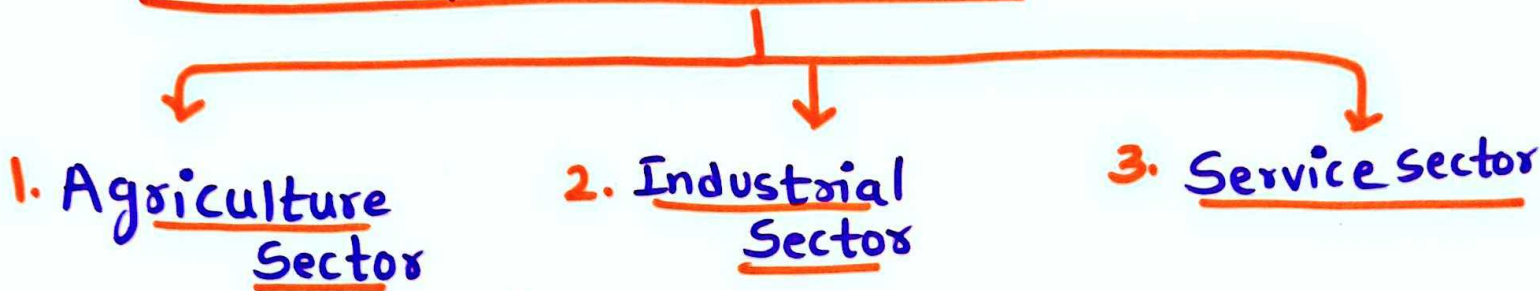


5. RURAL DEVELOPMENT IN INDIA

Q:1 Explain Rural Occupational structure in India?

Rural Occupational Structure :-



1. Agricultural Sector :- The rural population in India is mostly engaged in Agriculture activity and its allied activities. Agriculture include - small, marginal and Large Farmers. Allied Activities include - Plantation, Forestry, Fisheries, dairy and Horticulture.

2. Industrial Sector :- "Industrial sector means an economic activity concerned with the processing raw-materials and manufacture finished goods". This sector is divided into small, cottage and rural industries

3. Service Sector :- The Service Sector is also known as Tertiary sector. It provide various services to business and final consumers. The Service sector is divided into - Traders (wholesalers and Retailers), Transport operators, professional and Technical.

Q:2 Explain the Significance of Rural Development in India?

(A) Rural Development :- Rural development means providing benefits and facilities to the poor peoples in the rural areas. Mostly they are small farmers, tenants and landless labours.

(B) Meaning :- According to World Bank —
 “Rural Development is a strategy to improve the economic and social life of a specific group of people - the rural poor.”

(C) Significance of Rural Development in India :-

1. **Public health and Sanitation :-** Rural development helps to improve sanitation and hygiene, providing safe drinking water and affordable health facilities. It will help to improve quality of life of the rural people.
2. **Literacy Rate in Rural area :-** Literacy is most powerful tool of socio-economic change. However there is large gap between rural and urban literacy rate. Rural development helps to reduce this gap by providing educational facilities in rural areas.
3. **Empowerment of women :-** Rural development reduce gender inequality in villages. It also encourage women participation in community development programmes.
4. **Enforcement of Law and Order :-** Rural Development

helps to protect the rights of the socially poor and weak groups through proper enforcement of Law and order.

5. Land Reforms:- Rural development helps in effective use of Land Reform Policy such as - Ceiling on Land Holding, Protecting Tenancy Rights, Regulation of rent etc.

6. Infrastructure development:- Rural development provide various infrastructural facilities to rural areas:
(e.g) Better Road Connectivity, Irrigation, electricity etc.
It improve conditions of farmers and villagers.

7. Availability of Credit:- Rural development helps in growth of financial institution which provide easy and soft loans to farmers.
(e.g) Agricultural Co-operative credit Societies
Regional Rural banks,
Co-operative banks etc.

8. Reduce Poverty:- Rural development helps to increase employment and income in rural areas.
Thus it helps to improve standard of living and reduce poverty.

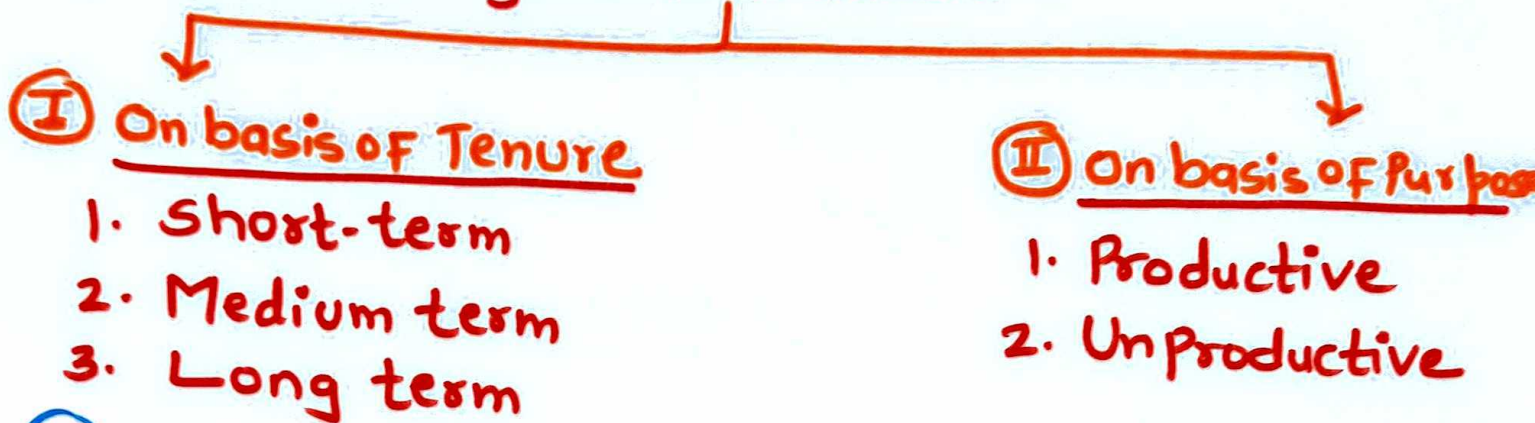
Q:3 Explain various types of Agricultural Credit in India?

(A) Agricultural Credit:- Agricultural Credit is an important and basic requirement for Agricultural

Growth. Rural credit is important because savings in rural areas are not enough to satisfy needs of people.

Agricultural policies have been changed from time to time to provide adequate finance to this sector.

B) Types OF Agricultural credit :-



I) On basis of Tenure

1. Short-term
2. Medium term
3. Long term

II) On basis of Purpose

1. Productive
2. Unproductive

I) On the basis of Tenure (Period) :- Under this method Loans are provided on the basis of Time-Period. It is of Three types —

1. **Short-term credit :-** These loans are provided for the period upto Two years. It is required to satisfy short-term needs of the cultivators (farmers)

(e.g) Loans taken for the purchase of Fertilizers, High Yielding Variety (HYV) seeds, Pesticides etc.

2. **Medium-Term credit :-** These Loans are provided for the period upto 5 years. These Loans are required to improve quality of Land, buying cattle, buying Agricultural equipments, Digging up of Canals etc

3. **Long-Term credit :-** These Loans are provided for a period of more than 5 years. These Loans are required to buy tractor, Thrashers, making Permanent

Improvements on Land etc

5.

II On the basis of Purpose :- Under this method Loans are provided on the basis of Purpose for which the credit is used. It is of two types -

1 Productive credit :- These Loans are taken to increase Agricultural productivity. These Loans are Economically Justified.

(e.g) Loans for purchase of Tractor, Land, seeds etc.

2 Unproductive credit :- These Loans are taken for Personal consumption or unproductive activity.

(e.g) Loans for expenditure on marriages, Religious Ceremonies etc.

Q:4 Explain Various sources of Agricultural credit in India?

A Agricultural credit - Same from Q:4.

B Sources OF Agricultural credit in India :-

I Non Institutional Sources

1. Money Lenders
2. Other Pvt. Sources

II Institutional Sources :-

1. NABARD
2. Rural Co-operative Institutions
3. Commercial Banks
4. RRBs. 5) MFIs

(I) Non-Institutional Sources :- The non-Institutional finance is an important source of Rural Credit in India. It is nearly 40% of Total credit in India. They charge High Rate of Interest. Under this credit, Land or other assets are kept as Collateral Security.

Main sources are —

- 1) Money Lenders :- Money-Lending is a popular profession in the rural areas. The money-lenders charge high Rate of Interest. They also mortgage Land and other property of Farmers.
- 2) Other Private Sources :-
 - i) Traders, Landlords, Zamindars, Commission Agent etc.
 - ii) Credit from Relatives and Friends etc.

(II) Institutional Sources :- Governments Institutional sources provide better Agricultural credit to small and marginal Farmers. These sources provide productive and progressive credit at Low Rate of Interest. It will help cultivators to adopt modern Technology and new methods of Farming. They are :-

1. NABARD — National Bank for Agricultural and Rural Development :- NABARD was established on 12th July 1982 with Paid-up capital of ₹ 100 crores. It was 50-50 contributed by RBI and Government of India. NABARD is apex banking Authority to provide finance for

Agriculture and Rural Development. It provide easy credit for promotion of agriculture, small and medium scale industries, cottage and village industries, handicrafts etc.

2) Rural Co-operative Credit Institutions :- It provide-

i) Short-term Credit Co-operatives :- It provide short-term rural-credit and are based on Three-tier system.

a) Primary Agricultural Credit Societies (PACS)

b) District Central Co-operative Banks (DCCB)

c) State Co-operative Banks (SCB)

ii) Long-term Credit Co-operatives :- They provide Long-term Credit to farmers. They are working at Two Levels —

a) Primary Co-operative Agricultural and Rural Development Banks — They are working at Village Level.

b) State Co-operative Agricultural and Rural Development Bank — They are working at state level.

3) Commercial Banks :- They provide rural credit by opening their branches in rural areas.

4) Regional Rural Banks (RRBs) :- They are established under RRB Act-1976. They are setup as Rural-Oriented Commercial banks with the Low cost profile. They provide Rural credit at Low rate of interest.

5) Micro Finance Institutions (MFIs) :- Banks provide

Rural credit at concessional rates. But small farmers are unable to get the facilities because of high transaction cost, unfriendly products, delay in procedure etc. Such people get help from micro-finance institutions. Thus non-government organisations (NGOs) provide help to rural people through micro finance institutions.

Q:5 Complete the following statements :-

1. Rural credit system assumes importance because -

Ans:- Savings are inadequate to finance farming and other economic activities.

2. Productive loans are economically justified because -

Ans:- They are related to agricultural production.

3. Small farmers are unable to access rural credit provided by banks due to -

Ans. High transaction cost.

4. The rights of socially disadvantaged groups can be safeguarded through -

Ans:- Proper enforcement of Law and order.

5. The Quality of Life of the rural people can be improved by

Ans:- Providing safe drinking water, health and hygiene facilities.

Q:6 Choose the wrong pair :-

- 9.
- i)

<p style="text-align: center;">A</p> <p>Agricultural credit</p> <ol style="list-style-type: none"> 1) short term. 2) Medium term. 3. Long-term 	<p style="text-align: center;">B</p> <p>Requirement</p> <p>Purchase of Fertilizers. to meet expenditure on marriage. to buy tractor.</p>
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- Ans: Wrong Pair → Medium term TO meet expenditure on marriage.

- ii)

<p style="text-align: center;">A</p> <p><u>Rural Occupational Structure</u></p> <ol style="list-style-type: none"> 1. Agriculture Sector. 2. Industrial sector 3. Service Sector 	<p style="text-align: center;">B</p> <p><u>Activity</u></p> <p>Banking and insurance Processing of Raw-materials. Computer related service.</p>
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- Ans: - Wrong Pair → Agriculture Sector - Banking and insurance.

Q:7 Assertion and Reasoning - Choose the correct answer from the following:-

- ① Assertion : (A) Indian economy is Pre-dominantly rural economy
Reasoning : (R) As per 2011 census, the country's rural population is almost 83.25 crore (68.8% of Total Population)

- Options -
- 1) (A) is True but (R) is false.
 - 2) (A) is false but (R) is True.
 - 3) Both (A) and (R) are True and (R) is correct explanation of (A)
 - 4) Both (A) and (R) are True but (R) is not correct explanation of (A)

Ans - Both (A) and (R) are True and (R) is correct - explanation of (A)

2) Assertion (A) :- Literacy is a powerful instrument of socio-economic change.

Reasoning (R) :- Empowerment of women helps to reduce gender disparity.

- Options -
- 1) (A) is True but (R) is False.
 - 2) (A) is False but (R) is True.
 - 3) Both (A) and (R) are True and (R) is correct explanation of (A)
 - 4) Both (A) and (R) are True and (R) is not correct explanation of (A)

Ans:- 4 - Both (A) and (R) are True but (R) is not correct explanation of (A)

3) Assertion (A): Agricultural credit is mostly for unproductive purposes.

Reasoning (R): Agricultural credit is an important pre-requisite for agricultural growth.

- Options :-
- 1) (A) is True but (R) is False.
 - 2) (A) is False but (R) is True.
 - 3) Both (A) and (R) are True but (R) is the correct explanation of (A)
 - 4) Both (A) and (R) are True but (R) is not the correct explanation of (A)

Ans:- 2 - (A) is False but (R) is True.

4) Assertion (A): Non-institutional finance forms an important part of rural credit.

Reasoning (R): Small farmers are unable to access bank credit because of borrower unfriendly products.

- Options :-
- 1) (A) is True, but (R) is False
 - 2) (A) is False, but (R) is True
 - 3) Both (A) and (R) are True and (R) is correct

explanation of (A)

11.

4) Both (A) and (R) are True, but (R) is not the correct explanation of (A)

Ans:- 4- Both (A) and (R) are True, but (R) is not the correct explanation of (A)

Q88 Identify and explain the concepts from given illustrations?

1. Kusumtai knowingly set up her business enterprise in the rural area so that people living there could be gainfully employed. Rural Development **Q: 2 (A)**

2. Raoji purchased a new tractor for his farm by taking a loan Long-term Loan. **Q: 4 - 3rd point**

3. Subsidized credit is provided by banks to small farmers for purchase of high yielding variety (HYV) seed,

Ans:- Short term Loan. **Q: 4 - 1st point**

4) Damji borrows loan from a credit society established in the village, this season rather than taking it from a money lender.

Ans:- Institutional source of credit **Q: 4 - II Part**

5) Ramraoji takes a loan from the bank for a period of ten years subject to terms and conditions for the purpose of irrigated farming.

Ans:- Long-term Loan **Q: 4 - 3rd point**