**UNIT 1 RURAL DEVELOPMENT: AN OVERVIEW**

**Structures**

1.1 Introduction

1.2 Rural Development: Meaning and Dynamics

1.3 Basic Elements of Rural Development

* 1. **INTRODUCTION**

The developing countries’ populations are still largely rural - over 60 per cent in developing countries as a whole, and some 70 percent in Southeast Asia. The majority will undoubtedly still be rural till another twenty years according to an estimate. Population problems are deeply rooted in the rural and agricultural sectors of society. Virtually everywhere, rural fertility is higher than urban fertility. Rural migration is often the prime cause of excessively rapid urbanization. The majority of births in the developing countries, including those of Southeast Asia, continues to take place in rural areas, and will continue to be the case for another quarter century or so. Throughout that period and beyond, maternal and child mortality and other health issues will remain predominantly rural ones. For these few significant but obvious reasons, population dynamics in rural areas deserve much more attention in development policy and programmes than these have so far received. Rural Development : An Overveiw Rural Development which is concerned with economic growth and social justice, improvement in the living standard of the rural people by providing adequate and quality social services and minimum basic needs becomes essential. The present strategy of rural development mainly focuses on poverty alleviation, better livelihood opportunities, provision of basic amenities and infrastructure facilities through innovative programmes of wage and self-employment. The above goals will be achieved by various programme support being implemented creating partnership with communities, non-governmental organizations, community based organizations, institutions, PRIs and industrial establishments, while the Department of Rural Development will provide logistic support both on technical and administrative side for programme implementation. Other aspects that will ultimately lead to transformation of rural life are also being emphasized simultaneously.

After reading this unit, you will be able to:

• Explain meaning and dynamics of rural development

• Describe basic elements of rural development 5Rural Development in India

• Spell out rural development perspectives in India

• Discuss sectoral programmes of rural development in India

• Describe the emerging challenges of rural development

* 1. **RURAL DEVELOPMENT: Meaning of Rural Development** 
     1. **Meaning of Rural Development**

The term ‘rural development’ is of focal interest and is widely acclaimed in both the developed and the developing countries of the world. There is however no universally acceptable definition of rural development and the term is used in different ways and in vastly divergent contexts. As a concept, it connotes over all development of rural areas (Rural areas are those which are not classified as urban areas. They are outside the jurisdiction of municipal corporations and committees and notified town area committees) with a view to improve the quality of life of rural people. In this sense, it is a comprehensive and multidimensional concept and encompasses the development of agriculture and allied activities village and cottage industries and crafts, socio-economic infrastructure, community services and facilities, and above all, the human resources in rural areas. As a phenomenon, it is designed to improve the economic and social well-being of a specific group of people-the rural poor. As a discipline, it is multidisciplinary in nature representing an intersection of agricultural, social, behavioral, engineering, and management sciences (Kartar Singh, 1986). In the words of Robert Chambers, Rural Development is a strategy to enable a specific group of people, poor rural women and men, to gain for themselves and their children more of what they want and need. It involves helping the poorest among those who seek a livelihood in the rural areas to demand and control more of the benefits of rural development. The group includes small scale farmers, tenants, and the landless. Thus rural development may mean any one of these, depending upon our focus. To avoid ineffective floundering among the myriad definitions, we shall define rural development as a process of developing and utilizing natural and human resources, technologies, infrastructural facilities, institutions and organizations, and government policies and programme to encourage and speed up economic growth in rural areas, to provide jobs, and to improve the quality of rural life towards self-sustenance. In addition to economic growth, this process typically involves changes in popular attitudes, and in many cases even in customs and beliefs. In a nutshell, the process of rural development must represent the entire gamut of change by which a social system moves away from a state of life perceived as ‘unsatisfactory’ towards a materially and spiritually better condition of life. The process of rural development may be compared with a train in which each coach pushes the one ahead of it and is in turn pushed by the one behind, but it takes a powerful engine to make the whole train move. The secret of success in development lies in identifying and, if needed, developing a suitable engine to attach to the train. There are no universally valid guidelines to identify appropriate engines of growth if at all they exist. It is a choice which is influenced by time, space, and culture (Kartar Singh, 1986).

**Exercise 1**

1. How would you define rural development?
   1. **BASIC ELEMENTS OF RURAL DEVELOPMENT**

“India lives in its villages” - Mahatma Gandhi.

The basic objectives of the rural development programmes have been alleviation of poverty and unemployment through creating basic social and economic infrastructure, self-employment of rural poor and to provide wage employment to marginal farmers, landless labourers so as to discourage seasonal and permanent migration to urban areas. Irrespective of the geographic location, culture, and historical stage of development of a society, there are at least three basic elements which are considered to constitute the ‘true’ meaning of development.

The three basic elements of rural development are:

1. **Basic necessities of life**(life Substance)- First and foremost is life sustenance, this refers to the basic needs without which it would be impossible or very difficult to survive. These basic necessities include food, clothes, shelter, health care and security. When any of these are absent or in critically short supply, we may state that a condition of ‘absolute underdevelopment’ exists. Provision of these ‘life sustaining’ requirements to everybody is a basic function of all economies whether they be capitalist, socialist, or mixed.
2. **Self-respect**- The second element of development is self-respect. This is true for every person and every nation. . Absence or denial of self-esteem indicates a lack of development.
3. **Freedom** : The next element is freedom. Freedom refers to political or ideological freedom and freedom from social servitude. Servitude in any form reflects a state of underdevelopment.

**RURAL DEVELOPMENT POLICIES AND PROGRAMMES IN INDIA**

After six decades of Independence, agricultural growth remains anemic, farmers are trapped in poverty, the poor prefer urban slums , and they lack basic facilities like schools and health centres**.** The policies made for rural development has largely been ineffective. The truth of the policies made for rural development has now in front of us. Due to this the rural people confronted with new opportunities as well as risk. The resources, higher priorities for agriculture, and rural development can become effective only if the current weaknesses in policymaking are identified and corrected. To improve the living standard of rural people, government introduce various policies and programmes which we are discussing here:

1. **Minimum Needs Programme (MNP):** The Minimum Needs Programme (MNP) was introduced in the first year of the Fifth Five Year Plan(1974–78), to provide certain basic minimum needs and improve the living standards of people.  It aims at "social and economic development of the community, particularly the underprivileged and underserved population". It also promoted equality as from now poor will be able to get basic needs.

Principles:

Two basic principles are observed during the implementation of PMinimum Needs Programme

1. the facilities under MNP are to be first provided in those areas which are at present underserved so as to remove disparities among different areas
2. the facilities under MNP should be provided as a package to an area through intersectorial area projects to have a greater impact.

The objective of MNP

1. To improve the health of rural area
2. To provide nutrition to rural people
3. Basic Education
4. Rural Water Supply
5. Rural Roads
6. Housing
7. Electricity
8. Sanatization
9. LPG
10. Public Distribution System
11. Environmental Improvement of Urban Slums
12. Adult Education

To optimize benefits, all the 12 components of the MNP are taken as a package.

**2. Twenty Point Programme (TPP) :** The Twenty Point Programme (TPP) was launched by the Government of India in 1975.  The Programme was first revised in 1982 and again in 1986. Government of India has been implementing the revised Twenty Point Programme – 2006 since 1-4-2007. TPP-2006 has Points for the benefit of the rural and urban people. The objective of programme is to eradicating poverty and improving the quality of life of the poor and the under-privileged people all over the country. The Programme covers various socio-economic aspects like poverty, employment, education, housing, health, agriculture, land reforms, irrigation, drinking water, protection and empowerment of weaker sections, consumer protection, environment, e-Governance, etc.

A list of 20 items of TPP-2006 are as follows:

|  |  |
| --- | --- |
| **Point No.** | **Item** |
| 1 | Poverty Eradication |
| 2 | Power to People |
| 3 | Support to Farmers |
| 4 | Labour Welfare |
| 5 | Food Security |
| 6 | Housing for All |
| 7 | Clean Drinking Water |
| 8 | Health for All |
| 9 | Education for All |
| 10 | Welfare of Scheduled Castes, Scheduled Tribes, Minorities and OBCs |
| 11 | Women Welfare |
| 12 | Child Welfare |
| 13 | Youth Development |
| 14 | Improvement of Slums |
| 15 | Environment Protection and Afforestation |
| 16 | Social Security |
| 17 | Rural Roads |
| 18 | Energization of Rural Areas |
| 19 | Development of Backward Areas |
| 20 | IT enabled e-Governanc |

**A List of 20 Points and 65 Items of Twenty Point Programme – 2006**

|  |  |  |  |
| --- | --- | --- | --- |
| **Point No.** | **Item No.** | **Name of the Item** | **Concerned Department** |
| **I** |  | **Garibi Hatao [Poverty Eradiction]** |  |
|  |  | Rural Areas |  |
| # | 1 | Employment generation under National Rural Employment Guarantee Act | P.R.H.& R.D.D. (RDD) |
| \* # | 2 | Swaranjayanti Gram Swarojgar Yojana | P.R.H.& R.D.D. (RDD) |
|  | 3 | Rural Business Hubs in Partnership with Panchayats | P.R.H.& R.D.D. (Panchayat) |
| \* # | 4 | Self help Groups | P.R.H.& R.D.D. (RDD) |
|  |  | Urban Areas |  |
|  | 5 | Swaranjayanti Shehari Rojgar Yojana | U.H. & U.D. |
| **II** |  | **Jan Shakti (Power to People)** |  |
|  | 6 | Local Self Government (Panchayati Raj and Urban Local Bodies) - Activity Mapping for devolution of functions - Budget Flow of Funds - Assignment of Functionaries | P.R.H.& R.D.D.(Panchayat) |
|  | 7 | Quick and Inexpensive Justice - Gram Nyayalayas and Nyaya Panchayats. | P.R.H.& R.D.D.(Panchayat) |
|  | 8 | District Planning Committees. | G.A.Deptt. (Planning) |
| **III** |  | **Kisan Mitra (Support to Farmers)** |  |
|  | 9 | Watershed development Dry land farming | P.R.H.& R.D.D.(RDD) |
|  | 10 | Marketing and infrastructural support to farmers | Agri. & Co.op.Deptt. Agri. & Co.op. |
|  | 11 | Irrigation facilities (including micro irrigation and micro irrigation) for agriculture | Agri. & Co.op.Deptt. Agri. & Co.op. |
|  | 12 | Credit to farmers | Agri. & Co.op.Deptt. Agri. & Co.op. |
| # | 13 | Distribution of Waste land to the landless | Revenue Deptt. |
| **IV** |  | **Shramik Kalyan [Labour Welfare]** |  |
|  | 14 | Social Security for Agricultural and Unorganised Labour | L.& E. Deptt. |
| # | 15 | Minimum Wages Enforcement (including Farm Labour) | L.& E. Deptt. |
|  | 16 | Prevention of Child Labour | L.& E. Deptt. |
|  | 17 | Welfare of Women Labour | L.& E. Deptt. |
| **V** |  | **Khadya Suraksha (Food Security)** |  |
| \*# | 18 | Food security: (i) Targeted Public Distribution system, (ii) Antodaya Anna Yojana, (iii) Establishing Grain banks in chronically food scarcity areas | F.C.S. & C.A.Deptt. |
| **VI** |  | **Subke Liye Aawas (Housing for All)** |  |
| \*# | 19 | Rural Housing - Indira Awaas Yojana | P.R.H.& R.D.D. (RDD) |
| \*# | 20 | EWS/LIG Houses in Urban Areas | U.H. & U.D. Deptt. |
| **VII** |  | **Shudh peya Jal (Clean Drinking Water)** |  |
| \*# | 21 | Rural Areas: - Swajal Dhara - Accelerated Rural Water Supply Programme | N.W.S. & W.R.Deptt. (W.S.) |
|  | 22 | Urban Areas: Accelerated Urban Water Supply Programme | N.W.S. & W.R.Deptt. (W.S.) |
| **VIII** |  | **Jan Jan Ka Swasthya (Health for All)** |  |
|  | 23 | Control and prevention of major diseases: (a) HIV/AIDS (b) TB (c) Malaria (d) Leprosy (e) Blindness | Health & F.W. Deptt. |
|  | 24 | National Rural Health Mission | Health & F.W. Deptt. |
|  | 25 | Immunisation of Children | Health & F.W. Deptt. |
| # | 26 | Sanitation Programme in Rual Areas, Urban Areas | P.R.H. & R.D.D. (RDD) U.H. & U.D.D. |
| # | 27 | Institutional Delivery | Health & F.W.D. |
|  | 28 | Prevention of Female Foeticide | Health & F.W.D. |
|  | 29 | Supplementary nutrition for Mothers and Children | W. & C.D. Deptt. |
|  | 30 | Two Child Norm | W. & C.D. Deptt. |
| **IX** |  | **Sabke Liye Shiksha [Education for All]** |  |
|  | 31 | Sarv Shiksha Abhiyan | Edu. Deptt. |
|  | 32 | Mid Day Meal Scheme - Compulsory Elementary Education | Edu. Deptt. |
| **X** |  | **Anusuchit Jaati, Jan Jaati, Alp sankhyak evam Anya Pichhra Varg Kalyan [Welfare of SC, ST, Minorities and OBCs)** |  |
| \*# | 33 | SC Families Assisted | S.J. & E. Deptt (SWD) |
|  | 34 | Rehabilitation of Scavengers | S.J. & E. Deptt (SWD) |
|  | 35 | ST Families Assisted | S.J. & E.D. (TDD) |
|  | 36 | Rights of Forest dwellers-Owners of minor forest produce | S.J. & E.D.(TDD) |
|  | 37 | Primitive Tribal Groups (PTGs) | S.J. & E.D.(TDD) |
|  | 38 | No alienation of Tribal lands | S.J. & E.D.(TDD) |
|  | 39 | Implementation of Panchayats (Extension to Scheduled Areas) Act [PESA] | P.R.H.& R.D.D.(Panchayat) |
|  | 40 | Welfare of Minorities | S.J. & E.D. (SWD) |
|  | 41 | Professional education among all minority communities | S.J. & E.D.(TDD) |
|  | 42 | Reservation of OBCs in Education | S.J. & E.D.(TDD) |
|  | 43 | Reservation of OBCs in Employment | S.J. & E.D.(TDD) |
| **XI** |  | **Mahila Kalyan (Women Welfare)** |  |
|  | 44 | Financial Assistance for Women Welfare | W. & C.D.D. |
|  | 45 | Improved Participation of Women in (a) Panchayats (b) State Legislatures (c) Municipalities (d) Parliament | P.R.H. & R.D.D. (P) L.& P.A. Deptt. U.H.& U.D.Deptt L.& P.A.Deptt. |
| **XII** |  | **Bal Kalyan (Child Welfare)** |  |
| \*# | 46 | Universalisation of ICDS Scheme | W. & C.D. Deptt. W |
| \*# | 47 | Functional Anganwadis | W. & C.D. Deptt. W |
| **XIII** |  | **Yuva Vikas [Youth Development]** |  |
|  | 48 | Sports for all in Rural and Urban areas | Y.S. & C.A.D. |
|  | 49 | Rashtriya Sadbhavana Yojana | Y.S. & C.A.D. |
|  | 50 | National Service Scheme | Y.S. & C.A.D. |
| **XIV** |  | **Basti Sudhar (Improvement of Slums)** |  |
| \*# | 51 | Number of Urban poor families assisted under seven point charter viz. land tenure, housing at affordable cost, water, sanitation, health, education, and social security. | U.H.& U.D.Deptt. |
| **XV** |  | **Paryavaran Sanrakshan evam Van Vridhi [Environment Protection and Afforestation]** |  |
| \*# | 52 | Afforestation (a) Area Covered under Plantation on - Public and Forest Lands (b) Number of Seedlings planted on - Public and Forest Lands | F. & E. Deptt. |
|  | 53 | Prevention of pollution of Rivers and water bodies | F. & E. Deptt. |
|  | 54 | Solid and liquid waste management in - Rural Areas - Urban Areas | P.R.H.& R.D.D.(P) U.H.& U.D.D. |
| **XVI** |  | **Samajik Suraksha (Social Security)** |  |
| # | 55 | Rehabilitation of Handicapped and orphans | S.J. & E. Deptt (SWD) |
| # | 56 | Welfare of the aged | S.J. & E. Deptt (SWD) |
| **XVII** |  | **Grameen Sadak (Rural Roads)** |  |
| \*# | 57 | Rural Roads - PMGSY | R. & B. Deptt. |
| **XVIII** |  | **Grameen Oorja [Energization of Rural Area]** |  |
|  | 58 | Bio-diesel Production | Agri. &Co.op.Deptt. |
|  | 59 | Renewable Energy | E. & P.C. Deptt. |
| \*# | 60 | Energising Pumpsets | E. & P.C. Deptt. |
| \*# | 61 | Supply of Electricity | E. & P.C. Deptt. |
|  | 62 | Supply of Kerosene and LPG | F.C.S.& C.A.Deptt.. |
| **XIX** |  | **Pichhara Kshetra Vikas [Development of Backward Areas]** |  |
|  | 63 | Backward Regions Grants Fund | P.R.H.& R.D.D.(P) |
| **XX** |  | **e - Shasan [IT enabled e-Governance]** |  |
|  | 64 | Central and State Governments | I. & T. Deptt. |
|  | 65 | Panchayats and Municipalities | I. & T. Deptt. |

1. **Bharat Nirman :** The Govt. of India launched a programme called Bharat Nirman on December 16, 2005.  This scheme will focus on six areas i.e. Bijli, Pani Sadak, Irrigation, Telecommunication and housing in rural areas of the country.  This scheme aims at developing rural infrastructure. This yojna is governed by the Ministry of Rural Development.

The major six sectors & their targets for next four years are:

1. **Irrigation:** To ensure irrigation for additional one crore hectare of land by 2009.
2. **Roads:** To link all villages of 1000 population with roads and also to link all ST and hilly villages upto 500 population with roads. Upto December 2012 a total of 47354 habitations have been connected under Bharat Nirman out of 63940 habitations to be connected while works for 60421 habitations is sanctioned.
3. **Housing:** Construction of 60 lakh additional houses for the poor. Under Bharat Nirman Programme Phase-I, 60 lakh houses were envisaged to be constructed under Indira Gandhi Avas Yojana all over the country during the four years i.e., from 2005-06 to 2008-09. Against this target, 71.76 lakh houses were constructed with an expenditure of Rs. 21720.39 crore. Target for Phase-II under Bharat Nirman is 120 lakh houses over a period of 5 years (2009-10 to 2013-14). During the first three years more than 85.72 lakh houses have been constructed.
4. **Water Supply:** To ensure drinking water to all remaining 74000 villages.
5. **Electrification:** To supply electricity to all remaining 125000 villages & to provide electricity connection to 2.3 crore houses.
6. **Rural Communication:** To provide telephone facility to all remaining 66822 villages.

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# Policies for Agricultural and Rural Development: An Overview

To motivate the farmers for more food grain production, union government has launched policy of Minimum Support Price (MSP) since 1966-67. This policy ensures minimum price to farmers for each crop. On the other hand, Government launched the Mahatma Gandhi Rural Employment Guarantee Act (MGNREGA), Public Distribution System (PDS) for rural poor. The seven major rural development policies are: 1. Land Policy 2. Technology Policy 3. Agricultural Policy 4. Employment Policy 5. Education, Research and Extension Policy 6. Rural Institutions Policy 7. Price Policy.

**Rural Development Policy # 1. Land Policy:**

Land policy is a crucial element in a rural development strategy. It is well-known that distribution of land and other assets is much skewed in India, as the large majorities have small land holdings. This has a direct impact on the ability to earn incomes in rural areas. Land reforms including the protection of the rights of tenants are one of the primary means of transforming rural societies.

**Rural Development Policy # 2. Technology Policy:**

It is essential to adopt new technology to rural societies. On the other hand it is required to extend the new technologies into rural technologies. In India, agricultural sector is particularly vulnerable to revenge of weather. Rural societies are also characterised by large scale unemployment on the one hand and low productivity on the other. Therefore care has to be taken when new technologies are introduced in rural areas.

**Rural Development Policy # 3. Agricultural Policy:**

Agriculture remains the main avenue for providing incomes and employment in rural areas. Needless to say, agricultural planning is vital for rural development strategies. The balanced growth of the agricultural sector can play an important role in creating better conditions for those depending on this sector.

**Rural Development Policy # 4. Employment Policy:**

Due to the unemployment problem in rural India, well-formulated employment programmes must be started. Such programmes can insulate fluctuations in rural incomes on account of poor weather conditions IKS is the case when the monsoon fails.

Agricultural employment is often seasonal. Under these conditions, rural employment programmes can ensure better spread of employment through the year. The growth of non-agricultural activity within the village economy can also relieve the pressure of population on the land.

**Rural Development Policy # 5. Education, Research and Extension Policy:**

In India the problem of illiteracy is high in rural areas. The lack of education can act as a restriction in the path of rural development. The lack of education creates a situation in which this problem is maintained.

Research enables furthering knowledge which is appropriate to rural cultures and extension ensures that the gains are actually delivered to the target groups. Trained staff are very important for any rural development programme since they actually interact with the community for whom the programmes are meant.

**Rural Development Policy # 6. Rural Institutions Policy:**

Rural institutions need to be reformed and utilised for successfully carrying out rural development. The institutional aspects of rural societies are often ignored when strategies are formulated. The institutional structures such as panchayats need to be nurtured so that there is popular participation in rural development.

**Rural Development Policy # 7. Price Policy:**

The price is also a crucial element in a rural development policy. The price policy through the use of subsidies can act as a means of providing essential items of mass consumption to people residing in rural areas. This is particularly essential for those below the poverty line. The spread of the public distribution system through its network of ration shops in rural areas can be used to solve this problem. This is particularly important during periods of poor rainfall when rural Incomes are adversely affected, which in turn has a negative effect on consumption. Subsidies may have other forms—the form of input subsidies to the agricultural sector for example.

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1. **MGNREGA: The historical perspective**

In the post-Independence period, the Government wanted to uplift the socioeconomic condition (SEC) of their people who mainly depended upon forest products and daily labour. The other perspective of government was to settle the rural population. To fulfil the purpose, various programmes are to be developed by government.

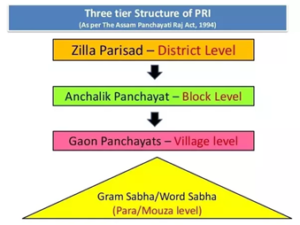
The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), is come into existence in 2005. It guarantees 100 days of employment in a financial year to any rural household whose adult members are willing to do unskilled manual work. These comprise the National Rural Employment Programme (NREP) 1980-89; Rural Landless Employment Guarantee Programme (RLEGP) 1983-89; Jawahar Rojgar Yojana (JRY) 1989-1990; Employment Assurance Scheme (EAS) 1993- 99. Jawahar Gram Samridhi Yojana (JGSY) 1999-2002; Sampoorna Grameen Rojgar Yojana (SGRY) 2001; National Food for Work Programme (NFFWP) 2004. In 2005 , the SGRY and NFFWP have been merged with NREGA. With its spread over 625 districts across the country, the flagship program of the UPA Government has the potential to increase the purchasing power of rural poor, reduce distress migration and to create useful assets in rural India. It can foster social and gender equality as 23 per cent workers under the scheme are Scheduled Castes, 17 per cent Scheduled Tribes and 50 per cent women. In NREGA, a system of regular and continuous flow of authoritative information is essential. . To improve implementation, the government needs to solve problems, modify policy directives, and issue operational guidelines for the district, block and village levels. NREGS in fact is a program of national importance which has been marginalised. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is considered as a “Silver Bullet” for eradicating rural poverty and unemployment, by way of generating demand for productive labour force in Indian villages. It provides an alternative source of livelihood which will have an impact on reducing migration, restricting child labour, alleviating poverty, and making villages self-sustaining through productive assets creation such as road construction, cleaning up of water tanks, soil and water conservation work, etc.

1. The idea of village and rural development by Nehru; Rural development policies through the five-year plans; Rural development policies: A Critique, Rural development policy making: Need for a holistic approach.

Nehru's importance lies in the fact that he was the first prime minister of independent India and played a crucial role in shaping its policies and programmes for development. His comments on how rural India ought to be developed also reflect his notion of Indian village life. His idea on the traditional Indian society are found in the book named as : Discovery of India(published in 1946).

**Structure of Panchayti Raj System:**

In India, Panchayati Raj System functions as a system of governance in which Gram Panchayats are the basic units of local administration. The system has three levels: Gram Panchayat (village level), Mandal Parishad or Block Samiti or Panchayat Samiti (block level), and Zila Parishad (district level).



**Panchayati Raj** is the [system](https://en.wikipedia.org/wiki/Political_system) of [local self-government](https://en.wikipedia.org/wiki/Local_self-government_in_India) of [villages](https://en.wikipedia.org/wiki/Village#South_Asia) in rural [India](https://en.wikipedia.org/wiki/India) as opposed to urban and suburban [municipalities](https://en.wikipedia.org/wiki/Municipalities_of_India).

It consists of the Panchayati Raj Institutions (PRIs) through which the self-government of villages is realized. They are tasked with "economic development, strengthening social justice and implementation of Central and State Government Schemes including those 29 subjects listed in the Eleventh Schedule."

Part IX of the Indian Constitution is the section of the Constitution relating to the Panchayats. It stipulates that in states or Union Territories with more than two million inhabitants there are three levels of PRIs:

* the [**Gram Panchayats**](https://en.wikipedia.org/wiki/Gram_Panchayat) at village level
* the **Mandal Parishad** or Block *Samiti* or [Panchayat Samiti](https://en.wikipedia.org/wiki/Panchayat_samiti) at block level and
* the [**Zila Parishad**](https://en.wikipedia.org/wiki/District_Panchayat)at district level.

There are only two levels of PRIs. The [Gram Sabha](https://en.wikipedia.org/wiki/Gram_Sabha) consists of all registered voters living in the area of a Gram Panchayat and is the organization through which village inhabitants participate directly in local government. Elections for the members of the Panchayats at all levels take place every five years. The Panchayats must include members of [Scheduled Castes (SCs) and Scheduled Tribes (STs)](https://en.wikipedia.org/wiki/Scheduled_Castes_and_Scheduled_Tribes) in the same proportion as in the general population. One third of all seats and chairperson posts must be reserved for women, in some states half of all seats and chairperson posts.

The modern Panchayati Raj system was introduced in India by the 73rd constitutional amendment in 1992, although it is based upon the historical [Panchayati raj](https://en.wikipedia.org/wiki/Panchayati_raj) system of the [Indian subcontinent](https://en.wikipedia.org/wiki/Indian_subcontinent) and is also present in Pakistan, Bangladesh and Nepal. The modern Panchayati Raj and its [*Gram Panchayats*](https://en.wikipedia.org/wiki/Gram_Panchayat) are not to be confused with the extra-constitutional [*Khap*](https://en.wikipedia.org/wiki/Khap)*Panchayats* found in parts of western Uttar Pradesh and Haryana.

In India, the Panchayati Raj now functions as a [system](https://en.wikipedia.org/wiki/System) of [governance](https://en.wikipedia.org/wiki/Governance) in which gram panchayats are the basic units of [local administration](https://en.wikipedia.org/wiki/Local_government). Currently, the Panchayati Raj system exists in all states except Nagaland, [Meghalaya](https://en.wikipedia.org/wiki/Meghalaya), and [Mizoram](https://en.wikipedia.org/wiki/Mizoram), and in all Union Territories except Delhi.

**The Panchayats receive funds from three sources:**

* Local body grants, as recommended by the [Central Finance Commission](https://en.wikipedia.org/wiki/Central_Finance_Commission)
* Funds for implementation of centrally sponsored schemes
* Funds released by the state governments on the recommendations of the State Finance Commissions

**Panchayati Raj Institutions Emergence and Growth of Panchayati Raj Institutions in India**

Panchayati Raj is the oldest form of local government. The word ‘Panchayat’ is formed by two words ‘Panch’ which means five and ‘Ayat’ which means assemble whereas the word ‘Raj’means the rule. Each village has a head that represents the entire village, who in earlier times used to be the richest person of the village, whom the villagers believed in. He was chosen without an election in earlier times, but now there are elections held for villagers to choose the village head. Rajasthan was the first state to introduce the panchayat system in India after independence. During the 1950s and 60s, other state governments adopted this system as laws were passed to establish panchayats in various states. Maharashtra was the ninth state. On 24 April 1993, the Constitutional (73rd amendment) Act of 1992 came into force in India to provide constitutional status to the Panchayati Raj institutions.

In India, villages were classified according to the size and mode of habitation. There are three aspects of the village administration of the ancient period which deserves mention. One is the community spirit which prevailed among the people. Another is the kind of public functionaries who were; concerned with its administration and the third is the nature of public bodies through which the inhabitants participated in the management of its allalrs. The types of system continued to exist in the Mauryan and Gupta periods. During the British rule -the disintegration of village communities had already begun. The introduction of zamindari and Ryotwari system dealt a death blow to the corporate life of villages. During the freedom movement establishment of self-governing institutions of the grassroots level formed a part of nationalist ideology. Mahatma Gandhi observed my idea of village swaraj is that it is a complete republic independent of its neighbours for its own vital wants and yet, interdependent for many others in which dependence is necessity.' Gandhi's idea had a pervading effect and this was reflected in the Constituent Assembly debates too. The adoption of planning as a strategy for development required securing cooperation of the people in rural areas to implement development programmes. The Community Development Programme was initiated in the country in October, 1952, Development blocks were established with limited staff and funds. The aim was coordinated development of the area with the help of an extension organisation consisting of technical specialists working under the leadership of Block Development Officer. To review the working of Community Development Programme, the Committee on Plan Projects constituted a team to study the programme and to report on the content and priorities of the programme to ensure greater efficiency in their execution. The Panchayati Raj in India is broadly based upon the recommendations of this committee popularly known as Balwant Rai Mehta Committee named after its chairman.

Most of the state government accepted the recommendations of the Balwant Rai Mehta Committee and PRIs were established. Andhra Pradesh and Rajasthan were the first to establish them in the country. The structure of Panchayati Raj that emerged in the states is substantially in tune with Balwant Rai Mehta team recommendations, though there are differences from state to state. The Government of Maharashtra, however, appointed a separate committee with V.P. Nayik as Chairman. Based on the recommendations of the Nayik Committee a three-tier structure of Panchayati Raj was established In Maharashtra and Gujarat. In these two states, district instead of block, was considered a suitable unit for development. Therefore districts were established as units of planning and development and samitis were to function as the extended arms of zila parishad to implement rural development programme. However village continued to be the basic unit of Panchayati Raj. In the country, thus two distinct patterns of Panchayati Raj have emerged. The first was the Andhra-Rajasthan pattern where block was the unit of planning and development. The second pattern is called Maharashtra pattern-in this the district is the unit of planning and development. Between these two patterns, variation in the structure of PRIs in different states exists regarding their constitution, powers, functions and size.

**STRUCTURE AND FUNCTIONS OF PANCHAYATI RAJ INSTITUTIONS**

The Panchayati Raj system in India was initiated in India to provide opportunities for the emergence of democratic leadership and growth of democratic decentralisation, to realise the values of participatory democracy, to serve as an instrument for rural development and modernisation and to bring the decision- making authorities nearer to people.

To achieve these objectives, as we have already discussed, the Balwant Rai Mehta Committee recommended a three-tier structure of Panchayati Raj, while in 1977 the Ashoka Mehta Committee came up with the suggestion of establishing a two-tier structure of PRIs. Since Independence, we find that there has not been any uniformity in the structure and functions of PRIs taking into account the need for local adjustments. The tally of three and two-tier system is as follows : Three-tier : Andhra Pradesh, Bihar, Gujarat, Himachal Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Punjab, Uttar Pradesh and West Bengal. Two-tier: Assam, Haryana, Karnataka, Madhya Pradesh, Orissa In some states Zila Parishad is very strong and overshadows the panchayat samiti, in some states zila parishad has only advisory functions. The broad structure of PRIs could be a three-tier structure with zila parishad at the district level, panchayat samiti at the block level and gram panchayat or the village panchayat at the village level. ln some states nyaya panchayats or judicial panchayats exist to provide quick and independent justice to villagers with regard to small and less intense crimes, their term and jurisdiction varies from state to state. Some states have gram Sabha, it can be a statutory or non-statutory body.

As far as the functions of PRIs are concerned, they vary from state to state depending on the nature of structure adopted and 1ocal variation and requirements. A broad list of functions can still be given. The Gram Sabha comprises the votes of the village; it considers the annual report and budget of the gram panchayat and programme of work for the ensuing year. The gram panchayat looks into activities relating to sanitation, water supply, construction, maintenance of roads, bridges, drains, establishment and maintenance of hospitals, promotion of agriculture cottage industries, provision of schools, libraries, preparation of village plans etc. The panchayat Samiti deals with planning and execution of development programmes concerning agriculture, animal husbandry irrigation, education, health. Sanitation, inter-village communication and social welfare. It also performs the functions assigned by the zila parishad and state government. It coordinates and supersrises the functioning of gram panchayats. The zila parishad in states where it has only advisory functions, advise government on development scheme, classify markets, roads etc., advises, supervises arid coordinates functions of samitis, approve samiti budgets, advises government on development activities and performs such other functions as government may entrust. In some states it deals with distribution of grants among samiti. In states where it is more powerful and is entrusted with executive functions, it deals with activities related to maintenance of schools, provision of grants, distribution of fertilisers, preparation of district plans, construction of roads, maintenance and management of hospitals, water supply, rural broadcasting, rural housing, upliftment of backward classes etc.

Thus we see that there is lot of overlapping in functions of the institutions at local level. This has worsened due to the inception of various anti-poverty programmes which have created new hierarclties at these levels. This is just one of the lists of increasing problems of PRIs; we will now focus our attention on them.

**Rural Finance\Rural Credit**

Why rural finance is required in India? The answer of the question is

1. In India, over 65% of the population resides in villages. And approx., 70% of the villagers do not have bank account.
2. But finance is not completely absent.
3. Source of finance is informal in form of moneylenders.
4. There is a strong gap in between crop sowing and realisation of rupee.
5. A number of banks and finance companies have begun to specialize in offering credit to farmers.
6. Finance in this sector has the added benefit of supporting further work in regional areas.

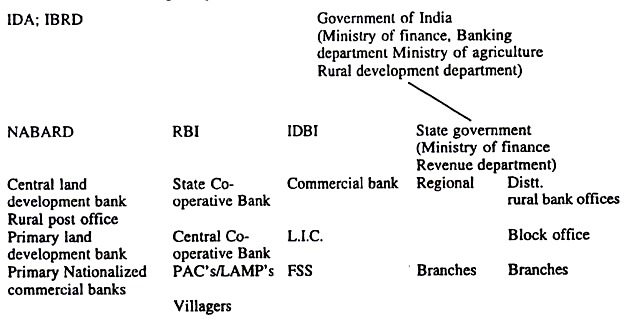
There are two source through which rural satisfy their need of credit.

1. Non-Industrial source- It is the source which are not controlled by government.
   1. Money lenders
   2. Relatives
   3. Commission Agents
   4. Rich Land loards
2. Institutional Source(1969)
   1. Co-operative credit/bank
   2. Land development bank
   3. Commercial bank
   4. Regional Rural bank
   5. Government
   6. NABARD(National Bank for Agriculture Rural Development)
   7. SHG (Self Help Group)

**Structure of Rural Finance Market-**  The history of rural finances started with the cooperative banking in 1904 on the Raifessian model in India. In between the cooperative society there have been several Acts and Committees which went into the problem of rural finances till in 1952.

The Rural Finance Market comprises of-

1. Organized or formal system- The formal segment consist of Reserve Bank of India (RBI), National Bank for Agriculture and Rural Development (NABARD), Public and Private Sector Commercial Banks, Regional Rural Banks (RRB), Land Development Banks (LDB), State Cooperative Banks (SCB), Central Cooperative Banks (CCB), Primary Agricul­tural Cooperative Banks (PACB), Central and States Governments, Life Insurance Corporations (LIC), Post Office Saving Banks, etc.



1. Inorganized or informal segment

RBI is responsible for overall monetary policy and provides accommodation to NABARD and IDBI for agricultural and Rural Industries respectively. These institutions in turn provide refinance to commercial banks including RRB’s and SCB’s and State Land Development Banks (SLDB’s).

**Self-Help Group (SHG)** - A self-help group is a financial intermediary committee usually composed of 10 to 25 local women between the ages of 18 and 40. It is an informal associations of people who come together to find ways to improve their living conditions.

**The emergence of Self Help Groups – Origin and Development  in India**

* The origin of SHGs in India can be traced back to the establishment of the Self-Employed Women’s Association (SEWA) in 1972.
* Even before, there were small efforts at self-organising. For example, in 1954, the Textile Labour Association (TLA) of Ahmedabad formed its women’s wing in order to train the women belonging to families of mill workers in skills such as sewing, knitting, etc.
* Ela Bhatt, who formed SEWA, organised poor and self-employed women workers such as weavers, potters, hawkers, and others in the unorganised sector, with the objective of enhancing their incomes.
* [NABARD](https://byjus.com/free-ias-prep/nabard/), in 1992, formed the SHG Bank Linkage Project, which is today the world’s largest microfinance project.
* From 1993 onwards, NABARD, along with the Reserve Bank of India, allowed SHGs to open savings bank accounts in banks.
* The Swarn Jayanti Gram Swarozgar Yojana was introduced in 1999 by GOI with the intention of promoting self-employment in rural areas through formation and skilling of such groups. This evolved into the [National Rural Livelihoods Mission (NRLM)](https://byjus.com/free-ias-prep/nrlm/) in 2011.

**Evolution Stages of Self Help Groups in India**

Every Self-help group usually goes through 3 stages of evolution stated below:

1. Formation of group
2. Funding or Formation of Capital
3. Development of required skills to boost income generation for the group

Many self-help groups are formed with the assistance of Self- help to promote agencies.

The various types of Self-help promoting agencies are stated below:

1. Non-governmental agencies
2. Government
3. Poverty management programmes
4. State & commercial banks
5. Microfinance institutions
6. SHG Federations
7. SHG leaders/Entrepreneurs

### Functions of Self Help Groups

* They try to build the functional capacity of poor and marginalised sections of society in the domain of employment and income-generating activities.
* They offer collateral-free loans to sections of people that generally find it hard to get loans from banks.
* They also resolve conflicts via mutual discussions and collective leadership.
* They are an important source of microfinance services to the poor.
* They act as a go-through for formal banking services to reach the poor, especially in rural areas.
* They also encourage the habit of saving among the poor.

### Need for Self Help Groups

* One of the chief reasons for rural poverty is the lack of access or limited access to credit and financial services.
* The Rangarajan Committee Report highlighted four major reasons for lack of financial inclusion in India. They are:
  + Inability to give collateral security
  + Weak credit absorption capacity
  + The insufficient reach of institutions
  + Weak community network
* It is being recognised that one of the most important elements of credit linkage in rural areas is the prevalence of sound community networks in Indian villages.
* SHGs play a vital role in giving credit access to the poor and this is extremely crucial in poverty alleviation.
* They also play a great role in empowering women because SHGs help women from economically weaker sections build social capital.
* Financial independence through self-employment opportunities also helps improve other development factors such as literacy levels, improved healthcare and better family planning.

### Advantages of Self Help Groups

* Financial Inclusion – SHGs incentivise banks to lend to poor and marginalised sections of society because of the assurance of returns.
* Voice to marginalised – SHGs have given a voice to the otherwise underrepresented and voiceless sections of society.
* Social Integrity – SHGs help eradicate many social ills such as dowry, alcoholism, early marriage, etc.
* Gender Equality – By empowering women SHGs help steer the nation towards true gender equality.
* Pressure Groups – SHGs act as pressure groups through which pressure can be mounted on the government to act on important issues.
* Enhancing the efficiency of government schemes – SHGs help implement and improve the efficiency of government schemes. They also help reduce corruption through social audits.
* Alternate source of livelihood/employment – SHGs help people earn their livelihood by providing vocational training, and also help improve their existing source of livelihood by offering tools, etc. They also help ease the dependency on agriculture.
* Impact on healthcare and housing – Financial inclusion due to SHGs has led to better family planning, reduced rates of child mortality, enhanced maternal health and also helped people fight diseases better by way of better nutrition, healthcare facilities and housing.
* Banking literacy – SHGs encourage people to save and promote banking literacy among the rural segment.

### Problems of Self Help Groups (SHGs)

* Need for extending this idea into the poorest families, which is not necessarily the case at present.
* Patriarchal mind-set prevailing which prevents many women from coming forward.
* There are about 1.2 lakh branches of banks in rural areas as opposed to 6 lakh villages in the country. There is a need to expand banking amenities further.
* Sustainability and the quality of operations of such groups have been questionable.
* There is a need for monitoring cells to be established for SHGs across the country.
* The SHGs work on mutual trust. The deposits are not safe or secure.

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