



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

Answer. 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:

1. Development of human resources like literacy, more specifically, female literacy, education and skill development.
2. Development of human resources like health, addressing both sanitation and public health.
3. Honest implementation of land reforms.
4. Development of the productive resources in each locality.
5. 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.
6. Special measures for alleviation of poverty and bringing about significant improvement in the living conditions of the weaker sections of the population.

Question 2. Discuss the importance of credit in rural development.

Answer. 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. Since the gestation period between crop sowing and realisation of income after sale of agricultural produce is very long, farmers need to take credit.

Question 3. Explain the role of micro-credit in meeting credit requirements of the poor.

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

Question 4. Explain the steps taken by the government in developing rural markets.

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

1. 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) Enforcement of standard weights.
  - (ii) Fixation of charges, fees, etc.
  - (iii) Settling of disputes among the operating parties in the market.
  - (iv) Prevention of unlawful deductions and control of wrong practices of middlemen.
  - (v) Providing reliable market information.

2. Provision of Infrastructural Facilities. The government has taken measures to develop ; infrastructural facilities like roads, railways, warehouses, godowns, cold storages and processing units.
3. Co-operative Market. Co-operative marketing is a measure to ensure a fair price to fanners. 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.
4. Important Instruments to Safeguard the Interests of Farmers. The Government has also developed some instruments to safeguard the interests of farmers. These instruments are:
5. Fixation of Minimum Support Price (MSP)
  - (ii) Buffer Stock
  - (iii) Public Distribution System (PDS).

Question 5. Why is agricultural diversification essential for sustainable livelihoods?

Answer. Diversification into non-farm activities is important because it will:

1. reduce the risk from agriculture sector.
2. provide sustainable livelihood options to people living in villages.
3. provide ecological balance.

Question 6. Critically evaluate the role of the rural banking system in the process of rural development in India.

Answer. 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:

1. Raising farm and non-farm output by providing services and credit facilities to farmers.
2. Providing long term loans with better repayment options. It, thus helped in eliminating moneylenders from the scene.
3. Generating credit for self-employment schemes in rural areas.
4. Achieving food security which is clear from the abundant buffer stocks of grains.

Limitations of rural banking are:

1. The sources of institutional finance are inadequate to meet the requirements of agricultural credit. Farmers still depend on money-lenders for their credit needs.
2. There exist regional inequalities in the distribution of institutional credit.
3. Rural banking is suffering from the problems of large amount of overdues and default rate.
4. Small and marginal farmers receive only a very small portion of the institutional credit. A large portion of institutional credit is taken away by the rich farmers.

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