identification of land owners holding land in excess of the ceiling limits in areas where revisional settlement could not take place. PRIs at the block and the district level should be given supervisory powers over the revenue machinery and should have an access to land records. They should also be associated with land reforms measures, consolidation of holdings, land improvement, soil conservation and other land related programmes as prescribed in the Eleventh Schedule of the Constitution.

After the 73rd Amendment of the Constitution, need for strengthening the implementing agency of Rural Development

Programme at District Level has been felt and accordingly the following measures have been suggested to the State Governments:

1. District Rural Development Agency (DRDA) should function under the overall supervision, control and guidance of the Zilla Parishad.
2. A clear functional distinction should be made between the self-employment/wage employment wings of the DRDA.
3. There should be Additional Project Director and technical/support staff like Executive Engineer/ Superintending Engineer etc. for Rural Employment Works.
4. Representation of Panchayati Raj Institutions in the Governing Body of District Rural Development Agencies.
5. Project Formulation capabilities should be strengthened, if necessary, through induction of qualified consultants.
6. Involvement of Divisional Commissioner in supervision and monitoring of the programme at District level.

Appendix 9.2

Rejuvenating Grass-root Democracy and Federalism*

In India, man has always been an important entity in all our thoughts and concepts. The word Panchayat itself means a body consisting of 5 persons. These 5 persons in the early Indian polity represented the five main elements of Creation i.e. Earth, Water, Fire, Sky (or Space) and Air. Thus, the concept of Panchayat in ancient India was so lofty that main elements of the Creation were supposed to percolate down in the Panchayat through the Panchas. The idea lived through thousands of years and the Panchas or the members of the Panchayat institution are, even today, supposed to be *Parmeshwar (God, the Supreme)*.

The tradition of Panchayats sustained more or less intact through the medieval ages also. Under East India Company, however, there were attempts to disrupt the system with the obvious aim of destroying the self-sufficient nature of village and community economy.

During the freedom struggle, Mahatma Gandhi realised the importance of Panchayati system. The successive Prime Minister of India got many a clue from the Gandhian thought and endeavoured to perfect the Panchayati system to suit the needs of modern India.

Realizing the need to re-introduce our age-old tradition of grass-root democracy or the Panchayati system in our modern polity in a befitting way, the framers of Constitution enshrined it as one of the prime principles of the Constitution.

The outcome of many efforts and experiments and the trials and tribulations led the Central Government to the belief that the Constitutional provisions themselves needed to be updated to smoothen the field for the PRIs. So, the 73rd Amendment to the

*Key Note Address delivered at Satyamurti Centre for Democratic Studies, Madras on October 6, 1995.

Indian Constitution was brought about. It was indeed a unique event in the political history of modern India. This amendment was based on the maxim that strong root nurtures strong tree. Hitherto, the PRIs at the grass-root level were themselves "grass without a root", but not so now after the 73rd Amendment.

Everyone is well aware of the efforts being assiduously put in by the Government to transform the face of rural India through a number of schemes. It is our sincere desire that these schemes should get implemented more and more under the control and guidance of Panchayati Raj Institutions.

Some points which are pertinent to the subject need to be emphasised. The Government made highest ever allocations for rural development, but it was realised that mere pumping of more funds was not adequate to ameliorate the lot of people in rural India. So, two of the essentials in this regard were underlined: the first was more power to the people and this essential was met with by bringing about 73rd Amendment; the second was more participation of the people. This means that the PRIs should be freed from the fetters of bureaucratic control and have more powers to look after their affairs through their elected representatives. They should be responsive and responsible to their electorate—the people who constitute the grass-roots of our democracy.

It is precisely here that our voluntary agencies and non-Governmental Organisations (NGOs) can play a very significant role in complimenting the efforts of the Central Government. I am glad to say that they have risen to the occasion and are doing Yeomen's service to the cause of building up a strong India from the bottom i.e. the grass-roots.

Reverting to the discussion on process of rejuvenation of grass-root democracy, mere measures cited earlier, that is to say the pumping of more funds, Constitutional Amendment, more power to the PRIs and attitudinal shift in implementing process from bureaucracy to the elected representatives of the people and also the voluntary agencies and the NGOs were just not enough. So, we took upon the task of enlisting the co-operation of all sections of society in the work of nation building.

To ensure that the participation of PRIs, now better empowered, gets manifested in diverse ways, we have laid special emphasis on soliciting and enlisting the cooperation of weaker and hitherto 'denied' sections of society. To illustrate the point, members of the Scheduled Castes, Scheduled Tribes and other weaker sections of society have been provided with statutory safeguards in the laws concerning PRIs. The most striking feature of our efforts is reservation of one third seats in the PRIs for women.

The Central Government took inspiration from our ancient heritage and also from the modern famous dictum of R.W. Wallace that "the hand that rocks the cradle is the hand that rules the world". Today, not only women have a staggering one-third seats reserved for them in the Panchayats, but many Panchayats have majority of women members and are even headed by women chairpersons.

We have invested the PRIs with adequate authority, powers, functions and funds to enable them to discharge their responsibilities effectively. The key functions of the PRIs include: identification and selection of genuine beneficiaries, preparation of Action Plans for different programmes like IRDP, JRY and EAS, effective implementation of plans and programmes, monitoring and supervision of implementation through people's Vigilance Committees, convergence and consolidation of sectoral programmes, and matters related to operation and maintenance of assets created under various schemes like JRY, EAS, Rural Water Supply, etc.

The Panchayats have also been given important role and responsibility for implementation of three new schemes recently announced by the Central Government. The three schemes are: National Social Assistance Programme, Provision for Nutritious Meal for Primary School Children, and Rural Group Insurance Scheme.

The first programme has provisions like old age pension of Rs. 75 per month, lump sum cash assistance in case of natural and accidental death, and maternity assistance. These will be

implemented by the people themselves through the elected PRIs and will surely strengthen the grass-roots of democracy.

Here a few words about the role and responsibility of the State Governments in our programmes to strengthen the PRIs. Since we believe to the core in federalism and in democratic decentralisation, we have entrusted to the State Governments the task of forming the PRIs through elections. They have also been requested (i) to suitably amend their State laws to make them compatible with the changing needs of time, (ii) to assess the financial needs by forming State Finance Commissions for the purpose and, (iii) to extend overall cooperation to the PRIs in their total functions.

It is a matter of satisfaction that most of the States have heeded our request and have taken steps such as amending State laws and holding of elections to the PRIs. But in some of the States, the PRIs are not yet in position in accordance with the new dispensation. Tamil Nadu is one of them. We have adopted the method of gentle persuasion and all encouragement in defaulting cases also. But, we shall not hesitate in adopting some stern measures to make the States realize the importance of PRIs.

*Appendix 9.3***Fiscal Autonomy to Panchayats***

Article 40 of the Constitution of India, in the Directive Principles of State Policy, entrusted the responsibility of organising village panchayats and endowing them with such powers and authority as may be necessary to enable them to function as units of self-government to the 'State'. As the term 'State', according to the Constitution, includes both the Union and State Governments, the Government of India, on its part, has been making an earnest endeavour since the advent of the planning era to ensure creation and strengthening of units of rural local self-government in our country. This endeavour is manifest in the constitution of several expert bodies such as the Balwantray Mehta Committee whose recommendations paved the way for the emergence of the existing pattern of rural local Government, Study Team on Panchayati Raj Finances headed by Shri K. Santharam, Study Group on Budgeting and Accounting Procedures of Panchayati Raj Institutions headed by Shri M. Ramakrishnayya, Study Team on the Audit of Accounts of Panchayati Raj Bodies headed by Shri R.K. Khanna, Committee of Panchayati Raj Institutions headed by Shri Ashok Mehta. These expert bodies have made several significant recommendations which evoked a positive response from the State Governments. Besides these efforts, the Government of India has consistently been playing promotional and participatory role in strengthening the Panchayati Raj Institutions. The 73rd Amendment to the Constitution of India which confers Constitutional status on, and protection to, the Panchayati Raj Institutions is indubitably a landmark in the process of democratic decentralisation in decision-making. The amendment signifies the promotional role the Government of

*Speech delivered at the Conference on State Finance Commissions at Vigyan Bhavan on November 3, 1995.

India has been playing to make these institutions effective units of self-government with people's participation. The Government of India has also been keen on utilising these "little republics" as the institutional mechanism through which the Centrally-sponsored rural development programmes in general, and the poverty alleviation programmes in particular, are planned and implemented in our rural sector. Involving the Panchayati Raj Institutions in the planning and implementation of the poverty-alleviation programmes like the Jawahar Rozgar Yojana and transfer of substantial volume of Central resources to these institutions demonstrate the desire of the Government to strengthen the democratic decentralisation process in the rural sector.

Panchayati Raj Institutions (PRIs) constituted in the late-fifties and early-sixties in various States, unfortunately lost their pre-eminence for a number of reasons. Absence of periodic conduct of elections, sparse participation of the vulnerable sections of the rural population like the Scheduled Castes and Scheduled Tribes, and of women in these popularly-elected democratic institutions, inadequate administrative, technical and accounting infrastructural support to these institutions, weak financial base, and, above all, a dilution of the political will on the part of the State Governments to endow these institutions with adequate functions and powers, have contributed to the ineffective functioning of these institutions.

Against this backdrop, the Government of India took the historical initiative of ensuring the enactment of the 73rd Amendment Act to the Indian Constitution, and thus facilitated emergence of vibrant, meaningful and effective units of rural local government. The States Governments must take necessary measures to empower the PRIs.

It may be recognised that no meaningful match between the resources and responsibilities could be effected without first developing specific functions and powers on the PRIs. One of the handicaps that the State Finance Commissions (SFCs) suffers from relates to the absence of a clear delineation of the functional responsibilities of each layer of the Panchayati Raj. We have, on

our part been urging the States to address themselves to this task on priority basis. In order to assist the States, we, in collaboration with the NIRD, are trying to evolve a suggestive framework for this purpose.

One of the crucial elements in making the PRIs effective instruments of socio-economic change is finance. Needless to point out, the financial health of these institutions is not at all reassuring. The number and nature of the tax sources allocated to them are few and less elastic. In fact in all the States, Gram Panchayats alone are vested with certain tax powers, while the middle and apex layers of Panchayati Raj are empowered to levy a few tax supplements in some States. Even in respect of the few taxes allocated to the PRIs, there has been a gradual encroachment by the State Governments. Moreover, revenue which the PRIs mobilise through exercise of their revenue powers is not commensurate with their expenditure needs. The quantum of resources actually mobilised by the PRIs constitute an insignificant proportion of their total expenditure. Reasons for this pathetic situation are however not far to seek. Nevertheless, it should be emphasised that there is need for allocating additional tax sources to the PRIs which are productive, simpler to administer, locally feasible and economical to collect at the local level. In this connection, it may be explored whether the existing reliance on direct taxes at the local level could be reduced through diversification of the local tax base. Alongside such allocation, suitable incentives related to tax effort have to be provided.

As for the existing system of State-aid, it should be admitted that it suffers from certain shortcomings. PRIs are not involved in fixing or altering the rates of the surcharges or cesses that are levied and collected by the State Governments for distribution to the former. State Governments are also reluctant to share a part of the revenue from some of its own productive tax sources. In regard to the grants-in-aid of PRIs, it should be admitted that they are inadequate, uncertain and are not based on any objective criteria. Since the PRIs, particularly the middle and apex layers, depend on State Governments for the finance of the

entire gamut of their activities, they are unfortunately reduced to the status of "spending" departments of the State Governments.

The existing financial scenario of Panchayati Raj makes the tasks of the SFCs more complex. The virtual vacuum of statistical data relating to the finances of the PRIs is likely to render a review of finances difficult. Also, lack of demarcation and devolution of a set of specific functional responsibilities of each layer of Panchayati Raj, including those pertaining to the items included in the Eleventh Schedule of the Indian Constitution may pose problems to the SFCs. Identifying certain State taxes to be allocated to the PRIs for their exclusive use on the one hand, and identifying the State taxes from which a specified part of the revenue deserves to be transferred to the PRIs, on the other, are indeed stupendous tasks. Similarly, determining the principles that should govern grants-in-aid of the PRIs is no less difficult.

In fact, the first batch of the SFCs would have to encounter far more difficulties than their future counterparts. Nevertheless, earnest and serious efforts are being made by the present SFCs in performing their Constitutional functions against several odds and these would not only be exciting and challenging but also be more rewarding in the long run. The approach and methodology adopted by them in the sphere of State-local fiscal adjustments would certainly be of great help to their successors. The 11th Finance Commission to be constituted at a latter date would have the advantage of assessing the financial needs of PRIs before recommending the scale of assistance to be given to them on the basis of the recommendations of the present SFCs. Also I believe that their recommendations would be pragmatic and find ready acceptance by the State Governments.

Chapter 10

Role of Voluntary Agencies in Rural Development

Voluntary agencies can do what the government cannot. Serving the deprived, destitute, poor and helpless people has been in the Indian ethos since ages. They understand people better than the underlings of bureaucracy. They have humanistic approach for the suffering people and they have sense of dedication for improving the lot of the suffering humanity. It is considered as “dharma” in the Indian heritage. There are many voluntary societies which have taken up measures in matters of health—leprosy cure, blind relief camps, rehabilitation of the disabled etc. Several voluntary agencies have devoted themselves for providing education. These were relief and welfare oriented and based more on humanistic considerations and will ever remain the main thrust areas of NGOs.

Our search is for NGOs engaged in the task of creating “sustainable livelihood security” for the poor and those who cannot help themselves. Rural development means creating conditions for higher and more stable income so that growth process will start on its own. When incomes rise, savings will increase, investment will increase, there will be upgradation of tools and techniques leading to further increase in productivity. What do the rural people want? What are their priorities? What are their ideas of well being, that would enable them to gain adequate, secure and sustainable livelihoods they want and need?

Why NGOs

NGOs are considered to be more effective than either the Government or private agencies in delivering the fruits of development to the under privileged groups in the society. They are believed to be less bureaucratic, closer to the ground realities and more committed to their cause than government agencies. They are supposed to deliver services at lower cost than the private agencies.

They are expected to serve the people better because of their mission to help those who cannot help themselves. They are expected to perform better because their integrity is supposed to be beyond doubt.

NGOs get various commissions and incentives including exemption from income tax, and exemption from labour and other laws which apply to commercial sector.

They are legal bodies registered under Societies Registration Act 1860. Their accounts are independently audited and they are not required to submit their accounts to any authority as charitable trust have to do.

In spite of many NGO's enjoying the respect of the society rumours are heard that corruption prevails in their ranks.

With too much money, especially foreign money chasing too few good organisations, allegations are heard about the emergence of fly-by-night operators skimming off money meant for social service. Some NGOs are also reported to be profligate in the use of resources. People complain of lack of transparency, inefficient management and public accountability. Recently the Government blacklisted many of them. Foreign money should be given to only very sober societies of proven creditability or let them raise funds on their own.

Advantages of NGOs

Discussed below are some of the major characteristics of the NGOs:

1. There are numerous instances where NGOs have done commendable work to remove or alleviate some of the distress of the people. One of the advantages of NGOs is

that they are small and in direct contact with the people. They see for themselves what the people want, they can understand their problem better and can take appropriate measures for removing their distress.

2. Their approach is more practical from case to case and from time to time. They are not stuck with rules. They are, therefore, innovative in their approach. If situation changes, they adopt new methods to solve their problem in contrast to bureaucratic method where they stick to rules and procedure.
3. Since they mix with the people and want to help, they enlist participation of the people themselves. Thus they not only help the people but also motivate them to help themselves. Once the people are impressed with the genuineness of the NGOs, they voluntarily co-operate with them.
4. Most of the NGOs have single programme, such as leprosy control, health care etc. Over a period they become specialised in their activities, gain professionalism and perform their functions efficiently.
5. Commitment, autonomous working, better feed back mechanism, informal work style, flexibility of operations, continuity of key personnel, greater adaptability to local conditions, quick decision making, easier communication, modular structure, expertise, trained and skilled manpower are some of the other advantages of the NGOs.

While NGO's have surely several organisational advantages in performing their function they have some limitations also. These are:

1. Inadequacy of funds: How much they can do depends on funds available with them. Their main source of fund is voluntary donation from philanthropic organisations. They may sometimes collect some funds from individual donations. Such fund can serve some specific small purpose. In recent years the main source of fund has been the government and donations from foreign

countries. Depending on the creditability of NGOs some of them have done creditable work in the field of rural development. Such examples are however, few.

Many NGOs have to face the wrath of local vested interests and they thwart their efforts. Local exploitative elements do not favour them and therefore they cannot play fully effective role.

Despite limitations of NGOs there are inspiring examples of eye-catching success of NGO like Bhartiya Agro Industries Foundation based in Urli Kanchan near Pune in Maharashtra. Like Amul in the co-operative field, BAIF is a shining example of NGO transforming the socio-economic milieu wherever they have worked. Its success in Urli Kanchan, inspired some NGOs in UP and it achieved tremendous success here too. BAIF's strategy was to increase the income of the poor by increasing milk yield of their cattle. They proceeded step by step and over a period made an integrated package improving milk yield of the cattle by exotic breeding, veterinary aid, improved fodder, education to farmers, applied research and marketing of milk. They proceeded in a business like manner and achieved expected results. We need organisation like BAIF for rural development.

*Appendix 10.1***Role of Voluntary Organisations and NGOs***

The role of non-Governmental Organisations and voluntary agencies in the field of rural development is very significant. The NGOs and voluntary agencies act as a bridge between the people and various Government bodies.

We know India lives in the villages. Our villages in the rural areas have many problems. Some of them are natural and some are man-made, created by people themselves. Nevertheless, our Governments have been doing a lot to improve conditions in the rural areas. We have introduced many schemes, allocated funds for them and have created appropriate infrastructure to implement these schemes. All of us are aware of most of these schemes. The Central Government is well aware of the valuable work which the NGOs are doing in the field of rural development. There are many things which the Government machinery finds difficult to do because of obvious limitations. For example, the Government officers are not always aware of the aspirations and likes and dislikes of the people of a particular area. If the people do not favour any scheme or are not properly educated about the benefits of the scheme, they will naturally create such problems which would hamper implementation of that scheme. The cases of construction of some dams are a burning example in this regard. Now, here the role of NGOs assumes special importance. An impartial NGO with an objective attitude can make people understand and appreciate the long-term benefits of developmental measures and can, thus, prevent their opposition born of misunderstandings and short-term inconvenience.

Another area where NGOs can play a vital role is training of personnel. A voluntary agency can more conveniently assess the

*Speech delivered at the Seminar Organised by the West Bengal Pradesh Congress Committee at Calcutta on September 1, 1995.

need of training local people for manning a particular project as it is aware of the language, traditions and requirements of the local populace. The motivators or instructors from a local NGO will naturally, have a better rapport with the trainees-to-be than the bureaucrats and Government officials.

Taking concrete steps in this directions, we have identified the Indo-German Watershed Development Programme for planning and implementation by the NGOs. Another example is that of some 300 villages identified in Maharashtra where implementation of various developmental projects will be done through the co-operation of NGOs.

NGOs are most suitable agencies to assist in various activities of Panchayats. They can identify and act in many areas on contractual or participatory basis. Direct action by Panchayats in such areas may be more expensive and even less productive.

NGOs can very well act as catalysts for mobilisation of resources. With their direct touch with the people and convincing guarantees from the Government Organisations, the NGOs can convince people to invest their savings and surpluses in Government schemes.

*Appendix 10.2***Role of Corporate Sector in Rural Development***

For some time now, the need to create a working relationship between the corporate sector and the Government has been felt for accelerating rural and community development in India. The problem that faces us is so large, and so diversified that it is not possible for any one sector, be the Government or the corporate sector, to undertake the task all by itself. It is only when both work hand in hand in this enterprise, that solutions to the problems that this great country of ours faces can be found and it is only then that community development can be put on a path that should be satisfactory to all concerned.

The fundamental problem in rural development is the existence of large numbers of people below the poverty line (official estimates place this at 30 per cent whereas unofficial estimates indicate the figure of 38 per cent which itself is as low as Rs. 11,000 per family per annum. Rural poverty is directly related to landlessness, low productivity, low levels of skill, social inequalities and large scale under-employment. The objectives of the poverty alleviation programmes of the Ministry are to attack these problems directly through the promotion of self-employment, area development particularly of drought prone and rainfed areas, skill development, wage employment and people's participation and organisation. While at one level the policies for economic reform, liberalisation and globalisation have resulted in giving a tremendous boost to industry, commerce and exports, Government is equally concerned with the problems of rural development and rural poverty. This has been clearly enunciated by the Prime Minister on several

*Speech delivered at the ASSOCHAM Workshop held at New Delhi on September 22, 1995.

occasions including his speech to industrialists at Davos in Switzerland last year when he outlined what has come to be known as The Middle Path. The high priority being given to rural development programmes is reflected in the substantial outlays in the last few years. Whilst the Eight Five Year Plan outlay is Rs. 30,000 crores, during the last three years the Annual Plan outlay has increased from about Rs. 5,000 crores in 1992-93 to about Rs. 6,500 crores in 1993-94 to about Rs. 8,500 crores in 1995-96.

Whilst poverty alleviation is the primary focus of the Government programmes, this Workshop organised by ASSOCHAM deals with the wider subject of Community Development which would include other important sectors such as agriculture and allied activities, education, health care and rural infrastructure. However, these are being implemented sectorally and the earlier holistic concept of Community Development as evolved in the 1950s and 1960s is not really being followed now even though there have been some attempts to work out a methodology for bringing about convergence of different programmes and activities at the field level. It is hoped that this convergence may be easier to achieve once the panchayats at different levels become really effective and are backed up by better micro-level planning at the district and sub district levels.

There is no doubt that the corporate sector has been contributing to the development of rural areas by way of generating employment and providing inputs for increasing agricultural production and the like. However, this is an indirect contribution, even though an important one, through the market mechanism. There has not been a great deal of direct contribution by the corporate sector in rural development, particularly in terms of programmes and projects that would be of benefit to the rural poor. This question has been discussed at many fora over the years and most of the industrial or commercial organisations like ASSOCHAM, FICCI and CII have set up committees and groups to promote corporate involvement

in rural development. Yet, there has not been much concrete action from these discussions and efforts even though there have been a number of opportunities for such involvement. The corporate sector needs to reflect upon these issues with much greater seriousness and sincerity; otherwise it is seen to be a mere lip service and rhetoric. 4

In 1986, the late Prime Minister Shri Rajiv Gandhi set up the National Fund for Rural Development precisely to provide a mechanism through which the corporate sector could make a direct contribution towards accelerating community development and poverty alleviation programmes. This Fund has so far been able to attract a total of only about Rs. 8.00 crores and that too primarily from nationalised banks. There has been no worthwhile contribution from any of the large corporate organisations or business houses. The Fund is meant for supporting the efforts of voluntary organisations, trusts etc. who are engaged in rural development work. As an incentive to the corporate sector, donations to the Fund are exempt from income tax and the selection of projects can also be suggested by the donor organisation. If we compare this contribution of Rs. 8.00 crores with the Government's owned efforts, it does not count at all. CAPART itself funds voluntary organisations to the extent of about Rs. 70 crores per annum. No doubt; some corporate organisations have made contributions for similar work through other private agencies, trusts and societies but this being a National Fund, should be given much greater support. In fact, there are far larger sums of money that are flowing in from foreign countries through non-governmental channels to voluntary organisations working in rural areas than from domestic non-governmental sources including the corporate sector. Even whilst it is appreciated that in the context of the very large governmental programme, non-governmental funding in this sector may not make a substantial difference in terms of its quantum; however what is sought is a much deeper and committed involvement in the nation's effort towards the eradication of poverty.

Apart from the contribution in terms of financial resources through a mechanism like the National Fund for Rural Development, there are various other ways in which the corporate sector can help in accelerating development in rural areas. This would include inputs such as technology, marketing, skill upgradation and management which are the real strengths of the corporate sector. The development and transfer of technologies that would help the rural poor to upgrade skills and enhance productivity is a basic requirement if income levels are to be raised. This can be done both through the market mechanism by introducing improved tools, implements, and small machines as well as by developing institutions which provide high level training and skill upgradation. For instance, the corporate sector could set up technical training institutions in rural areas or assist in upgrading existing institutions which would provide the necessary technical support to a programme like TRYSEM. Already there are a few such institutions, such as the Nettur Technical Training Foundation in Bangalore, but most of these really serve the urban areas. What is needed is to locate such institutions at district and block headquarters to provide training facilities for the youth in the villages.

The second area in which the corporate sector could provide useful inputs is marketing. Small producers in remote areas (like tribal areas) are unable to secure a fair price because of the traditional exploitative marketing arrangements. Weak marketing linkages is an important reason why one of our priority programmes namely, IRDP, has not met with the success what was expected. Some efforts have been made at organising marketing societies for IRDP products at the district level through the administration. However, commercially effective marketing cannot be done through bureaucratic structures. On the other hand, the corporate sector has the expertise and reach to assist in developing modern marketing structures which could promote production, both agricultural and industrial, in rural areas. This needs to be considered and linked up with the IRDP programme.

A third area of involvement could be in upgrading management at implementation levels. With the substantially increased outlays, the DRDAs are now handling very large sums of money—in some cases even more than Rs. 50 crores per annum in one district. In order to handle this efficiently, it is imperative to introduce modern management techniques and expertise. Whilst we have been impressing upon the state governments to take up an extensive training programme for strengthening the DRDAs, the institutional infrastructure for training and upgrading skills is extremely limited at the state level. The corporate sector could certainly provide expertise and consultancy for modernising and upgrading DRDAs for better implementation of the programmes. It may be possible to formulate a scheme whereby management personnel from the corporate sector could be inducted into DRDAs for short periods on a cost sharing basis. This has been tried with IRMA graduates through CAPART.

One of the major problems facing our country today is the continued migration of people from rural to urban areas which is essentially a reflection of the lack of opportunities in the villages. Whilst rural-urban migration to a certain extent is a natural historical phenomenon, this has to be contained within manageable limits otherwise there is not only excessive pressure on urban infrastructure services and the environment but also a denudation of skills in rural areas which could otherwise be utilised for their own development. Apart from increasing employment opportunities and production in agriculture and related activities, which is indeed essential, it is equally important to accelerate the growth of the secondary and tertiary sectors. With the liberalised regime for industry, there is now little incentive for companies to set up large industries in rural areas except if they are mineral based or perhaps energy intensive with locations near mega power plants. At the same time, the small scale and village manufacturing sectors are facing severe competition from the organised sector and are most often not able to withstand this pressure. Apart from policies and programmes to strengthen the traditional manufacturing sectors

like handlooms and handicrafts, it is also necessary that new small scale and manufacturing activity is developed in medium and small towns, if not actually in the villages. This would help in promoting the development of the hinterland around these growth centres. The corporate sector can play a leading role in identifying and developing such growth centres on a self-sustaining viable basis thus promoting skill development, production and employment.

Chapter 11

What the Government is Doing for Rural Development

Economic development is a total activity as it is concerned with every aspect of human life. It is not limited to merely raising income, employment, housing, roads and communication. It, therefore, cannot be a fragmented or piecemeal approach. In the focus of development is the vast population of the country with all its diversity and development can be said to have taken place when it touches the lowest of the low. In the immensity, diversity and complexity of India such development needs multi-pronged efforts.

Such a gigantic task cannot be effectively performed only by the Government. In the constitutional framework of this country most of the tasks related to state governments—agriculture, animal husbandry, rural industries, roads, electricity, irrigation, education, public health and many other things. The level of achievement will vary according to the interest, devotion, efficiency and capability of the State Governments.

Although most of the factors concerning rural development are in the domain of the state governments, it is as much a national concern and the Union Government is devoting attention to certain selected aspects of rural development.

Among the many programmes for rural development, Integrated Rural Development Programme (IRDP) is most talked about. The programme was administered with great fanfare

hoping that it will make direct assault on rural poverty by providing income-earning opportunities to the have-nots. The main thrust of this programme was credit linked self-employment to the poor. The objective of IRDP is to enable identified rural families to augment their income and cross the poverty line through acquisition of credit-based productive assets which would provide self-employment on sustained basis. A part of the cost of the assets is provided in the form of subsidy and the rest is provided by either a commercial bank or a rural bank or a co-operative. This programme is implemented in all blocks of the country as a centrally sponsored scheme on 50:50 basis by the Centre and the States.

IRDP is addressed to those below estimated defined poverty line. The limit of poverty, fixed after expert study, was pegged at Rs. 11,000 at the commencement of the Eighth Plan. Since 1980-81 till 31st March, 1995, 440 lakh families have been covered under IRDP. The programme is focussed to vulnerable among the poor i.e. scheduled castes, scheduled tribes and women. Three per cent of the programme is meant to cater to the physically handicapped. The pattern of subsidy is 25 per cent for small farmers, 33.3 per cent for marginal farmers, agricultural labourers and artisans and 50 per cent for SC/ST and physically handicapped persons. The programme is implemented by District Rural Development Agencies through block staff. The Central Government besides bearing 50 per cent share of the cost, is responsible for policy formulation, monitoring and evaluation of the programme. Despite various deficiencies in the implementation of the programme at the grass-root level, poverty ratio has come down from 40 per cent a few years ago to 19 per cent in the current year. The following table shows coverage of beneficiaries by occupational categorywise:

<i>Category</i>	<i>Percentage</i>
Small farmers	12.7
Marginal farmers	33.7
Agricultural farmers	36.4
Artisans	17.2

Development of Women and Children in Rural Areas (DWCRA)

IRDP has surely benefited adult male members in the rural areas which is evidenced by acute scarcity of male labour in many villages. Most of the male labour in villages have some engagement and few opt for wage employment. But women are the vulnerable group in villages. In order to make full attack on rural poverty it was necessary to target women members of the village and a programme for women's development was started in 1982-83. By now this programme is operated in the entire country. The objective of this programme is to provide opportunities to poor rural women for self-employment on sustained basis. This programme is equally supported by Central Government, State Governments and UNICEF. One significant difference between IRDP and DWCRA is that instead of individual approach of the former, it is group approach in DWCRA.

DWCRA functions under the guidance of IRDA. It has separate staff and day-to-day working is under the supervision and guidance of BDO. DWCRA beneficiaries are given training for skill upgradation under TRYSEM. Grants are also given to voluntary agencies for providing income generating opportunities to women.

Unlike IRDP, marketing services are provided to DWCRA beneficiaries.

Rural Employment (Jawahar Rozgar Yojana)

Considering the large scale unemployment and underemployment in rural areas, the Central Government has launched a massive programme for providing employment to rural people under Jawahar Rozgar Yojana (JRY). The objective of this programme is to provide additional employment opportunities to the rural poor. The two ongoing employment programmes viz. National Rural Employment Programme and Rural Landless Employment Guarantee Programme were merged into one as Jawahar Rozgar Yojana.

The objective of this programme is:

- i. To provide gainful employment to unemployed and underemployed men and women in rural areas.
- ii. Strengthening rural infrastructure.
- iii. Creating community assets.
- iv. Positive impact on wage levels.
- v. Improvement of overall quality of rural life.

One of the highlights of this programme is that 30 per cent of employment is to be provided to women.

JRY (II)

It is centrally sponsored scheme implemented by State Governments. The cost is shared in 80:20 ratio between the Centre and the States. JRY is implemented in conjunction with two sub-schemes—namely Indira Awas Yojana (IAY) and Million Well Scheme. Ten per cent of the total resources are earmarked for Indira Awas Yojana (IAY) and 30 per cent for Million Well Scheme (MWS). Jawahar Rozgar Yojana (JRY) is implemented by village Panchayats. The following table shows sectoral expenditure of JRY between 1989-90 to 1993-94.

<i>Items of Work</i>	<i>Percentage</i>
Walls	18.6
Minor irrigation	9.2
Roads	22.4
Social forestry	4.3
Houses	14.1
Schools and community building	7.8
Others	23.6

Intensified Jawahar Rozgar Yojana is being implemented since 1993-94 in 120 backward districts of Andhra Pradesh, Bihar, J.&K., Gujarat, Karnataka, M.P., Maharashtra, Orissa, Rajasthan, Tamil Nadu, UP and West Bengal where incidence of unemployment and under employment is endemic.

TRYSEM

This programme aims at providing technical and entrepreneurial skills to rural youth from families below the poverty line to enable them to take up income generating activities. Under this scheme technical training is imparted to rural youth between 18 and 35 years of age to enable them to take up self employment. TRYSEM trainees are provided assistance under IRDP on completion of their training programme.

Achievements under TRYSEM

<i>Period</i>	<i>Youth trained (No. of lakhs)</i>
VI Plan	10.15
VII Plan	9.98
1990-91	2.36
1991-92	3.07
1992-93	2.76
1993-94	3.04
1994-95 (Nov.)	1.08

There is need to further step up this programme. So that the training is not infructuous, vigorous follow up programme is necessary.

Supply of Improved Tool Kits to Rural Artisans

Realising that one of the reasons for low productivity of rural artisans—carpenters, blacksmiths, poultry makers, leather workers, woodcraft, metal craft—is their outdated tools, a programme to supply them improved tools was started in 1992. This programme is being gradually extended to cover all districts of the country. IRDA is the nodal agency of this programme. So far, about 2 lakh tool kits have been distributed. The programme is intended to reach 7.78 lakh artisans by the end of the Eight Plan.

Indira Awas Yojana (IAY)

This scheme aims to provide dwelling units free of cost to SC/ST and for bonded labourers as an important component of RLEGP since 1985-86. 10 per cent of JRY funds are allocated for this purpose from 1993-94. This scheme has been extended to non-SC/ST also. Priority in allotment is given to households affected by flood, fire, earthquake and other natural calamities. The total sanctioned amounts for such a house is Rs. 14,000. Since the beginning of IAY in 1985-86 till November, 1994, 18.43 lakh houses have been constructed with an expenditure of Rs. 2197.49 crores.

Employment Assurance Scheme (EAS)

The objective of this scheme is to provide gainful employment to all able adults in the rural areas who are desirous of work but cannot find it during lean agricultural season. The scheme was started on October 2, 1993 in 1778 blocks of 261 districts. It aims to provide employment for at least 100 days.

Millions Wells Scheme (MWS)

The Million Well Scheme was launched as a sub-scheme of NREP/RLEGP during 1988-89 to provide open irrigation wells, free of cost to poor small and marginal farmers belonging SC/ST and freed bonded labourers. Thirty per cent of JRY funds are earmarked for MWS. The scheme has now been extended to non SC/ST categories also.

Physical and financial achievements under this scheme are as under:

<i>Year</i>	<i>No. of Wells constructed</i>	<i>Expenditure incurred in Rs. Crores</i>
1988-89	50345	132.99
1989-90	87634	108.16
1990-91	56433	279.74
1991-92	172328	495.18
1992-93	180995	534.05
1993-94	149335	638.79
1991-95 (Nov.)	87810	309.44
Total	784880	2498.35

Rural Housing

As an integral part of the overall rural development the Government has initiated a scheme for building houses in the rural areas. The National Buildings Organisation estimated a total housing shortages of 310 lakh units in the country of which 206 lakhs are in rural areas.² Further 20 lakhs new units are needed every year for increasing populations.

Under the rural housing scheme, funds are provided by Ministry of Rural Development to State Governments to the extent of 50 per cent of the total allocation made by them for rural housing programme. Under this scheme funds are provided for activities under the rural housing programme for the target groups in the following order of priority.

- i. Sets and services
- ii. Shelter upgradation
- iii. Construction of new houses

It is obligatory for the beneficiaries to bear a minimum investment of 10 per cent of the cost.

HUDCO has provided a loan of Rs. 1043 crore for construction of 27 lakh rural houses.

National Housing Policy envisages two measures for rural housing:

- i. Promoting use of local building material and technology suited to different geo-climatic regions.
- ii. Creating an enabling environment for self-help housing.

Rural Roads

It is a part of Minimum Needs Programme in the State sector. It aims to provide linkage of the villages to markets and services.

The centrally sponsored scheme for road construction operates in special problems areas in UP, MP and Rajasthan.

MP's Local Area Development Scheme

Under this scheme each MP is allowed to suggest to the District Collectors works to the tune of Rs. 1 crore per year to be

taken up in their constituencies. The Ministry of Rural Development has so far released Rs. 757 crores for this purpose. The scheme is being implemented by the Department of Programme Implementation.

DPAP, DDP and Watershed Approach in Area Planning

The country has a total land mass of 330 million hectares. In the predominantly rain fed areas, drought prone areas and high population density areas there is severe stress on natural resources. Tree cover has virtually vanished, soil, erosion of all types has increased, water table has gone down, drought menace has increased and there is all-round ecological degradation. The eco-system is under great stress. The traditional system of protections has broken down.

Concerted Studies by the Government has shown that drought can be beaten, soil erosion can be prevented and water harvesting can increase productivity and income of people in such areas.

The Government had been implementing Drought Prone Area Programme and Desert Development Programme due to special nature of development needed in such areas. No doubt it is a difficult programme and the progress was not satisfactory. Now the Government have adopted watershed approach to all area development schemes so that development effort is sharply focussed on a single eco-system. Technical expertise flows to the area and local people are involved in its management.

Drought Prone Areas Programme

Several areas of the country which depend on monsoon face drought when monsoon fails or it is late for cultivation or there is too little rain. This creates famine-like conditions in the affected areas. Some areas are very prone to it and life of people in such areas becomes precarious. Realising the severity of this phenomenon on the lives of the people, Government have made efforts towards mitigating its adverse effects. The first major effort in this direction was made in 1970-71 by launching Rural Works Programme. The aim was to provide wage employment

to the affected people. The long run objective of this programme is to restore ecological balance of the area. Nearly 550 lakh hectares in 13 States in 96 districts and 627 blocks are covered under this programme.

Direct Development Programme

At present 131 blocks in 21 districts of 5 states are included under this programme. Out of 131 blocks 12 blocks are in J&K and Himachal Pradesh and the rest in Gujarat, Haryana and Rajasthan covering 362 lakh hectares. The main objective of the programme is same as DRAP. Attempt is to control desertification and restore ecological balance in the long run.

Land Reform

Land reform has been the bug-bear of this country. Soon after independence land reform assumed the highest priority on our agenda for development. So much has been done about it and yet the problem persists. The hard fact of the matter is that there are too many people for too little land. Sixty-eight per cent of the people depend on land cultivation for their subsistence. It was hoped that all will be well with land after abolition of Zamindari system. But except for transfer of ownership from individual Zamindars other problems remained which have been still eluding solution. One thing is that land is inequitably distributed. 23.8 per cent of land owners own 71 per cent of land. There are 87.3 million small and marginal farmers who owing less than 2 acres amounting for 29 per cent of the country's agricultural land. Besides there are 70 million landless agricultural labourers. Needless to stress that land management of the country is an essential pre-requisite for agricultural and rural development of this country.

Land is a state subject and reforms very much depend on the abilities and alertness of State Governments. Various State Governments have enacted land reforms according to their own predilection.

The Ministry of Rural Development is the Nodal Agency to monitor and promote land reform measures. Since land is in the

concurrent list of our Constitution any action for acquisition and requisition of land is sent to Central Government for their examination before assent of the President of India is given. Some of the measures of land reforms are (1) distribution of surplus land (2) distribution of government wasteland (3) distribution of Bhoodan Land (4) Consolidation of holdings (6) Alienation and Redistribution of tribal land. The Ministry of Rural Development plays an advisory role in matters of land reforms.

Rural Water Supply and Sanitation

Although this is the responsibility of the State Governments the Ministry of Rural Development provides scientific and technical inputs to State governments to deal with quality problems of drinking water. National Drinking Water Mission was launched in 1986 to ensure sustainable water supply. Besides monitoring drinking water supply the Ministry of Rural Development is also concerned with improving rural sanitation to prevent diseases, morbidity and poor health resulting from insanitary conditions specially among the households below poverty line.

Chapter 12

Training and Research for Rural Development

A vast number of persons are concerned with and engaged in rural development: administrators, technicians, social workers, experts in various areas of agriculture, input suppliers, etc. The pace of rural development depends on the competence and co-ordinated action of all these. It is, therefore, necessary that such persons must be trained and re-trained in particular functions of their respective areas.

In order to fulfill this purpose, the Ministry of Rural Development has set-up National Institute for Rural Development in Hyderabad, with a sub-centre at Guwahati. The Institute arranges varieties of courses for different groups of people. The type of programme varies from year to year. The following is the illustrative list of such programmes conducted in 1995-96:

1. Planning and Management of Watershed in DPAP and DDP Districts
2. Management in Local Self Government for Zilla Parishad Chairpersons
3. Management of Panchayati Raj Institutions for CEOs/DDOs
4. Rural Development for Project Directors of DRDA
5. Management of Library and Information Services for Rural Development

6. Management of Panchayati Raj Finances
7. Appraisal of Rural Industries Projects
8. Convergence of Community-based Services
9. Business-linked Development Planning for Employment and Income in Rural Areas
10. Integrated Agro-Industrial Promotion in Rural Areas
11. Rural Credit and Self-help Group
12. Management Information System for Rural Development
13. Management of Training Institutions
14. Training of Trainers in Panchayati Raj
15. Role of Panchayats in Rural Development
16. Strategies for Rural Industrialisation
17. Negotiations Skills Development for Women Development Officers
18. Executive Development for Participatory Approach
19. Planning and Management of Sustainable Rural Marketing
20. Integrated Development Strategies for the Marginal and Small Farmers and Landless Labourers
21. Management of JRY & EAS
22. Farming System Approach for Sustainable Rural Development
23. Skills and Strategies of Team Building.
24. Finance Markets: Problems and Policies
25. Statistical Methods for Decentralised Planning
26. Management of Renewable Energy Projects
27. Organisation Management for Rural Development
28. Workshop on Monitoring Rural Change
29. Management of Participatory Extension in Animal Husbandry Sector
30. Planning and Management of Agri-Business
31. Decentralised Administration
32. Management of Primary Health Care in Rural Areas
33. Statistical Techniques for Planning, Monitoring and Evaluation of Rural Development Projects

34. Management of Rural Works for Z.P. Engineers
35. Workshop on Case Writing and Presentation
36. Financial Control in DRDAs with Special Reference to Audit and Accounts
37. Development Perspective for Programme Officers of AIR and Doordarshan
38. Seminar on Implications of WTO on Agriculture and Rural Development
39. Management of Public Distribution System in Rural Areas
40. Participatory Rural Appraisal
41. Rural Development and Transformation
42. Appropriate Technologies for Rural Sanitation and Drinking Water
43. Management of Rural Development for Voluntary Organisations
44. Project Sustainability Analysis
45. Training Methods and Communication Skills
46. Socio-Cultural Problems in Development of Societies
47. Promotion of Non-Traditional Rural Industries
48. Workshop on Project Formulation and Implementation in Voluntary Sector
49. Decentralised Planning
50. Workshop on Elimination of Child Labour in Agriculture
51. Gender Sensitisation for Adult Literacy Functionaries
52. Planning and Management of Tribal Development Programmes
53. Monitoring and Evaluation of Rural Development Projects
54. Rural Development for IAS Officers
55. Forests in Rural Development for IFS officers
56. Three-Week Course for IAS officers
57. Gender Sensitisation of Sericulture Officers of Government of Andhra Pradesh
58. Sustainable Livelihood for Women in Informal Sector
59. Monitoring and Evaluation in Sericulture

60. Environmental Analysis of Agricultural Projects
61. Participatory Forest Management for IFS Officers
62. National Seminar on Community Polytechnics in Rural Development
63. Planning and Management of Land-based Projects for Scheduled Castes
64. Workshop on Participatory Extension in Land Resource Management
65. Participatory Extension
66. GIS for Decentralised Planning
67. Workshop on Gender in Agriculture
68. Extension Management and Communication for Sericulture Officers of Government of Andhra Pradesh
69. Extension and Communication in Rural Development for BAIF Officers
70. Workshop on Effective Management of DWCRA
71. Management of Wasteland through Afforestation
72. Computer Application and Information Management
73. Environmental Analysis of Aquaculture Projects
74. Development Indicators
75. Advanced Course on Computer Applications and Information Managements
76. Diploma on Decentralised Planning for Rural Development
77. Strategies for Sustainable Agriculture and Rural Development in Developing Countries
78. Rural Industries Promotion in Developing Economics
79. Diploma on Managing Human Development Programmes for Rural Reconstruction
80. Management in Local Government for Rural Development
81. Income Generating Activities for Rural Women
82. Rural Development for Project Directors of DRDAs
83. Watershed Development of North-Eastern Region
84. Rural Development Orientation for Presidents/Vice-Presidents of Zilla Parishads and Anchal Samities of Assam

85. Workshop on IRDP Implementation in NE States
86. Rural Development Orientation for Officials/Non-officials of Panchayati Raj Institutions of Arunachal Pradesh
87. Formulation and Analysis of Rural Development Projects
88. Workshops on JRY Implementation in NE States
89. Panchayat and Decentralised Planning for Zilla Parishads
90. Training Methods and Communication Skills
91. Panchayat and Decentralised Planning for Anchal Samities
92. Management of Financial System in DRDAs with special reference to Audits and Accounts
93. Planning and Management of DWCRA
94. Rural Development Orientation for Probationary State Civil Service Officers of NE States
95. Gender in Development
96. Workshop on Policy and Strategy of Rural Development in Arunachal Pradesh

Appendix 12.1

National Council of Rural Institutes Set up at NIRD

NCRI would be an autonomous body under the Ministry of Human Resources Development and would operate from the premises of the National Institute of Rural Development (NIRD), Rajendra Nagar, Hyderabad.

Activities of NIRD

The year 1994-95 ushered in Panchayati Raj in India with most States enacting legislations in line with the 73rd Amendment of the Constitution. NIRD responded to the emerging priorities and organised several seminars to identify key issues of policy and operation aspects of Panchayati Raj. A workshop on Panchayati Raj, Agriculture and Rural Development for Members of Parliament was held in which Sri Rameshwar Thakur, the then Union Minister of State for Rural Development, 19 Members of Parliament representing different political parties and several State Ministers attended. The workshop deliberated upon issues such as the criteria for demarcation of the size of Gram Panchayats, ways to build awareness among rural people, finances for local bodies, identification of thrust areas for in-depth studies in different areas of Panchayati Raj and made recommendations. Other national workshops conducted by the Institute relating to Panchayati Raj were Role of Voluntary Organisations in Panchayati Raj and Finances for Panchayati Raj and Emerging Trends in Panchayati Raj.

True to its role the 'think tank' for policy formulation, NIRD identified areas like land reforms, new economic policy, JRY/EAS, people's participation etc. on which it organised national workshops and seminars. These activities helped in identifying significant issues and recommendations. For example, a Seminar on JRY/EAS came out with recommendations such as

enhancement of allocations to Gram Panchayats, allocation of resources on the basis of index of backwardness of a district, integration of different streams of JRY into a simple programme and improvement in the awareness level of EAS. A National Seminar on New Economic Policy (NEP) while reviewing the economic policy drew attention on the declining investment in agriculture, absence of micro level strategies in harmony with the macro level policy, need to continue subsidies to the poor and to the sectors on which they depend and the need to maintain the priority for land reforms. A workshop on Multimedia Campaign for Rural Development was organised in April, 1994 bringing together field functionaries of rural development and electronic media to create greater awareness of RD programmes and to identify the requirements of development communication.

Training

Training is a major activity of NIRD. A total of 116 programmes, with durations ranging from a few days to 12 weeks designed to cater to various needs of the clientele like functionaries, implementors, sponsors and policy makers, were organised. These programmes were attended by 2,577 participants of whom 316 were women. For the first time, a set of banner programmes was conducted for Project Directors of DRDA and DPAP.

A major collaborative activity of NIRD this year (1995-96) was the tie up with Afro-Asian Rural Reconstruction Organisation (AARRO), which entrusted to NIRD the tasks of implementing the Poverty Alleviation Training in Asia and the Pacific (PATAP) programme by the International Fund for Agricultural Development (IFAD) to promote the competence of the functionaries and beneficiaries of the IFAD projects in India. The Secretary General of AARRO coordinated a series of workshops held at NIRD for curriculum development for the National Coordinators, Resource Persons and Training Developers of the PATAP programme.

NIRD being only one of its kind in Asia providing wide ranging expertise in rural development, it has been found that there is demand for international programmes which have common bearing on the developing countries.

The second International Diploma Programme on Decentralised Planning for Rural Development was conducted and was attended by 10 participants from different Afro-Asian countries.

The other regular international programmes on Income Generating Activities for Women and Promotion of Rural Industries were continued. Two international programmes on Sustainable Agricultural Development and Adult Literacy were initiated this year.

A SAARC sponsored Workshop on Youth Volunteers in Rural Development was held in which SAARC member countries participated and unanimously suggested that the development programmes for youth should be rural based, giving priority to self-employment programme, programme for skill development and non-formal education.

NIRD maintained its close cooperation with SIRDs which act as its link institutes. About 28 off-campus programmes were conducted at these link institutes by lending the expertise of NIRD faculties for institutional development.

In order to assess the impact of its training programmes. NIRD constituted a Committee to evaluate the training programmes conducted during the 15 months period ending June, 1993. The Committee while commending the performance of NIRD came out with a series of recommendations to improve the impact of its expertise in training.

Agricultural Research

Agricultural research has assumed prime importance for agricultural and rural development. Agricultural production is now not land-based but technology based. Now technology accounts for 80 per cent of agricultural output in developed countries. In India too technology contributes 50 per cent of agricultural output. However in India there is need to step up

technical input in a very large measure to increase agricultural production. A large and diverse country like India cannot depend on borrowed technology from advanced countries. It has to emerge from within our system by our farmers and agricultural research workers. This can happen by collaborative effort of both public and private research. Private research is presently virtually insignificant and, therefore, there is need for stepping up public research. Developed countries spend 2 per cent of agricultural GDP on research. In India presently it is only 0.5 per cent. This must be stepped up.

Research

During the year under review, twenty eight studies were completed, out of which 14 were sponsored by other agencies, different Ministries of Union Government, International Organisations like CIRDAP, FAO, etc.

At the instance of General Council of NIRDA, the institute took up an evaluation study of IRDP across six states in the country (Andhra Pradesh, Tamil Nadu, Maharashtra, Orissa, Uttar Pradesh and Bihar) mainly to identify the organisational and implementational problems experienced in the process of implementation of the programme. A multi-disciplinary research team was specially constituted drawing on the expertise from various Faculties of NIRD for this study. The study found the need for rationalisation of the implementation agencies at district level and involvement of people's representatives at the panchayat level. The other significant suggestions for improving the programmes are: integration of development programmes, single window approach for servicing the developmental programmes, proper identification of beneficiaries at the Gram Sabha meetings and organisation of awareness programmes for improved participation of people.

NIRD also conducted observational research studies to monitor the implementation of development programmes in the North-Eastern Region especially in the States of Manipur and Nagaland. In programmes like TRYSEM, EAS, JRY and IRDP, etc., it was found that the awareness of the programmes was less

among the functionaries and there was considerable scope for improvement in implementation. The need for comprehensive training for functionaries was highlighted. The Academic Committee which met in February, 1995 reviewed the current research efforts of NIRD and recommended taking up a fresh list of 19 projects in the following year.

Action Research

Action research is mainly undertaken to learn through action process and field intervention methodologies to determine their implications for the policies and procedures of implementation of rural development programmes. Most of the projects are implemented in the social laboratory of NIRD situated at Vikarabad and Moinabad mandals of Ranga Reddy district of Andhra Pradesh. The thrust of action research is participatory approach. Following programmes were implemented during the year:

- Credit for Rural Development.
- Employment for atleast one member from each family.
- Women's Development.
- Model Village in Rural Development.
- Population and Family Planning Activities in IRD.

Faculty Achievements

The work of the Centre for Panchayati Raj was acclaimed in the fields of preparation of Manual for Training in Decentralised Planning and Administration, and Preparation of Compendium on Panchayati Raj. It has specially undertaken a comparative study of Panchayati Raj Acts of different States after the 73rd Amendment.

The Faculty of Statistics completed a preliminary exercise for evolving simple indicators for Monitoring of Rural Change with regard to selected components *viz.* (a) Education, (b) Employment, (c) Basis Needs and (d) Recreation and Entertainment. The indicators were based on an exploratory study conducted in Solapur district of Maharashtra during 1992-94.

The Centre on Rural Documentation (CORD) as a follow-up of its project on Cooperative Rural Development Informational Network (COORDINET) has identified over 15 institutions across the country, apart from SIRDs, to become potential members in the formation of a Network. The network is aimed at strengthening the information resources available for exploitation in the field of rural development. CORD has developed a project proposal to strengthen these participating institutions in order to initiate the network activities.

The Faculty of Information concentrated its efforts on bringing out Occasional Papers specially on subjects of importance in the current year like Watershed Management and Panchayati Raj.

Appendix 12.2

National Council of Rural Institutes*

In the field of rural development, training and research, NIRD has always played a pioneering role and has got us a name even outside our frontiers. It is befitting that the new Council is going to start its activities from our NIRD campus. I wish these two new organisations faster growth to effectively serve the human development needs of the rural masses.

The Council of Rural Institutes has been created with the basic objective of promoting rural higher education on the lines of Mahatma Gandhi's revolutionary ideas so as to take the challenge of micro planning for transformation of rural areas envisaged in the new policy on education. It has to network, consolidate and develop institutions engaged in programmes of Gandhian Basic Education and *Nai Talim*. This is important in the context of the recent economic reform process undertaken under the dynamic and able leadership of our Prime Minister. The rural areas are now in the process of undergoing a major transformation in terms of value addition to their resources and generating export surpluses. This calls for restructuring the rural economy to provide impetus for faster growth.

The major thrust in rural development in the present context is to ensure qualitative development, particularly of human resources by imparting education and skills so that the whole community becomes active and productive. This calls for rejuvenating basic education, reaching out to all sections of population and to all areas, reorienting the educational system to meet the manpower needs of the future and ultimately preparing rural India to become the sector of harmonious and all-round development.

Gandhiji believed that true education of the individual is an all-round development of his faculties and is best obtained

*Speech delivered on the occasion of the Inauguration of the NC.R.I. at Hyderabad on December 3, 1995.

through action. Gandhiji's scheme of education bases itself on the sound and indisputable fact that knowledge and understanding develop in relation to problems set by action. Information thrust on the mind apart from action is most often only a burden on the memory and causes intellectual indigestion.

Further, this education, if it is to draw out fully the latent capacities of the child, has to be through a craft or vocation. Since the child is an organic unit, it is only such training as draws on all the faculties in a cohesive manner that can best develop a harmonious and well-balanced personality. In Gandhiji's own words, "education is not vocation-cum-literacy training, but literary training through vocational training. Then vocational training would cease to be drudgery and literary training would have a new content and new usefulness". This is the essence of his *Nai Talim*.

In the scenario of growing unemployment among educated youth in the rural areas, vocational and technical education is of utmost importance. Women and other disadvantaged sections of the rural society need appropriate skills and need-based technologies to improve productivity and earnings. In this context, the rural institutes are expected to serve the people in promoting skills to take up self-employment or wage-employment programmes. Recent surveys indicate that about 50 per cent of school drop-outs are due to economic factors. To meet the requirements of this category, vocationalisation of education is important. Non-formal, need-based and flexible vocational programmes are to be made available in a big way to the neo-literates, school drop-outs, youth and women. Gandhiji believed that the vocationalisation of education should lead to the following results and I quote, "Our sense of frustration should give place to hope; Our penury and starvation to a sufficiency of means to maintain ourselves; unemployment to industry and work; discord to concord".

These objectives are expected to be met by the new Council and in this endeavour, we look forward to co-operation from every quarter. It has developed out of a personal interest, taken

by our Prime Minister, whose involvement in the new education policy earlier, and the new economic policy now, is so deep that it has helped the new Council for Rural Institutes to become a reality today. Under his able command, the economy has become more dynamic and the pace of development has accelerated with rural development programmes and social assistance package providing the necessary human face to the post-reform era.

The efforts of rural institutions are to be co-ordinated under the umbrella of NCRI for proper transmission of knowledge to the local people. Further, in the wake of democratic decentralisation and power to the people, there is a great demand to train the new leaders and tap the development potentialities at the micro level. Hence, training at the local level is important and the need is being felt now.

I am sure that the NIRD, being an apex institution for research and training, will provide necessary co-operation to the NCRI, particularly in sharing its academic resources. The new Council is most welcome to use our Institute's library and documentation facilities, the data base, the research and training resources and above all, the professional support at the initial stage. There could be further mutually beneficial co-operation in this endeavour, and the Ministry of Rural Areas and Employment would be too willing to provide the necessary assistance.

Our Prime Minister's faith in Gandhian ideology in promoting basic education can become a reality through NCRI and Swamy Ramananda Tirtha Rural Institute. His decision to locate the Council and Rural Institute in the training capital of India is in itself a pointer to success in that direction.

Chapter 13

Focus on Rural Development

Sometimes even too obvious matters need to be stressed. Every student of economic development knows that no development can happen without infrastructural supports—physical, social, institutional and human. Existence of infrastructure provides opportunities and incentive for action. Even if people have all the will to develop, they cannot do so if requisite infrastructural support is lacking.

Infra-structures

Power, transportation and communication provide the basic impetus for development. Modern development owes its eminence to the growth of electric power. Indeed it transformed the whole production process and operating an enterprise became so easy. The world has evolved from manpower and animal power to electric power. Modern industries cannot be conducted without electric power. There are various sources from which electric power can be generated, from thermal to hydro, diesel, gas, wind and sea waves. The solar power has provided a new hope and more opportunity for mankind. In the present-day world oil as a source of power is most dominating. But this is exhaustible. Although there are vast oil resources in the Middle East but one day it also may reach its last legs. Therefore, vigorous efforts are being made for the application of renewable resources, such as wind power, solar power and—whatever the economics—there is no doubt that renewable

sources of energy have to be developed to meet the vastly growing needs of energy. India is making vigorous efforts to organise wind power bio-gas, hydropower, atomic energy, solar power, etc. Rural people need energy not only for their domestic lighting, cooking and heating, but also for their agricultural operations and industries. Indeed there could be complete transformation of rural areas if full energy needs of the people are met uninterruptedly. Most rural people have the know-how to produce, if energy is available to them. Energy will help revive the dormant and suppressed entrepreneurial quality of villagers.

Energy

We need not wait for thermal energy to reach every village. Looking at the power situation of the country, when even urban areas and industries are starved of the power supply, it is futile to hope for power to be available to rural areas. But rural development cannot wait for supply of energy from State Electricity Boards. There is need to produce energy from non-conventional sources—mini-hydro projects. Experts say that technology for producing hydro power, even from stagnant pools of water is possible. Such possibility exists in many villages and it needs to be harnessed. Another source of energy for rural areas may be bio-mass. In fact if there is energy co-operative of rural households—where each household deposits its agricultural and kitchen wastes as well as cowdungs together—a good part of the energy needs of the villagers can be generated from this source.

Some economists have predicted that a decade hence rural people will have enough food for eating but they will have no fuel to cook it. Already such symptoms of fuel scarcity are noticeable in the villages. Cow dung, which could be a good source of soil nutrient is burnt as fuel. Utilisation of solar power on scientific basis can considerably mitigate this hardship. Already Khadi Gramudyog has some scheme for this purpose but it is not catching up. There is need for intensifying this activity.

Rural development in this country is handicapped on account of lack of efficient and dependable energy supply. Electricity has not reached many villages and even though statistics claim otherwise, the fact is that villagers do not get energy. More than domestic and industrial needs, electricity is essential for agricultural development to energise pumps for irrigating land. In fact many villagers say that let government not do anything but supply energy and build all-weather pucca roads and we will develop on our own. We are tempted to agree to this plea. In retrospect, instead of wasting resources on questionable programmes for rural development, if the government had only connected the villages with pucca road and supplied electricity, the villagers would have found ways to improve production of crops, improved post-harvest methods, done better processing and sold their produce in markets where fair price was available. With increased income, they would have improved their living condition. The point is relevant even now. Let the government concentrate action in providing physical infrastructure to villages—roads, communication and electricity in particular.

Flood Protection

It is still largely true that in many villages agriculture is a gamble of monsoon. Agricultural operations start only when it rains and rains are erratic. It does not rain when the farmers need it, sometimes it rains too much or too little, causing flood and drought. Farmers cannot do anything on their own. In fact in North Bihar village, inspite of good soil and inspite of proficient farmers, they are languishing on account of flood and drought. In spite of several measures for flood protection, vast stretches of villages have to face the havoc of flood, destroying their standing crops and their life and property. We cannot conceive of rural development in such areas without protecting them from floods first. It is indeed a pity that Government has not been able to do much about it. It is true that this requires heavy investment and collaboration with Nepal. It is beyond the capacity of the State Government to do it alone. And oft repeated

grievance of the State that Centre has neglected it, is true at least, so far flood protection is concerned.

This holds good in respect of many other parts of the country and only a collaborative action on the part of States and Central Government can bear positive result. This is priority number one for rural development of flood ravaged areas. Perhaps rural development in such areas will get momentum once the people of these areas are flood free.

Drought

People in many villages are not able to rise above the bootstraps because of drought conditions. They cannot cultivate many crops and their productivity is low. Although several programmes for drought prone areas have been made but their impact is not significant because of half-hearted way in which such programmes are implemented. Indeed what is required is to educate them and train them in techniques of water management, in raising plants which can resist impact of drought, social forestry and non-farm activities. The programmes are not effective because people are not associated with formulation and implementation of such programmes. Conditions in the drought affected areas vary and a centralised programmes may not be effective. The programme has to be designed for each district individually in consultation with farmers.

Aquaculture

Any areas in the country have plentiful water resources—lakes, rivulets, ponds, chauras, nalas and different types of pools of water. Mostly these are unutilised for productive purposes. Aqua-culture as a way of occupation has not taken deep roots in the minds of the people. This has to be developed as a way of occupation for augmenting the income of village people. The technology of pisciculture has so much developed that substantial income can be raised by using water as base for production.

Besides there are several other products which can be grown in water. One very valuable such crop is 'Makhana' cultivation. People in North Bihar have been growing Makhana since ages but no scientific and modern cultivation practices have been introduced. Its production can be doubled and tripled if Makhana growers are trained in modern scientific cultivation. Makhana cultivation needs priority as a poverty alleviation programme because all Makhana growers are poor "Mallahs". At present while makhana price in Delhi and Bombay is over Rs. 200 per kg the makhana growers hardly get the rate of 10-20 rupees. This is because they cannot afford to have the wherewithal of processing it.

Kamalgatta and Singhara are other water products which need attention for raising productivity. Our agricultural institutes need to make research in exploring the possibilities of growing other products from water. Some water products like 'Doka' and 'Konkor' which were not considered of economic value earlier have received consumers preference in cities and fetch high price. Organised marketing for these products can substantially raise income of the poor rural producers.

Diversification of Occupation

Income of rural households is low because raising crop is the only means of their income. There has been lack of diversification of rural occupations but nothing much has happened as yet. First of all, farmers must respond to the changing demand pattern—from cereals to fruits and vegetables. By growing these crops they can obtain higher return per acre of cultivation. Many villages have substantial potential for growing papaya, guava, sharifa, chikoo, grapes, pineapple, lemon and several local varieties of fruits besides mango, jackfruit, banana, jamun, which have not attained commercial status. Earlier much stress was not given to it because of our concern for growing foodgrains. Times have changed and there is need for change in approach to agriculture.

Vegetable Farming

Most villages in the country have potential for growing vast varieties of vegetables. Even now vegetable growing farmers obtain much higher return per acre than crop growers. Earlier maximisation of crop yield per acre was considered as sign of improvement. Now the outlook has to be maximisation of income per acre. It is much more possible under vegetable farming.

With globalisation, opportunities for marketing are not confined to the local area and nearby city or for that matter the country alone but the whole world. Many of our horticultural products fetch much higher price in foreign markets and our farmers have to have this in mind while planning production. If mushroom cultivation can give them higher return why should they grow maize or wheat only?

Floriculture

One such possibility is planting flowers. Floriculture as a commercial proposition is a new thing for this country. But experience has shown that a farmer can obtain much higher return from cultivation of flowers than some food crop. There is need to make farmers aware of this possibility and educate them and train them in the technology of horticulture and floriculture.

It is said 78 per cent of agricultural holdings are small holdings, below one hectare in area. They are also called marginal farmers because they cannot produce the needed income to keep them above poverty line. The farmers either must raise their productivity or take to additional employment for supplementing their income. Both are possible. There are instances where farmers earn Rs. 30,000 per hectare by suitable mix of crops by using modern technology. While such possibilities exist they are not common. Therefore, two pronged attack on this issue is warranted.

Co-operative Farming

It is too naive to say that all marginal farmers can raise their income by adopting modern technology on their own, but surely

it will be possible to do it if they form co-operative farming society. It is indeed paradoxical why co-operative farming is not being done. The other alternative is capitalist farming when some big company takes such land on lease and cultivates it. If co-operative farming fails to come up the latter way will prevail.

There are several reasons why co-operative farming is not coming up. The main reason is prejudice against the concept that co-operative will dispossess them of their land. It is totally erroneous but it is the result of fierce controversy which arose on the eve of Abadi Congress. Some politically motivated big farmers created fear that it will lead to collectivisation.

It is pity that no serious thought has been given to it by anybody. The answer to low productivity of marginal holdings lies in enlarging the scale of farming where modern agricultural technology may be practised. Co-operative farming provides the answer. The real issue is to improve farming practices of small holding and there are wide varieties of co-operative farming to meet the requirement. Since good tilling of land is not possible by small land holders—co-operative farms will be tilled by tractors and other modern gadget which improve cultivation. There may be a type of co-operative farming which increases per acre yield without in any way infringing land-owner's right on their land.

Although there are all the convincing reasons that marginal farmers and small land-holders should adopt co-operative farming, but they are not catching up because of the reasons set out in the following paragraph.

None among the small farmers are willing to organise their fellows due to various suspicions and apprehensions about co-operative farming. A wrong impression pervades that co-operative farming means total pooling of land and a lurking fear exists that a farmer will have no control over the use of his land. Co-operative farming may be of many types from little farming societies to collective farming. Co-operative farming may be just "co-operative ownership of tools and gadgets", or "input supplies". There could indeed be numerous varieties of it and farmers in a particular place will opt for a form which suits them

for the time being. Enlightened farmers may have no difficulty in making a choice but the fact of the matter is that most of small and marginal farmers are ignorant about what cooperative farming societies are and how they can go about it.

What is needed for promoting co-operative farming is education to farm households about what it is and how it can benefit them. It is the job of the co-operative union to provide a pre-membership educational programme setting out the nature of various types of societies and how to adopt what is best. Since the Government wishes to promote co-operativisation it may also arrange pre-member and leadership development programme. Once this is done some leadership will emerge and members will form the type of co-operative farming society which suits their interest most.

Dairy Farming

Rearing cattle has been an inseparable part of rural households. There was a time when every household had a cow or a buffalo to meet their requirements of milk, curd and ghee. It was also a source of income for poor households. It has been recognised as a source of poverty alleviation. The prices of milk, dahi, ghee and other milk products is so high in urban areas that rural households can considerably boost up their income if they can sell their products in the urban market. It will not be possible for individual milk producer to do it. By forming a co-operative society of milk producers Amul charted a solution. Over the years due to extension of Amul type co-operative milk production and marketing has increased and there is evidence of White Revolution in the country. Its potentialities are tremendous and only a part has been tackled. In fact market supported dairy farming can be a good source of raising income of the households. There is lack of vigorous effort on this front. It need to be intensified.

Goat-Rearing

Like cattle, goat and sheep rearing has been in practice since ages. This has been done mainly by poor households. Since the

goats procreate every six months and produce 3 to 4 kids at a time it provides good opportunity to households to sell 8 to 10 goats in a year and generate good income therefrom. Demand for goat far exceeds supply and its potential as income earning proposition is not in vogue. This is very much possible in hilly areas where open grazing is available. Soaring demand for meat and zooming prices of goat makes it an attractive proposition for increasing income of rural households.

Poultry Farming

Poultry farming has proved to be a good source of additional income to poor rural households. This has not percolated in the measure desired for raising rural income. In fact every household can afford to keep a dozen or two of hens. The cost involved is also not much. Quite often domestic wastes suffice for its feed. A dozen of eggs every day will not only enable them to have nutritious stuff, but also fetch money for buying salt and spices, for which they have to spend cash by selling their foodgrains.

Eggs sell anywhere between Rs. 10 and 20 a dozen in the cities. The problem why poultry farming is not attracting many people is marketing eggs. Poultry keepers can collectively organise sale of eggs in the city and obtain fair price. Thus group marketing can do the trick. In many places co-operatives of egg producers have come up. Formation of co-operative eggs marketing society can generate this potential in many villages.

Honey Making

Honey production as a means of earning income has not at all been tapped for rural development. Bee hives can be seen in villages but they are on their own rather than man-made. The technology of honey production can be adopted by many households. Except for some initial capital investment, it does not cost in terms of input. Most households in the rural areas do keep some honey for medicinal and religious purposes but not as a consumption item. Honey as a product has many virtues and it fetches good price in the markets. Refined honey is sold at

Rs. 140 a kg. There has been no organised effort to popularise it among the rural households. A concerted action on this score can alleviate some rural households from poverty level. Once there are a number of households producing honey they may form cooperative honey processing and marketing society to obtain fair price of their products.

Women in Villages

The hard fact of rural backwardness has been the status of women in the villages. Most often they are not productive workers. And they constitute 50 per cent of the rural population. In reality even children are un-productive workers despite some assertions that all children are workers. Thus few male adults only have to do major income-earning pursuits.

It will be too facile to say that all rural women are not productive. How many women in a village work on a regular basis on wages or salaries depends on sociological composition of villages. Upper caste women as a rule don't work. Women of lower castes do work to supplement their husband's or father's income. It is also true that they cannot do many types of work which men do. Partly women don't work also because according to customs, they are not expected to mingle with men. Thus one of the main causes of rural backwardness is non-participation of women in productive activities.

Not much has been done to harness the women power of rural areas. That 50 per cent of the inactive labour will be activated for some gainful pursuit will make a big leap forward in the rural economy. Many women in villages possess many qualities—artistic skill inherited from generations. It is relevant here to point out the discovery of a French painter that women of Mithila have natural inherited skill in painting and thus came out the renowned Madhubani paintings. This skill is almost universal in all women of this area. Some women excel in weaving, sewing and designing.

One of the reasons for plentiful milk production in Kaira District is that milk production is looked after by women. This can be possible anywhere. Besides, in the diversified structure of

rural vocations—cattle management, poultry farming, bee keeping can well be done by women. Thus there is no dearth of vocations which women can successfully do.

How to harness the women power for productive work is the crucial question. It is socio-cultural problem. There is evidence that wherever women have freedom to move, face no inhibitions or the pressure of men, they make productive contribution as tribal women do. In certain parts of the country and in certain communities practice of *purdah* between men and women is the main obstacle in women doing outside work. Gandhiji advocated emancipation of women and inducted some women in the freedom struggle. Modernisation has brought out some women from the clutches of *purdah* but the problem is so deep that much needs be done to make entire village women force productive.

Community leaders and village leaders have to play a big role in it. Some of the schemes such as 30 per cent reservation in Gram Panchayat may not achieve the avowed purpose to make them productive.

A well provided *community centre for women* can be an effective measure for harnessing women power. Such centres will provide them opportunity to come out of the boundaries of their home and perhaps for the first time provide them opportunity of using sanitary lavatory and have a proper bath. The centre should be big enough to accommodate various training cum working opportunities. It may have recreation and sports complexes too.

It is only when women have full opportunities for free movement and freedom to do things that rural development will take place in the real sense. A well equipped community centre for women will be the starting point for this purpose. It will be the best investment which the government can make for rural development. It will be managed by women only. This should receive highest priority in our rural developments programmes.

Planning from Below

Decentralised or micro planning has often been stressed in the democratic planning process of this country for greater

effectiveness of planning. Regional planning/district planning has been suggested as a means for this purpose.

In the name of viability, decentralised planning has been conceived at district and block level. This ignores the basic feature of a village as a composite group of people. Village planning does not negate block or district planning. Village plans also will be an integral part of multi-level planning system linking micro with macro systems through a conjunctive approach.

A village as a unit of planning is required because of distinctive features of villages—resources, social structure and convenience in harnessing of resources and adoption of appropriate technology consistent with local heritage and skills available. Village planning will help in fulfilling local aspirations to an extent greater than district or block planning. It will enthuse village people working for their own betterment. One of the reasons why participation of people could not be enlisted was because many villages could not quite locate the relevance of a project for their benefit. Villagers' participation in planning and implementation exercise will be in terms of their own perception of their needs and priorities for the "felt needs" of the inhabitants of a village. It cannot be perceived by some remote experts sitting in State or National Capital, however enlightened such experts may be.

Village planning will ensure effective co-ordination of activities of different government departments. Rural development with local people's participation has been successfully accomplished in countries like China, Japan, South Korea and several other countries.

While district planning surely is a better step in decentralised planning, it may fall short of village planning. In fact it should be aggregation of village plans rather than an independent unit of planning. A district consists of several hundred/thousand villages (depending on the size of the district) and may be diverse in nature, in terms of natural endowments, sociological composition of the population, etc. In such a situation it will be no better than State planning. In the

name of administrative convenience and viability it will kill the very spirit of decentralised planning. While block may be a shade better, it also suffers from the same defects as the district planning.

Human Resources Development

There are numerous instances to show that despite meagre resources, Japan, South Korea and Taiwan have attained high rate of growth through judicious use of their human resources. Human resources with high levels of education and skills constitute their distinguishing aspect. How potent human resources can be, is illustrated by Germany and Japan, which were almost wholly destroyed during the Second World War and yet they were able to reconstruct their economies within two decades.

The poignancy of the matter can be realised from the fact that three decades ago South Korea and Taiwan were at the same level as India, with a per capita income of US \$ 80. But today their per capital income is \$ 6,000 to \$ 8,000 while India is lingering at \$ 350. Taiwan also holds second largest surplus of foreign exchange at \$ 80 billion, next only to Japan.

How and why has India been left behind when Indian people are most talented and industrious in the world? Indians have distinguished themselves in achievements in several countries of the world. Despite rich natural resources and talented manpower, it is inexplicable why India's growth rate is so low in comparison to their other Asian brothers. The explanation perhaps can be that India is not efficiently using its human capital. India has failed to mobilise, develop and utilise this vast natural resource.

As a development ideology and approach, the people of a country are the ultimate source of its productive apparatus, technological growth and economic achievements. It is the most basic resource in terms of knowledge, skills and innovation. Human beings are the source of all energy, intelligence, vision, drive and motive force for all development. The question is how to utilise it for productive purposes, how to fit them into an

institutional framework, so that productive potential of the people is harnessed for economic and social development. Institutions have to be shaped in such a way that each man expresses himself in his performance—excellence in achievement and commitment towards fulfilment of goals. Institutions provide opportunities for action and recognition. The relationship between individual and the institution is mutually re-inforcing and once this happens, socio-economic transformation takes off and goes higher and higher as it has happened in the case of our Asian neighbours.

The core factors which play key role in this process are the educational system, research organisations, financial institutions, service organisations and above all the government. Their combined effect will be upgradation of appropriate knowledge and technology, skills and abilities, values and vision, commitment and dedication and zeal and enthusiasm.

Human resource development means that millions of human beings do their best and try to improve their performance day by day in every sphere of society. Such continuous performance promotes innovation, increases productivity, generates more wealth and propels the economy to a high growth path. This happens when the government, industry, labour, academia strive together towards shared purpose and direction. This can happen when there is harmonious and purposeful co-operation. All of them need to pool together and deploy their collective knowledge, know-how, expertise and skills. This is how it happened in Japan and the Asian Tigers initiated the Japanese practice and forged ahead.

While illustrating Japan's phenomenal growth, the founder of Mahasahike stated "Only by drawing on the combined brain power of all its employees can a firm face up to the turbulence of today's business management. This is why our large companies give their employees three to four more times training than the Americans. This is why they foster within the firm such intensive exchange and communication. There is systematic relationship between individuals and institutions which is the ethos of human resource".

Earlier, it was capital which was emphasised for growth of production. Today it is human resource. Earlier, payment to employees was treated as cost to be minimised. Today cost of training is considered as investment. Human resource development has to be treated as a continuous process for enhancement of knowledge, skills and performance capabilities of the people. It is by developing human resource that organisations can attain competitive advantage.

Looking at the vast mass of human beings residing in rural areas idling their time, one feels convinced that rural development will grow to great heights if we focus our efforts for development of each individual living in rural areas. Let us switch on our energy for human resource development of the rural people on a sustainable basis.

Appendix 13.1

Human Capital*

In our times, it is evident that no strategy for economic development will be successful without the core content of social element in it. This social element necessitates a judicious use of human resources. An all-out national effort to enrich this human resource in all its aspects is precisely the investment in human capital. This investment, in turn, pays back rich dividends to enrich the social content in economic strategies leading to better and fuller economic development.

The concept of investing in human capital is not new to India. Our ancient literature is replete with references that ordain right from the family and individual households to the Shreshthis (businessmen and entrepreneurs) and to the King (or the State) to provide liberally and religiously for *Gurukuls* which were the schools and universities.

Today the importance of human capital in nation building is beyond question. Since the early 1970s, economists shifted their focus to the human agent in the process of production, particularly the quality of human capital. Now the liberalisation, modernisation and globalisation provide new dimensions to the economy and the competition is, to late, knowledge-based. It is in this context that the wealth of a nation is dependent on factors related to innovation and management of human capital and level of investment made for human resource development.

The capital in its financial terms cannot be substituted for knowledge. So, people and their knowledge are a vital factor in gaining a competitive edge in the world economy today. In view of this vital link between human resource development and economic progress, role of human resource or human capital assumes utmost significance.

*Speech delivered at the Panel Discussion organised by the FICCI on December 6, 1995.

This view is substantiated by the example of Asian economic giants who have achieved rapid economic growth, *viz.* Japan, Korea, Taiwan, Hong Kong and Singapore. These countries have relied more on development of human resources than the natural resources which they, incidentally, least possess.

When we view the status of investment in human capital in India, the picture that emerges today is not very encouraging. This state of affairs is attributable to many factors like large population, resource crunch, planning priorities, approach and attitude and so on. Nevertheless, a concerted national effort on the basis of dictum 'now, and now onwards' is the need of the hour.

A sizeable part of our population lives below the poverty line. Most of such people live in our villages and official estimates put them at 30 per cent of total rural population. This abject poverty brings in its wake problems of human depravity.

It is often lamented that India ranks very low in the global Human Development Index and that Central expenditure on Human Resource Development indicators i.e. education, health, economic services, housing, social welfare, etc. is about 17 per cent of our Gross National Product. A large number of statistics are cited to highlight this dismal picture.

All of us know that the Central Government made multi-pronged attack comprising of introduction of bold economic reforms, drastic cuts in expenditure and making available more resources for social development from savings as also from newly generated incomes.

If, we put together the outlays and efforts of different Ministries concerned with social inputs that constitute investment in human capital, the picture may not look as bleak.

The annual outlay of the Ministry of Rural Areas and Employment in 1992-93 was Rs. 5,000 crores but the initial annual outlay itself for 1995-96 was raised to Rs. 7,700 crores. Since then many innovative schemes have been launched. The outlay till November, 1995 came up to Rs. 8,230 crores. Paucity of funds will not be allowed to be a constraint for rural development. The total outlay for rural development in the

Eighth Plan was Rs. 30,000 crores. The Tenth Finance Commission has recommended an additional sum of Rs. 1,140 crores and this recommendation has been accepted.

To increase people's participation in the implementation process, we have brought about 73rd Amendment in the Constitution which arms the Panchayat Raj Institutions (PRIs) with constitutional status and more statutory powers. The PRIs have been so re-structured that they have now reserved statutory representation for weaker sections of society like Scheduled Castes, Scheduled Tribes, and, specially, our women-folk for whom nearly one-third seats have been statutorily reserved.

We had underlined the imperative need of providing employment avenues in the rural areas so as to (i) improve the standard of living, (ii) help in poverty alleviation and (iii) arrest the migration of rural youth to urban areas.

Our programmes provide wage employment and self-employment and two crores of mandays of employment have been generated in the rural areas. But what is more important is the Generation of Self-Employment in the rural sector. Self-employment provides a sort of permanent remedy to the problems of rural populace and in the process evaluates the inputs towards National Investment in Human Capital.

The Government is in this context implementing a programme called TRYSEM. This includes many schemes for training of rural youth in various vocations. We have made provision to include in the schemes, training for new technologies, and even management techniques.

We have also launched a scheme to set up mini-ITIs in all the Blocks in rural areas. These mini-ITIs will impart job-oriented training and undertake courses even in computers and other branches of modern technology.

The Panchayat Raj Institutions, the people's elected representatives and even the NGOs and voluntary agencies have been involved in identification of the sites and syllabi for the mini-ITIs as well as in the selection of trainees. Instructions have been issued to do away with the contract system and, instead, to

get various stages of work completed through the PRIs. The co-operation and participation of corporate sector would be welcome in this regard.

As you know, a beginning has already been made by restructuring of the Public Sector Undertakings and disinvestment from sick and less-productive segments. In a lighter vein it could well be said that we have even begun to be termed as anti-labour by some of our friends whose profession is trade union work.

The sense of urgency to achieve the objectives of developing primary education is evident from the fact that the District Primary Education Programme (DPEP) has now been moved away from the earlier schematic piecemeal approach and takes a holistic view of elementary education. There is emphasis now on decentralised management, community mobilisation, participative planning management and locally relevant curriculum and pedagogy.

There is a need today to evolve a suitable model to strengthen the linkage between educational institutions and the corporate sector in order to cater to the needs of industry. The present set up of education—especially the structure of technical education—offers adequate scope for evolving such a model. The new mini-ITIs being set up shall promote this further. What is, therefore, needed is that representatives of corporate sector, Government and educational institutions and also some experts should sit together to thrash out the outline of such a model.

The questions where we have faltered in harnessing and developing our human resources, and what can be done to create conducive conditions to provide opportunities for the trained manpower, are of deep concern.

Economic history bears ample testimony to the fact that those nations and economies progressed rapidly which adopted the changes and advancements with quicker grasp. The Union Government recognised the winds of change and, accordingly, restructured the approaches and brought about many reforms. The results are there for everyone to see. A sort of water-tight compartments between this sector and that sector used to slow and slacken our advancement earlier.

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