

1. What do you mean by rural development? Bring out the key issues in rural development.

**Ans.** Rural development is a comprehensive term which essentially focuses on action for the development of areas that are lagging behind in the overall development of the village economy.

Some of the areas which are in need of fresh initiatives for rural development are:

- (a) Development of human resources like literacy, more specifically, female literacy, education and skill development.
- (b) Development of human resources like health, addressing both sanitation and public health.
- (c) Honest implementation of land reforms.
- (d) Development of the productive resources in each locality.
- (e) Infrastructure development like electricity, irrigation, credit, marketing, transport facilities including construction of village roads and feeder roads to nearby highways, facilities for agriculture research and extension, and information dissemination.
- (f) Special measures for alleviation of poverty and bringing about significant improvement in the living conditions of the weaker sections of the population.

2. Discuss the importance of credit in rural development.

**Ans.**

- (a) Farmers need money to buy additional land, implements and tools, fertilizers and seeds, paying off old debt, personal expenses like marriage, death, religious ceremonies, etc.
- (b) Since the gestation period between crop sowing and realisation of income after sale of agricultural produce is very long, farmers need to take credit.

3. Define non-institutional sources of agricultural credit.

**Ans.** Non-institutional sources include moneylenders, traders and commission agents, landlords, relations and friends.

4. Name three institutional sources of agricultural credit.

**Ans.** Multi Agency Approach made Rural Banking consist of:

- (a) Co-operative Credit Societies
- (b) Commercial Banks
- (c) Regional Rural Banks.

5. What do you mean by agricultural credit?

**Ans.** Agricultural credit means credit for the farming families.

6. Explain the role of micro-credit in meeting credit requirements of the poor.

- Ans.**
- (a) SHGs (Self-Help Groups) and micro credit programmes promote thrift in small proportions by a minimum contribution from each member.
  - (b) From the pooled money, credit needs are fulfilled.
  - (c) The member have to repay the credit in small instalments at low rate of interest.
  - (d) The borrowings are mainly for consumption purposes.

7. Define non-institutional sources of agricultural credit.

**Ans.** *Non-institutional sources:* Landlords, village traders and moneylenders are the three important elements of non-institutional rural credit in India.

8. Explain three institutional sources of agricultural credit.

**Ans.** The three institutional sources of agricultural credit are:

- (a) SHGs and Micro Credit Programmes
  - (i) Self-Help Groups (henceforth SHGs) have emerged to fill the gap in the formal credit system because the formal credit delivery mechanism has not only proven inadequate but has also not been fully integrated into the overall rural social and community development.
  - (ii) Since some kind of collateral is required, vast proportion of poor rural households were automatically out of the credit network. The SHGs promote thrift in small proportions by a minimum contribution from each member.
  - (iii) From the pooled money, credit is given to the needy members to be repayable in small instalments at reasonable interest rates.
  - (iv) By March end 2003, more than seven lakh SHGs had reportedly been credit linked. Such credit provisions are generally referred to as micro-credit programmes.
  - (v) SHGs have helped in the empowerment of women.
- (b) State Bank of India and Other commercial banks
- (c) Regional Rural Banks (RRBs) and Land Development Banks
- (d) *National Bank for Agricultural and Rural Development (NABARD):* NABARD is an apex institution entrusted with all

matters concerning policy, planning and operations in the field of rural credit and related economic activities. Its main functions are as these:

- (i) To serve as an apex funding agency for the institutions providing credit in rural areas.
- (ii) To take appropriate measures to improve the credit delivery system. The bank was to focus on restructuring of credit institutions and training of personnel.
- (iii) To coordinate the rural financing activities of all credit institutions and maintain liaison with Government of India, State Government, Reserve Bank, and other national level institutions concerned with policy formulation.
- (iv) To undertake monitoring and evaluation of projects refinanced by it.

9. Explain the type of credit taken by farmers for different purposes.

**Ans.** Rural credit means credit for the farming families. Credit is the lifeline of farming activity. Credit needs of the typical Indian farmer may broadly be classified as under:

- (a) **Short-term credit:** Short-term credit need relates basically to the purchase of inputs like seeds, fertilizers, pesticides and insecticides, besides making payments of electricity bills. These loans are raised generally for a period ranging between 6 to 12 months.
- (b) **Medium-term credit:** Medium-term loans are required for purchasing machinery, constructing fences and digging wells. Such loans are generally repaid within a period varying from 12 months to 5 years.
- (c) **Long-term credit:** Long-term credit is meant for the purchase of additional land or for carrying out permanent improvements on the existing land. The period of such loans ranges from 5 to 20 years.

10. Show how co-operative credit societies play a crucial role in providing credit in rural areas.

**Ans.** **Co-operative credit societies:** The co-operative credit societies provides adequate credit to the farmers at reasonable rate of interest. Currently, co-operatives account for 30 per cent share in the rural credit flow. Co-operative credit societies focus on the following objectives:

- (a) To ensure timely and increased flow of credit to the farmers.
- (b) To gradually eliminate the moneylenders from the profile of credit agencies.

- (c) To spread credit facilities across all regions of the country.
- (d) To provide adequate credit support to areas covered by special programmes of development.

11. Critically evaluate the role of the rural banking system in the process of rural development in India.

**Ans.** Rural Banking – A Critical Evaluation

Since 1969, when the nationalisation of commercial banks took place, rural banking has expanded a great deal.

Significant expansion of rural banking system played a positive role in:

- (a) Raising **farm and non-farm output** by providing services and credit facilities to farmers.
- (b) Providing long-term loans with better repayment options. It, thus **helped in eliminating** moneylender from the scene.
- (c) Generating credit for **self-employment** schemes in rural areas.
- (d) Achieving food security which is clear from the fact that we are **abundant in buffer stocks** of grains.
- (e) Famines became events of the past; we have now achieved food security which is reflected in the abundant buffer stocks of grains.
- (f) With the possible exception of the commercial banks, other formal institutions have failed to develop a culture of deposit mobilisation – lending to worthwhile borrowers and effective loan recovery. Agriculture loan default rates have been chronically high.
- (g) It is alleged that farmers are deliberately refusing to pay back loans.

Limitations of Rural Banking

- (a) Banking credit or institutional credit is linked with a **collateral**, because of which small and marginal holders are not able to utilise it.
- (b) The government has often been **very lenient on the recovery of loans** from the farmers because of which there has been large number of overdue instalments.
- (c) Apart from commercial banks most financial institutions have **failed to develop** a culture of thrift among the farming families. Mobilisation of deposits has never been encouraged.

12. What do you mean by agricultural marketing?

**Ans.** Agricultural marketing is a process that involves the **assembling, storage, processing, transportation, packaging, grading and distribution** of different agricultural commodities across the country.

13. Mention some obstacles that hinder the mechanism of agricultural marketing.

**Ans.** Steps Undertaken by the Government for Improving Agricultural Marketing

- (a) **Regulated Markets:** Regulated markets have been established where sale and purchase of the produce is **monitored by the Market Committees** which comprised of the representatives of government, farmers and the traders.

**Functions of Regulated Markets**

- (i) Fixation of charges, fees, etc.  
 (ii) Enforcement of standard weights.  
 (iii) Settling of disputes among the operating parties in the market.  
 (iv) Providing reliable market information.
- (b) **Provision of Infrastructural Facilities:** The government has taken measures to develop **infrastructural facilities** like roads, railways, warehouses, godowns, cold storages and processing units.
- (c) **Co-operative Market:** Co-operative marketing is a measure to **ensure a fair price to farmers**. Member farmers sell their surplus to the co-operative society which substitutes collective bargaining in place of individual bargaining. It links rural credit, farming, marketing processes to the best advantage of the farmers.
- (d) **Important Instruments to Safeguard the Interests of Farmers**

These instruments are:

- (i) **Fixation of Minimum Support Price (MSP) :** Presently government fixes MSP for 24 **agricultural products**. Minimum support price is announced before the sowing season and assures the farmer of a minimum price. It provides long-term guarantee to the farmer since price cannot fall below the minimum support price.
- (ii) **Buffer Stock :** Buffer stock is an instrument used by government to stabilise prices. It is built up in the **years of surplus production** and is used during **shortages**.
- (iii) **Public Distribution System (PDS):** The PDS operates through fair price shops and ration depots. The government

offers essential commodities like wheat, rice, sugar, kerosene, edible oils, coal, cloth, etc., at a price below the market price to poor section of the society. In 1997, a **new system of public distribution called Targeted PDS (TPDS) was introduced.**

14. Explain the steps taken by the government in developing rural markets/ agricultural marketing.

**Ans.** The government has taken various steps for improving agricultural marketing system. These are:

- (a) **Establishment of Regulated Markets.** Government has formed regulated markets to remove most of the evils of an unorganised market system. Functions of regulated markets are:
  - (i) Settling of disputes among the operating parties in the market.
  - (ii) Fixation of charges, fees, etc.
  - (iii) Enforcement of standard weights.
  - (iv) Prevention of unlawful deductions and control of wrong practices of middlemen.
  - (v) Providing reliable market information.
- (b) **Provision of Infrastructural Facilities.** The government has taken measures to develop infrastructural facilities like roads, railways, warehouses, godowns, cold storages and, processing units.
- (c) **Co-operative Market.**
  - (i) Co-operative marketing is a measure to ensure a fair price to farmers.
  - (ii) Member farmers sell their surplus to the co-operative society which in turn supplies the goods in the market.
  - (iii) It links rural credit farming marketing processes to the best advantage of the farmers.
- (d) **Important Instruments to Safeguard the Interests of Farmers.** The Government has also developed some instruments to safeguard the interests of farmers. These instruments are:
  - (i) Fixation of Minimum Support Price (MSP)
  - (ii) Buffer Stock
  - (iii) Public Distribution System (PDS).

**15.** What are the alternative channels available for agricultural marketing? Give some examples.

- Ans.**
- (a) In India, alternative marketing channels are emerging. Through these channels farmers directly sell their produce to the consumers.
  - (b) This system increases farmer's, share in the price paid by the consumers.
  - (c) Important examples of such channels are:
    - (i) Apani Mandi (Punjab, Haryana and Rajasthan),
    - (ii) Hadaspar Mandi (Pune); Rythu Bazars (Vegetable and fruit market in Andhra- Pradesh) and
    - (iii) Uzhavar Sandies (Tamil Nadu),
    - (iv) Several national and International 'fast food chains and hotels are also entering into contracts with the farmers to supply them fresh vegetables and fruits.

**16.** What is co-operative marketing?

- Ans.** Member farmers sell their surplus to the co-operative society which supplies the total output in the market. It links rural credit farming marketing processes to the best advantage of the farmers.

**17.** What is meant by agricultural diversification?

- Ans.** Diversification means a major proportion of the increasing labour force in the agricultural sector needs to find alternate employment opportunities in other non-farm sectors.

**18.** What are the two aspects of diversification of activities?

- Ans.** Diversification is an emerging challenge in the context of rural development. It has two aspects:

- (a) Diversification of Crop Production, and
- (b) Diversification of Productive Activity.

**19.** What is the problem and solution with fisheries?

- Ans.**
- (a) Welfare programmes for the fishing community have to be initiated in a manner which can provide long-term gains and sustenance of livelihoods.
  - (b) Pollution of water bodies needs to be controlled.
  - (c) Need for technical advancement.

**20.** What is the problem and solution with livestock?

- Ans.**
- (a) Though, in terms of numbers, our livestock population is quite impressive but its productivity is quite low as compared to other countries.
  - (b) It requires improved technology and promotion of good breeds of animals to enhance productivity.
  - (c) Improved veterinary care and credit facilities to small and marginal farmers and landless labourers would enhance sustainable livelihood options through livestock production.
  - (d) Production of fisheries has already increased substantially. However problems related to over- fishing and pollution need to be regulated and controlled.
  - (e) Welfare programmes for the fishing community have to be reoriented in a manner which can provide long-term gains and sustenance of livelihoods.
  - (f) Horticulture has emerged as a successful sustainable livelihood option and needs to be encouraged significantly. Enhancing its role requires investment in infrastructure like electricity, cold storage systems, marketing linkages, small-scale processing units and technology improvement and dissemination.

**21.** Name the states which are major producers of marine products?

- Ans.** Among states, Kerala, Gujarat, Bengal, Andhra Pradesh and Tamil Nadu are the major producers of marine products.

**22.** What do you mean by 'Operation Flood'?

- Ans.** From 1966 onwards Operation Flood Is a system whereby all the farmers can pool their milk produce according to different grading (based on quality) and the same is processed and marketed to urban centres through co-operatives.

**23.** Why is agricultural diversification essential for sustainable livelihoods?

- Ans.** Diversification into non-farm activities is important because it will:
- (a) reduce the risk from agriculture sector.
  - (b) provide sustainable livelihood options to people living in villages.
  - (c) provide ecological balance.

**24.** Explain the term 'Golden Revolution'.

- Ans.**
- (a) The period between 1991-2003 Is called 'Golden Revolution' because during this period, the planned investment in horticulture became highly productive and the sector emerged as a sustainable livelihood option.

- (b) India has emerged as a world leader in producing a variety of fruits like mangoes, bananas, coconuts, cashew nuts and a number of spices and is the second largest producer of fruits and vegetables.

**25.** Explain the role of non-farm employment in promoting rural diversification.

- Ans.** (a) The non-farm sectors include agro-processing industries, food processing industries, leather industry, tourism, etc.  
 (b) Some other sectors which have the potential but lack infrastructure are traditional household-based industries' like pottery, crafts, handlooms, etc.

**26.** Bring out the importance of animal husbandry, fisheries and horticulture as a source of diversification.

**Ans.** 1. **Animal Husbandry**

- (a) In India, the farming community uses the mixed crop-livestock farming system—cattle, goats, fowl are the widely held species.  
 (b) This system provides increased stability in income, food security, transport, fuel and nutrition for the family.  
 (c) Livestock sector alone provides alternate livelihood options to over 70 million small and marginal farmers including landless labourers.  
 (d) Poultry accounts for the largest share. It is 42 per cent of total livestock in India.  
 (e) Milk production in the country has increased by more than four times between 1960-2002.

2. **Fisheries**

- (a) The fishing community regards the water body as 'mother' or 'provider'. The water bodies consist of sea, oceans, rivers, lakes, natural aquatic ponds, streams, etc.  
 (b) Presently, fish production from inland sources contributes about 49 per cent to the total fish production and the balance 51 per cent comes from the marine sector (sea and oceans). Today total fish production accounts for 1.4 per cent of the total GDP.  
 (c) Among states, Kerala, Gujarat, Maharashtra and Tamil Nadu are the major producers of marine products.

3. **Horticulture**

- (a) Blessed with a varying climate and soil conditions, India has adopted growing of diverse horticultural crops such as fruits, vegetables, tuber crops, flowers, medicinal and aromatic plants,

spices and plantation crops. These crops play a vital role in providing food and nutrition, besides addressing employment concerns.

- (b) Horticulture sector contributes nearly one-third of the value of agriculture output and six per cent of Gross Domestic Product of India. India has emerged as a world leader in producing a variety of fruits like mangoes, bananas, coconuts, cashew nuts and a number of spices and is the second largest producer of fruits and vegetables.
- (c) Economic condition of many farmers engaged in horticulture has improved and it has become a means of improving livelihood for many unprivileged classes.
- (d) Flower harvesting, nursery maintenance, hybrid seed production and tissue culture, propagation of fruits and flowers and food processing are highly remunerative employment options for women in rural areas.

**27.** ‘Information technology plays a very significant role in achieving sustainable development and food security’ — comment.

**Ans.** Information technology plays a very significant role in achieving sustainable development and food security in the following ways:

- (a) Issues like weather forecast, crop treatment, fertilizers, pesticides, storage conditions, etc. can be well administered if expert opinion is made available to the farmers.
- (b) The quality and quantity of crops can be increased manifold if the farmers are made aware of the latest equipments, technologies and resources.
- (c) IT has ushered in a knowledge economy and have resulted in employment generation in rural areas.

**28.** What is organic farming and how does it promote sustainable development?

**Ans.** Organic farming is a system of farming that maintains, enhances and restores the ecological balance.

### Reasons for the Need for Organic Farming

- (a) Organic farming substitutes costlier agriculture inputs like HYV seeds, chemical fertilisers, pesticides, etc. with locally produced organic inputs that are cheaper and thereby generate good returns on investment.

- (b) Organic farming also generates income through exports.
- (c) Organically grown food has more nutritional value than chemical forming, thus providing us with healthy foods. Produce pesticide free and produced in an environmentally sustainable way.
- (d) Due to more labour requirement in organic farming, it is an attractive proposition for India.
- (e) Conventional agriculture relies heavily on chemical fertilisers and toxic pesticides etc., which enter the food supply, penetrate the water sources, harm the livestock, deplete the soil and devastate natural eco-systems.
- (f) Efforts in evolving technologies which are eco-friendly are essential for sustainable development and one such technology which is eco-friendly is organic farming.
- (g) There is an increasing demand for organically grown food to enhance food safety throughout the world.

**29.** Identify the benefits and limitations of organic farming.

- Ans.**
- (a) Organic farming substitutes costlier agriculture inputs like HYV seeds, chemical fertilisers, pesticides, etc. with locally produced organic inputs that are cheaper and thereby generate good returns on investment.
  - (b) Organic farming also generates income through exports.
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  - (e) Conventional agriculture relies heavily on chemical fertilisers and toxic pesticides etc., which enter the food supply, penetrate the water sources, harm the livestock, deplete the soil and devastate natural eco-systems.
  - (f) Efforts in evolving technologies which are eco-friendly are essential for sustainable development and one such technology which is eco-friendly is organic farming.
  - (g) There is an increasing demand for organically grown food to enhance food safety throughout the world.
  - (h) Yields from organic forming are less than modern agricultural forming in the initial years. Therefore, small and marginal formers

may find it difficult to adapt to large scale production.

- (i) Organic produce have shorter shelf life than sprayed produce.
- (j) Choice in production of off-season crops in quite limited in organic forming.
- (k) Popularising organic farming requires awareness and willingness on the part of farmers to adapt to new technology.
- (l) Inadequate infrastructure and the problem of marketing the products are major concerns which need to be addressed apart from an appropriate agriculture policy to promote organic farming.

**30.** Enlist some problems faced by farmers during the initial years of organic farming.

**Ans.** Problems Faced by Farmers in Initial Year:

- (a) It has been observed that the yields from organic farming are less than modern agricultural farming in the initial years.
- (b) Therefore, small and marginal farmers may find it difficult to adapt to large scale production.
- (c) Organic produce may also have more blemishes and a shorter shelf life than sprayed produce.
- (d) Moreover choice in production of off-season crops is quite limited in organic farming.