

State of Rural Development in India

Riya Sharma

Economics Lecturer at GNFC, Mussoorie

Abstract: The Rural Development in India has been realised as one of the most important factors for the growth of the rural economy. As majority of the population, around 65% of the people, live in rural areas, the prime goal of rural development is to enhance the wellbeing of common masses and their socio-economic empowerment by alleviating poverty through the instrument of employment programmes, by providing basic social services to the rural people specially education, health facilities, safe drinking water, electricity, road connectivity, rural housing, etc. In order to achieve this, planned attempts have been made by the Government of India (GOI) to alleviate rural poverty and ensure improved quality of life for the rural population especially those below the poverty line. A wide spectrum of programmes undertaken in the country so far like Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), National Rural Livelihood Mission, Swarnajayanti Gram Swarozgar Yojana (SGSY), Pradhan Mantri Gram Sadak Yojana (PMGSY), National Social Assistance Programme (NSAP) etc. have been overviewed in this article. Other than the programmes undertaken by the GOI, the paper also discusses the role and importance of various institutions and organisations proclaimed as the vehicles of socio-economic transformation in rural India like Panchayati Raj Institutions (PRI's), Micro Financial Institutions (MFI's), Value Chains, Services Cooperatives, Contract Farming, etc.

Keywords: Rural Poverty, Rural Development, Rural Development Programmes, Panchayati Raj Institutions MGNREGA, Micro Finance Institutions.

1. INTRODUCTION

India has the largest rural population in the world. Sixty-nine per cent of Indian population, i.e. 833 million people, lives in rural areas. The population of rural India is about 12% of the world population, which makes it bigger than the size of Europe. Most of the rural people remain engaged in farm related activities. Even with declining share in the total GDP, agriculture continues to engage around half the country's total workforce and over two-thirds of the rural workforce. Unemployment rate in rural India has increased by 2% in rural areas. As on January 1, 2010, the number of unemployed was 9.8 million. By January 1, 2012, it has increased to 10.8 million. The percentage of severely poor as a percentage of total poor declined from more than half in the 1980s to around one-third by 2010. But poverty is multidimensional. Using broader measures of human development, such as education, health and standard of living indicators, it is seen that it is still widespread in rural India. Studies have revealed that India is among the countries with high child malnutrition in the world. India ranked 108 out of 122 nations using Hunger Index, in 2011 (Annual Report 2013-14, MORD). According to Millennium Development Goals Report, 2015 (national estimates), India has achieved the target for reducing poverty by half; it is falling short of achieving the target for reducing hunger. Estimates from 2012 reveal that, over 270 million Indians continue to live in extreme poverty. Eradicating hunger is still a key challenge for India. It is a home to one quarter of the world's undernourished population, over a third of the world's underweight children, and nearly a third of the world's food-insecure people. Likewise, education among the rural children remains a concern. Though, India has achieved nearly universal enrolment in lower primary education, school attendance gaps persist among socio-economic groups. According to the MDG 2015 report, the country has achieved gender parity in primary school enrolment yet it is lagging behind on targets for primary school enrolment and completion. As per Annual Report 2012-13, for every 100 children who enrol in Class I, about 30 drop out before reaching Class V and more than 40 before reaching Class VIII.

On the health front, poor hygienic conditions cause high child mortality rate. The under-5 mortality rate in rural India was 56 per 1,000 live births in 2012 which is very high. The National Family Health Survey (NFHS-3) shows that the proportion of under-weight children below 3 year declined from 43% in 1998-99 to 40% in 2005-06. At this rate of decline the proportion of underweight children below 3 years is expected to reduce to 33% by 2015, which indicates India is falling short of the MDG target (MDG India Country Report 2015). Infant and child mortality rates are considerably higher in rural areas than in urban areas. In 2001-05, the infant mortality rate was 50 percent higher in rural areas (62) than in urban areas (42). The rural-urban difference in mortality is especially large for children in the age interval 1-4 years, for whom the rate in rural areas is twice as high as the rate in urban areas. In both the neonatal and post neonatal periods, mortality in rural areas is about 50 percent higher than mortality in urban areas (National Family Health Survey-3). In 1990, when the MDGs were formulated, 53.5 percent of all Indian children were malnourished. Since then, progress has been slow. In India, the proportion of underweight children below three years has declined marginally between 1998-99 and 2005-06 to 46 percent. In 2015, malnourishment declined to 40 percent. This is still below the target of reducing malnourishment to 26 percent (MDG 2015).

It is against this backdrop that the concept of Rural Development has attracted the attention of government and international agencies, NGO's and social organisation because national development depends on the development of rural areas. Rural Development means the utilization, protection and enhancement of the natural, physical and human resources needed to make long-term improvements in rural living conditions. Rural development comprises, among others, enhancement of wellbeing of common masses and their socio-economic empowerment. This includes their greater access to basic social services, specially education, health, safe drinking water etc, and to productive employment and also their participation in local governance and decision- making. Therefore, to accelerate the pace of rural development, apart from agricultural development, development of education, health and other social sector infrastructure, governing institutions and evolvement of appropriate policy formulation are necessary.

Thus this paper tries to analyse the state of rural development in India and also the various rural development schemes that the Ministry of Rural Development, GOI has initiated in the recent past. It also discusses the various institutions and organisations other than the market that can accelerate the pace of rural development by achieving a proper resource allocation and maximum social welfare.

Objectives of Rural Development:

Ideally, rural development is accomplished through the coordinated use of available natural, human, technical and financial resources in the partnership with national, state and local entities on initiatives for improving the conditions for citizens of rural areas. The term rural development implies overall development of rural areas with a view to improve the quality of life of rural people. Rural Development is a process in which typically large numbers of stakeholders are involved from different sectors of a society.

The fundamental objectives of rural development are:

- To expand the range of economic and social choices available to individual and nation
- To provide certain social goods and services in terms of social and economic infrastructure
- To raise the level of living through the provision of more jobs and better education with greater attention to cultural and humanistic value.

2. RURAL POVERTY

Rural poverty results from lack of assets, limited economic opportunities and poor education and capabilities, as well as disadvantages rooted in social and political inequalities (IFAD 2011).

Despite the historic shift towards urbanization, poverty remains largely a rural problem, and a majority of the world's poor will live in rural areas for many decades to come. (Ravallion, Chen and Sangraula (2007). Of the 1.4 billion people living in extreme poverty (defined as those living on less than US\$1.25/day) in 2005, (United Nations, 2010) approximately 1 billion – around 70 per cent – lived in rural areas. In East Asia the rural share of total poverty has been reduced to just over 50 per cent, and in Latin America and the Caribbean, and the Middle East and North Africa, the most

urbanized regions, a majority of the poor now live in urban areas. In South Asia, South East Asia and sub-Saharan Africa, by contrast, over three-quarters of the poor live in rural areas, and the proportion is barely declining, despite urbanization (Rural Poverty Report 2011). South Asia has by far the largest number of poor rural people (over 500 million), though in sub-Saharan Africa, where the numbers are increasing, there are now some 300 million poor rural people. Among the 1.4 billion people living in extreme poverty, there is a significant group, sometimes known as the 'ultra-poor', who are well below the poverty line. According to the International Food Policy Research Institute (IFPRI), there were half a billion people living on less than US\$0.75 a day in 2004. Around 80 per cent of these people lived in sub-Saharan Africa and South Asia.

More than 400 million people in India still live in poverty, accounting for one third of the world's poor (Eleventh National Development Plan). About 70 per cent of India's population lives in rural areas with about 26 per cent of rural people living in poverty, compared with about 14 per cent of the urban population. Poverty remains a chronic condition for almost 30 per cent of India's rural population (IFAD). Agricultural wage earners, smallholder farmers and casual workers in the non-farm sector constitute the bulk of poor rural people. Within these categories, women and tribal communities are the most deprived. High levels of illiteracy, inadequate health care and extremely limited access to social services are common among poor rural people. Some 20 million rural households are reported to be landless, while millions more have insecure rights to their land. Young people in rural areas are forced to migrate seasonally or permanently, without the skills and competencies required by India's rapidly modernizing economy (Rural Poverty Report, 2011).

Although the country saw strong economic growth in past years, poverty levels did not decline proportionately – and the overall rate of growth has decreased recently. Poor rural people continue to live with inadequate physical and social infrastructure, poor access to services, and a highly stratified and hierarchical social structure, characterized by inequalities in assets, status and power (IFAD). Another marked feature of rural poverty is its growing regional concentration in States like Jharkhand, Bihar, Assam, Odisha, Chhattisgarh, Madhya Pradesh and Uttar Pradesh where the proportion of the poor far exceeds their share of population. In 1993-94, nearly 50 per cent of India's rural poor lived in these states. This figure rose to 63 per cent in 2009-10 and 65 per cent in 2011-12 indicating increasing concentration in these states caused mainly by reduction in the number of rural poor in other States (Annual Report 2013-14, MORD).

A major cause of poverty among India's rural people, both individuals and communities, is lack of access to productive assets and financial resources. Unchecked population growth, shortage of land, fragmentation of land, inequitable distribution of income in the country and growing casual or unemployed labour force have all combined to increase rural poverty (IFAD). Rural, Agriculture and Microenterprise development, which could generate income and enable poor people to improve their living conditions, has only recently become a focus of the government.

3. REDUCTION OF RURAL POVERTY THROUGH RURAL DEVELOPMENT

The issue of rural development should not be just discussed in terms of reduction of rural poverty but also needs to be recognised that it also refers to a broad development of rural areas, in a way that provides a good quality of life (in terms of shelter, access to schools, health facilities, clean water, electricity, affordable fuel for cooking and heating, human rights, safe from conflicts, etc.) and sustainable agriculture development. Rural development also deserves priority for maintaining self-sufficiency in food supply (Rural Development Report, 2013). India's food security is under severe threat because of the growing population. No doubt, it has tripled her food production over the last four decades, to reach the present level of 195 million tons/year. However, with over 1.8% annual birth rate, our growing population is bound to raise the annual demand for food to 250 million tons by 2010 A.D. As food security is a pre-requisite for economic progress, agro based rural development deserves attention (Narayan. C. Hedge). Hazell(1999)also notes that there is a continued need for agriculture growth in developing countries to alleviate poverty and address food security issues and must maintain sustain the natural resource base. Thus the government must ensure that all these issues are addressed in a broader development perspective to achieve the goal of rural development in a country like India.

Institutions and Organisations for Rural Development:

Due to market failures and missing markets, market forces alone will not result in best possible rural development. That is why we need alternative institutions to in order to achieve possible resource allocation and maximum social welfare. The various alternative institutions are discussed below:

1. State:

The next most important institution after market is State. Optimal government intervention in rural areas is highly required as it will help in providing public goods and services, creating an egalitarian society, creating rural-urban balance, and may possibly also help in shortening the gestation period of development.

2. Service Cooperatives:

In order to improve the bargaining capacity of small scale farmers for better prices and terms of trade for their produce, it is beneficial for them to organise into Service Cooperatives. This will enable them to have more market power as against the strong and manipulative middleman. Moreover by consolidating their sell and purchase, they can even benefit from economies of scale on storage, transportation, marketing, etc. Service cooperatives provide members with specialized services, such as ginning, hulling, and horticultural advice, which are usually not economical for an individual farmer to obtain. Poor and marginal farmers can even benefit from such service cooperatives as they tend to provide tractors, threshers, etc. on rent. Additionally efficient service cooperatives easily extend credit at low transaction cost to its members.

3. Value Chain and Contract Farming:

Value Chain, in agricultural products, involves the value added generated and the interlinked activity performed from the time an agricultural product is produced, on farm, and until it reaches the mouth. Many current global policies propose that farmers can get out of poverty by being better linked to markets. Many professionals think that improving conditions along the whole chain stimulates farmers to become more entrepreneurial and gain a better income (**Victor Attuguaye Clottey, Gertian Bex**).

4. Micro Finance Institutions (MFI's):

The achievement of rural development, in face of vicious cycle of poverty which is very common in rural areas, is unthinkable without access to finance. But the formal financial market, which does not exist in rural areas, is not in position to supply the necessary finance to rural population.

To deal with the challenge, innovative institution is proposed in the form of Micro Finance Institutions (MFI's). This institution is created by taking the strong sides of both the formal bank and the informal money lender i.e. the capacity to raise savings and the capacity to reduce the transaction cost respectively.

Micro Finance Institutions can be defined as an institution that aims to provide credit support in small doses along with training and other related services to people who are not only resource poor but are unable to undertake economic activities. The main objective is to bring about socio-economic upliftment of rural poor by providing them income generating assets through a mix of bank credit and governmental subsidy.

However, MFI cannot solve the financial problem of each and every rural poor. First, the poorest of the poor have less chance of being selected as a group member. Therefore it means that the benefit of MFI will occur to the average poor but not to the poorest of the poor. Secondly, in areas with low social capital, group lending will come out to be very effective. Thirdly, if risks are unavoidable and systematic in nature, then group lending will not be able to reduce the risk of lending.

5. Warehouses:

Due to lack of proper storage facility, small scale farmers tend to lose significant portion of their output due to spoilage, rodents and insects. To avoid this problem, the only option left for small scale farmers is to sell their output just after the harvest. When large number of small scale farmers sell their grain just after the harvest, market price collapses.

To solve this warehouse problem, a warehouse provider can charge very low fee to provide storage facility to small scale farmers. Given the existence of dimensional economies of scale in storage, large storage facility is much cost effective than small scale storage facility. The warehouse receipt which the farmers receive for storing their grains in a certified warehouse can be used as collateral in accessing bank loans at discount base. This will also solve the problem of credit constraint of small scale farmers. But again it cannot solve all the credit and storage problems of small-scale farmers in rural areas.

6. Commodity Exchange:

Farmers so far dependent only on Minimum Support Price for remunerative prices for their produce now have an option for hedging risks against price fluctuations with the setting up of multi commodity exchanges in the country. The commodity exchanges would enable buyers and sellers of agriculture produce to deal efficiently on a common market platform. The existence of commodity exchanges will also enhance farmers' bargaining power at the local mandis as they will now be more aware of the market price, both futures and spot prices. Such exchanges would also ensure remunerative prices for the farmers for their produce.

India is traditionally an agricultural economy and fluctuation in prices during the harvesting period has always been a major concern for the farming community. Futures trading have emerged as a viable option for providing a greater degree of assurance on the price front. For instance, a farmer growing soybean is exposed to the risk of fall in prices when his harvest comes out. Using futures market, he can sell the soybean contract today at the futures platform and lock in the price which could eliminate his risk of price fluctuations.

According to a study by the Tata Institute of Social Sciences conducted in association with the Multi Commodity Exchange (MCX), the growth of commodity futures market in India has helped farmers dismantle powerful trading cartels in potato and mentha (mint) oil. The study also showed that with risk management on futures market platform, a number of producers have survived the high price volatility arising out of post-2008 global financial crisis. Farmers indirectly benefit by commodity exchanges. They will get an idea of prevailing market prices in the future and spot price from exchange terminals and can sell their produce in upcountry markets. Even if the price crashes, the farmers are at an advantageous position as they have the protection of futures contract of their produce. The commodity exchange will reduce problems related to high search cost, high contract cost, high storage cost, lack of finance and high screening cost. Moreover, it will also reduce the information cost, by collecting and disseminating market and industry level information to the general public, at much low fee.

Institutions with low level of failure should have a leading role and other institutions have to take complementary role, to fill the gap of the leading institution. This will not only help in accelerating the pace of rural development but will also be beneficial for the overall growth in the country.

4. STRATEGIES AND PROGRAMMES IMPLEMENTED BY THE GOVERNMENT OF INDIA FOR RURAL DEVELOPMENT

The rural economy is an integral part of the overall Indian economy. As majority of the poor reside in the rural areas, the prime goal of rural development is to improve the quality of life of the rural people by alleviating poverty through the instrument of self-employment and wage employment programmes, by providing community infrastructure facilities such as drinking water, electricity, road connectivity, health facilities, rural housing and education and promoting decentralization of powers to strengthen the Panchayati raj institutions etc. India's 12th Five-Year Plan (2012-2017) aims to reverse the slowdown in economic growth in the short term and return to higher, more inclusive growth in the longer term. The plan sets ambitious targets for rural infrastructure and aims for an annual growth rate of 4 per cent in the agriculture sector. Noting that management of water resources is a major challenge and that agriculture accounts for 80 per cent of water use, the plan also envisions a shift to more water-efficient farming practices. Rural development programmes cover employment through the Mahatma Gandhi National Rural Employment Guarantee Act and the National Rural Livelihoods Mission, housing via the Indira Awaas Yojana and other State schemes and bank support, sanitation through the Total Sanitation Campaign, provision of drinking water via the National Rural Drinking Water Programme, social security through the National Social Assistance Programme, watershed development via the Integrated Watershed Management Programme, road connectivity through the Pradhan Mantri Gram Sadak Yojana and electrification via the Rajiv Gandhi Grameen Vidyutikaran Yojana (Ministry of Rural Development).

Several important policies, strategies and acts enacted by the Government of India to provide the framework for agriculture, forestry, rural development and tribal development are described as follows:

International Journal of Novel Research in Marketing Management and Economics

Vol. 2, Issue 3, pp: (130-144), Month: September-December 2015, Available at: www.noveltyjournals.com

Sansad Adarsh Gram Yojana (SAGY):

This is a rural development programme broadly focusing upon the development in the villages which includes social development, cultural development and spread motivation among the people on social mobilization of the village community. The programme was launched on 11 October 2014.

The main objectives of SAGY are:

- To trigger processes which lead to the holistic development of the identified Gram Panchayats
- To generate models of local level development and effective local governance which can motivate and inspire the neighbouring Gram Panchayats to learn and adapt.
- To substantially improve the standard of living and the quality of life of all sections of the society through improved basic amenities, higher productivity, wider social mobilisations, etc.

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA):

The MNREGA is the flagship programme of the Government which was implemented by the Ministry of Rural Development on February 2, 2006. It aims at enhancing the livelihood security of the people in rural areas by guaranteeing hundred days of wage employment in a financial year, to a rural household whose members volunteer to do unskilled manual work. The objective of the Act is to create durable assets and strengthen the livelihood resource base of the rural poor.

Key Achievements since inception:

The key achievements of the programme in the last nine years of its implementation are:

- Since its inception in 2006, around `1,63,754.41 crores has been disbursed directly as wage payments to rural worker households.
- 1,657.45 crore per son-days of wage employment has been generated.
- On an average, five crore rural households have been provided with wage employment each year since 2008.
- Scheduled Castes and Scheduled Tribes participation has been 48 per cent till 31st March, 2014.
- Women have accounted for 48 per cent of the total person-days generated. This is well above the mandatory 33 per cent as required under the Act.
- Since the beginning of the programme, 260 lakh works have been taken up under the Act.
- Average wage per person-day in the FY 2013-14 was `132.59 which is double the average wage rate paid in FY 2006-07. The notified wage today varies from a minimum of `153 in Meghalaya to `236 in Haryana.

Outcomes during the Financial Year 2013-14:

The outcomes of programme implementation in the financial year 2013-14 are as follows:

- **Employment Generated:** In 2013-14, 4.76 crore households were provided employment and 217.66 crore person-days of employment were generated.
- **Increasing Outreach to the poor and marginalized:** Self targeting in nature, the programme had high work participation from marginalized groups like SC/ST (40%), Women (53%).
- **Strengthening Natural Resource Base:** In 2013-14, 138.49 lakh works were undertaken, of which 37% were for water conservation, 12% were for the provision of irrigation facilities on land owned by SC/ST/BPL and IAY beneficiaries, 11% were for rural connectivity and 5% were for land development.
- **Financial Inclusion of the Poor:** With a view to universalising the system of wage payments through institutional accounts, it has been recommended to all States to disburse wages through Post Office or Bank Accounts. Around 9.38 crore bank and post office accounts of workers have been reported on MGNREGA soft for disbursement of wages.

International Journal of Novel Research in Marketing Management and Economics

 Vol. 2, Issue 3, pp: (130-144), Month: September-December 2015, Available at: www.noveltyjournals.com

In order to optimise the multiplier effects of MNREGA, the Ministry has set up a Task Force to look at the possibility of convergence of programme like National Horticulture Mission, Rashtriya Krishi Vikas Yojana, Bharat Nirman, and Watershed Development with MNREGA. These convergence efforts will add value to MNREGA, works and aid in creating durable efforts and enable planned and coordinated public investments in rural areas.

Table 1: The MGNREGA Outcomes FY 2013-14

S. No.	States	Employment Generated				Average Person days per Household
		Person days in Lakhs				
		Total	% of SC participation	% of ST participation	% of Women participation	
1.	Assam	314.04	6.00	20.82	26.01	24
2.	Bihar	940.97	26.86	1.95	30.63	42
3.	Chattisharh	1294.85	8.92	39.81	48.53	52
4.	Haryana	128.87	50.70	00.00	36.86	36
5.	Jammu and Kashmir	365.56	5.80	15.28	19.88	51
6.	Madhya Pradesh	1387.58	18.82	28.54	42.41	42
7.	Rajasthan	2203.33	19.65	24.22	68.95	51
8.	Uttar Pradesh	1411.85	33.73	1.04	19.70	35
Total		21766.12	26.63	17.10	52.90	46

Source: Rural Development Report, MRD 2013

National Rural Livelihoods Mission (NRLM):

The Government has launched National Rural Livelihoods Mission, subsequently renamed as *Aajeevika* on 3rd June, 2011. It aims at mobilising all rural households into Self Help Groups (SHG's) in a phased manner and provides them long term support to attain an appreciable increase in income over a period of time quality of life and come out of abject of poverty. NRLM also aims at supporting all women SHG's of the poor, including those promoted by other state agencies and Non Government Organisations (NGO's). With a view to make SHG movement more effective, NRLM was strengthened in May, 2013. Some of the features of this scheme are given below:

- 25% of NRLM allocation is earmarked for Skill Development and placement support component which seeks to build the skills of the rural youth and place them in relatively high wage employment sectors of the economy.
- So far 28 states (all states except Goa) and 1 union territory (Puducherry) has transited to NRLM. The implementation has started in 251 districts, 1787 blocks of the country and so far 1, 32,493 Self Help Groups have been promoted.
- During 2013-14, NRLM implementation commenced in 261 new blocks, making the cumulative NRLM footprint to 1303 blocks. It has entered 32,573 villages spread across these blocks. NRLM has supported additional 2.92 lakh SHGs (either newly formed or strengthened) during the year. Further, NRLM has provided funds amounting to `204.56 crore to the SHGs/Federations during 2013-14.

Table 2: Footprint of NRLM in FY 2013-14

Category	Progress in FY 13-14	Cumulative progress
Blocks entered	261	1303
Villages entered	52573	97391
SHGs formed/strengthened (in Lakh) *	2.92	19.3
Capitalization amount disbursed (in ` Crore)**	204.56	264.75

*Includes blocks under Externally Aided Projects (EAP)

**Excludes EAP blocks

Source: Ministry of Rural Development

State wise details of the credit disbursed to SHG's for the years 2011-12 and 2012-13 are given below:

Table 3: Credit (SHG Bank Credit) Disbursed to SHG's (in lakhs)

S.No.	States	2011-12	2012-13	Credit Linkage Target(FY 13-14)
1.	Madhya Pradesh	95.44	137.96	395
2.	Uttar Pradesh	445.41	450.98	948
3.	Chattisgarh	92.58	70.13	224
4.	Bihar	398.61	222.01	670
5.	Jharkhand	127.41	75.36	214
6.	Odisha	540.98	473.28	909
7.	Jammu & Kashmir	8.04	8.44	14
Total		16551.44	205.68	2991.25

Source: Ministry of Rural Development

Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU- GKY):

It is a Placement Linked Skill Development Scheme for rural youth who are poor. This initiative is a part of the NRLM. It has its origin in the wage employment linked Special Project for skilling component of Swarnajayanti Gram Swarozgar Yojana (SGSY) which was subsequently renamed as Aajeevika skills when SGSY was converted as NRLM. It is an important component of the National Skill Development Policy. As a poverty alleviation initiative, DDU-GKY proposes to make skill acquisition aspirational amongst the rural poor and thereby helping to create a highly skilled and productive workforce.

Against an annual target of 2.10 lakh candidates during 2014-15, a total of 46,918 candidates have been trained and a total of 23,001 candidates have been placed in regular jobs.

A total of Rs 538.80 cr. has been released for implementation of projects under DDU-GKY in the period from 1st April 2014 till 30th November, 2014.

Pradhan Mantri Gram Sadak Yojana (PMGSY):

Government of India, as a part of poverty reduction programme, launched the Pradhan Mantri Gram Sadak Yojana (PMGSY) on 25th December, 2000 as Centrally Sponsored Scheme to assist the States. The primary objective of the PMGSY is to provide connectivity to all the eligible unconnected habitations of more than 500 persons in the rural areas by good quality all-weather roads

PMGSY II: PMGSY II was launched in May, 2013 and envisages consolidation of the existing Rural Roads Network to improve its overall efficiency as a provider of transportation services for people, goods and services.

During the 12th Five Year plan, upgradation of 50,000 km road length at an estimated cost of Rs. 33,030 crore is proposed to be covered.

With a view to strengthen the quality of material and workmanship used in the construction of PMGSY roads, the Ministry of Rural Development has released Rs. 33.75 crore during the financial year 2014-15 for the procurement of Lab/Survey equipments to 27 states.

State wise details of outcome targets and achievements during the year 2013-14 upto March, 2014 have been given below:

Table 4: Pradhan Mantri Gram Sadak Yojana- Outcome Targets and Achievements during 2013-14

S. No.	State	Length(km)		No. of Habitations		Expenditure upto Mar'14 Rs. In Cr.
		Target for 2013-14	Length completed upto Mar'14	Target for 2013-14	Habitations connected upto Mar'14	
1.	Assam	650	958	160	257	699.01
2.	Bihar	2800	2637	730	901	1685.37
3.	Chhattisgarh	1900	1292	235	896	713.58
4.	Jammu & Kashmir	1295	892	100	143	534.01
5.	Odisha	3460	3063	400	700	1605.72
6.	Madhya Pradesh	3350	3006	400	411	1393.07
7.	Rajasthan	1580	2290	184	579	718.35
8.	Uttar Pradesh	2320	1110	130	0	824.25
Total		27000	25316	3500	6560	13095.29

Source: Ministry of Rural Development

Rural Housing- Indira Awas Yojana (IAY):

Initiated in 1985-86, the *Indira Awas Yojana* is the core program for providing free housing to families in rural areas. It targets scheduled castes (SCs)/scheduled tribes (STs), households and freed bonded labourers. The rural housing program has certainly enabled many BPL families to acquire pucca houses.

Rural Housing is one of the components of Bharat Nirman, which was launched in 2005 as a time bound action plan for rural infrastructure. In phase I of Bharat Nirman 60 lakh houses were to be constructed under IAY (in the period 2005-2009). Against this, 71.76 lakh houses were constructed with an expenditure of `21720.39 crores. In phase II of Bharat Nirman (2009-14) the target was fixed at 120 lakh houses under IAY. Against this target, 121.31 lakh houses have been constructed with an expenditure of `62042.25 crores. The coverage of the beneficiaries has been limited given the resource constraints. State wise physical progress for the year 2013-14 is given below:

Table 5: Indira Awas Yojana- State wise Physical Progress 2013-14

S. No.	States	Houses Completed	% of Target Achieved
1.	Assam	62390	44.98
2.	Bihar	275869	45.56
3.	Chhattisgarh	21281	44.33
4.	Jammu & Kashmir	429	2.69
5.	Jharkhand	45347	67.53
6.	Madhya Pradesh	46896	41.52
7.	Uttar Pradesh	147742	49.71
Total		1562611	62.99

Source: Rural Development Report, 2013

Total Sanitation Campaign (TSC):

The TSC was launched in 1999 as a demand-driven, community-led programme with major IEC inputs to make sanitation a felt need of the people. The TSC has been able to accelerate sanitation cover- age from 22 per cent as per the 2001 Census to 31 per cent in 2011, with over 28,000 PRIs becoming 'Open Defecation Free' (ODF).

The progress of the campaign remains far from satisfactory. Open defecation by around 600 million people is our biggest national shame. Latest Census data reveals that the percentage of households having access to television and telephones in rural India in 2011 exceeds the percentage of households having access to toilet facilities and tap water. Access to household amenities in ten worst performing States in terms of toilet facilities in rural India in the year 2011 (percentage of rural households) is given below:

Table 6: Access to Household Amenities in Worst Performing States in Terms of Toilet Facilities in Rural India, 2011 (Percentage of Rural Households)

Rank (Worst as 1)	State	Toilet Facilities	Tap Water	Telephone
1	Jharkhand	7.6	3.7	38.7
2	Madhya Pradesh	13.1	9.9	36.4
3	Odisha	14.1	7.5	33.6
4	Chhattisgarh	14.5	8.8	21.2
5	Bihar	17.6	2.6	53.5
6	Rajasthan	19.6	26.9	66.2
7	Uttar Pradesh	21.8	20.2	63.6
8	Tamil Nadu	23.2	79.3	66.3
9	Karnataka	28.4	56.4	62.6
10	Andhra Pradesh	32.2	63.4	54.8

Source: Census of India, 2011

A study, supported by UNICEF in 2008 revealed that in 56 per cent of NGP Gram Panchayats 70 per cent families were still defecating in the open and only 6 of the 162 NGPs had been able to sustain the NGP status. In a study for the Ministry of Drinking Water and Sanitation, the Centre for Media Studies (2010) found that the key factors explaining the gap between access to and usage of sanitation facilities were poor quality of construction and unfinished toilets, a major reason for which was the very low incentive provided under the TSC. The percentage of households with no latrine facilities in rural India in 2011 is given below:

Table 7: Percentage of Households with No Latrine Facilities in Rural India, 2011

S. No.	State	2011	2001
1.	Jharkhand	92.4	93.4
2.	Madhya Pradesh	86.9	91.1
3.	Odisha	85.9	94.8
4.	Chhattisgarh	85.5	94.8
5.	Bihar	84.2	86.1
6.	Rajasthan	80.0	85.4
7.	UP	78.2	85.4
8.	Tamil Nadu	76.8	85.6
9.	Andhra Pradesh	69.8	81.9
10.	India	69.2	78.1

Source: Census of India, 2011.

One of the limitations of the TSC is the narrow range of technology options offered in a country with such immensely diverse geographic, hydrologic, climatic and socio-economic conditions (high water table, flood prone, rocky ground, desert/water scarce areas and extreme low temperatures). This has led to many problems, including non-acceptance by local communities, water pollution especially in shallow water table regions, and waste of public funds. There is need to

broaden the ranges of models permissible under TSC. Finally, the absence of a dedicated implementation agency at either the State/district or GP level, to implement TSC has emerged as a major bottleneck affecting quality of outcomes.

National Social Assistance Programme (NSAP):

National Social Assistance Programme (NSAP) is a Centrally Sponsored Scheme with focus on Social Security/Social Welfare, applicable to old aged, widows, disabled persons and bereaved families on death of primary bread winner, belonging to below poverty line households. NSAP at present comprises five sub-schemes namely i.e. Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Indira Gandhi National Widow Pension Scheme (IGNWPS), Indira Gandhi National Disability Pension Scheme (IGNDPS), National Family Benefit Scheme (NFBS) and Annapurna Scheme. The schemes of NSAP are implemented in both rural and urban areas. The total coverage of beneficiaries under the scheme of NSAP as on 14.10.2014 is 275 lakh, which was 216 lakh in the year 2009-10.

- In July 2013, Direct Benefit Transfer (DBT) was launched in 121 pilot districts of the country covering 26 States / UTs. The bank accounts of beneficiaries are being brought under DBT so that the pension is directly transferred to the account of the beneficiaries by the disbursing office. As per NSAPMIS, Direct Transfer of pensions into accounts of pensioners, as on 31 March, 2014 was ₹213.89 crore, and the number of pensioners was 35.35 lakh.
- Further, as on 31st March, 2014, digitization of 92% of the beneficiaries’ database has been completed, out of which, 45% of the beneficiaries have accounts in bank and 34% of the beneficiaries have accounts in post office. A total of 14.34 lakh beneficiaries are having Aadhaar number out of which 46.36% beneficiaries have linked their Aadhaar number with bank accounts and 36.42% beneficiaries have linked their Aadhaar number with post office account.

Physical Achievements: Total number of beneficiaries reported by all the States/UT’s, for the year 2014-15 is as follows:

Table 8: Total number of beneficiaries under NSAP, 2014-15

IGNOAPS	IGNWPS	IGNDPS	NFBS	ANNAPURNA
1,84,27,379	57,13,859	9,51,819	1,51,651	4,19,811

Source: http://rural.nic.in/netrural/rural/sites/online_eBook/MORD.html#p=60

Financial Progress: The total outlay for the year 2014-15 is Rs 10,635 crore. The scheme-wise release and expenditure reported by all the States/UT’s for the year 2014-15 is as follows:

Table 9 Scheme- wise release and expenditure under NSAP, 2014-15

IGNOAPS		IGNWPS		IGNDPS		NFBS		ANNAPURNA	
Released	Exp. Reported	Released	Exp. Reported	Released	Exp. Reported	Released	Exp. Reported	Released	Exp. Reported
3425.10	3077.85	1509.65	1021.68	273.22	151.22	451.67	251.52	37.87	7.52

Source: http://rural.nic.in/netrural/rural/sites/online_eBook/MORD.html#p=60

Land Reforms:

Computerisation of Land Records (CLR) and Strengthening of Revenue Administration and Updating of Land Records (SRA & ULR) are two centrally sponsored schemes that are administered by Land Reforms Division in the Department of Land Resources. In 1987-88, SRA &ULR was introduced in Odisha and Bihar. The Scheme aims to remove the problems inherent in the manual systems of maintenance and updating of land records and to meet the requirements of various groups of users.

Provision of Urban Amenities to Rural Areas (PURA):

PURA aims to provide urban amenities and livelihood opportunities in rural areas to bridge the

Rural–urban divide in the Indian society. The pilot phase of PURA was implemented from 2004–05 to 2006–07, with a total budget of ₹30 crores. The implementation of the pilot phase did not yield the desired results, thus a restructured PURA was launched in the Eleventh Plan as a demand-driven programme through Public–Private Partnership (PPP) between Gram Panchayats and private sector partners.

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

CAPART was formed by amalgamating two agencies the 'Council for Advancement of Rural Technology' (CART) and People's Action for Development India (PADI). CAPART is an autonomous body registered under the Societies Registration Act 1860, and is functioning under the aegis of the Ministry of Rural Development, Government of India. Today, this agency is a major promoter of rural development in India, assisting over 12,000 voluntary organisations across the country in implementing a wide range of development initiatives.

Plan Outlay for the 12th Five Year Plan (2012-17):

The tentative Gross Budgetary Support (GBS) for the Ministry of Rural Development for the Twelfth Five Year Plan (2012–17) is ₹4,43,261 crore. Out of this, about 85 per cent is for the flagship programmes implemented by the Department of Rural Development, that is, Mahatma Gandhi National Rural Employment Guarantee Act (₹1,65,500 crore), Indira Awas Yojana (₹59,585 crore), Pradhan Mantri Gram Sadak Yojana (₹1,24,013 crore) and National Rural Livelihood Mission (₹29,006 crore).

5. MAJOR CHALLENGES FOR RURAL DEVELOPMENT IN INDIA

Rural India is faced with multiple developmental challenges. The critical ones are mentioned below:

- 1. Low Contribution in GDP:** Problem of Unemployment, Underemployment and Seasonal employment, Low Productivity in agriculture and allied Sectors have all contributed to low contribution in GDP.
- 2. Untapped Emerging Opportunities for livelihood:** There exists lack of conducive environment for entrepreneurship. 54% of India's population is below 25 years and most of them live in rural areas with very little employment opportunities. Privatization concept is useful for rural development, but the government is not paying much attention to this aspect.
- 3. Lack of Infrastructure:** The financial, manpower and managerial resources devoted to the implementation of rural development programmes are utterly inadequate. The problem of poor connectivity, marketing infrastructure, lack of power, educational institutions, transport, storage facility and other facilities still exists in the rural economy.
- 4. Inadequacy of Credit:** This includes lack of financial inclusion, inaccessibility to credit, high lending rate by MFI and informal source of finances.
- 5. Poverty trap:** Low level of skill and development leads to the problem of low productivity and unsustainable income which is the main peculiarity of rural India.
- 6. Inadequate Social Security System:** There is low coverage and assistance under the National Social Assistance Programme (NSAP)
- 7. Agriculture related problems:** Poor marketing facility, insufficient extension staff and services, small size of land holding, division of land, unwillingness to work and stay in rural areas, low capacity to invest, small and marginal farmers, etc.
- 8. Social and Cultural problems:** Observance of rituals, lack of rational decisions in economic matters, spending huge amounts of money on marriage, birth or death ceremonies, prevalence of the caste system and the joint family system in the rural areas and illiteracy are some of the factors which arrest the rural development in India.
- 9. Leadership related problems:** The political parties have a vital role to play in rural development. But unfortunately this role has not been effectively realized by any democratic political party so far. The political parties, today, are guided more by party interests rather than by national interests.

6. CONCLUSION

Despite massive progress in reducing poverty in India over the past couple of decades, there are still about 400 million people living in poverty, accounting for one third of the world's poor. About 70 per cent of India's population lives in rural areas with about 26 per cent of rural people living in poverty, compared with about 14 per cent of the urban population. Rural areas are still plagued by problems of malnourishment, illiteracy, unemployment and lack of basic infrastructure like schools, colleges, hospitals, sanitation, etc. Unemployment rate in rural India has increased by 2% in

International Journal of Novel Research in Marketing Management and Economics

Vol. 2, Issue 3, pp: (130-144), Month: September-December 2015, Available at: www.noveltyjournals.com

rural areas which have led to youth moving out of villages to work in cities. On the health front, poor hygienic conditions have caused high child mortality rate with about 56 per 1,000 live births in 2012. Thus an action plan for rural India needs a sense of urgency, priority and direction.

The concept of *Rural Development* has emerged as a strategy designed to improve the economic, social and cultural life of a specific group of people living in rural areas. The prime goal of rural development in a country like India is to improve the quality of life of the rural people by alleviating poverty through the instruments of employment programmes, by providing basic amenities. It aims at increased employment, higher productivity, higher income, minimum acceptable levels of food, clothing, shelter, education, health, etc. Government of India have made concerted efforts by initiating several programmes and measures to alleviate poverty in rural India like MGNREGA, NSAP, IAY, etc. but there still remains much more to be done to uplift the lives of the people in rural areas.

To overcome the above mentioned predicaments following suggestions have been put forward:

Firstly, in order to reduce the high rate of unemployment & poverty and to curb the trend of rural-urban migration, it has become critical to direct greater attention and resources to create new economic opportunities in the rural areas for tomorrow's generations.

Secondly, the diversity of rural people's livelihoods calls for differentiated scheme for rural growth and rural development in different contexts, with special focus on smallholder agriculture, rural artisans, non-farm self employment and wage labour. In addition to the agriculture, supplementary jobs in village crafts, forestry, animal husbandry, fisheries, etc should be encouraged and developed by the government.

Thirdly, to accelerate the process of rural development in India, the financial and human resources devoted to the implementation of rural development programmes need to be greatly augmented. These programmes should identify the problems of the poor and address the local needs thereby fulfilling the demands of the rural poor. There should be equal opportunity for the weaker sections of the society and women in the schemes like MGNREGA, NSAP, SGRY, NRLM, etc. The programme should facilitate sustainable management of natural resources and environmental protection to lead a better quality of life in the rural areas. The role of Panchayati Raj Institutions and Gram Panchayats in the process of rural development should be clearly identified and demarcated. The focus should not be just on the removal of rural poverty but on the overall development of the rural area and thus equal importance must be given to agriculture and non-farm self/wage employment activities.

Fourthly, Indian agricultural policy should focus more on improving rural infrastructure primarily in the form of irrigation, efficient marketing retail, storage and cold storage, food packaging, efficient modern retail, availability of better yielding and more disease resistant seeds, etc. in order to improve output and rural incomes. Additionally, there must be check on fragmentation and re-fragmentation of land. This process not only makes the landholdings unviable for mechanized farming, but infertile also due to its overuse. The Government should encourage Cooperative farming to augment the agricultural growth in the country.

Fifthly, it has been realised that 'people's participation' is the key factor for accelerated and meaningful development in the rural areas. It is necessary for the people at the grass root level to be actively involved in the rural development programme in order to provide the rural people with better prospects for economic development.

Lastly, an ideal approach for rural development must not only include the government, but also other institutions like private sector players/companies, panchayati raj institutions, micro finance institutions, village personals, researchers, industries, and NGOs who will not only help in reducing rural-urban imbalance, but will also help in accelerating the pace of rural development thereby resulting in a multiplier effect of growth and development on the overall economy.

REFERENCES

- [1] Ambasta, P., Shankar, P.S.V., & Shah, M. (2008), 'Two years of MGNREGA: The road ahead', Economic and Political Weekly, February 2008.
- [2] Chauhan Abhishek (2014), 'Need of Rural Development in India for Nation Building', Asian Mirror- International Journal of Research, Volume I, Issue I, February-2014.

International Journal of Novel Research in Marketing Management and Economics

 Vol. 2, Issue 3, pp: (130-144), Month: September-December 2015, Available at: www.noveltyjournals.com

- [3] Chauhan Narendrasinh B., ‘‘Rural Development’’.
- [4] Chigbu, U.E. (2012). Village Renewal as an Instrument of Rural Development: Evidence from Weyarn, Germany. *Community Development*, Vol. 43 (2), pp. 209-224.
- [5] Dandekar and Rath (1971), ‘‘Poverty in India’’, *Economic and Political Weekly*, Jan. 2 & 9.
- [6] Dey, S., & Bedi, A. (2010), ‘‘the National Rural Employment Guarantee Scheme in Birbhum’’, *Economic and Political Weekly*, XLV (41), 19-25.
- [7] Dreze Jean and Sen Amartya, *India: Development and participation*, Oxford University Press, New Delhi, 2002, P-112.
- [8] Dreze J. (2007). MGNREGA: Dismantling the contractor raj. *The Hindu*, 20th November, 2007.
- [9] Ganjee Farooq Ahmad (2014) , ‘‘A Case Study of Rural Development Programmes In India’’ , Volume 1 Issue V Feb 2014, *International Journal of English Language, Literature and Humanities*, ISSN 2321 – 7065
- [10] Hatzius, T. (2000). *Nature and institutions as goods? On the nature of goods in sustainable rural development*. Universitat Heidelberg. Forschungsstelle Fur Internationale Agrar- Und Wirtschaftsentwicklung. *Diskussionsschriften*, 70: 1-34.
- [11] Hegde Narayan G., *Strategy for Rural Development*.
- [12] Henriksen, L.; L. Riisgaard, S. Ponte, F. Hartwich and P. Kormawa. ‘‘Agro-Food Value Chain Interventions in Asia: A review and analysis of case studies’’. Working Paper" (PDF). UNIDO.
- [13] IFAD (2014), ‘‘Investing in Rural People in India’’, June 2014
- [14] Khera, R. (2008), ‘‘Empowerment Guarantee Act’’, *Economic and Political Weekly*, August 2008.
- [15] Mathur L. (2007), ‘‘Employment guarantee: Progress so far’’, *Economic and Political Weekly*, December 2007.
- [16] Moseley, Malcolm J. (2003). *Rural development: principles and practice* (1. publ. ed.). London [u.a.]: SAGE. p. 5. ISBN 0-7619-4766-3.
- [17] Narang Ashok (2006), ‘‘Indian Rural Problems’’, Murari Lal and Sons, New Delhi, P.40.
- [18] National Futures Association. 2006, ‘‘Opportunities and Risk: an Educational Guide to Trading Futures and Options on Futures’’ (PDF). Chicago, Illinois: p. 6.
- [19] Patel Amrit (2010), ‘‘ Rural Development Programmes and Projects’’, *Kurukshetra- A Journal of Rural Development*, Vol.58, NO. 3, January 2010, P. 11-14
- [20] Planning Commission, ‘‘India Vision 2020: Perspective on Rural Development’’.
- [21] Planning Commission, ‘‘12th Five Year Plan, Chapter 17-Rural Development’’, New Delhi, 2013.
- [22] Pye-Smith, Charlie. ‘‘Policy Pointer: Value Chains for transforming smallholder agriculture’’ (PDF). Wageningen, Netherlands: CTA. pp. 15–19
- [23] Singh S.P., ‘‘Emerging Issues in Indian Rural Economy’’, *Kurukshetra- A Journal of Rural Development*, Vol.58, NO. 3, January 2010, P. 3-5.
- [24] ‘‘Rural Development Programme in India’’, A paper of Govt. of India, Ministry of Agriculture and Irrigation (Dept. of Rural Development), New Delhi, 1978, pp-1-2.
- [25] *Rural Poverty Report*, 2011, IFSD
- [26] *Rural Development Report*, 2013, Ministry of Rural Development
- [27] *Rural development research: a foundation for policy* (1. publ. ed.). Westport, Conn. [u.a.]: Greenwood Press. 1996. ISBN 0-313-29726-6.

International Journal of Novel Research in Marketing Management and EconomicsVol. 2, Issue 3, pp: (130-144), Month: September-December 2015, Available at: www.noveltyjournals.com

- [28] Ward, Neil; Brown, David L. (1 December 2009). "Placing the Rural in Regional Development". *Regional Studies* 43 (10): 1237–1244. doi:10.1080/00343400903234696
- [29] Van Assche, Kristof. & Hornidge, Anna-Katharina. (2015) *Rural development. Knowledge & expertise in governance*. Wageningen Academic Publishers, Wageningen

Websites referred:

- [30] http://www.baif.org.in/Scientific_Papers_Sustainable_Rural_Development.asp
- [31] <http://www.fao.org/docrep/006/y4940e/y4940e05.htm>
- [32] http://articles.economicstimes.indiatimes.com/2015-07-06/news/64142685_1_rural-households-new-housing-scheme-rural-development-ministry
- [33] <http://www.baif.org.in/index.asp>
- [34] <http://www.indiaenvironmentportal.org.in/content/384081/india-rural-development-report-2012-13/>
- [35] https://en.wikipedia.org/wiki/Agricultural_cooperative
- [36] <http://www.agriculturesnetwork.org/magazines/global/farmers-as-entrepreneurs/do-value-chains-help-farmers-out-of-poverty-two>
- [37] http://planningcommission.gov.in/hackathon/index.php?sector=Agriculture_and_Rural_Development
- [38] mospi.nic.in/Mospi_New/upload/mdg_26feb15.pdf
- [39] <http://www.oifc.in/rural-development-growth-driver-indian-economy>
- [40] http://articles.economicstimes.indiatimes.com/2010-11-14/news/27594926_1_rural-india-human-development-index-india-for-greater-engagement
- [41] <http://www.nistads.res.in/indiasnt2008/t6rural/t6rur3.htm>
- [42] <http://www.fao.org/docrep/006/y5061e/y5061e09.htm>
- [43] <http://indianexpress.com/article/opinion/columns/rural-issues-local-solutions/>