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**JAGAT GURU NANAK DEV
PUNJAB STATE OPEN UNIVERSITY, PATIALA**

(Established by Act No. 19 of 2019 of the Legislature of State of Punjab)

MASTER OF ARTS (ECONOMICS)

SEMESTER-III

(MAEC24304T) RURAL DEVELOPMENT

Head Quarter: C/28, The Lower Mall, Patiala-147001

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PREFACE

Jagat Guru Nanak Dev Punjab State Open University, Patiala was established in December 2019 by Act 19 of the Legislature of State of Punjab. It is the first and only Open University of the State, entrusted with the responsibility of making higher education accessible to all, especially to those sections of society who do not have the means, time or opportunity to pursue regular education.

In keeping with the nature of an Open University, this University provides a flexible education system to suit every need. The time given to complete a programme is double the duration of a regular mode programme. Well-designed study material has been prepared in consultation with experts in their respective fields.

The University offers programmes which have been designed to provide relevant, skill-based and employability-enhancing education. The study material provided in this booklet is self-instructional, with self-assessment exercises, and recommendations for further readings. The syllabus has been divided in sections, and provided as units for simplification.

The University has a network of 110 Learner Support Centres/Study Centres, to enable students to make use of reading facilities, and for curriculum-based counselling and practicals. We, at the University, welcome you to be a part of this institution of knowledge.

Dean Academic Affairs



MASTER OF ARTS (ECONOMICS)

SEMESTER-III

(MAEC24304T) RURAL DEVELOPMENT

MAX. MARKS:100

EXTERNAL:70

INTERNAL:30

PASS:40%

CREDITS:6

OBJECTIVE:

This course introduces the basic principles of public expenditure and revenue. It acquaints the students with the needs and effects of public debt and deficit financing and how a fiscal policy works under the conditions of deflation and inflation.

INSTRUCTIONS FOR THE PAPER SETTER/EXAMINER:

1. The syllabus prescribed should be strictly adhered to.
2. The question paper will consist of three sections: A, B, and C. Sections A and B will have four questions each from the respective sections of the syllabus and will carry 10 marks each. The candidates will attempt two questions from each section.
3. Section C will have fifteen short answer questions covering the entire syllabus. Each question will carry 3 marks. Candidates will attempt any 10 questions from this section.
4. The examiner shall give a clear instruction to the candidates to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.
5. The duration of each paper will be three hours.

INSTRUCTIONS FOR THE CANDIDATES:

Candidates are required to attempt any two questions each from the sections A, and B of the question paper, and any ten short answer questions from Section C. They have to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.

SECTION A

UNIT 1: Introduction of Rural Sector in India, Nature, significance, features, factors affecting the rural sector

UNIT 2: Rural Development Planning, Planning Process, Types, Function and level of Planning, Multi-level Planning, District Planning

UNIT 3: Grassroots Level Planning (Block Level Planning), Grassroots Level Planning (Village Level Planning)

UNIT 4: Role of Panchayati Raj Institutions in Rural Development

SECTION B

UNIT 5: Cooperative Institutions: Concept and Principles of Cooperation

UNIT 6: Types and working of Rural Cooperatives: Credit Cooperatives, Marketing Cooperatives, Dairy Cooperatives

UNIT 7: Rural Development Programmes, Poverty Alleviation Programmes: Programmes for Self & Wage Employment

UNIT 8: Social Security, Women, Other Development Programmes and Startup India in the Rural Sector

Suggested Reading:

- Katar. Singh, Rural Development: Principles, Policies and Management, SAGE
- Publications India Pvt Ltd. Publication year: 2009.
- A.R. Desai (Ed). Introduction of Rural Sociology in India.
- K.R. Gupta, Rural Development in India, Atlantic Publishers and Distributors (P) Ltd.
- M. Soundarapandian, Rural Entrepreneurship: Growth and Potentials, Kanishka Publisher.
- C.B. Mammoria, Indian Social Problems, Kitab Mahal Publisher.

MASTER OF ARTS (ECONOMICS)

SEMESTER-III

RURAL DEVELOPMENT

UNIT 1: INTRODUCTION OF RURAL SECTOR IN INDIA, NATURE, SIGNIFICANCE, FEATURES, FACTORS AFFECTING THE RURAL SECTOR

Structure

1.0 Objectives

1.1 Introduction

1.2 Rural Sector: Concept

1.3 Nature/ Significance of Rural Sector in Indian Context

1.4 Features of Rural Sector

1.5 Problems related to development of Rural Sectors

1.6 Key issues in development of rural sector

1.7 Challenges/Factors affecting Rural Sector Transformation

1.8 Sum Up

1.9 Questions for Practice

1.10 Suggested Reading

1.0 Objectives

After studying this chapter, you will be able

- To understand the concept of the rural sector
- To identify the different features of rural sector
- To discuss the dimensions of rural sector in the Indian context
- To discuss the problems and concerns of rural sector in the Indian context
- To identify the challenges in developing the rural sector in the Indian context

1.1 Introduction

India's rural sector presents significant opportunities, particularly in light of current global

economic conditions. To ensure the nation's economic growth, it is essential to unlock and integrate the potential of rural India. Traditionally, India has been seen as divided between Bharat—the villages—and urban India. However, for the country to achieve a strong global standing, the convergence and mutual reinforcement of rural and urban sectors is crucial. The rural sector indicates an untapped source of growth and development.

1.2 Rural Sector

According to the National Sample Survey Organisation (NSSO), 'rural' is defined as:

- An area with a population density of up to 400 square kilometers
- Villages have clear boundaries
- Villages have no municipal board
- Villages have a minimum of 75% of the male working population involved in agriculture and allied activities.

RBI defines a rural area as an area with a population of less than 10,000

1.3 Nature/ Significance of Rural Sectors in the Indian Context

- **Small size of community:** The rural sector has a comparatively smaller size of population than urban communities.
- **Density of Population:** The density of population in the rural sector is lower. People generally have more face-to-face interactions.
- **Agriculture as the main occupation:** Agriculture provides the foundation for the rural sector. Many families inherit the agricultural land and, in such cases, agriculture is an obvious choice for family members.
- **Interaction with nature:** The Rural sector has close contact and interaction with nature. The natural environment is part of their day-to-day activities. The rural sector depends a lot on natural resources to achieve its sufficiency
- **Homogeneity of population:** Rural sectors generally comprise homogeneous village communities. Being in homogeneous groups increases their sense of belonging.
- **Social stratification:** Rural sectors are stratified based on caste or religion.
- **Social interaction:** Traditions, festivals, customs and culture make the members of rural

society interact with each other. But on the other hand, the number of interactions between the members of society is limited, which makes their vision and viewpoint about the outside world narrow. The narrow viewpoint also makes rural people a little rigid towards change.

- **Social Mobility and Joint Family:** Mobility of members of the rural sector is rigid. Rural areas in India are comprised of large joint families as basic units of society, which prefer to stay together.

1.4 Features of Rural Sectors

India is a rural economy. Approximately two-thirds of its population resides in the rural areas. Considering all the urbanization in the backdrop, half of India's population is still projected to live in rural areas by 2050. According to NITI Aayog 2017, nearly 70% of India's workforce comes from rural areas. Some important aspects of rural sectors in the Indian context are discussed as follows:

A) Dominance by Agriculture: Rural sectors in India are dominated by agriculture. India's majority workforce still resides in rural sectors. This makes the Indian economy an agrarian economy. The significant and huge contribution of agriculture to the Indian economy makes agriculture the backbone of the Indian economy. Economic Survey 2020-21 indicates that agriculture contributes nearly 20% towards the nation's gross domestic product. The agriculture sector has shown a growth rate of 3.4% at constant prices when other sectors were suffering a burn due to the global health crisis of COVID-19. Agriculture's share in GDP increased to approximately 20% in 2020-21 from a level of 17.8% in 2019-20. The resilience in agriculture has supported the Indian economy in bringing essential staples like wheat, rice, fruits, vegetables, pulses, etc. has helped India gain food security.

Agriculture has remained as main source of employment in rural sectors of India. Nearly 1/4th of the world's farmers live in India. India holds first position in the world for producing pulses, 2nd position in producing wheat, rice, vegetables and fruits. Further, India holds 3rd position in producing food-grains.

Despite all the significant contributions of agriculture in India's rural sector, Agriculture in rural sectors still suffers from a few limitations, like:

- The participation of women in the rural agricultural workforce is limited. Only 40% of women participates in agricultural work and less than 10% of India's land is owned by women. The

majority of the land-related resources are owned by men in India. The dominance of men in society limits the participation of women in the Indian rural sector.

- Agriculture in rural sectors suffers from a lack of high-tech machines and other automated supporting tools to protect and cultivate the land properly without wasting resources.
- Farmers in rural sectors still depend a lot on traditional practices to carry out farming. The skills among farmers have not been developed and this limits the productivity of farm produce. It leads to the wastage of several other resources
- Indian rural farmers still depend a lot on natural rains and other natural resources for irrigation. This makes farmers depend a lot on the uncontrollable factors.
- Rural agriculture farms are not diversified in producing a number of crops. Further the activities of farmers are not diversified like the culturing of fish, honey production, mushrooms, and legumes production are not widely adopted.
- The economic viability of farmers is not strong in India. Farmers lack resources to support their livelihood during the year and are in debt in many parts of rural India. This brings distress in the lives and families of farmers and limits the socio-economic growth of rural sectors in India.
- Agriculture infrastructure includes an array of resources and facilities that are required for harvesting a successful crop. Such infrastructure includes power, irrigation, availability of financial credit, storage and warehouses, access to markets, insurance of crops, roads, etc.

B) Allied Sectors: Rural sectors in India span beyond the agriculture sector. A few allied sectors that exist and support in rural sector of India are animal husbandry. Animal husbandry is an integral part of the rural economy in India. The livestock sector is a significant and sustainable source of income in rural India. Animal husbandry includes dairy farming, bee farming, poultry farming, fish farming, horse breeding, cattle farming, sheep farming, dog breeding, etc. Livestock contributes approximately 4.11% to GDP and 25.6% of total agriculture GDP. Livestock employs approximately 20.5 million people in India. Livestock provides a livelihood to 2/3 of the rural community. Horticulture refers to the production of nuts, vegetables, fruits, etc. It contributes nearly 30.4% to the agricultural GDP. The fishery sector, floriculture, and apiculture are other supporting allied fields that contribute significantly in the rural sector in India.

C) Health Care system in rural India: The Health care system in rural India is developed as a three-tier system, which is as follows

1. Sub Centre: It includes a peripheral contact point between the Primary health care system & community.
2. Primary health Centre: Primary health centres are considered as cornerstones of rural healthcare in India. They are the first point of contact for rural people's health concerns. It includes a referral unit that has 6 sub-centres with 4-6 bedded manned with one medical officer and a few subordinate paramedical staff.
3. Community Health Centre: This includes a minimum 30-bed hospital with a few primary health centres and specialized services.

Indian rural health care system still suffers from a number of limitations, like poor patient-to-doctor ratio, low infrastructure level, low government spending, low insurance coverage, etc.

Education and human resources: Education ties the rural society and develops human resources in India. The education system can transform human resources and bring in equality across social dimensions.

D) Governance in rural sectors: There are three levels of governance in India, i.e. Central government, State government and local self-government. Local self-government is at the bottom of the administrative pyramid. It functions at the grassroots levels. It is formed by a group of people belonging to a certain locality. Local people belonging to an area elect their representatives and form local government of the area. Local government operates to solve the local problems of areas and serves to fulfill the basic needs of the local people. Local self-governance is carried out at two further levels: rural and urban.

Rural local self-government functions under the 'Panchayati Raj System' is a three-tiered system. 'Panchayat' refers to the group of five senior persons of the village, known as panchas. Panchayat has its roots in the ancient governance structure of India. The panchayat aims to deal with local problems, solve the disputes within members of villages, and establish a self-sustaining governance in the local area. The main objective of the panchayat is to involve local people in managing and governing their affairs. The Panchayati system is further divided into three parts: Gram Sabha, Gram Panchayat, and Nyaya Panchayat.

A gram panchayat refers to a basic village governing institute in Indian villages. It sets the

democratic structure at the grassroots level in India. Gram Sabha acts in the capacity of the general body of the Gram Panchayat. The members of the gram panchayat are all adult members of the village. The gram panchayat meets twice a year to discuss important matters and problems related to villages. The Gram Panchayat includes representatives of the Gram Sabha. Few seats are reserved for scheduled castes or scheduled tribes and one-third of seats are reserved for women in the gram panchayat.

Nyaya Panchayats are formed in some villages. These are elected by the gram panchayat. The panchayat settles dispute fast. A Nyay panchayat cannot impose imprisonment on people, but can impose small fines. In case the decision is not reached or both parties are not satisfied by the decisions of the Nyay panchayat, then villagers are allowed to reach the district or high court. The head of Gram Sabha is known as Pradhan/sarpanch. Sarpanch is assisted by the vice-sarpanch for a term of three to five years.

Block samitis handle the problems that are too difficult for panchayats to solve. Generally, a number of villages combine together to form a single block or samiti, or panchayat samiti.

E) Economic dimension: A Village is a geographical unit. Considering the concept of 'Gramswaraj', a village or rural area can be considered as a geographical unit of land, which has its own structure of social, economic, and governance structure. Rural areas in India are rich in primary sector resources, which have geographical linkages like agricultural land, forest land, mines, coastal land, etc.

Rural industries build the rural economy by contributing to the socio-economic growth of rural areas. Rural industries are primarily based on effective and efficient utilization of raw materials, skills, capital and other rural resources. Rural industries are broadly categorized into cottage industries, small industries, tiny industries, and agro-based industries.

Cottage industry is an unorganized industry in which rural people are engaged in craftsmanship work. For example, handicraft, pottery, knitting, handloom etc., cottage industries employ private resources, employ local talent, use limited equipment, have a small amount of capital invested, and manufacture limited products.

Small industries are those industries that manufacture, deliver products and services at a micro or small scale. Such industries do not exceed the investment cap of Rs. 10 crore and the annual turnover is less than Rs. 50 crores. For example, bakeries, manufacturing of school stationery,

water bottles, leather belts, small toys, etc.

Rural sectors also provide space for agro-based industries to flourish and prosper. Agro-based industries are related to textiles, sugar, paper, vegetable oil, etc. and depend on agricultural produce for the raw material and other related inputs.

F) Science and Technology: Science and technology capacities are fundamental for ensuring the socio-economic growth of rural sectors. The need to boost science and technology to transform rural India can be traced back to 1935, when Gandhiji initiated a movement called ‘Science for People’ at the All-India Village Industries Association. Placing science and technology in a rural context can bring the benefits in the form of organic farming, biotechnology, biofuels, renewable energy, sanitation, etc.

Technology for rural people can create employment, recycle waste, bring more clean fuels, create value-added products, better housing, sanitation, etc. Science and technology as drive the development and revolutionize the economic advancements with improvements in different systems. Bringing science and technology into rural arenas can help to plug rural-urban gaps and can raise the awareness of people to new levels for better and wiser decisions.

G) Environment and Climatic features of rural sectors: Rural sectors are generally rich and connected with natural resource base like forests, grazing lands, mines, water resources, etc. Rural households depend a lot on the natural resources to obtain a number of raw materials, and inputs to sustain through their daily life. Further, rural people receive a lot of support in making a living from the natural resources available to them. Natural resources, if channelized properly and systematically, can help alleviate poverty in rural sectors.

1.5 Problems related to the development of Rural Sectors

a) Agriculture-related problems

- Lack of skills, knowledge and information
- Low access to inputs
- Low technology and infrastructure available
- Insufficient staff and services
- Disguised unemployment
- Small size of land holding

- Landless farmers
- Low willingness to work

b) Infrastructure-related problems

- Lack of basic amenities like roads
- High dependence on rain for water
- Lack of transportation facilities.
- Lack of communication technologies
- Lack of health infrastructure
- Low employment levels
- Lack of educational institutions etc.

c) People-related problems

- Traditional approach to handle problems
- Low level of understanding
- Low level of education
- Low awareness regarding mental health
- Low level of confidence
- Existence of unfelt needs
- Ego concerns

d) Economic problems

- Poverty
- Unemployment
- Lack of resources to rural industries
- High cost of inputs
- Access to developed financial institutions

e) Social problems

- Caste system
- Rigidity in values and traditions

- Non-formal means of control
- Non-scientific methods of investigating problems
- Superstitions
- Folkloric knowledge

f) Governance-related problems

- Need for well-aware, educated governing heads
- Monitoring of government funds is required
- Corruption
- Better capacity building of panchayats

1.6 Key issues in the development of rural sector

Rural sectors in India still struggle on a number of fronts. Such struggles limit the development of rural sectors in India. A few issues limiting the development of rural sectors in India are as follows:

- **Development of Infrastructure:** Rural sectors lack basic infrastructure to support the smooth functioning of some economic and social activities. Infrastructure facilities like irrigation, credit, marketing, and transportation need to be developed in rural sectors in order to address the development issues of such sectors.
- **Poverty:** Poverty is a major concern that limits the growth of rural sectors in India. A large part of rural India has poverty-stricken. Rural areas comprise of a number of categories of people like scheduled caste, scheduled tribes, landless farmers, labors, unskilled workers who are caught in the poverty trap. The poverty in rural sectors is characterized by lack of access to resources, food and other basic amenities required to live. Poverty is a multidimensional and complex concept and extends its roots with other dimensions of the rural system. It has implications for the political, economic, and social systems of rural areas. It destroys the rural-urban linkages and makes poor people migrate to urban areas in search of work.
- **Health Facilities:** Rural areas still lack proper health facilities. Better health facilities are required in order to support the overall growth of individuals. Healthy individuals would be better equipped to contribute to the growth of the economy.
- **Illiteracy:** Illiteracy is an important concern and threat to the growth of rural areas. According to UNESCO, an illiterate person cannot both read and write a simple statement on their

everyday life. The illiteracy rate in rural areas is still high and the gap between men- women widens further in rural areas. Illiteracy is coupled with poverty and further manifests in unemployment.

- **Crime and Violence:** Crime in rural areas is increasing, specifically against the underprivileged, marginalized, minorities and women. In rural areas, girls and women are more to abuse and mistreatment than men. Adding further, in many parts of rural India, the birth of a girl child is not preferred. The caste system in rural areas also gives rise to a lot of discrimination and crime.
- **Development of Productive resources:** Productive resources of each locality need to be developed to enhance employment opportunities. For example, the development of agricultural techniques, soil fertility, water resources, and natural resources are required to make the existing resources more productive.
- **Human resource development:** The human resources in rural areas need to be developed. The quality of human resources determines the type of work they will be handling and the value they will earn in return for their efforts. Skills need to be improved
- **Connectivity in Rural India:** The rural development in India is characterized by uneven regional development. One such issue reflecting uneven regional development is connectivity between rural areas and urban areas. The connectivity in terms of mobile phones, mobile data and internet has huge gap in rural areas in comparison to urban areas. India has second highest number of internet users in India. Shortfalls in policy interventions, inadequate electrification, affordability, and gender disparity are a few reasons for such inequality in rural areas.
- **Gender inequality:** Rural areas in India have a prevalence of gender gap with illiterate women more affected with the prevalence of child marriages and poor utilization of maternal health services. Also, violence against women has occurred with a declining sex ratio at birth
- **Environmental Concerns:** Rural areas face few environmental-related concerns that must be addressed before the damage becomes irreversible. Few such concerns are related to domestic waste, depleting forest cover, improper use of land, damage to habitat/infrastructure, soil loss, water shortage, solid waste disposal, disposal of toxic chemicals, nature conservation, etc.

1.7 Challenges/ factors affecting in Rural Sector Transformation

Rural areas also face a few localized problems related to environmental and climatic conditions. For example, damage to productive coastal resources due to fisheries, depletion of coral reefs, damage to coastal soil, excessive mining leading to mine wastes, erosion, pollution of rivers, dumping of industrial pollution, etc.

- 1. Infrastructure Deficits:** One of the major challenges in rural sector transformation is the lack of adequate infrastructure. Many villages still suffer from poor road connectivity, inadequate transport facilities, unreliable electricity supply, and limited access to clean drinking water. Digital infrastructure is also underdeveloped, making it difficult for rural communities to connect with markets, government services, and educational resources.
- 2. Agricultural Dependency:** The rural economy is still largely dependent on agriculture, which faces multiple issues such as low productivity, fragmented landholdings, and outdated farming practices. Farmers are highly vulnerable to climate change, unpredictable monsoons, droughts, and floods. This over-reliance on traditional agriculture hampers income diversification and slows down the process of economic transformation.
- 3. Limited Industrial and Employment Opportunities:** Non-farm job opportunities are scarce in rural areas, leading to seasonal unemployment and underemployment. Many young people migrate to urban centers in search of better livelihood options, leaving behind an aging workforce in villages. The absence of small-scale industries and service sector jobs further restricts rural economic development.
- 4. Educational and Skill Gaps:** The quality of education in rural schools remains a concern due to inadequate infrastructure, a shortage of trained teachers, and a lack of learning resources. Vocational training and skill development opportunities are limited, resulting in a mismatch between available skills and the requirements of modern industries. Digital literacy also remains low, creating barriers to employment in the growing knowledge economy.
- 5. Healthcare Constraints:** Access to quality healthcare is another pressing challenge. Rural areas face a shortage of doctors, nurses, and basic medical infrastructure. High maternal and infant mortality rates continue to be a problem, along with limited awareness of hygiene and preventive healthcare practices. This not only affects the quality of life but also impacts productivity and economic growth.
- 6. Financial Inclusion Issues:** Despite progress in banking outreach, many rural households still

lack access to formal financial services such as credit, savings, and insurance. Dependence on informal moneylenders continues, leading to cycles of debt and poverty. Low financial literacy further prevents people from benefiting from government schemes and banking facilities.

- 7. Social and Cultural Barriers:** Rural transformation is often hindered by deep-rooted social structures and cultural practices. Issues like caste-based discrimination, gender inequality, and resistance to social change limit the participation of marginalised groups in development processes. Women, in particular, face limited opportunities for education, employment, and entrepreneurship.
- 8. Governance and Policy Implementation:** While numerous policies exist for rural development, the gap between policy formulation and ground-level implementation remains wide. Problems such as corruption, bureaucratic delays, and leakages in welfare schemes reduce the effectiveness of government initiatives. Moreover, a lack of proper coordination among various departments and agencies slows down progress.
- 9. Technology and Innovation Challenges:** The adoption of modern technology in rural areas is relatively slow. Farmers are hesitant or unable to use advanced techniques due to cost, lack of training, and limited access. Digital platforms and e-governance tools are not widely available, further limiting efficiency. There is also a lack of affordable innovations designed to meet the unique needs of rural communities.
- 10. Environmental Sustainability:** Rural areas are increasingly facing ecological challenges such as soil degradation, water scarcity, and deforestation. Overuse of chemical fertilizers and pesticides has harmed soil fertility and public health. Without a focus on renewable energy, organic farming, and sustainable resource management, rural transformation may not be environmentally viable in the long run.\

1.8 Sum Up

The rural sector in India forms the backbone of the country's socio-economic framework, as nearly two-thirds of the population still lives in villages and depends mainly on agriculture and allied activities for livelihood. It is agrarian in nature, labor-intensive, and deeply rooted in community life, where social institutions like caste, family, and panchayats play an important role. The rural sector is significant because it ensures food security, provides raw materials for industries, generates employment, and preserves India's cultural traditions and crafts. Its key features include

dependence on monsoons, fragmented landholdings, low productivity, widespread poverty and underemployment, limited infrastructure, and rich social cohesion. However, several factors affect the growth of the rural sector, such as lack of modern technology, poor connectivity, inadequate health care and education, insufficient access to credit, migration to cities, and policy gaps. Despite these challenges, the rural sector holds immense potential for inclusive and sustainable development if supported through proper planning, infrastructure improvement, and empowerment programs.

1.9 Questions for Practice

A. Short-answer type questions

- Q1. What do you mean by rural?
- Q2. List the economic problems related to the rural sector
- Q3. What do you understand by the governance system of a village?

B. Long-answer type questions

- Q1. Critically evaluate the problems of the rural sectors in India.
- Q2. Discuss the different dimensions of rural sectors in India.

1.10 Suggested Readings

- Aayog, N.I.T. I. "Changing structure of rural economy of India implications for employment and growth." National Institution for Transforming India, Government of India (2017)
- India Budget
- OECD Surveys

MASTER OF ARTS (ECONOMICS)

SEMESTER-III

RURAL DEVELOPMENT

UNIT 2: Rural Development Planning, Planning Process, Types, Function and level of Planning, Multi-level Planning, District Planning

Structure

2.0 Objectives

2.1 Introduction

2.2 Rural Development

2.3 Concept of Planning

2.3.1 Planning for Rural Development

2.3.2 Techniques of Rural Development Planning

2.3.3 Rural Development Planning Process

2.4 Types of Rural Development Planning

2.5 Functions of Rural Development Planning

2.6 Levels of Planning in Rural Development

2.7 Multi-Level Planning in India

2.7.1 Gram Panchayat

2.7.2 Panchayat Samiti

2.7.3 Zila Parishad

2.8 District Planning in Rural Development

2.9 Sum Up

2.10 Suggested Readings

2.0 OBJECTIVES

After reading this chapter, you should be able to:

- Explain the concept of rural development-its nature, objectives, scope, etc.
- Describe the notion of planning, its importance, components, process, etc.
- Clear the concepts on planning for rural development, various approaches of rural development planning, and a brief retrospective of rural development planning in India;
- Explain which innovative ideas can be followed to develop the rural economy of India.

2.1 INTRODUCTION

The majority of the population in India lives in a village in a rural area, and they don't have access to even basic facilities. People in rural areas are still dependent on agriculture to earn their livelihood. Mahatma Gandhi once said that real development does not mean the growth of industry and expansion of urban areas, but real development lies in the progress of people by providing them with all the necessities of life in rural areas. The real development lies in the progress of villages. Why does the idea of real development of the nation revolve around the progress and development of villages even today? Why do we still believe in the notion that if the villages are prospering, then only we can consider the real development of any nation, though industrialisation is in progress, and we are thinking of smart cities, planned colonies, etc., in this modern era? Still, we give preference to the development of rural areas, but why?

The answer lies that one-fourth population of the country lives in villages and under miserable conditions. So, we can't think of the development and progress of the nation in the absence of the progress of this one-fourth population living in villages. So, this chapter will help you to understand the concept of rural development, its objective, nature, scope, strategies, concept of rural development planning, etc.

2.2 RURAL DEVELOPMENT

Now the question arises then what does rural development mean? Before moving ahead, we must have a clear idea about the concept of rural areas. According to the RBI, "Rural areas are those areas with a population less than 49000 (tier 3 to tier 6 cities)". According to the 2011 census, the rural area houses 68.84% of India's population. Another definition is given by the National Sample Survey (NSSO) about the rural area, "An area with the population density of up to 400 per square kilometre with clear surveyed boundaries but no municipal board". An

area where a minimum of 75% of the male working population is involved in agriculture and allied activities. The reason behind the involvement of a major share of the rural population in agricultural activities is not that it is remunerative, but rural labourers do not have another alternative to earn their bread and butter. Hence, rural India contributes of good share to India's GDP in the form of agriculture self-employment services and construction, etc. Now here it will be worthwhile to say that the development and progress of the nation are of no use if we ignore the development of around 69% population of the nation, which is living in rural India. Rural development should be the key agenda in the development policy of the nation.

So, in simple words, rural development means an enhancement in the quality of life and general well-being of the people who live in rural areas. It also comprises utilisation protection and enhancement of natural physical and human resources needed to make long-term improvements in rural living conditions. In other words, rural development is a very wide term that covers a comprehensive area of development. Its talks about the development of those areas that are lacking behind in the overall development of the rural economy.

According to Dr. S. Vijay Kumar, in the present day, the term inclusive rural development is more specific than the term rural development, which covers three different dimensions, but otherwise, they are interrelated, and these are: -

- a) Economic dimensions.
- b) Political dimensions.
- c) Social dimensions.

In economic dimensions, it includes capacity building and creating opportunities for poor and low-income households to participate in economic activities and growth, while also providing them with benefits from the economic growth. Under the social dimension, it involves providing social security to the poor, empowering women, protecting children, promoting gender equality, and ensuring equal participation of men and women in social development. Political dimensions consider the involvement and participation of poor and low-income people in political matters at the village level, emphasising equal participation of men and women in village politics.

The following are the key areas covered under rural development: -

- 1) Providing primary health services to every village.
- 2) Improving the standard of living of poor and low-income rural people by providing them

with employment opportunities and increasing their productivity.

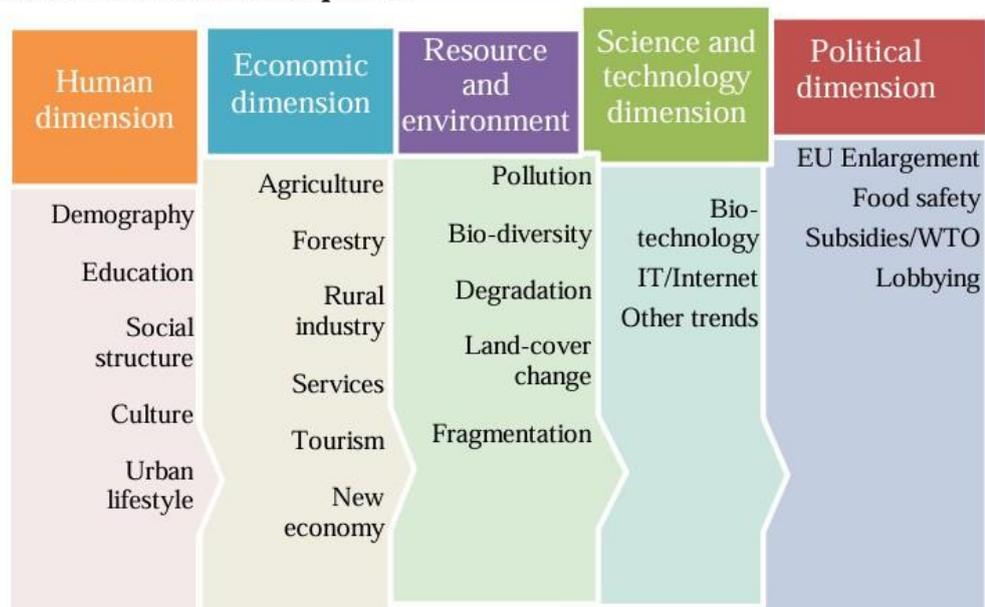
3) Ensuring the equal involvement of people in rural planning and development, political and administrative positions at the village level.

4) Providing justice and equal opportunities to the rural people.

5) Providing uninterrupted electricity supply, clean potable water, drainage system, safe roads, transportation facility and means of communication.

Rural Development is a comprehensive term that essentially focuses on action for the development of the areas that are lagging in the overall development. Planning for rural development has gained importance in recent times because of the growing realisation that benefits from development have, by and large, bypassed large segments of rural society. At the same time, it has been recognised that the organisation and structure of the process planning must be modified so that policies and programs reflect the development needs of rural areas. There are various dimensions of rural development which can be classified as:

Fig 1: Dimensions of Rural development



- Human dimension: The basis of any development is people. It will be very difficult to bring a positive change in the economy, if enormous out-migration of young people takes place in rural areas or if large numbers of farmers are above the age of 65. So, the human dimension consists of the Demography, Education, Social structure, Culture and Urban lifestyle. We must also contemplate the effect of change in urban lifestyle on the rural areas, such as change in the consumption of food, leisure activities etc.,

- **Economic Dimension:** Agriculture and forestry are the most important economic activities in rural areas. Most of the rural people are dependent upon Agriculture or other allied activities related to agriculture for their livelihood. That is why subsidies for agriculture are on the higher side in comparison to other sectors. Agriculture and other allied activities make a huge contribution to the total output of the country, as well as generate more employment than any other sector. Even if the contribution of the agriculture sector is output as well as employment is decreasing day by day, it is still the main sector that provides more employment opportunities to the rural people. Today, other sectors are also gaining more importance, such as rural services and rural industry, and people are shifting more towards these sectors as they provide more income and a better standard of living and also consider the well-being of the people. In order to develop an economy, the integrated development of all the sectors is very important.
- **Science and technology dimension:** Nowadays, each sector of modern society is affected by the various developments that have taken place in science and technology. So, for this, we must study the impact of the latest biotechnology on livestock production, agriculture and the food industry. It must be examined what type of technologies can be expected in future and how they can impact the development of the rural sector. As we can see, the impact of technology in various sectors, such as tourism and direct marketing which opens new areas for the development of an economy. Other trends. It consists of Bio-technology, IT/Internet,
- **Environment and resources dimension:** Rural development can be proved to be beneficial if it does not waste different essential natural resources (like water), if it does not increase air or water pollution in future, if it preserves culture landscape etc., Every activity which is required in order to develop an economy must be consider and evaluated on the basis of its effect on the environment. As rural people are mostly dependent upon natural resources for their economic activities, such as tourism, forestry, food production, etc. So, environment and natural resources must be preserved for the sustainable development of any economy.
- **Political dimension:** Opinion of the public and their participation in political debate about the development priorities are major dimensions for bringing a change in rural economy. It can be seen from previous protests that were done by farmers, which bought a huge change in agricultural policies of Europe both at national and EU level.

So, rural development must take into account the political pressures also along with the other dimensions.

2.2.1 OBJECTIVES OF RURAL DEVELOPMENT

Rural development programs, in the Indian context, have aimed at achieving a number of objectives:

- 1) Changing the attitude of rural people towards development and transformation of the village community
- 2) Endorsing the democratic leadership at a lower level which can also be called a grass root level, by setting up self-governments at a local level.
- 3) Providing basic amenities such as fresh drinking water, health care facilities, proper sanitation, housing, and employment opportunities.
- 4) Improving infrastructure facilities in villages, particularly transport and communication facilities, etc.
- 5) Ensuring a tension-free life for the rural population by promoting communal harmony and unity, level of literacy education, and cultural activities.

2.2.2 NATURE AND SCOPE OF RURAL DEVELOPMENT

Rural development denotes the overall development of rural areas. It covers, besides agricultural development, a comprehensive set of activities, pertaining to all aspects of the rural economy. Rural development confers a benefit on a number of classes of cultivators, landless labourers, and rural artisans. So, it requires a vast infrastructure. The provision of this is not an easy task because it has to be undertaken by the government. However, evolving and appropriate technology has to simultaneously achieve the twin objective of raising growth rates and stepping up opportunities for employment. The setting up of appropriate institutions and coordinating their activities are crucial for any rural development strategy.

2.2.3 RURAL DEVELOPMENT STRATEGIES IN INDIA

1. Provide MSP (Minimum support price) for various crops to the farmers apart from providing crop insurance.
2. Irrigation facilities for all the agricultural fields should be provided.
3. Electricity for farmers should be supplied at subsidy rates.

4. Instead of giving directions. Cash into the Hands farmers' government has to provide, free of cost all required inputs like quality seeds, fertilisers, pesticides, etc.
5. Establish new agricultural godowns in addition to the existing godowns.
6. For purchasing tractors, electric and crop failure due to floods, etc., govt. must provide a loan facility to the farmers
7. Programmes to improve agricultural production and marketing should be organised

CHECK YOUR PROGRESS I

1) What is Rural Development? Discuss the various objectives and nature of Rural development.

.....

2) Explain the scope and importance of Rural development.

.....

3) Explain the concept of rural society and elaborate on its features.

.....

2.3 CONCEPT OF PLANNING

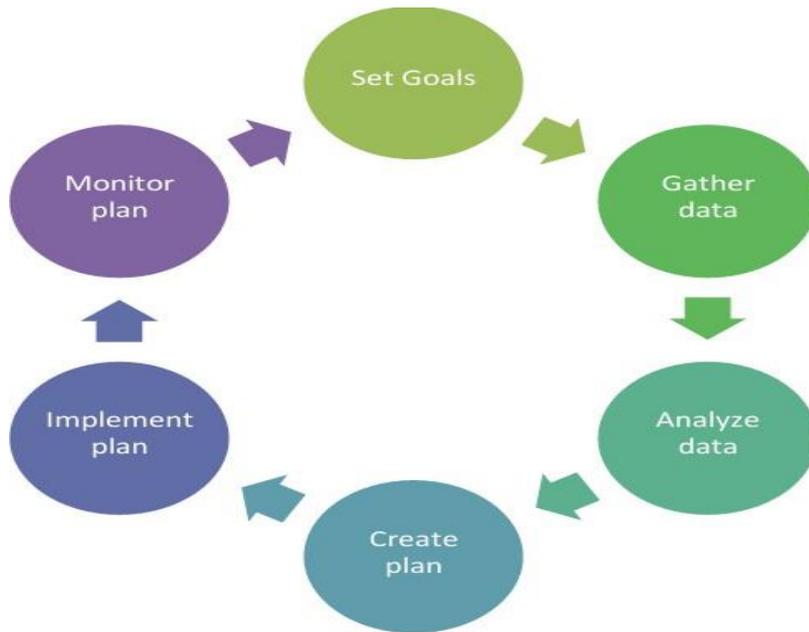
Planning is the process of thinking and deciding in advance the future course of action. It means deciding in advance what, how, when, and who will perform the activities that are required to achieve the desired goal. Planning is always done before any other activity. It consists of a selection of goals and objectives that are required to be achieved, and the actions to achieve those objectives. That is why every organisation gives more emphasis on planning.

Some of the features of Planning are:

- 1) It involves decision-making
- 2) It is a managerial function as it is done by the top level of management.
- 3) Goal-oriented, as it focuses on the long-term goals of the organisation
- 4) It is an intellectual activity

- 5) It is a future-oriented activity
- 6) It is a continuous activity -Never-ending activity
- 7) It is pervasive- Planning is everywhere, in every organisation, and at each level of organisation.

Planning is also done in a systematic way by following various steps. So, planning is done by following a proper process, which is depicted in the given figure:



Source: Yadav (2020)

Various steps involved in the process of planning are:

1. Identify the Necessity for Action
2. Setting various Objectives
3. Development of Premises
4. Identify the Alternatives
5. Formulation of Auxiliary Plan
6. Implementing the Plan

Various components of planning are:

1. Forecasting
2. Objectives
3. Policies
4. Programmes

5. Procedures
6. Rules
7. Budget

2.3.1 PLANNING FOR RURAL DEVELOPMENT

Rural development planning involves determining in advance the various courses of action for the development of rural society. It refers to the process of improving the quality of life and general well-being of individuals living in isolated and underdeveloped areas. So, the importance of rural development planning is explained below:

- 1) It involves the development of all the areas of rural sectors, such as society, culture, technology, economy, and health.
- 2) Improving the standard of living of the rural masses.
- 3) Developing the youth, children, and women section of the society
- 4) Empowerment of human resources of rural areas by improving their skills, knowledge, attitudes, etc.
- 5) Development of infrastructure facilities in rural areas.
- 6) Providing basic amenities to rural people in terms of drinking water, education, transportation, electricity, and communication.
- 7) Development of rural institutions like cooperatives, Panchayats, banks, etc..
- 8) Development of small-scale industries, village industries, cottage industries, and other related economic operations in the rural sector.
- 9) Development of agriculture and other activities allied to the agriculture sector
- 10) Motivating the farmers to opt for high-yielding varieties of seeds and fertilisers, and further insisting on them to follow modern farming practices of farming
- 11) Development of entertainment and recreational facilities for rural people
- 12) Improvement of rural marketing facilities
- 13) Improving the employment opportunities for the rural sector people
- 14) Rural development planning is done to sustainably develop rural areas.
- 15) To eradicate rural poverty.

A decentralised planning approach can be opted for in a country like India. It involves the delegation of decision-making responsibility to the lower levels of administration. The process of planning is decentralized from the national level to the state level and then from state to regional level, which is further transferred to the district level and then sub-divisional level and in the end, it is decentralized from the sub-divisional level to the village level. It is also known as grass-roots level planning, whereas planning that is done at the top level is termed as centralized planning or macro-level planning. Thus, we can say that the benefits of decentralized planning exceed centralized planning, as it offers an opportunity to the people by involving them in decision-making, through which they can demonstrate their capabilities more effectively.

2.3.2 TECHNIQUES OF RURAL DEVELOPMENT PLANNING

Based on the progressive changes in the approach, the techniques evolved for rural development. Planning can be described under three categories:

1. Growth-Oriented Technique

This approach relies upon the philosophy of rational decision-making by the rural area's people, just like other people who make full utilization of their decision-making power and try to maximise their incomes as much as possible if provided with the proper opportunities. This is the most suitable approach for integrated planning of rural development. It works on the principle of equal accessibility of all the facilities and services as well as local administration like panchayats for all the people of rural areas and that too within easy reach for the total population.

The basic aim of the state under this approach is to build infrastructure and provide a favourable climate to the poor people so that they can enjoy the benefits of increased production. The direction and management of all the activities of private and public agencies are done through market mechanisms.

This model formed the roots for the predominant agriculture development strategy when programmes like the intensive agriculture district programme (IADP), the intensive capital development programme (ICDP) and the high-yielding varieties programme (HYVP) were launched. But this model was found to be unsuccessful in bringing any decline in the level of poverty, unemployment, and inequality.

2. Welfare-Oriented Technique

This approach aims to improve the well-being of the rural population in general and in particular through various large-scale programs such as the applied nutrition program, mid-day meal program, etc. The primary purpose of using this technique is to provide free Goods, services, and civil amenities to the rural areas. One of the critical assumptions of this technique is that people are not as competent in identifying and solving their problems and only government specialists can identify such problems and solve them by providing financial assistance, because managerial resources are available only with the government. The welfare-oriented programs depict a mixed picture because in some areas, rural poor can get benefits significantly, but not in others. The two major criticisms of this approach are:

- It has created many dependencies on the government
- It requires those resources that are even beyond the reach of the government.

3. Responsive Technique

Under this approach, rural people help themselves by creating their own organizations and support systems. The responsibility of the government is to provide self-help resources that are not available nearby. The rural poor identify their problems and resolve them if provided with minimum support. Various examples of this technique are India's Operation Flood in the 1970s, Operation Flight of Anand Pattern diary cooperatives, whose main intention was to modernize and develop India's dairy industry through a three-tier structure. Different voluntary agencies are also following this model of development.

4. Integrated Development Technique

Previous approaches failed to address the issues of inequalities in the dispersal of employment, incomes, and assets. This approach is a mixture of all the positive characteristics of the previous three techniques and is intended to concurrently achieve the goals of growth, equity, welfare, and community participation. This model takes a very wide-ranging but combined view of the basic complications of poverty, unemployment, inequality and tries to find the economic, physical, technological, social, organizational, motivational, and political foundation of these problems. It refers to the series of interconnected farm and non-farm activities that focus on rural sector improvement as a whole. Various examples of the programmes which followed this approach are the anti-poverty programmes launched in the year 1970 in India, such as the Integrated Rural Employment Programme and Training of Rural Youth for Self-Employment.

2.3.3 RURAL DEVELOPMENT PLANNING PROCESS

• FIVE-YEAR PLANS

The main vehicle of planning in India, however, is a five-year plan. We began the process in 1951 and after three successive plans, the period between 1966 and 1969 saw three annual plans. The government formulated a draft five-year plan for 1978- 83 to give effect to its policies and programs. Before the beginning of a five-year plan period, the Planning Commission and the state government initiate the planning exercise. For example, the process of

preparing the eight-year plan (1990-85) began in 1987. The approach, strategy, and main issues (growth rate, resource mobilization, social justice, and considerations) are discussed within the Planning Commission through a series of internal meetings.

The central ministries begin their planning exercises based on the guidelines given by the Planning Commission. Some key issues of an intersectoral nature, the Planning Commission constitutes steering groups/ task forces. Simultaneously, the state Planning Commission department begins work to prepare the state plan proposals. The departments are asked to prepare the sectoral proposal, which is then reviewed, modified, and integrated within the overall state plan frame, taking into consideration the state's priorities and the resource position.

All the exercises of central ministries and state government were completed by the Planning Commission; the central and state plans were integrated and outlays for various sectors as well as programs in these sectors, were indicated. The approval of the Planning Commission, the Union Cabinet, and the NDC is then sought.

• ANNUAL PLANS

Annual plans are prepared both ways by the central ministries and the state government for the sector concerned within the time framework of the respective five-year plan.

The central ministries/dept. prepare their annual plan proposals and submit them to the Planning Commission. The planning departments keep in mind the requirements of spill-over expenditure on continuing schemes. Funds are required to meet the commitment already made by the government and funds needed to maintain the tempo of development and also the new programs that could be taken up in the next year, subject to the availability of resources. Keeping in view the requirements of the funds, the estimates of likely resources that can be mobilized, as also the intersectoral priorities, a tentative annual plan ceiling with its

sectoral physical and financial breakup is prepared and submitted for approval to the Council of Ministers. Thereafter, the sectoral financial allocations are intimated to the departments concerned, which make the planning exercise and submit the sectoral plan, the scheme-wise proposals for preparation of the time annual plan document to be submitted to the Planning Commission.

A consolidated draft document is prepared and submitted to the Planning Commission. The proposals are discussed in the working groups constituted by the Planning Commission with representatives of the state government. The suggestions of the working groups are considered and finalized in a meeting between the chief minister, the minister in charge of the planning of the state, and the deputy chairman of the Planning Commission. The state government, thereafter, integrates this annual plan into its annual budget, which is presented to the state legislature normally in February or March

- **BUDGET**

The budget, which is prepared at the union and state government level every year, is an instrument of fiscal policy. It covers the period between 1st April and 31st March of the next year. It includes both the receipts and expenditures of the government. It includes the non-plan and plan expenditures. The plan expenditures are a development budget of the government and reflect the annual plan of the government. It aggregates the annual plans of the various ministers/departments in the case of the central state plan.

- **MID-TERM APPRAISAL**

Normally, during a five-year plan, a mid-term appraisal is undertaken by the Planning Commission. In the case of the seventh five-year plan 1985 -90, this was undertaken by the Planning Commission during 1987-89. This exercise provides an opportunity to review the progress of the plan and generate signals for action, both for the remaining period of the five-year plan and the possibility for the next 5-year plan.

The process followed for the 7th plan midterm appraisal was that sectoral assessments were prepared by the subject divisions of the Planning Commission. The ministries concerned were also involved by the Planning Commission in the review of the progress. The current problems and issues and the course of action. The document approved by the Planning Commission was then placed before the NDC and was tabled in the two Houses of Parliament.

2.4 Types of Rural Development Planning

1. **Indicative Planning:** Provides guidelines and directions without rigid targets.
2. **Perspective Planning:** Long-term plans (15–20 years) focusing on sustainable rural development.
3. **Five-Year / Medium-Term Planning:** Plans with 5-year goals integrating national and rural development strategies.
4. **Annual Planning:** Short-term yearly plans for execution and review.
5. **Decentralized Planning:** Local-level planning involving Panchayati Raj Institutions, community groups, and cooperatives.
6. **Integrated Rural Planning:** Coordinated planning across multiple sectors like health, education, roads, and agriculture.

2.5 Functions of Rural Development Planning

- **Assessment:** Identifying rural needs, resources, and constraints.
- **Allocation:** Proper distribution of resources for balanced growth.
- **Coordination:** Ensuring synergy among various government schemes and stakeholders.
- **Implementation:** Carrying out policies and programmes effectively.
- **Monitoring & Evaluation:** Tracking progress and making mid-course corrections.
- **Capacity Building:** Strengthening institutions, training rural population, and empowering communities.

2.6 Levels of Planning in Rural Development

1. **National Level:** Policy formulation, allocation of resources, and broad development strategies.
2. **State Level:** Adaptation of national policies to state-specific needs, resource distribution to districts.
3. **District Level:** Preparation of District Development Plans (DDPs), integration of sectoral schemes.
4. **Block Level:** Coordination of programmes at the block level under Block Development Officers.

5. Village Level – Gram Panchayats prepare plans based on local needs and priorities with people’s participation.

2.7 MULTI-LEVEL PLANNING IN INDIA

India has been plagued by a centralized single-level planning process for a long time. This single-level concentrated planning process resulted in the poor formulation of plans, leaving the aspirations of local and regional units unfulfilled. Moreover, a single implementation mantra resulted in different levels of implementation due to the absence of any involvement from the lower levels. It was a pure case of top to bottom, i.e., where plans are formulated at the top with the expectations of implementing the same across all layers. Drawbacks of such a central system prompted Indian policymakers to understand the multi-level planning process and how it could be put in place in a diverse country such as India. In the multi-level planning process, the whole nation is divided into small regions. The number of such units is to be formed based on the geographical structure. In India, there are five stages of multi-level planning shown in figure:

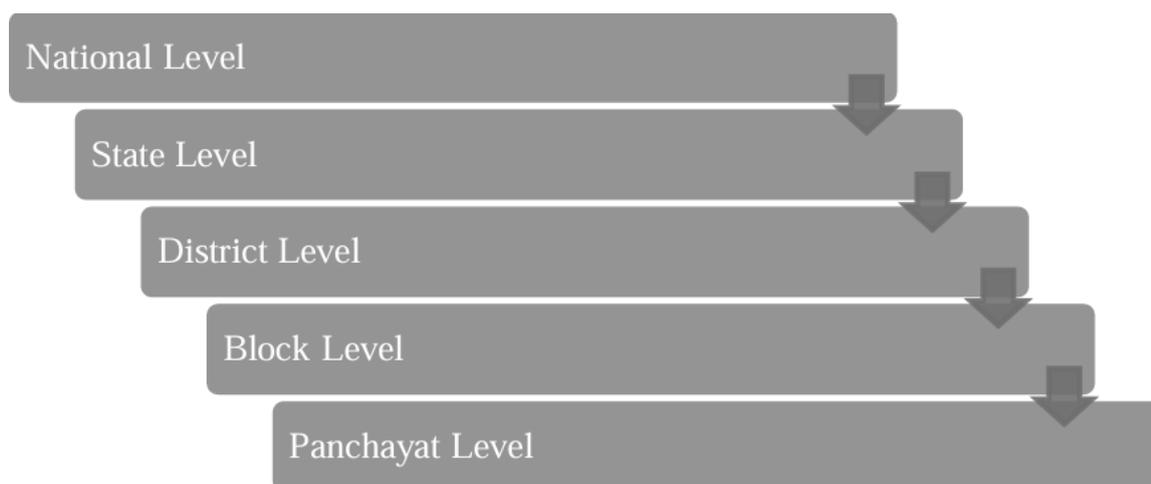


Fig : stages of multi-level planning

This multi-level plan was formulated by the centre in conjunction with the State governments. At the implementation phase, lower levels including district, block and village/panchayat came into the picture. Over time, primarily after the year 1992, more powers have been conferred to the lower levels of planning for the formulation and implementation of their plans and financial provisions.

A) The Planning Commission of India is the national agency responsible for the country’s planning at the apex level. The Prime Minister is the ex officio chairman of this commission. The national commission is entrusted with the task of preparing plans and also coordinating

the implementation of the same with various lower agencies, such as states and union territories. The functions of the Planning Commission are observed by the National Development Council. In order to execute the plans, the prior approval of the Planning Commission is required. The Commission formulates three types of plans:

- Perspective plans for 15-25 years,
- Five-year plans, and
- Annual plans within the framework of Five-Year Plans

B) The State Planning Board acts exactly like the lower level of the National Planning Commission in the sense that while the latter deals with coordinating with different states, the State Planning Board is responsible for coordinating the development plans with various districts. They also have the task of formulating, implementing and monitoring the plans and are in continuous contact with the National Planning Commission for allocation of resources. Under the federal setup, states are given powers in certain subjects and play a vital role in the implementation of national planning programmes. It is at the state level that all types of economic and social data are available and developing strategies can be made keeping in mind the regional interests. The states which are well aware of their duties and those which show interest in plan formulation & implementation exhibit better performance in development programmes. c. At the district level, the district administration is majorly responsible for the overall charge of the duties. They are supposed to maintain the law and order in the district. They also work as a mediator between the various departments just like the state acts as a liaison between various districts. District administration is responsible for coordinating with several departments including agriculture, irrigation, animal husbandry, dairy, forestry, industries, social welfare, employment, police, education, medical & public health, electricity etc. d. Block-level planning serves as an important unit of lower-level planning. These blocks were formed to observe the implementation of development plans under the 'Community Development Programme' started during the first five-year plan. Under this, each district was divided into several blocks and each block comprised a specific number of villages. The programme works on the mobilization of local resources, involving local people in decision-making and implementation of the development programmes. This new unit of planning was formulated under the guidance of a block development officer (BDO) along with subject experts. The supervision of these blocks was done by the elected member of the 'Block Samitis.' The importance of block-level planning is based on the size of the population, problems at the

regional & local level, proper utilization of resources, and active participation of people in plan creation as well as implementation. The main objective of this process is to become independent, generate employment, remove socio-economic inequalities, self-employment skills, improvement in productivity and proper utilization of resources especially for the weaker sections of society. e. The last level of the multi-level planning process is panchayat. It is a democratic organisation at the grass-root level in the country.

The Panchayati raj system is a three-layer structure:

- Village level,
- Block level and,
- District level

The first level at village level is known as Gram Panchayat (village assembly), the second level at block-level as Panchayat Samiti and the third level at district-level is Zila Parishad. As per the government body guidelines, Members of the gram panchayats are elected democratically and its elections are held at an interval of 5 years. Reservation provision is made for SCs & STs and not less than one-third of seats are reserved for women. Gram panchayats are responsible for the promotion of education and medical facilities, women & child welfare, maternity, agriculture, agriculture, wells, tanks, roads, sanitation and other development programmes.

2.7.1 GRAM PANCHAYAT

The Gram Panchayat is the first tier of the Panchayati Raj System. Gram Panchayat or Village panchayat is the lowest unit in the structure of Panchayati Raj Institution. If the population of any village is too small then there should be a Panchayat in the village. The Panchayat mainly comprised of representative selected by the peoples of the village. The main functions of Gram Panchayat are maintenance of the roads, wells, schools, burning and burial grounds, sanitation, public health, libraries, reading rooms, community centre etc. The records of births and deaths are also maintained by the Gram Panchayat of the village. The Gram Panchayat makes the essential arrangements for the promotion of agriculture, animal husbandry, cottage industries, and co-operative societies, etc. In the village, minor disputes between residents are also settled by the Panchayat. The Gram Panchayat is responsible for increasing agricultural production and maintaining a minimum standard of cultivation. Apart from this Panchayat also works as an agent of the Panchayat Samiti to implement the schemes of development at the village level. Standing Committees of Gram Panchayat: Every Gram Panchayat establishes a standing

committee by-election. The following are the standing committees.

Production Committee: The production committee of Gram Panchayat is responsible for agriculture production, animal husbandry, rural industries and poverty reduction programmes.

Social Justice Committee: This committee is accountable for the promotion of education, economic, social and cultural. The social justice committee protects the Scheduled Caste, Backward Classes and other weaker sections. It also provides social justice, protection from exploitation, and do welfare of women and children.

Amenities Committee: Some functions of the Gram Panchayat like education, public health, and public works, are done by the Amenities Committee.

2.7.2 PANCHAYAT SAMITI

The second tier of the Panchayati Raj System is the Panchayat Samiti. The Balwant Rai Committee report shows Samiti is a single representative and energetic democratic institution to assume responsibility for all parts of development in the rural area. According to the committee, Samiti has a large area for work to perform as compared to the village panchayat and which can attract the interest and service of the residents. Ordinarily, on the basis of area and population, a panchayat Samiti contains 20 to 60 villages. The range of population under the Samiti is from 35000 to 100000 and the average population is 80000. In the Panchayat Samiti, there is a President who is known as Pradhan. The Pradhan is selected by the electoral college, which is made up of all the members of the Panchayat Samiti and all the panchayats of the Gram Panchayat. Apart from Pradhan, there is one Up-Pradhan also appointed. The Pradhan organize and directs the meetings of Panchayat Samiti. Pradhan guides Panchayats in making a plan and implements the development programmes in rural areas.

Standing committees of Panchayat Samiti General committee:- The work related to the establishment of matters, communication, building, rural housing, village extension and relief against natural calamities and water supply is performed by the General Committee. **Finance, Audit and Planning committee:** This committee does the work of the Panchayat Samiti related to the preparation of the budget, checking of the receipt and payment statement, and examining the proposals for increasing revenue. It considered all the proposals that affect the finance and revenue and expenditure of the Panchayat Samiti.

Social Justice Committee: This committee is accountable for the promotion of education, economic, social and cultural. The social justice committee protects the interests of the Scheduled Caste, Backward Classes and other weaker sections of society. It also provides

social justice to SCs, Backward Classes and women and so on, protects them from exploitation, and does welfare of women and children.

2.7.3 ZILLA PARISHAD

Zilla Parishad is the uppermost unit in the three-tier structure of the Panchayati Raj system, which represents an entire district. The members of the Zilla Parishad are also elected for a term of five years. The state government appoints a Chief Executive Officer of the Zilla Parishad and the Chairman of the Zilla Parishad is selected from among its members. In all the states, subject matter specialists are working at the district level for various development programmes. Zilla Parishad works as a coordinator and supervisor for most of the state. All the activities of Panchayat Samiti are controlled and coordinated by Zilla Parishad, which falls under its jurisdiction. The state and central government often seek suggestions from the Zilla Parishad for the drafting of various development schemes. It is also responsible for the maintenance of primary and secondary schools, dispensaries, minor irrigation works and so on. It likewise advances neighbourhood businesses and workmanship. Zilla Parishad get financial aid from the Grants of the State Government and is part of the local government.

Standing committees of Zilla Parishad

General committee: The work related to the establishment of matters, communication, building, rural housing, village extension and relief against natural calamities and water supply is performed by the General Committee.

Finance, Audit and Planning Committee: The committee is responsible for the finance of Zilla Parishad and also prepares the budget, verifies the proposal for increasing revenue, and checks receipt and payment accounts. Apart from this, the committee performs more task plan priorities, allocation of expenditure and follows the guidelines of the state government.

Social Justice Committee: This committee is accountable for the promotion of education, economic, social and cultural. The social justice committee protects the interests of the Scheduled Caste, Backward Classes and protects them from social injustice.

Education and Health Committee: This committee performs the function of promoting educational activities at the district level. It evaluates the educational activities of Zilla Parishad and, within the framework of national and state policy, undertakes planning of education in the district. Besides, the committee has more work related to education, like improving the adult literacy rate and organizing cultural activities, maintenance of drainage, health service, hospitals, water supply and family welfare and so on.

Agriculture and Industry Committee: This committee is responsible for agriculture and

industry development functions in the district. The committee focuses on agriculture production, animal husbandry, cooperation, contour bunding and retrieval, and village and cottage industries.

2.8 District Planning in Rural Development

It is an important process of decentralized and participatory development, which integrates local needs with state and national policies for balanced growth. It involves the preparation of a District Development Plan (DDP) that consolidates village and block-level plans, ensuring effective use of resources and area-specific strategies. The 73rd and 74th Constitutional Amendments strengthened this process by establishing District Planning Committees (DPCs) to prepare integrated plans for rural and urban areas. District planning begins with the assessment of local resources, identification of priorities like agriculture, irrigation, health, education, and infrastructure, followed by formulation, approval, and implementation of plans through Panchayati Raj Institutions and government departments. It emphasizes people's participation, resource mobilization, and coordination between different sectors and schemes. The functions of district planning include allocation of resources, monitoring programmes, and ensuring convergence of central, state, and local initiatives. Its significance lies in promoting bottom-up planning, reducing regional imbalances, and ensuring sustainable rural development. Thus, district planning serves as a vital tool to bring democracy, efficiency, and inclusiveness into the rural development process.

2.9 SUM UP

Rural development means an enhancement in the quality of life and general well-being of the people who live in rural areas. It also comprises utilization protection and enhancement of natural physical and human resources needed to make long-term improvements in rural living conditions. In other words, rural development is a very wide term that covers a comprehensive area of development, as it talks about the development of those areas that are lagging in the overall development of the rural economy. Rural development planning involves determining in advance the various courses of action for the development of rural society. It refers to the process of improving the quality of life and general well-being of the people living in isolated and not well-developed areas. Various approaches of rural development planning are named as the Growth center technique, Welfare-oriented technique, Responsive technique, and Integrated development technique. Various innovative ideas that can be followed for the development of rural areas are by establishing the rural industries, utilizing local resources,

providing computer training and repairing services, and encouraging rural entrepreneurship. So, it can be observed that rural development programs should combine infrastructure development, education, health services, and investment in agriculture and the promotion of rural non-farm activities in which women and the rural population can engage themselves. The government should go for an appraisal of various rural Development Schemes and Programmes in order to uplift rural areas.

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MASTER OF ARTS (ECONOMICS)

SEMESTER-III

RURAL DEVELOPMENT

**UNIT 3: Grassroots Level Planning (Block Level Planning), Grassroots Level Planning
(Village Level Planning)**

Structure

3.0 Objectives

3.1 Introduction

3.2 Meaning And Scope of Grassroots Level Planning

3.2.1 The History and Evolution of the Grassroots Level Planning

3.2.2 Key Areas of Grassroots Level Planning

3.2.3 Salient Features of Panchayati Raj Institution at Village Level

3.2.4 'Gram Sabha' or 'Village Assembly'

3.2.5 Gram Panchayat

3.2.6 Power and Responsibilities of Panchayats

3.3 Grassroot Level Planning at Block Level

3.3.1 Components of Block Development Planning

3.3.2 Objectives of Block Level Planning

3.3.3 Block Planning and the District Plan

3.3.4 Progress in Block-Level Planning

3.4 Sum Up

3.5 Key Words

3.6 Suggested Readings

3.0 OBJECTIVES

After reading the Unit, you will be able to know: -

- Meaning of Grassroots level planning;
- Scope of grassroots-level planning;
- History and evolution of grassroots-level planning;
- Meaning and features of Panchayati Raj Institutions;
- Various responsibilities of Panchayats
- Grassroots level planning at the block level.

3.1 INTRODUCTION

Social Planning is a rational activity that is conceived with the proposition that an endeavour is made to bring about certain changes having a wide-ranging impact on society or a community. A substantial amount of deliberate thinking, action and evaluation of the existing resources goes into the designing of this blueprint. The aim behind all these efforts is to obtain maximum results at a minimum cost. The fundamental goal is to attain self-reliance, maximize job opportunities and achieve economic growth with social justice. Enhancing income, removal of regional and caste-class disparities and alleviating poverty also go hand in hand with a motive to improve the standard of living of people across the nation. Basically, it's an effort to sculpt the future by deliberate action.

The study of Indian demographics shows the residential segregation of the Indian population into two groups, namely the rural and the urban, respectively, with around 70% of the population residing in rural areas. Therefore, when formulating social policies, the upliftment of this large majority must be prioritized. This is especially important because we, as a nation, uphold the principle of democracy as sacred. If democracy involves engaging people in routine activities, then it is most transparent at the local level, where contact between citizens and their representatives is closer, more direct, and easier to manage.

The development of the agrarian sector is directly proportional to our country's economic and social development. If the rural masses remain in the oblivion of the developmental opportunities, then any thought of taking the country to the zenith of development will be a futile effort. This is exactly what happened in our country. After attaining independence, the first and foremost target of the Indian government was to free the country from the shackles of poverty and lead the nation

onto the path of progress. The wise leaders with their visionary approach formulated various plans and programmes, but couldn't achieve the desired results. Something in their approach was a major miss that they were unable to recognize. Closer scrutiny of their plans exposed the flaw of their 'trickle-down approach'. For almost forty years, it's been in the hands of institutions at a higher level than what type of plans to be designed and implemented in rural areas, but the target population remained oblivious about them. This incognizance created a hiatus between the desired and the achieved results.

It was then that the need for grassroots level planning was felt, and the measure of "planning from below" was adopted so that people from rural areas may decide what are their priorities and needs hence, keeping these needs and priorities in mind, they can make plans for their development in rural areas. The 73rd and 74th Constitutional Amendment Act of 1992 gave the concept of democratic decentralization so that people's participation can be further institutionalized.

3.2 MEANING AND SCOPE OF GRASSROOTS LEVEL PLANNING

The ideas of 'decentralisation', 'planning from below', 'people's participation', 'multi-level planning', 'Planning at Panchayat level', all sum up the essence of Grassroot Level Planning only. There is no doubt that the constitutional amendments hurled in a new era of democratic decentralisation in the political history of India. But that doesn't mean that prior to these amendments, the idea of grassroots-level planning was unheard of by the Indians. The Utopian image of a welfare state as envisaged by Mahatma Gandhi, our father of the nation, spoke of the same idea.

According to Gandhi Ji, "If the villages perish, India will perish too. It will no longer be India. Her own mission in the world will get lost." He firmly believed that self-reliant villages form a sound basis for a just, equitable and non-violent order. This can be a guiding principle for all citizens, constructive workers and policymakers in India. For him, rebuilding the nation could be achieved only by reconstructing villages.

Perhaps, this vision of Gandhiji became the guiding principle of our Planning Commission, too. After the independence, several reliable efforts were made to bring development to the rural areas. Preference was given to launch the community development Programmes (CDP) during the first five-year plan and the core issue considered was Agricultural development. Through various grassroots level, institutions like Block Samiti, village Panchayat, Gram Sabhas, youth clubs and

block level institutions, Mahila Mandali etc. were considered for the People's participation. But these grass-root level institutions were self-motivated without any legal support.

Although a sufficient amount was being spent but it didn't have a far-reaching impact. Poor planning and capabilities at the block level and the absence of effective village-based institutions and participation of villagers made the institutions more worsen at grassroots level planning.

The following figure (Figure A) reveals the true state of affairs. The planning process flowed from "top to bottom" and the real benefits never reached the targeted population. The plan information and resources seemed to have been lost in the quagmire of the bureaucratic iron cage while being on their way to the lowest strata. The short-sightedness was apparent in such a kind of approach.

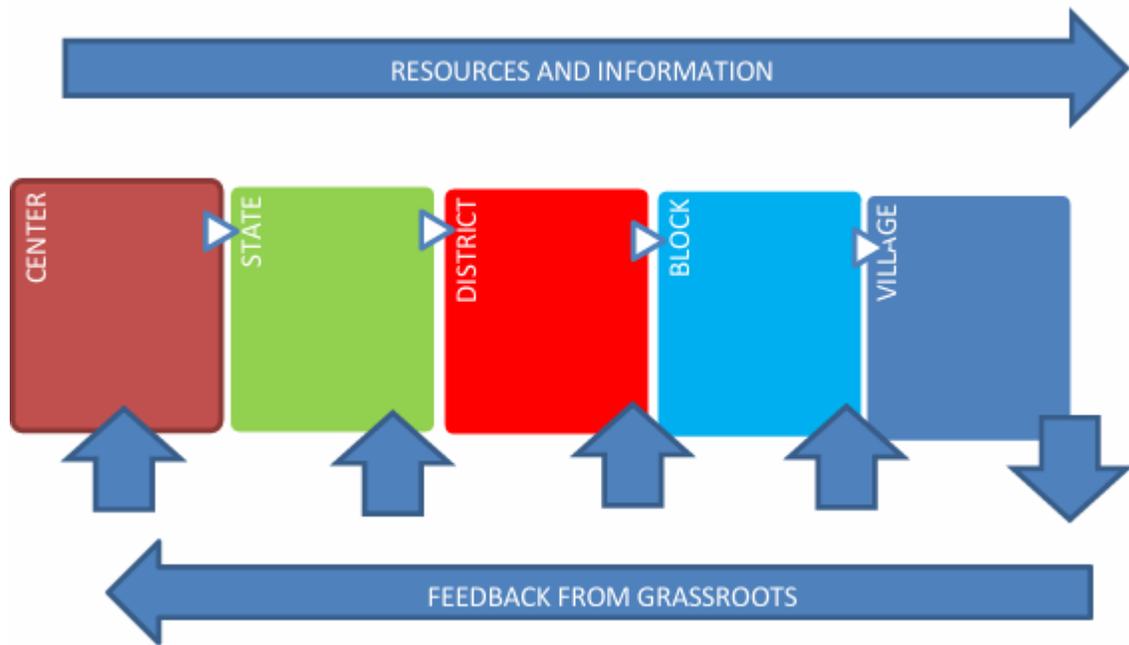
Flow of Planning, information and resources from the top to a lower level is

Centre → State → District → Block → Village

Therefore, the involvement of rural people in the planning process was earnestly required for the progress of the entire community. To bridge this gap between the planning and implementation of the policy and programmes for the rural masses, a volte-face or complete U-turn in the planning process was required. That's how preference to planning from below was given instead of planning from the top, which was the main motive of grass-roots level planning. Grassroots-level planning involves the participation of the ultimate beneficiaries of developmental planning.

Grassroots-level planning, thus, can be defined as the form of planning in which community members are involved with an aim to improve their collective livelihoods. It is a bottom-up and locally accountable approach that promotes inclusiveness and resilience. It provides a space for people from all sections of society to get together and address their local issues, assess their available resources to implement the plan for the welfare and development of their own community. The whole process involves a participatory approach and that's how decentralized planning is born. The following figure depicts the planning process and the flow of information and resources in the grassroots level planning: -

Figure B: The order of delegation of powers from the Centre to villages



Source: IGNOU

This could be the only method of restructuring an overly-centralized system of planning of the past. Ironically, the centralized planning, which was meant for the social welfare and development of a commoner in reality led to his overly dependent and apathetic attitude towards the developmental policies. There was a feeling of alienation, and the connection was missing. Decentralization, on the other hand, directly involved these vulnerable communities in the process of planning and development based on the recognition of their real needs and values, and thus resulted in the empowerment of the people and increased efficiency.

Talking about the vulnerable sections of society, who didn't have a say in the decision-making process earlier, were now given the legal right to be a part of the grassroots-level planning. These sections included the scheduled castes, scheduled tribes, other backward classes and women. The new approach proposed the due reservation of seats for these weaker sections of the society and this is what can be termed as the true victory of grassroots-level planning.

Through its various institutions of operation, grassroots-level planning deals with a wide array of subjects. The scope is:

- **Infrastructure Development** – Building roads, drinking water facilities, electricity, housing, sanitation, and digital connectivity at the village and block levels.

- **Health and Nutrition** – Strengthening primary healthcare, maternal and child care, nutrition programs, and awareness campaigns.
- **Education and Skill Training** – Expanding access to schools, adult literacy programs, vocational education, and modern skill development.
- **Women and Child Welfare** – Empowering women through self-help groups, entrepreneurship support, and child protection initiatives.
- **Poverty Alleviation** – Implementing targeted schemes to improve income levels and living standards of marginalized communities.
- **Environmental Sustainability** – Promoting afforestation, watershed management, renewable energy, and eco-friendly practices.
- **Social Development** – Encouraging cultural activities, community participation, and social harmony.
- **Strengthening Local Governance** – Empowering Panchayati Raj institutions and local bodies to plan and implement development programs effectively.

The Panchayats must ensure the holistic development of the communities residing in their area and also see to their full-fledged participation in all the developmental activities.

3.2.1 THE HISTORY AND EVOLUTION OF THE GRASSROOTS LEVEL PLANNING

The government of India had realized that a blanket strategy cannot be adopted for the development of a country as diverse as India. But this realisation dawned upon only after a series of failed attempts. Let's take a brief look at the evolution of the Panchayati Raj system through the different phases of Indian history.

- 1. Pre-Independence Era-** Before independence, when our national leaders emphasised the demand for autonomy at the national level, the British Government offered concessions at the lowest level. As a result, District Boards were formed in 1882 to give the powers of self-government to Panchayats in rural areas and municipalities in urban areas. Various enactments like the Bengal Local Self-Government Act,1885; The Bengal Municipal Act,1884; and the Bengal Village Self-Government Act,1919 were passed. Later on, in the Government of India act, 1935 power to enact legislation was given to the provincial Legislature. The Panchayats were vested with powers of administration, including criminal justice. Unfortunately, all these

attempts proved to be futile efforts because the pattern of governance varied from place to place and was discouraged by the princely states.

2. **Post-Independence Era** -When India became independent in 1947, perhaps one-third of the villages of India had traditional Panchayats and their functioning was not up to the mark. The Congress Government made a determined effort to promote the creation of Panchayats to make them effective units of local government, as declared by Article 40 of the Directive Principles of State Policy “The state must take various steps to organize the Panchayats in the villages and should grant those powers and authority which would further help them to function as units of Self-government.”

The subject of Panchayati Raj was included on the State List.

3. The **Community Development Programme** was launched in October 1952 to seek people's participation and involvement in the task of rural reconstruction. The programme failed in its mission without an agency at the village level. The Planning Commission, in the Second Five-Year Plan, recommended reviewing the programme.
4. In January 1957, a team for the study of Community Projects and National Extension Service, headed by **Balwant Rai Mehta**, was appointed. The Committee asserted, “So long as we do not discover create a representative and democratic institution which will supply the local interest, supervision and care necessary to ensure that expenditure of money upon local object conforms with the needs and wishes of the locality, invest it with adequate power and assign to it appropriate finances, we will never be able to evoke local interest and excite local initiative in the field of development.”

❖ **The key recommendations of the Balwant Rai Mehta committee were:**



1. A **three-tier structure** of local self-government should be followed from the village to the district, with the village at the bottom and the district at the top, with its intermediary link of institutions all organically related to one another; There should be a sensible exchange of force and obligation to these institutions of local government.
2. Adequate resources should be allocated to these bodies to empower them to release those duties.
3. All economic and social development programmes formulated through network planning should be permitted through these institutions;
4. The whole system of Panchayati Raj should facilitate further devolution and dispersal of power, responsibilities and resources in the future

Several states adopted this three-tier system. Even the National Development Council affirmed the basic principles underlying democratic decentralisation. On October 2, 1959, Pt. Nehru inaugurated the Panchayati Raj at Nagaur in Rajasthan. He characterised it as **“the most revolutionary and historical step in the context of new India.”** By the mid-60s, other states also passed legislation for the introduction of Panchayati Raj. But this glory of Panchayati raj was short-lived. In the latter half of the 1960s, it started witnessing its downfall.

The salient features of the act are as follows:

All the States which are having a population above 20 lakhs should be granted a 3-tier system of Panchayati Raj

1. To conduct the free and transparent Panchayat elections regularly every 5 years.

2. To make certain that a minimum of 33% of the seats must be reserved for Scheduled Castes, Scheduled Tribes and women.
3. To hire the State Finance Commission so that he/she can make recommendations regarding the fiscal powers of the Panchayats.
4. To form a District Planning Committee so that they can prepare a draft of the development plan for the district as a whole.

3.2.2 KEY AREAS OF GRASSROOTS LEVEL PLANNING

Through the 73rd Constitutional Amendment Act, 29 items covering varied aspects concerning social and economic life of villages, such as social services and amenities, infrastructure development, rural development, enhancement of economic resources of villages, welfare and economic development of a weaker section of the society, especially the families living below the Poverty Line(BPL) and these 29 items transferred to the Panchayati Raj Institutions can be grouped into seven sectors, which have been discussed below:

1ST SECTOR: Agriculture and Allied Activities: Land up-gradation, reforms of land, Conservation of soil and water, extension activities, Animal husbandry, dairy farming, poultry farming, Minor irrigation, Fishing etc.,

2ND SECTOR: Forestry and Environment: Includes Fuel, fodder, small products of the forest, social as well as farm forestry and Non –non-conventional sources of energy.

3RD SECTOR: Industries: This includes Khadi as well as Cottage industries and small industries such as food processing industries.

4TH SECTOR: Infrastructure, Social services and Minimum needs: Includes Roads, Bridges, drinking water, Libraries, Technical and vocational education, Rural housing, Rural electricity facilities, Health and Sanitation, Public distribution system, Festivals, Cultural activities, Fairs and Markets, etc.

5TH SECTOR: Social Welfare: Which includes the welfare of Women and child, the Welfare of handicapped as well as mentally retarded people, SC and ST of the Grassroots Level.

6TH SECTOR: Alleviation of Poverty

7TH SECTOR: Community Maintenance

3.2.3 SALIENT FEATURES OF PANCHAYATI RAJ INSTITUTION AT VILLAGE LEVEL

“India lives in its villages” – Mahatma Gandhi.

This famous observation made by the Father of the Nation many years ago still holds. Villagers comprise the core of Indian society and also represent the real India. It is for these villagers that we need to make sure we build a system that effectively delivers basic social infrastructure. The Panchayati Raj system evolved by our government was a step in this direction only.

- **Three-Tier Structure** – Panchayati Raj is organized in a three-tier system: Gram Panchayat at village level, Panchayat Samiti at the block level, and Zila Parishad at district level.
- **Gram Sabha** – The foundation of the system; it consists of all registered voters in the village. It approves plans, budgets, and reviews the functioning of the Gram Panchayat.
- **Democratic Participation** – Members of the Gram Panchayat are directly elected by villagers through free and fair elections. This ensures people’s participation in governance.
- **Decentralized Planning** – Empowers villagers to identify their needs, prioritise development issues, and prepare local plans.
- **Financial Powers** – Gram Panchayats can collect certain local taxes, fees, and receive funds from the state and central governments for developmental activities.
- **Developmental Functions** – Focuses on primary education, health, sanitation, drinking water, rural housing, roads, agricultural support, and poverty alleviation programmes.
- **Legal Backing** – Strengthened by the 73rd Constitutional Amendment Act, 1992, which provided constitutional status to Panchayati Raj Institutions (PRIs).

3.2.4 ‘GRAM SABHA’ OR ‘VILLAGE ASSEMBLY’

Gram Sabha is the fundamental unit of the Panchayati Raj system. The Gram Sabha consists of all persons registered as voters in the village electoral roll. Every adult citizen of that area is eligible to participate in the planning at the grassroots level and which is only through the Gram Sabha. The Constitution endows a special right to the Gram Sabha to participate in the planning and supervision of the activities being implemented in its respective area. It also monitors the financial status of the programmes. It plays a key role in the effective functioning of Panchayats. The Gram Sabha has the right to take note of all development works and activities from the village Panchayat.

So, Gram Sabha acts as **a supervisory body over the working of the lower-level Panchayat**. Active functioning of the GramSabhathus ensures a participatory democracy with transparency, accountability and achievement.

Some of the important factors regarding Gram Sabha are listed below:

- Gram Sabha should meet at least once in each quarter, preferably on Republic Day, Labour Day, Independence Day, and Gandhi Jayanti.
- Decide developmental work to be undertaken by Panchayats by assessing the needs of the people
- Suggest remedial measures for economy and efficiency for the smooth functioning of the Panchayats.
- Question and scrutinize the decisions of Panchayats in the meeting of Gram Sabha.
- Discuss the Annual Financial Statement of Gram Panchayat

3.2.5 GRAM PANCHAYAT

The Gram Panchayat is the pillar of "GramSwarajya" or "gram Swaraj". Elected by the Gram Sabha, it may have five to 40 members. The Gram Panchayat Members are elected directly from territorial constituencies. Every village is separated into smaller units, which are called **Wards**, and further, each ward holds a responsibility to elect one representative who will act as a **Ward Member or Panch**. Members of the Gram Sabha also elect a **Sarpanch**, who is the president of the Panchayat. The minimum age to contest the elections is 21 years. Elections are held at the end of every five years. Elections to Panchayats are conducted by the State Election Commission.

In every Panchayat, seats are reserved for the Scheduled Castes and Scheduled Tribes, according to their percentage in the population. Out of these seats, 1/3rd the seats are reserved for women from the Scheduled Castes and Tribes. The offices of the Chairpersons of the Panchayats in a particular state shall also be reserved for Scheduled Caste and Tribe candidates, according to their percentage of the population. One-third of the Chairpersons of Panchayats in a state should be women.

3.2.6 POWERS AND RESPONSIBILITIES OF PANCHAYATS

As per the Constitution of India, Panchayats should enjoy various powers and authority through which they can act as institutions of self-government.

Panchayats basically hold various powers and responsibilities, which are mentioned below:

- **Planning and Implementation** – Formulate and implement development plans for economic growth and social justice at the village, block, and district levels.
- **Agriculture and Land Development** – Promote agriculture, irrigation, land reforms, soil conservation, and animal husbandry.
- **Rural Infrastructure** – Develop and maintain village roads, drinking water supply, sanitation, rural housing, and electrification.
- **Education and Culture** – Establish and support primary schools, adult education centres, libraries, and cultural activities.
- **Health and Welfare** – Ensure primary health centres, maternal and child health services, immunization, and nutrition programmes.
- **Poverty Alleviation and Employment** – Implement government schemes for poverty reduction, rural employment, and the welfare of weaker sections.
- **Natural Resource Management** – Manage forests, minor water bodies, fisheries, and promote sustainable environmental practices.
- **Women and Child Development** – Promote women’s empowerment, support Self-Help Groups (SHGs), childcare centres, and welfare programmes.
- **Social Justice** – Safeguard the rights of Scheduled Castes, Scheduled Tribes, and other marginalized groups through welfare measures.
- **Revenue and Taxation** – Levy, collect, and utilize local taxes, duties, fees, and fines to strengthen financial independence.
- **Monitoring and Accountability** – Supervise the functioning of government programmes and ensure transparency at the grassroots.

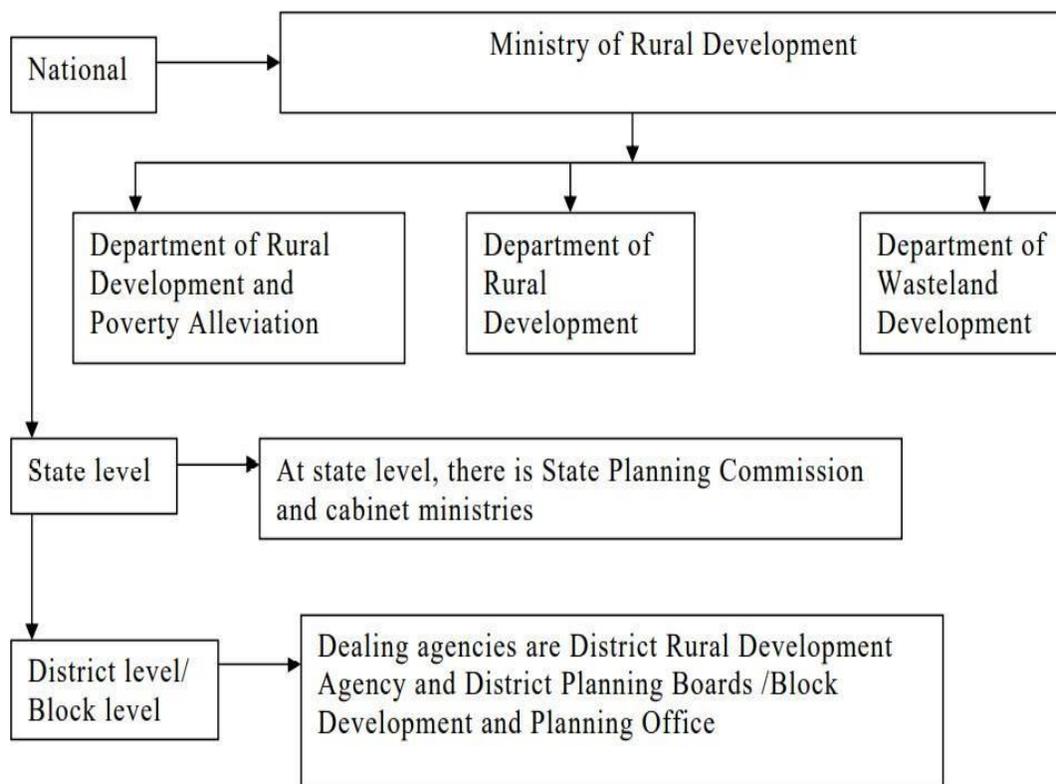
3.3 GRASSROOTS LEVEL PLANNING AT BLOCK LEVEL

Commonly known as the Panchayat Samiti, the Block constitutes the second or middle tier of the Panchayati Raj system. According to the Balvant Rai Mehta committee, “Panchayat Samiti is an area which is large enough to perform that function which cannot be performed by the Village Panchayat and small enough in a sense that it can attract the attention and services of residents.”

The Sixth Plan Working Group appointed by the Planning Commission under the Chairmanship of M.L. Dantewala recommended ‘Block Level Planning’. A block with a population of 60,000 to

80,000 persons and covering 80 to 125 villages was identified as a convenient unit for rural planning and development.

As indicated in the figure below, it's a micro-level unit of planning of rural areas, hence, it's directly related to the planning of local resources, and at the same time, bearing in mind the key problems and potentials of the given area.



Block development plans are prepared in synchronisation with the national and state five-year plans objectives and implemented accordingly; the only difference between them being that the national plans are formulated at a macro level, while the block development plans, on the other hand, concentrate on the grassroots or local level only.

The success or failure of any endeavour at such a level is glaring. Even a minute change comes into the limelight very quickly. This encourages popular participation. Such public involvement makes the block planning exercise more broad-based and, therefore, very vital to grassroots-level planning.

3.3.1 COMPONENTS OF BLOCK DEVELOPMENT PLANNING

There are 2 major components of Block Development Planning:

- Component related to the area development.
- Programmes for the beneficiary benefit i.e., the target groups.

The function of the Area development component is to plan for the resources as well as the infrastructure development and to provide socio-economic facilities. Agriculture, Horticulture, Forestry, Infrastructural facilities like rural roads and rural electrification, Social services like health, nutrition and education all come under the umbrella of the Area development component of Block development planning.

The beneficiary-oriented programmes, on the other hand, cater to specific target groups only with a clear rationale of providing support to the deprived sections of society. Normal development programmes do not provide them with the proper benefits as per the expectations, so such kind of beneficiary-oriented programmes are always welcomed.

3.3.2 OBJECTIVES OF BLOCK LEVEL PLANNING

The important objectives of block-level planning are:

1. Social objectives

- Removal of disparities
- Elimination of exploitation and injustice.
- To encourage people's initiative and participation to inculcate in them the spirit of self-reliance.
- To foster a community feeling and sense of mutual help, cooperation and sharing among the people.
- Dispersal of benefits of development to the weaker sections of society, i.e., small and marginal farmers, agricultural labourers, etc.
- Upgrading technology, increasing productivity and contributing to skill formation.

2. Economic Objectives

- To provide employment opportunities to every person in the community through the public employment programmes, starting from the most impoverished ones
- Bringing local resources and means of production progressively within the jurisdiction and direction of the local community to make equality a reality, thus encouraging a more democratic structure of possession of the assets in the area.

- Optimum utilisation of both material and human resources, augmented by outside inputs wherever necessary.
- Production aligned to the meeting of basic, minimum needs, along with the availability of surplus for capital formation and further development.
- To build infrastructural facilities, such as roads, markets, energy sources, warehouses, agricultural inputs, distribute to centres and cooperatives.

3.3.3 BLOCK PLANNING AND THE DISTRICT PLAN

Block planning and district planning are thoroughly interlocked, and they should be observed as advanced steps in the progression of decentralized planning. The plans related to Block must be combined with the plans of the district as well as the state on one hand, and also with the plans of its sub-units on the other hand.

Various schemes of development, such as the generation of power and topmost irrigation projects, are planned at the state or national level, but still, there is a scope for some other schemes that are coordinated with local needs. Horizontal as well as vertical associations play a pivotal role in the success of the block planning exercise. Time and again, the question regarding the ascendancy of the block or the district level has arisen. Ashok Mehta committee, for instance, wanted to do away with this middle order and recommended a two-tier approach. Though it has not been adopted, one needs to adopt a broader outlook and rise above this rigidity and consider all the levels of planning. It was further observed by the Committee on Block Planning in the year 1978, that the team of block planning must be grounded out of the headquarters of the districts and they must also join the exercise of District Planning. The Committee of Block Planning also observed that: “The major aim of block-level planning is to hasten the process of delegation with an expectation of making plans in a more systematic way, which will further assist in speeding up the pace of development by also considering and being more receptive to the requirements of the weaker sections of society.”

3.3.4 PROGRESS IN BLOCK LEVEL PLANNING

The Block Planning exercise originated on the recommendation of the Community Development Programme (CDP) in 1952. These types of blocks are considered to be the most convenient units for the purpose of planning and development and are also considered an appropriate tool for facilitating the involvement of people as well as their participation in the formulation and

implementation of plans. But due to the lack of expertise and coordination among different functionaries, it didn't yield the desired results. To propose an established and conceptual framework for block planning, a committee under the Chairmanship of Professor M.L. Cantwala was appointed. Various operational guidelines were suggested by this Committee for devising block plans. As it was impossible to form planning machinery for each block separately, so for this purpose the committee recommended the constitution of a planning team at the district level too. Special instructions were made, and responsibilities were distributed. Staff at the block level were made accountable to collect data and further analyse the data, whereas the district planning team was made responsible for formulating plans for the block, and that too under the direction of the State Planning Boards.

The additional committee was formed under the Chairmanship of Shri Ajit Majumdar in 1978 to set the operative strategies for block-level planning, which was followed by the Integrated Rural Development Programme (IRDP), which was launched in 1978. Unfortunately, the comprehensive development plans could not be prepared as intended, so the Planning Commission responded to the development plans of the district. States like Maharashtra, Bihar, etc. have carried the planning to the block level, whereas other states like Andhra and Karnataka have approved the planning, which was based on the Mandala group of villages. Alongside, the District Rural Development Agencies (DRDAs) also framed various plans at the block level sustainably for the execution of IRDP throughout the country. Thus, on the national level, the only scheme that has used the concept of block-level planning was IRDP. Thus, we can conclude that despite the strenuous efforts the block planning has, by and large, failed to cast its magical spell. Therefore, in the future, first, we have to figure out the methodology of creating a coherent block planning exercise before actually installing this structure in the planning machinery. If we don't take this necessary step, we will just be discussing almost that tier, which is non-existent in the structure of planning.

3.4 SUM UP

Although the Panchayati Raj system has heralded a new era of decentralization in the history of Indian social and political structure, however, the visionary impact with which it was conceived has not been that strong. As they say, changes come at their own speed; the new Panchayati Raj system is also building a strong base in numerous states, but with some initial problems. It certainly

ensures the common man's participation in the planning process for his own community and that's what grassroots planning is actually intended to achieve- A plan for the people and by the people.

3.5 KEY WORDS

- 1. Panchayati Raj Institutions:** System of local self-government of villages in rural India.
- 2. Democracy:** Rule by the people, in which they have the right to change their rulers passively.
- 3. Decentralization:** Dispersing functions from the higher level to lower levels of government.
- 4. Grassroots Level Planning:** Planning at the village or Block level where people from all sections of the society are involved to prioritize the area of intervention while taking the account their resources and formulate plans.

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MASTER OF ARTS (ECONOMICS)

SEMESTER-III

RURAL DEVELOPMENT

UNIT 4: ROLE OF PANCHAYATI RAJ INSTITUTIONS IN RURAL DEVELOPMENT

Structure

4.0 Objectives

4.1 Introduction

4.2 Panchayati Raj Evolution

4.2.1 Balwant Rai Mehta Committee of PRIs

4.2.2 Ashok Mehta Committee of PRIs

4.2.3 L M Singhvi Committee of PRIs

4.2.4 Sarkaria Commission

4.3 Structure of Panchayati Raj Institutions

4.3.1 Gram Panchayat

4.3.2 Panchayat Samiti

4.3.3 Zilla Parishad

4.4 Administration of PRIs

4.5 Limitations of Panchayati Raj Institutions

4.6 Issues among Panchayati Raj Institutions

4.7 Sum Up

4.8 Key Words

4.9 Suggested Readings

4.0 OBJECTIVES

After reading this lesson, the learner should be able to understand the following concepts:

- Objective to set up the Panchayati Raj System.

- Committees to set up the Panchayati Raj System.
- Gram Panchayat, Panchayat Samiti, and Zilla Parishad.
- Functions of the Three-tier structure of Panchayati Raj System.

4.1 INTRODUCTION

The Indian administration's three-tier structure for rural development is known as “Panchayati Raj”. The primary objective of Panchayati Raj is not only to create local self-government bodies at the district, zonal, and village levels, but also to make developments in rural areas. Usually, Panchayats have been working under different names for centuries. Several attempts have been made to create a functioning system that is based on democratic processes for the last five decades. Moreover, one of the main causes for the failure of the Panchayat Raj system was insufficient funds, rescheduling of elections, formation of similar bodies, and merging of the general administration at the state as well as on district levels. The lack of democratic selection of a decentralized structure was also a major problem in the social, economic, and political development of India; thus, the interest in Panchayat was revitalized again in the mid-1980s. Finally, it directed to making of constitutional amendments in 1982, which instructed all states and union territories to set up regular democratically elected bodies that were called local self-government.

In India, to encourage more participation of people in their local self-governance, Panchayati Raj Institutions are making efforts to create a decentralized government. The 73rd Amendment Act allows to establishment of the process of democratic decentralization in the Indian Parliament, 1992. Panchayati Raj Institution empowered decentralized governance in rural areas. The 73rd Constitutional Amendments Act 1992 made it mandatory for all Panchayats to establish a three-tier structure at the village, zone, and district level, which would be strong, feasible, and approachable. Same year 74th Amendment Constitution Act of 1992 was passed for the establishment of Municipalities in urban areas. The municipality in urban areas and the Panchayati Raj in rural areas are responsible for basic as well as higher education, practical training, professional and non-professional education. The state government performs a supervisory function and holds the powers to solve the issue regarding the whole educational norms, preparation of schedules and educational programs, arrangement and recommendation of course books, and conduct of public examinations.

The Panchayati Raj is not a new concept in rural India, and its philosophy greatly affects tradition and culture. The local self-governance system at the village level is provided by

Panchayati Raj. Nonetheless, Panchayati Raj did not have a constitutional status. The Constitution (73rd Amendment) Act, 1992, gave the required status and Framework to the Panchayats that create the third level of governance. In the history of Panchayati Raj, 23rd April 1993 is a landmark day because on this day, Panchayati Raj was given constitutional status through the constitutional (73rd Amendment) Act 1992, in this way trying to change Mahatma Gandhi's dream of Gram Swaraj into a reality. This Act mandates and provides for.

- Act Establish three-tier structure of Panchayati Raj institutions (Village Panchayat, Panchayat Samiti and Zilla Parishad).
- Establishment of Gram Sabhas at the village level.
- Regular elections to the panchayat every five years.
- Proportionate seat reservation for SCs/STs.
- Reservation of not less than 1/3 seats for women.
- Constitutions of state finance commissions to recommend measures to improve the finances of panchayats.
- Constitution of the State Election Commission.

The system of Panchayati Raj is applicable in all the states and union territories except certain states like Nagaland, Meghalaya, Mizoram and Delhi (Union territory). It is also not applicable to some areas that include:

- a. The scheduled areas and the tribal areas in the states
- b. The hill area of Manipur for which a district council exists, and
- c. The Darjeeling district of West Bengal, for which the Darjeeling Gorkha Hill Council exists.

4.2 PANCHAYATI RAJ EVOLUTION

In India, the Panchayati system is not purely a phenomenon after independence. In rural India, the village Panchayat has been the dominant political institution for centuries. The Panchayat was chosen in ancient India for executive and judicial power. The importance of village Panchayats was reduced by natural and socio-economic changes, by foreign domination, especially the Mughal and British. Before the time of independence, panchayats were the source of dominance of the upper caste over the rest of the village, which extended the division based on either the socio-economic status or the caste hierarchy. The Panchayati Raj was developed after drafting the constitution and gaining independence.

The development of the Panchayati Raj system started after the attainment of independence and the drafting of the constitution. Article 40 of the Constitution of India states that every state can take the initiative to establish Panchayats at the village level. It also provides power and authority for the efficient working of Panchayats as local self-government. There are a number of committees that are recommended by the Government of India to implement the idea of local self-government at the village level. The following committees are recommended: -

- Balwant Rai Mehta Committee of PRIs
- Ashok Mehta Committee of PRIs
- G V K Rao Committee of PRIs
- L M Singhvi Committee of PRIs

4.2.1 BALWANT RAI MEHTA COMMITTEE OF PRIs

A committee was appointed by the National Development Council to examine a project plan. In 1956, the committee appointed a study team to examine the Community Development Projects and National Extension Service, under the chairmanship of a senior legislator, Balwant Rai Mehta. The committee also suggests techniques required for effecting economy and improving efficiency in their implementation. The team was instructed to examine the range at which the community development movement is successful in using local initiatives and to ensure continuous improvement of the economic and social conditions in rural areas. The basic principles of the committee were: -

- The committee recommended a three-tier structure for local self-government from village to district level, and the relation among them well defined and practical.
- The committee recommended that, to avoid excessive state control, adequate administrative power may be granted to Panchayats.
- The committee recommended that power and responsibility should be transferred to them in reality so that they can perform their duty efficiently.
- The committee recommended that sufficient resources should be provided to the new bodies so that they can discharge their responsibility.
- All the new development programmes should be implemented.
- The system evolved should aim at further devolution and dispersal of responsibilities in the future in the real sense.

State governments passed laws to establish these bodies in their states after accepting the recommendation given by the National Development Council (NDC). Every state created various types of structures as per its requirements of the state by keeping in mind its existing structure. These laws are made for the development of the main units of the district. At the same time, to implement the development plans of Panchayat Raj Institution at district and lower levels, these bodies were given sufficient powers not only to raise resources but also to requisition machinery. In the Third Five-Year Plan, the idea of decentralization was again repeated, and it was planned that the state should make annual plans on the basis of district and block level, at least in the following activities.

- Agriculture, including minor irrigation, soil conservation, village forests, animal husbandry, dairying, etc.;
- Development of co-operatives;
- Village industries;
- Elementary education, especially provision of school buildings for local communities;
- Rural water supply, Programme of minimum rural amenities, including construction of approach roads linking each village to the nearest road for the rail head; and
- Works/programmes for fuller utilization of manpower resources in rural areas.

4.2.2 ASHOK MEHTA COMMITTEE

Simultaneously, another committee was appointed under the chairmanship of Ashok Mehta, the purpose of this committee is to investigate how Panchayati Raj Institutions work at the village level. The committee recommended certain ways to make stronger the Panchayati Raj so that it can implement a decentralized system effectively. The committee seems to suggest that greater coordination and complicated designing are needed in future development work, which would be a foolish attempt at the state level. Ashok Mehta committee recommended that a professionally qualified team work at the district planning segment, which should be placed with Zilla Parishad.

As per the conclusion of the Ashok Mehta Committee, it is revealed that a massive number of collaborative development efforts were taken in the past, not only to challenge the Panchayati Raj structures but also to make them unproductive. Consequently, it has been a good time for PRIs to initiate planning along with implementation work at a significant level except for two regions, that was Maharashtra and Gujarat. Under the guidance of “C.H. Hanumantha Rao,” a working group on district-level planning was introduced again by the Planning Commission.

Furthermore, this working group has suggested the “Stages Approach” to district planning in its work report of 1984. The Rao Committee has proved to be beneficial in order to come up with the decentralization in the operations for the Seventh Plan document (1985-90). With the introduction of a new committee under the supervision of “G.V.K. Rao”, which assists in the evaluation of prevailing administrative functionality in the area of rural development, along with providing suitable measures to strengthen PRIs’ machinery.

4.2.3 L. M. SINGHVI COMMITTEE

On the recommendation of the Ministry of Rural Development, the "L.M. Singhvi" committee submitted its report in 1986, in which it enlightened all the aspects regarding various sections of society that the Gram Sabha had forgotten. This could be done after proper evaluation of the growth and development of democratic decentralization, which seemed to be a clear picture of democracy. The opinion of the LM Singhvi committee was that the country was weakened due to Panchayati Raj Institutions consisted absence of a clear concept, political will, and lack of research, evaluation, and monitoring. THE L M Singhvi committee was in favour of making arrangements for the arrangement of sufficient funds for PRIs. The constitutional status for Panchayats was recommended by the LM Singhvi Committee. The “Gram Sabhas” was first established by his committee after the era of India’s research on decentralization. The recommendations of the committees are: -

- In the constitution of India new section should be included that ensures provisions of free, regular, and unbiased elections in the PRIs. It should be constitutionally recognized and protected.
- The opinion of the Singhvi Committee was that there should be optional and compulsory taxes for revenue collections, and this work should be assigned to PRIs. Before this, the tax was imposed by the state government on behalf of PRIs. This disbursement of funds should be made on the basis of recommendations given by the State Finance Commission.
- The Nyaya Panchayats should be set up for a group of villages under the jurisdiction of the PRIs.
- The arguments related to the elections of Panchayati Raj Institutions should be resolved by Judicial Tribunals, and it was set up by the Singhvi Committee.

4.2.4 SARKARIA COMMISSION

The thought of the L. M. Singhvi committee to provide the status of the constitution to the Panchayati Raj Institution in 1988 was not approved by the Sarkaria Commission on Centre-

state relations. The state had the power to pass any law related to the Panchayat, as indicated by the Sarkaria Commission. In India, it is compulsory to bring equality in all aspects of the law. The equality can be saved by selecting one of the following given alternatives.

- At the meeting of the Inter-state council, a model bill was made based on the consent. According to that bill all the state legislature recommended the establishment of a law related to uniformity under Article 263.
- The law, with the consent of all the state legislatures passed on this subject under the Parliament Art 252 (1).
- According to Articles 172 and 174 of the Constitution, the Parliament's law Uniformity is implemented in the whole of India.

Check your Progress I

1) Briefly describe the Panchayati Raj Institutions.

2) Write a detailed note on the Evolution of Panchayati Raj Institutions.

3) Explain the various committees of PRIs.

4.3 STRUCTURE OF PANCHAYATI RAJ INSTITUTIONS(PRIs)

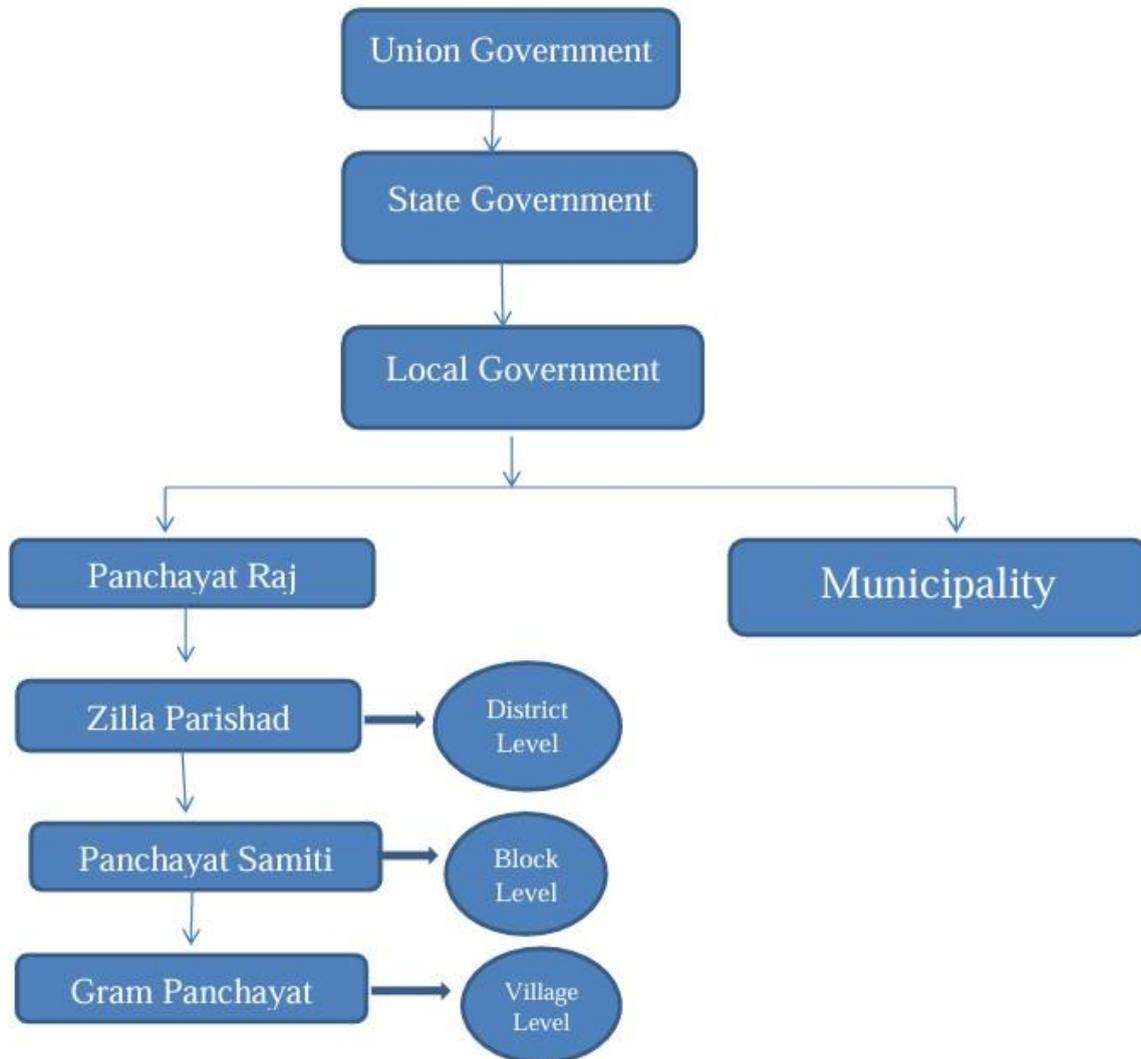
Until now, decentralized planning was limited to one of the planning techniques, but there is a requirement to expand the entire process to socio-political changes. There is a need to establish a favourable climate for these institutions to catch the roots by the electorate, elected agents and the organisation. After the development of the economy and the responsibilities of the government increased, it became difficult for the central guidance cluster to manage all of the everyday administrative issues and to handle difficult situations, which are continuously rising. It is usually admitted that giving more attention to power to the central guidance cluster becomes the reason for delay, increases cost, decreases efficiency, limits initiative and discourages innovation, and the cluster itself becomes the reason for a bottleneck in the process of development. Consequently, there are at least six zones where local government

strengthening is tried to be achieved through constitutional methods". These are:

- Typology and Size.
- Electoral portrayal.
- Institutional existence and self-sufficiency.
- Local functions.
- Local finance.
- External responsibility.

While 'social audit and transparency' is crucial in the working of PRIs for evoking people's participation, the institutional structure should support financial and administrative devolution of power. While rural development requires decentralization, political compulsions multiple times pull towards centralization. Political parties in power are always uncertain of their position (Ku. Dass, 2017). So, they will, in general, oppose and dislike any effort to set up local organizations beyond their control. Any solid decentralized institutional political leadership is looked at with doubtful eyes by central and state leadership, and so there is a need to develop the ways and means to control the power and authority of local government.

Administrative Structure of Panchayati Raj in India



4.3.1 GRAM PANCHAYAT

The Gram Panchayat is the first tier of the Panchayati Raj System. Gram Panchayat or Village Panchayat is the lowest unit in the structure of the Panchayati Raj Institution. If the population of any village is too small, then there should be a Panchayat in the village. The Panchayat mainly comprised representatives selected by the people of the village.

The role of the Gram Panchayat is to maintain the road, boreholes, education institutions, cremation ground, cleanliness, public health, libraries, reading rooms, community centre, etc. The records of births and deaths are also maintained by the Gram Panchayat of the village. The Gram Panchayat makes the essential arrangements for the promotion of agriculture, animal husbandry, cottage industries, and co-operative societies etc. In the village, minor disputes between residents are also settled by the Panchayat. The Gram Panchayat is responsible for

increasing agricultural production and maintaining a minimum standard of cultivation. Apart from this Panchayat also works as an agent of the Panchayat Samiti to implement the schemes of development at the village level.

Functions of Gram Panchayat

The functions, powers, and duties were laid down under the Panchayat Act. A Gram Panchayat shall perform:

- The Gram Panchayat should provide sanitation, conservancy and drainage to the villagers.
- Gram Panchayat should arrange Curative and preventive measures in respect of any epidemic in the village.
- Gram Panchayat should be conscious about the Supply of drinking water and cleansing the sources of supply and storage of water.
- Gram Panchayat takes care of maintenance, repair, construction, and protection of public streets.
- It should remove encroachments of public streets or public places.
- It should manage and care for public tanks.
- The Gram Panchayat should organize voluntary labor for the upliftment of its area.
- It should arrange the administration of the Gram Panchayat Fund.
- Gram Panchayat administers the Nyay Panchayat.
- Gram Panchayat imposes, assesses, and collects the taxes, rates, or fees.
- Functions delegated by the State Government.
- Gram Panchayat arranges primary, social, technical, and vocational education for villagers.
- Gram Panchayat should arrange Rural dispensaries, health centers, maternity and child welfare centers in the village.
- Gram Panchayat should provide irrigation, public ferry, food campaign, rehabilitation centers, improved breed cattle, rural housing programs, rural electrification, women and child development and so on.
- It should utilize wasteland under cultivation through land improvement and soil conservation.

- It should promote village plantations, social forestry and farm forestry.
- It should provide all the schemes that are provided by the government.
- Standing Committees of Gram Panchayat

Every Gram Panchayat establishes a standing committee by-election.

The following are the standing committees.

- **Production Committee:** - The production committee of the Gram Panchayat is responsible for agriculture production, animal husbandry, rural industries and poverty reduction programmes.
- **Social Justice Committee:** - This committee is accountable for the promotion of education, economic, social and cultural. The social justice committee protects the Scheduled Caste, Backwards Classes and other weaker sections. It also provides social justice, protects from exploitation, and promotes the welfare of women and children.
- **Amenities Committee:** - Some functions of the Gram Panchayat, like education, public health and public works, are done by the Amenities Committee.

4.3.2 PANCHAYAT SAMITI

The second tier of Panchayati Raj System is Panchayat Samiti. The Balwant Rai Committee report imagined that Samiti is a sole representative and independent institute that handles all the development aspects in rural areas. According to the committee, Samiti has a large area for work to perform as compared to the village panchayat and which can attract the interest and service of residents. Ordinarily, based on area and population, panchayat Samiti contains 20 to 60 villages. The range of population under the Samiti is from 35000 to 100000 and the average population is 80000. The panchayat Samiti includes the: -

- The Panchayat Samiti included 20 members who were selected by Panches of all the panchayats of the same block
- There should be women members and one member each from the scheduled caste and the scheduled tribes to be co-selected.
- Samiti includes two persons having knowledge and experience of public life and administration, which is helpful for rural development.
- There should be cooperative representatives who are involved in the operations with the concerned block.

- Panchayat Samiti includes one representative who belongs to a small municipality residing within the jurisdiction of the block.
- The associated members are those selected members who represent the assigned area by the State as well as the Union government.

The one who is called “Pradhan” is the president of the Panchayat Samiti, who is appointed by its responsible members under an electoral college. Along with him, “Up-Pradhan” is also elected for his assistance. The Pradhan organizes and directs the meetings of the Panchayat Samiti. Pradhan provides guidance to the Panchayat for making plans and implementing such development programmes in rural areas.

The Pradhan is a responsible body for the proper applicability of all the judgments as well as the resolutions passed by the standing committee along with the Samiti. Moreover, He assists in all the regulatory affairs to the “Block Development Officer” (BDO) or “Vikas Adhikari” and his concerned staff. By a Pradhan, he is considered a member of Zilla Parishad and apart from this, he is considered ex officio “Chairman” of Samiti’s standing committee. The “Chief Executive Officer” of the Panchayat Samiti delegated the power and responsibility to the Block Development Officer (BDO) to implement the resolutions of the Standing Committee and Samiti. He formulates the budget of Samiti and gets approval from Samiti for implementation. He is responsible for making a yearly report of the Samiti and sending it to the Zilla Parishad and the State Government for approval. He is responsible for his work to the President of the Samiti.

The functions of Panchayats are controlled by the Panchayat Samiti because all Panchayat comes under its boundaries. The Panchayat Samiti coordinates the activities of Panchayats and also examines their budget. It also provides suggestions for improving the functions of Panchayats. The Samiti is accountable for Planning agriculture development, animal husbandry, fisheries, small-scale and cottage industries, and rural health, and implementing all these plans for rural development. It seems that the Panchayat Samiti has a lot of powers, but the reality is different. Panchayat Samiti is not an independent institute to take a decision regarding implementing a development project of its own choice. It generally follows the guidelines issued by the state government related to various development projects.

Functions of Panchayat Samiti

The functions of Panchayat Samiti are classified into three parts.

- 1. Delegated function: Panchayat Samiti** implements all the development policies which

is made by the state government. The state government implements all the development projects through Samiti at the grassroots level and also includes people of the village in such activities.

2. **Community Development function:** The planning and implementation of social welfare programs in the field of agriculture, irrigation, cottage and small-scale industries, co-operatives and education, etc., are called community development functions. With the help of this planning, Samiti gets a chance to solve the problems of the area and give a chance to do an experiment on a development project.
3. **Supervisory function:** Another important function of the Panchayat Samiti is supervising the functions of the Gram Panchayat within its jurisdiction. The budget of the Gram Panchayat can be changed and examined by the Panchayat Samiti. It is the mid-tier level of the Panchayat Raj system and works as a source of democratic decentralization of power. These organizations work in the development projects of rural areas and create a link between the two tiers of the system.

Standing committees of the Panchayat Samiti:

- **General committee:** The work related to the establishment of matters, communication, building, rural housing, village extension and relief against natural calamities and water supply is performed by General Committee.
- **Finance, Audit and Planning committee:** This committee does the work of Panchayat Samiti related to the preparation of the budget, checking of receipts and payment statements, and examining the proposals for increasing revenue. It considered all the proposals that affect the finance and revenue and expenditure of Panchayat Samiti.
- **Social Justice Committee:** This committee is accountable for the promotion of education, economic, social and cultural. The social justice committee protects the interests of Scheduled Caste, Backward Classes and other weaker sections of society. It also provides social justice to SCs, Backward Classes and women and so on., protects from exploitation, and provides welfare of women and children.

4.3.3 ZILLA PARISHAD

In the Panchayati Raj System, Zilla Parishad remains at the top in the tier structure of the Panchayati Raj system. Usually, there are representatives of the Panchayat Samiti are included in the Zilla Parishad. Every member of the state government and parliament, along with officers of district-level from the medical department, public health department, public works,

engineering, agriculture, veterinary, education, and other development departments. In Zilla Parishad, there is a provision for some special members from women of the scheduled castes and scheduled tribes. The Collector is additionally an individual from the Zilla Parishad.

The state government appoints the “Chief Executive Officer” for the Zilla Parishad, and also selects the “Chairman” from its members. In all the states, there is a subject matter specialist who works at the district level to implement various development programmes in rural areas. Zilla Parishad works as a coordinator and supervisor for most of the state. All the activities of Panchayat Samiti are controlled and coordinated by Zilla Parishad, which falls under its boundaries. Zilla Parishad approves the budget of Panchayat Samitis for various purposes in certain states. The government also seeks suggestions from the Zilla Parishad for the application of various development schemes in rural areas. Zilla Parishad took the responsibility of the maintenance of school education, dispensaries, irrigation facilities and so on. It likewise advances neighbourhood businesses and workmanship. Zilla Parishad gets financial aid from the Grants of state Government and of local government.

Functions of Zilla Parishad

The functions of Zilla Parishad are as follows:

- 1. Development functions:** - Zilla Parishad looks after the development work that was implemented earlier in the district. All the blocks that come under the district, zilla parishad, secure the implementation of the development project and other activities. At the time of implementation of projects, all difficulties are discussed at the top level, which will find a solution is found to solve the problem through negotiation with the state government.
- 2. Civic functions:** - Zilla Parishad is responsible for the construction and maintenance of all the civic activities like public roads, bridges, culverts, parks and water supply systems.
- 3. Welfare Functions:** - Civil welfare functions of Zilla Parishad are the establishment of markets, running of public libraries, dispensaries, public health and family planning centres, and providing relief in times of natural disasters.
- 4. Coordinative functions:** - All the activities of Panchayat Samiti at the block level are managed by Zilla Parishad. The district becomes prosperous through these blocks. Hence, all the development projects are coordinated and consolidated by the Zilla Parishad at the block level.
- 5. Financial Functions:** - The budgets of Panchayat Samiti are verified and approved by Zilla Parishad. It has financial work and provides financial assistance to the Panchayat Samiti.

All the financial activities of the Panchayat Samiti and the Village Panchayat are controlled by Zilla Parishad.

- 6. **Advisory Functions:** - All the activities of the State government at the grassroots level are advised by the Zilla Parishad. The advice of Zilla Parishad is followed by the state government, and there are fewer chances that it will be overlooked or neglected.

Standing committees of Zilla Parishad:

- **General committee:** - The work related to the establishment of matters, communication, building, rural housing, village extension and relief against natural calamities and water supply is performed by the General Committee.
- **Finance, Audit and Planning Committee:** - The committee is responsible for the finance of Zilla Parishad and also prepares the budget, verifies the proposal for increasing revenue, and checks the receipt and payment account. Apart from this, the committee perform more task plan priorities, allocation of expenditure and follows the guidelines of the state government.
- **Social Justice Committee:** - This committee is accountable for the promotion of education, economic, social and cultural. The social justice committee protects the interests of the Scheduled Caste, Backward Classes and protects them from social injustice.
- **Education and Health Committee:** - This committee performs the function of promoting educational activities at the district level. It evaluates the educational activities of Zilla Parishad and, within the framework of national and state policy, undertakes planning of education in the district. Besides, the committee has more work related to education, like improving the adult literacy rate and organizing cultural activities, maintenance of drainage, health service, hospitals, water supply and family welfare and so on.
- **Agriculture and Industry Committee:** - This committee is responsible for agriculture and industry development functions in the district. The committee focuses on agriculture production, animal husbandry, cooperation, contour bunding and retrieval, village and cottage industries, and promotes the industry in the district.

Check Your Progress- II

1) Define the structure of Panchayati Raj Institutions.

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2) What are the various functions of Zilla Parishad, Panchayat Samiti, and Gram Panchayat for rural development?

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3) Differentiate between the Zilla Parishad, Panchayat Samiti and Gram Panchayat.

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4.4 ADMINISTRATION OF PRIs

The need for effective and efficient personnel in Panchayati Raj Institutions has been recognised from the very beginning. These PRIs are responsible for performing several functions of rural development at the local level, like sanitization, proper lighting, ensuring drinking water facilities, maintenance of schools and hospitals, etc. They are extensively involved in the development, execution and monitoring of various initiatives and plans at the field level, which require administrative and technical personnel. They ensure continuity in the programs and policies of these bodies as the political executive changes from time to time. Competent personnel are also essential to ensure unbiased and effective decision-making.

There are two types of personnel in Panchayati Raj Institutions, the first one is State cadre officers who are placed under the control of PRIs, i.e., Block Development Officers (BDOs) and other technical officers of the State Department. The state government is responsible for its requirements, transfer, promotion and discipline. The second one is the constitution of a separate Panchayati Raj Cadre, which is found in the states of Rajasthan, Andhra Pradesh and Maharashtra. In general, two types of officials can be identified in Panchayati Raj Institutions, namely generalist and technical. Village Level Worker (VLW), Block Development Officer (BDO) and Chief Executive Officer (CEO) come under the general category, while District Technical Officer comes under the technical category. Another classification is the local cadre officials and the state cadre officials. Block development officers, technical officers, chief executive officer, etc., belong to the state cadre and the state government is authorised to maintain and regulate their terms of service. Village-level workers, Panchayat Extension Officers (PEOs), Pragati Parasar Adhikari, other clerks, etc. Constitutes the local cadre officials. They are appointed at the district level and are regarded as PRI employees.

There is a high degree of uniformity in the staffing pattern of Panchayati Raj Institutions across

the country. At the village level, an executive officer or a secretary manages the administrative functions of the panchayat. Village-level workers are appointed from a group of villages. VLWs are primarily a multi-purpose functionary concerning with development programmes and schemes at the local level under their jurisdiction. At the block level, the block development officer serves as a chief executive officer, coordinates and monitors the work of the officers under him and extension officers are also appointed for each development project. They work under the administrative control of BDO and the technical supervision of district-level officers. This dual control has resulted in the rise of numerous issues at the block level. In the Zila Parishad (ZP), the District Development Officer or Chief Executive Officer is appointed as head of the ZP and one District Technical Officer is assigned to him for his assistance in development activities.

In the Panchayati Raj system, different types of problems related to personnel arise among the functionaries working in PRIs. These officials were appointed by different agencies, and their terms and conditions related to service and promotional channels are completely different. The officers at the state level were kept on deputing to different places, so they lack passion and dedication while serving with the PRIs. Problems such as frequent deputation, lack of growth opportunities, overload of paperwork, etc., are a few barriers affecting the smooth functioning of PRIs. The staff working in PRI's exhibit a lack of proper training programmes, unmanaged work patterns and an unsatisfactory work environment.

4.5 LIMITATIONS OF THE PANCHAYATI RAJ INSTITUTION

Despite the well-defined provisions in our system, the Panchayati Raj institutions carry a few limitations at the implementation level:

1. The primary function of Institutional bodies, such as district planning boards, was to expedite decentralized planning, which is in reality, either non-functional or they do not give much priority to the PRI's
2. Primary attention has been given to the training related to the programmes and schemes. The focus should rather empower the elected representatives of the PRI with their constitutional functions.
3. State, as well as the central government, started giving special attention to creating separate units or structures to implement projects related to health, education, etc., which limits the powers and role of PRIs.

As a consequence of the above flaws in the system, the representatives of the local government

who work at the ground level were not able to utilize the power in actual terms. Certain corrective actions need to be taken to make PRI's efficient and effective in its workings. The need of the hour is to move towards the power delegation from political representation. Political leaders of the state need to recognize the long-term benefits and importance of PRI's and to delegate their powers to them as required by the law. To strengthen the PRI's, political leaders are required not only to vest the implementation rights but also to delegate to them the powers to make plans as required.

4.6 ISSUES AMONG THE PANCHAYATI RAJ INSTITUTIONS

- 1. Inadequacy of funds:** The primary issue for PRI's is the lack of adequate funds required for their proper functioning. Local governments have the provision to raise funds through local taxes or receive intergovernmental transfers.
- 2. Political Interference:** The interference of MPs and MLAs in the functioning of PRIs has an adverse impact on their smooth functioning.
- 3. The flaw in the law:** The 73rd constitutional amendment has mandated the creation of local self-governing bodies; however, the decisions related to the delegation of authority, functions, power, and finances have been vested in the hands of the state legislature, due to which PRI's are not able to make decisions as required.
- 4. Delegation of Authority:** There is no mandatory provision to transfer the various government functions, such as health, education, water, and sanitation. Instead, the provisions were made regarding the functions that could be transferred and left it to the state government to devolve functions.
- 5. Power to levy tax:** The power to levy tax, for the subjects under the purview of PRI's, needs to be specifically authorized by the state legislature, which has been kept as a choice for the state legislature till now.
- 6. Resistance:** PRIs are reluctant to consider projects that require high investments.
- 7. Existence of Proxies:** Although the law has given the reservation to the women and SC/STs to represent them in PRI's, the provision for proxy representation and Panchayats is still in existence.
- 8. Accountability:** No clear accountability is defined in the legislature for the PRI's and States, even after the three decades of their existence.
- 9. Lack of cooperation and coordination between officials and citizens:** Panchayati Raj institutions were established to ensure effective public participation in the administration

of local bodies. Although major administrative and technical functions are handled by government employees, this is rarely done in practice. In general, there is a lack of proper coordination and communication between the citizens and the officials, such as district officers and block development officers, etc.

Check your Progress-II

1) How Panchayat Samiti work as a coordinating agency between the Gram Panchayat and Zila Parishad?

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2) Discuss the problems and issues faced by the PRIs. Make a necessary suggestion to improve the working of these institutions.

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4.7 LET US SUM UP

The three-tier structure of the Panchayati Raj system was set up at the district, block and village level for the development of rural areas in India. The Panchayati Raj system has created a decentralized government to increase the participation of people in local self-governance. It also provides power and authority for the efficient working of Panchayats along with implementations of various programmes related to poverty alleviation. Moreover, numerous committees such as Balwant Rai Mehta Committee, Ashok Mehta Committee, G V K Rao Committee and L M Singhvi Committee have been formed time by time again with the recommendation of the Indian government to implement the concept of local self-government at village level. The structure of Panchayati Raj Institution includes Gram Panchayat at village level, Panchayat Samiti at block level and Zilla Parishad at district level. The Zilla Parishad works at top level, Panchayat Samiti works at middle level and Gram Panchayat at lower level. The work of all these three is to work at grass roots level and take care of roads, irrigation facility, education institutions, cleanliness, public health, libraries, agriculture development, animal husbandry, cottage industries and co-operative societies and so on. Zilla Parishad perform the supervisory function and control the affairs of Panchayat samiti and Gram Panchayat along with providing financial assistance to them. All the schemes and programmes made by the government are implemented successfully at grass level with the assistance of people's participation. It helps in rural development as well as poverty alleviation in rural areas.

4.8 KEY WORDS

1. **Samiti:** An Association formed to organize political activity
2. **Decentralization:** Divide the Organization into several parts.
3. **Democracy:** All people should be treated equally
4. **Panchayat:** The local governing body of a village.
5. **Massive:** Very large in size
6. **Devolution:** The moving of power or responsibility from a main organization to a lower level.

4.9 SUGGESTED READINGS

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MASTER OF ARTS (ECONOMICS)

SEMESTER-III

RURAL DEVELOPMENT

UNIT 5: COOPERATIVE INSTITUTIONS: CONCEPT AND PRINCIPLES OF COOPERATION

Structure

5.0 Objectives

5.1 Introduction

5.2 Meaning of Co-Operative

5.3 Features of Co-Operatives

5.4 Objectives of Co-Operation

5.5 Benefits of Co-Operation

5.6 Principles of Co-Operation

5.6.1 Roach Dale Principle

5.6.2 Principle by International Co-Operatives Alliance (ICA)

5.6.3 Karve Committee on Cooperative Principle

5.6.4 Cooperative Principle by ICA in 1995

5.7 Role of Cooperative Societies in Rural Development

5.8 Co-Operative Societies Based on Agricultural Activities

5.9 Challenges Faced by Co-Operative Society in Rural Areas

5.10 Sum Up

5.11 Key Words

5.12 Suggested Readings

5.0 OBJECTIVES

After going through this lesson, students should be able to understand the following:

- Concept of cooperation and cooperative society
- Types of cooperatives
- Role of cooperatives in rural development
- Principles followed by cooperative societies
- Challenges faced by the cooperatives

5.1 INTRODUCTION

The Cooperative Movement in India was formally started in the year 1904 after the enactment of the Cooperative Societies Act. Even before the formal cooperative structure came into existence, the practices of cooperative activities were very common in several parts of India. Cooperatives are considered one of the best ways to maintain the spirit of collectivism and democracy in a country like India. The presence of a vast network of social organisations, such as cooperatives, would aid in the formation and utilization of social capital, which in turn leads to the overall development of the society.

Cooperatives are self-help business organisations that are owned and controlled by a group of people for achieving their shared goal by joining hands together. In a legal sense, it is an association or corporation founded for the purpose of providing non-profit service to its members. Cooperatives are formed for a variety of reasons, covering providing financial and housing services, food, and energy to needy farmers and poor members of society. All the achievements that mankind has made in various fields like medical science, technology and astronomy, are to be attributed to the cooperative spirit of the people. The incredible achievements of science and technology, man's first successful flight to the Moon, and the quest to close the gap between the developed and developing worlds are all the results of human cooperation.

The cooperative movement has played a significant role in the overall development of rural areas. Feelings like brotherhood, oneness have grown to a good extent among the members of these societies. Even a sense of real democracy is a word of exchange. Cooperative marketing institutions have joined hands in safeguarding the poor from money lenders and unnecessary exploitation by middlemen. With the help of these committees, farmers are helped towards saving money from moneylenders; as a result of this, they built a habit of saving. This has made them self-dependent.

5.2 MEANING OF COOPERATIVE

The word co-operation comes from the formation of two Latin words, “Co-operari”, where “co” means “together” and “operari” means “to work”, hence co-operative means “to work together”. Thus, it is a joint activity performed to achieve shared goals.

An ancient Greek philosopher, named **Aristotle**, recognized man's social nature when he said, "Man is a social animal". An isolated man cannot lead a contented and happy life. Hence, there is a dire need for cooperation, which is essential for living a happy life. The historical concept of co-operation was more inclined to religious, cultural, and social aspects. Co-operation was inherited in society. Although the concept of co-operation in this modernized world has totally changed compared to the primitive one.

Merrill and Eldredge say that "Cooperation is a form of social interaction wherein two or more persons work together to gain a common end."

In this context, **Fairchild** also writes that "Cooperation is the process by which individuals or groups combine their effort, in a more or less organized way, for the attainment of a common objective."

From the above-given definitions, it can be concluded that cooperation is a joint activity undertaken by two or more persons for achieving shared goals in a planned and organized manner.

5.3 FEATURES OF CO-OPERATIVES

Co-operatives have various features which are discussed as follows:

- A cooperative is an association of persons that comes into existence when two or more individuals join together towards the achievement of common/shared goals.
- Co-operation is basically an enterprise that stresses ethical principles and moral values. The affairs of cooperatives are managed and controlled by their members themselves.
- Cooperatives are voluntary in nature; any individual can voluntarily join or leave the membership at his own discretion.
- The prime objective of the co-operatives is to serve their members rather than earn profits.
- The co-operative societies stress upon the principle of democracy, i.e., every member has the right to present their views, although affairs of the cooperatives are managed by the board of directors, who are elected among the members themselves.

- Cooperatives work on the principle of equity as no discrimination is made among members based on their caste, religion, gender, educational qualification, political ideology etc.
- Capitalists and the working class all work under a single roof in the case of cooperatives, i.e., social justice norms are followed.
- The various cooperative movements were considered as the constituent part of an overall socioeconomic movement of the nation.
- Profits earned by the cooperatives are distributed in proportion to the business operation, not according to their share in the capital.

5.4 OBJECTIVES OF CO-OPERATION

The main objectives of co-operatives were as follows:

- The primary objective of a cooperative society is to bridge the gap between consumer and producer by removing the middlemen to reduce the product cost.
- The profit motive of capitalism was the major cause of exploitation, economic inequality and unfair practices. Cooperatives are formed to remove the ills that existed in capitalism. The profit motive of capitalism was the root cause of exploitation of members, economic inequality and unfair competition, which adversely affects the interests of employees. Therefore, cooperatives aim to restrict profits to provide quality services to their members.
- Cooperatives also contribute to raising the moral standards of their members, so that they can lead a better and happier life.
- Cooperatives help in increasing the prosperity of the community as a whole. It aims to make welfare not at the individual level but for the whole community. Cooperatives aim to bridge the gap between the weaker and higher sections of society, which is a major cause for social tensions among the members.
- Various organizations prefer to work under the brand name of any religious group or political party; in contrast, cooperatives stay aloof from such groups and prefer to work on an individual basis.
- Cooperatives aim to provide a culture of corporate to the people of the weaker sections of society.

Check your Progress-I

1) Describe in brief the concept of a cooperative.

Ans.....
.....

2) Explain the various objectives of the cooperative society.

Ans.....
.....

5.5 BENEFITS OF CO-OPERATION

The primary aim behind the establishment of cooperatives was social welfare. They provide several benefits to society, which are as follows:

I. Economic Benefits:

A cooperative provides the following economic benefits:

- Equitable wealth distribution
- Employment Stabilisation
- Marketing, as well as the processing of farm products, at an affordable price
- Elimination of unwanted middlemen
- Removal of market monopolistic tendencies.
- Encourage a healthy relationship between the employer and employees
- Structured division of business profits to serve the community as well.
- Increase in real wages and purchasing power of the individuals.

II. Political and Social Benefits:

Some of the social benefits are as follows:

- Provide sufficient education
- To create employment opportunities to prevent unemployment and underemployment.
- Creates a sense of brotherhood among the members of the society.
- Apply unifying approaches and rational construction to the economic and social problems.
- The movement towards fair dealing practices like pure quality, proper weighting, etc.

III. Educational Benefits

- Cooperatives also sponsor education. Many co-operative schools and colleges were established to provide affordable education along with employment to the educated unemployed youths.
- Individual gains knowledge and practical experience by working with cooperatives.

IV. Ethical Benefits

- “Each for all and all for each” is the primary motto of cooperatives.
- Cooperatives are in favor of honesty for the fair performance of their practices.

5.6 PRINCIPLES OF CO-OPERATION

The word “principle” is derived from the Latin word “Principium”, which means “basis”. It has different meanings, such as “primary idea” or “rule of an organization”. The principles of co-operation are considered as the guidelines for the co-operative societies to perform various functions. These principles are essential for achieving the objectives of the co-operatives.

Principles are developed in various stages, which are as follows:

- First Stage: Principles stated by Roach Dale.
 - Second Stage: Principles stated by the “International Co-operative Alliance (ICA)”
 - Third Stage: Principles stated by the “Karve Committee”
 - Fourth Stage: Principles stated by the “International Cooperative Alliance (ICA)” in 1995.
- Each of these stages is explained in detail:

5.6.1 ROACH DALE PRINCIPLES:

The first Co-operative Society came into existence in 1863. It was established by “Chaton and Wool Wick”. A number of Cooperative societies were formed from 1863 to 1844, but they failed to succeed. In 1844, Flannel weavers in Roach Dale, England, formed the consumer cooperative society with the aim to target and benefiting the weavers' community. This society is currently operating in England with the name of “Wholesale Equitable Pioneers Co-operative Society”. The ventures formed by these societies were, succeeded in surviving as they were running their stores on the basic principles which are mentioned below.

The following are the principles which are given by the flannel weavers:

- a) **Open Membership:** - Membership of the society is open for all individuals residing in that particular area who are in demand of their services.
- b) **Democratic Control:** - Members of the management are selected rather than elected democratically via democratic principles; further, the elected members are responsible for management and control over the daily affairs of the society.
- c) **Restricted Interest on Share Capital:** - The members were given a limited Interest on the amount of capital provided by them.
- d) **Equal distribution of Dividend:** - Dividend is distributed equally among the members. No special privilege is given to the members based on their high contribution to the capital.
- e) **Cash Trading:** - All the goods were allowed for cash sales only. No credit sale was allowed.
- f) **Religious and Political Neutrality:** - All religions were given equal importance without any discrimination.
- g) **Promoting Education:** - Education is given importance for the overall development of cooperative societies.
- h) **Selling of Unadulterated Goods:** - The quality goods are sold at reasonable prices.

5.6.2 PRINCIPLES BY INTERNATIONAL CO-OPERATIVE ALLIANCE (ICA):

The International Co-operative Alliance is an international body that was established to promote cooperative ideas and spread them across the world. The International Co-operative Alliance (ICA) planned to appoint a sub-committee in 1934 to refine the principles of co-operative due to various changes in social, economic and political fronts.

The principles given by the Roach Dale cooperative society were evaluated, and their relevance was observed as per the present time by ICA which was then submitted as a report in 1937. Based on the sub-committee report, instead of formulating new principles, ICA classified the Roach Dale principles into two categories, namely Essential and Non-essentials, which were as follows:

Essential Principles

- Open Membership

- Restricted Interest on Share Capital
- Democratic Control
- Political and Religious Neutrality
- Equal distribution of Dividend

Non-Essential Principles

- Cash Trading
- Selling of Unadulterated goods
- Promoting Education

5.6.3 KARVE COMMITTEE ON CO-OPERATIVE PRINCIPLE

In order to meet the requirements of the changing environment, ICA appointed a commission in 1964, and the member nations were the USA, UK, USSR, India and Germany. Prof. D.G. Karve, who was a representative from India, was appointed as the chairman of that commission; hence, the commission is popularly known as the **Karve Commission**.

The Karve Commission recommended six principles in 1996, which are as follows:

- a. Open and Voluntary Membership
- b. Democratic Management
- c. Limited Interest on Share Capital
Equitable Distribution of Surplus
Co-operative Education
- d. Co-operation among Co-operatives

5.6.4 CO-OPERATIVE PRINCIPLES BY ICA IN 1995

In 1992, the ICA conference was held in Tokyo (Japan) to review the already established ICA principles in 1996. Possible changes were made in the previously established principles to meet the requirements of the present time. Dr. Ivan Mac Pherson (Canada) reviewed those principles and then submitted a report in 1994, which was later approved in September 1995 by the ICA General Assembly established in Manchester.

The report contains seven principles, which are as follows:

1. Voluntary and Open Membership

Membership of the cooperative is open to all. An individual can freely join the membership and

adopt the responsibilities without any social, racial, political, or religious discrimination. It brings diverse people under one roof for the achievement of shared goals in order to better serve society.

2. Democratic Member Control

These are the democratic organizations that are controlled and mainly managed by the members who are into participating actively, covering elements like framing policies and implementing decisions. Elected members of the management, like trustees/directors, are obliged to the members. Members in primary cooperatives were given equal voting rights (one member, one vote), whereas cooperatives at other levels are organized democratically.

3. Member Economic Participation

Members democratically control and equitably contribute to the capital of their cooperative. Some part of the capital is retained as common property. These cooperatives use the assets of the members as trustees, not as the owners of the organisation. Profits of the cooperative are utilized for various purposes such as setting up reserves, expanding the operations, sharing profits with members in proportion to their contribution and supporting other activities as approved by the members.

4. Autonomy and Independence

These cooperatives create self-help institutions that are managed by their members. If they wish to enter into an agreement with a public or private entity or to raise capital using external sources, they do so on the terms that ensure democratic control and their unique identity.

5. Education, Training, and Information

Cooperatives often organise various educational and training programmes for their members, employees, managers and elected representatives to enhance their work capacity and to contribute effectively to the development of society. Moreover, to prepare the leaders for future circumstances, cooperatives provide information about the importance of cooperatives to the general public, especially young people and opinion leaders.

6. Co-operation among co-operatives

By working in unison through local, regional, national, and international structures, cooperatives enhance their services, strengthen local economies, and deal effectively with societal needs.

7. Concern for Community

The cooperative societies are established to benefit their members. They work for the continuous development of their communities through various programmes and policies. They owe special responsibilities so as to ensure the sustainable development of their communities from a social, economic and cultural perspective.

In a nutshell, the above principle plays an important role in making the cooperatives effective, distinct, and valuable. The government recommends providing a conducive environment to the cooperatives so that they will get the opportunity to instil cooperative values, competitive strength in this globalized world.

5.7 ROLE OF COOPERATIVE SOCIETIES IN RURAL DEVELOPMENT

Even though agriculture is the main source of earning and employment in rural parts of the country, the situation is that the majority of the people residing in the rural areas are poor and starving with hunger. In those situations, cooperatives play an important role in improving the awful conditions of the rural areas.

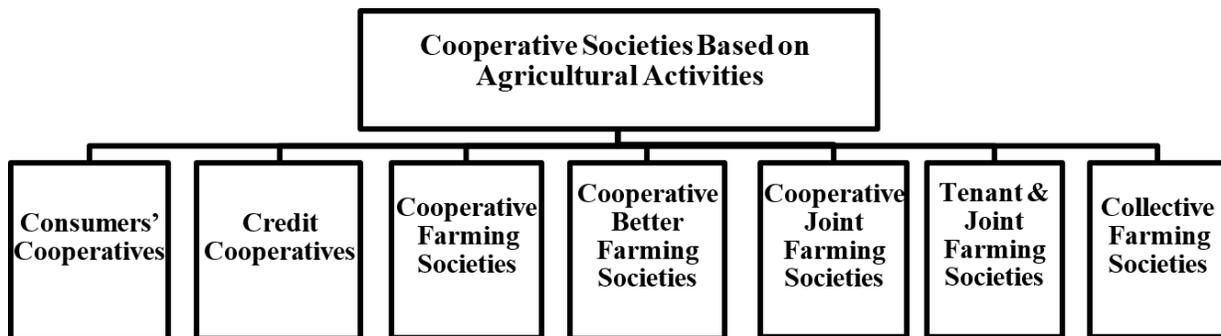
The following are the point that shows how cooperatives are helpful in rural development:

1. Agriculture has been a prominent source of livelihood in rural areas, as it employs half of India's population. People earn through the activities of forestry, fisheries, farming and livestock. To increase the employment opportunities for small and marginal farmers, agricultural cooperatives actively support and promote the agrarian in many ways.
2. Cooperatives often facilitate farmers by providing better product marketing services, which include storage facilities, high-yield varieties of seeds, transportation and processing, and modern farming equipment.
3. Many cooperative societies are working day and night on various aspects to help and improve the condition of the farmers and poor people.
4. Cooperatives provide many services to the poverty-stricken sections, such as access to advanced technologies, proper training in natural resource management, and promoting agricultural productivity by increasing the supply of goods.
5. In a co-operative organization, people are educated about human values in life and made to appreciate that, beyond money, there is something more important, and that is the human spirit,

human feelings and man in the human beings.

6. Co-operatives are educating people in self-government because running cooperatives gives them adequate training to run democratic institutions. It is encouraging the local leadership to take up the important task of rebuilding a New India. Cooperatives are helping to produce better citizens who are honest and ready to make sacrifices.
7. Co-operative institutions help to promote the planned economic growth of a country. The flow of credit into the agricultural credit through the co-operative sector indicates an increase in resources to the agricultural sector.
8. The goal of a cooperative society is not only to provide social advantages, but also to provide financial security to the poorer section of the society, as well as people who engage in agricultural activities. As a result, cooperatives collect finance from agricultural funds and distribute it to farmers in the form of loans and advances in order to improve their economic conditions.

5.8 COOPERATIVE SOCIETIES BASED ON AGRICULTURAL ACTIVITIES



Co-operatives can be divided into various categories depending upon purposes, objectives and nature of the activity. Some of the societies are formed to achieve particular economic objectives, and others are framed with the objective of social upliftment of its members, along with helping consumers, small producers, or small farmers and society.

The above-mentioned types of cooperative societies were explained in detail below:

1. Consumers' Cooperatives

These cooperatives are set up to facilitate quality consumer products and services at a reasonable price by removing unnecessary middlemen, in return creating a direct relationship between wholesalers and manufacturers. Goods and services are purchased in large quantities at a cheaper

price directly from manufacturers and wholesalers then further sold in small portions. Some of the societies are engaged in housing construction businesses. They acquire the land from the general public, construct houses as per the demand of the members and then transfer their ownership to the members. In consideration, members can pay the due price in easy instalments spread over as many years.

2. Credit Cooperatives

Credit cooperatives are established to provide loans and finance to needy farmers and poor members of society at a lower rate of interest. They collect funds from the members of society in the form of capital, as well as accept deposits from the general public, and also take loans from public and private banks. These collected funds are used in advancing loans to the poor farmers and needy members of society on easy terms and conditions. The main motive behind this setup is to safeguard the poor farmers from unnecessary exploitation by the greedy moneylender. Credit cooperatives can be of two types:

- i. Agriculture credit cooperatives:** these cooperatives provide credit facilities to rural people for different productive and non-productive purposes.
- ii. Non-agriculture credit cooperatives:** to meet the short-term financial requirements of the urban masses, these non-agriculture credit cooperatives are formed.

3. Cooperative Farming Societies

In order to take advantage of economies of scale, landless labourers join hands with small and marginal farmers of a particular area to set up a cooperative society. They adopt the mass farming method instead of individual farming to reduce the overall cost of production. Members contribute to the land, labour and capital for joint farming. It becomes very useful for the members in different ways, such as: Pooled land, labour, and other resources, Application of advanced technologies, fertilizers and high-yielding seeds. Maximum output, Mass production, Proper irrigation, No shortage of money to meet day-to-day expenses, etc.

4. Cooperative Better Farming Societies

These types of cooperative societies are formed to help members adopt advanced technological methods for farming activities. To get the maximum output, these cooperatives arrange advanced equipment, high-yielding seeds and fertilizer for the members. In return, cooperatives charge a fee for rendering these services. In this way, both members, as well as societies, benefit.

5. Cooperative Joint Farming Societies

This society takes the land of its members, but the ownership remains vested in the hands of actual landholders. The members are privileged to participate in agricultural activities or/ and timely receive consideration. Any profits realised from selling the outputs in markets are distributed among the landholders in proportion to their land values.

6. Tenant & Joint Farming Societies

In this, the cooperative society acquires the land on a freehold or leasehold basis. The area of land is then distributed among the members of the society and they cultivate on the allotted land to produce the agricultural products. The members also pay rental charges for using such land. These societies are more beneficial for landless labourers. In **Joint Farming Societies**, the ownership lies with the society. The produced products belong to the society itself, whereas in the case of **tenant farming**, the benefits produced are retained by the landless labourers and they pay only rental charges for using such an area of land.

7. Collective Farming Societies

Collective farming cooperative societies are quite different from joint farming societies in terms of ownership of the land. Members of the society work collectively on the land owned by the society. The members get wages for rendering services and any surplus realised is distributed among the members in proportion to their wages.

Check your Progress-II

1) Kindly explain in brief the principles for the cooperative societies given by ICA in 1995.

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2) Explain in detail the different types of cooperatives for the farmer's welfare.

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5.9 CHALLENGES FACED BY CO-OPERATIVE SOCIETY IN RURAL AREAS

Operating in the rural market is typically difficult for cooperative societies due to a variety of issues. There are so many problems that are faced by the cooperatives in the Indian market, i.e.,

Unavailability of Financial resources, misappropriation management, the loans are granted only for agricultural purposes, lack of cooperation amongst the people, a lot of political interference and even there is no balanced growth, etc. Further, these points are discussed below:

- **Lack of financial resources:** often, cooperatives have to face the problem of limited working capital to carry out development activities. Having a weak owned fund base, co-operative societies are largely constrained in borrowing from the central funding agency. As a result, a lack of financial resources and funds creates a barrier in fulfilling the requirements of indigents and landless farmers.
- **Availability of agricultural loans only:** even after actively contributing to the development of rural areas, cooperative societies are unable to provide financial assistance to all sectors. Co-operative societies' lending services are restricted to agricultural production. Credit societies generally ignore other financial needs of farmers. Farmers also request cooperatives to fulfil a variety of financial needs, which leads to conflicts between them.
- **Political Interference:** the most serious problem for the co-operative society is that it often becomes the victim of politicians' tactics. Politicians take advantage of cooperatives to get an edge in elections and increase their voter base. They are like a leech on the cooperative society, which affects the overall productivity of the cooperatives.
- **Conflicting Motives:** It has happened on multiple occasions that some members of a cooperative society join the organisation to take personal advantage. This not only goes against the basic purpose of mutual aid, but it also causes conflicts between private interests and cooperative interests, diverting resources away from the purpose of improving India's economy through rural development.
- **No Balanced Growth:** cooperative societies in the northeast region, including West Bengal, Bihar, and Odisha, are not as well developed as those in Maharashtra and Gujarat. There is a lot of conflict between states due to rivalry, and this conflict impacts cooperatives' operations.
- **Lack of co-operation on the part of the people:** In India, the majority of the population is hampered by illiteracy, ignorance, and conservatism. The growth of the cooperative movement is hindered by its unwillingness to participate.
- **Misappropriation of management:** The cooperative lending system has been chastised since

it is largely controlled by landowners and large farmers. As a result, small and medium-sized farmers do not receive their fair share. They are often deprived of getting assistance and financial aid from cooperative societies. The cooperatives are subjected to partiality, favoritism and nepotism. The overall growth of the cooperative moment, thus, is severely affected.

5.10 SUM UP

Cooperative Societies are working to help each other with the best possible methods. Cooperatives are types of institutions that are framed for the mutual assistance of their members. The main motive is to help the poor improve and raise their standards of living. The weaker section of society is granted the rights to create such societies to protect themselves from exploitation through modern means of production and distribution. A cooperative society is a voluntary organisation of individuals that basically consists of labour class workers. They are organised under joint management on democratic methods to improve their domestic and business conditions as well as capital collection. Cooperatives are formed to increase the overall prosperity and raise the moral standard of their society. They also try to bridge the gap between the weaker and higher sections of society by providing them with adequate resources. Cooperatives provide several benefits to society by generating employment opportunities, removing the market anomalies for the farmers, removing monopolistic tendencies and encouraging a healthy relationship between employer and employee. The chapter also discusses the various types of cooperative societies based on agricultural activities, which include societies such as cooperative farming, cooperative joint farming, cooperative tenant and joint farming, collective farming, etc. At last, various committees laid down the principles for regulating the activities of cooperatives. The Roach Dale committee was the first to lay down principles in 1760, which were later on taken into consideration for revision by ICA in 1937, which were again then revised in 1995 to meet the changing market conditions.

5.11 KEY WORDS

- 1. Morals:** having a high standard of behaviour that is considered good and right by most people
- 2. Society:** An organization of people who share a particular interest or purpose; a club
- 3. Democracy:** the right of everyone in an organization, etc., to be treated equally and to vote on matters that affect them

4. **Autonomy:** the right of a person, an organization, a region, etc., to govern or control their affairs
5. **Community:** a group of people who have something in common
6. **Sustainable development:** economic development that is conducted without depletion of natural resources.
7. **Cooperation:** working together with somebody else to achieve something.

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MASTER OF ARTS (ECONOMICS)

SEMESTER-III

RURAL DEVELOPMENT

UNIT 6: TYPES AND WORKING OF RURAL COOPERATIVES: CREDIT COOPERATIVES, MARKETING COOPERATIVES, DAIRY COOPERATIVES

Structure

6.0 Objectives

6.1 Introduction

6.2 Definitions and Meaning of Cooperation

6.3 Types of Cooperatives (Credit and Non-Credit)

6.4 Explanation of Credit Cooperatives

6.5 Meaning of Non-credit Cooperatives

6.6 The Different Types of Non-Credit Cooperatives in India

6.7 Marketing Cooperative Societies

6.6.1 Single-Commodity Marketing Cooperative Societies

6.6.2 Multi-Commodity Marketing Cooperative Societies

6.6.3 Multi-Purpose, Multi-Commodity, Marketing Cooperative Societies

6.7 Dairy Cooperative Societies

6.8 Sum Up

6.9 Abbreviations

6.10 Key Words

6.11 Suggested Readings

6.0 OBJECTIVES

In this Unit, the learner will get to know about:

- The meaning, concept of the cooperative.
- The evolution of Cooperatives.

- Types of cooperatives working in India.
- How is it important for the rural development of India?

61 INTRODUCTION

India is a country of villages because the major population resides there. According to the Census-2011, 69% of the total population of the country lives in rural areas, and in 2019, the total rural population was 895,386,226. There are some small businessmen, artisans, farmers, labourers and some other service providers, etc. The economy of rural areas was mainly dependent on their work and hence in order to guide them, the cooperatives came into action.

The cooperatives came with the major objective of the rural development, because they provide term loans (both short-term and long-term), they can help the farmers in order to install the new machinery and technologies, new irrigation facilities, supply of the inputs, warehouse facilities and in last they have created the marketing network so that the finished goods can be reached to the end-users. Due to the fewer savings or no savings, the credit has become the most vital input for the development of the rural areas, and to fulfil these needs, the institutions were set up like Regional Rural Banks (RRBs), Cooperative Credit Institutions, Commercial Banks, etc.

Earlier in the 1960s, the rural conditions were not so good; the money lenders lend the credit at a very high rate of interest, which increased the chances of the exploitation of the farmers. That's why, considering the rural conditions, the policymakers have recognized the value of the Panchayati Raj system and the cooperative institutions. These institutions have assigned them their role, and they came with the major objective of Rural Development and to eliminate the poverty and the exploitation that was done among the farmers. These institutions are legal entities; hence they work under the supervision of the committees (members) so there is no chance of inequality over there. They work at the grassroots level so that they can come directly in contact with the farmers and other artisans (one-to-one communication). The main aim of this unit is to get you to know about the concept of cooperatives, principles and the role that they have played in rural development.

Importance of Cooperatives in Rural Development.

Rural development is considered the main objective for all planners. The cooperatives came with this objective only; later they started providing services other than the credit service. In every developing country, whenever the point of development comes, they all start with the development of rural areas first; basically, the priority has been given to the development of

rural areas. There were so many issues in the rural areas regarding the supply of inputs/raw materials, poor infrastructure, less income, low standard of living, low profitability returns, etc. and in order to cover up all these situations, cooperatives came into action. The major source of employment and living in the rural areas is agriculture, livestock, fisheries etc. the major population of the world live there in the rural areas.

- Agricultural cooperative is very helpful to all the rural area farmers, producers by providing them ample opportunities by creating sustainable rural employment. As the name suggests, the agricultural cooperative came with the objective of helping the farmers or artisans whose prime business is agriculture, by providing them reasonable loan or any equipment so that they can work in an effective and efficient manner.
- Producer cooperatives or Industrial cooperatives are also very helpful to all the villagers' artisans, producers and small entrepreneurs by providing them with the proper marketing facilities, by availing them the best production technologies, by providing them with the training, innovation etc.
- Dairy cooperatives help in the development of the rural areas by applying the Anand pattern of dairying which creates the proper platform for the all the milk traders and they will get their profits in the proportion of the contribution they made.
- Marketing cooperative helps the traders, producers and farmers by providing them with the proper marketing structure where they can sell their products and in fact, the cooperatives have eliminated the malpractices (charging high prices) from the market as well. The producer produces the goods but sometimes due to the unconditional market conditions he is not be able to sell the products, in this case marketing cooperatives help them either to sell their products or they help them by providing the space to store their produces.

DEFINITION AND MEANING OF COOPERATION

The word cooperation can be perceived by different persons in a different manner, but in common sense it is thinking, working and living together. However, in our context cooperation is defined as an organization of people who voluntarily participate together in order to achieve their common economic, social and cultural objectives.

The International Labour Organization (ILO) defines a cooperative society as it is an association of persons who join their hands for a common cause and work together voluntarily.

The International Cooperative Alliance (ICA) defines cooperative society as, Cooperative society is an association of persons united together voluntarily in order to achieve the common economic, cultural and social needs through the jointly owned enterprise. The members or participants of the cooperatives believe that the cooperative must be in the good faith, some ethical values must be there and there must be social responsibility amongst the members of the cooperatives. A Cooperative is a government organisation hence it is very different from the private enterprise in terms of - they are governed and controlled by the government, the share capital and the social responsibility.

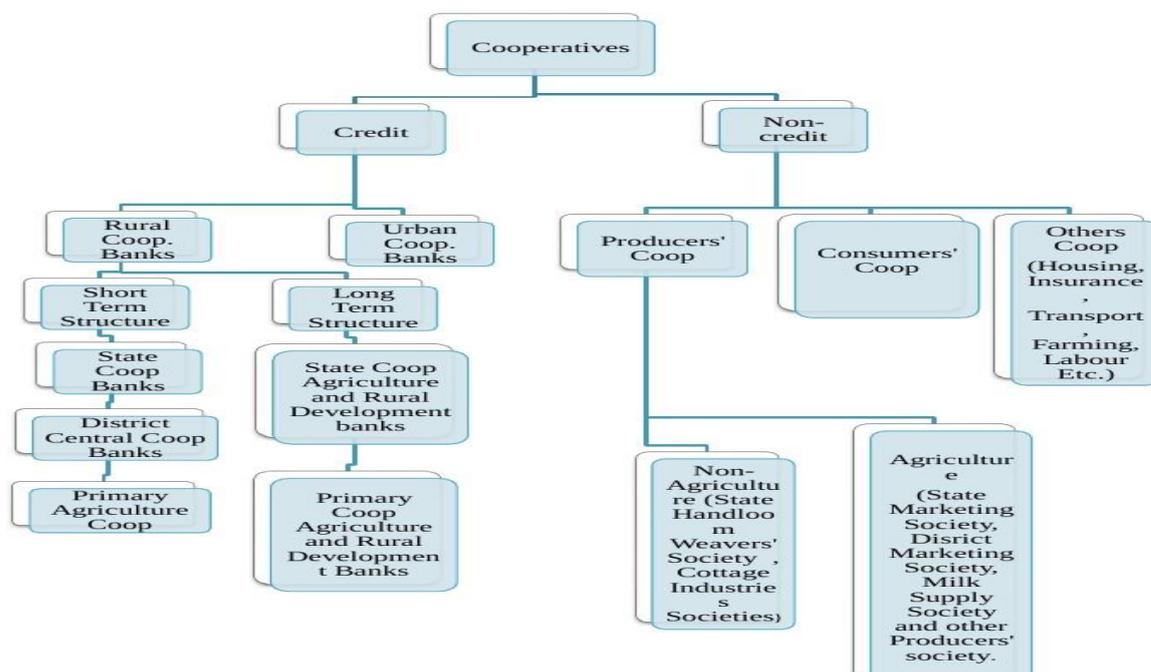
6.3 TYPES OF COOPERATIVES (CREDIT and NON-CREDIT)

The non-credit cooperatives can be determined by the role that they are doing in the development of a rural economy. The credit cooperatives are meant to provide loans and advances to the farmers, artisans and small entrepreneur so that they can efficiently do their work but here in the non-credit cooperatives the societies are here to help the rural people by providing them with services other than the loans.

There are so many Non-credit cooperative societies and all of them aim at rural development by enhancing their production level, improving their standard of living, giving them employment opportunities, protecting them from exploitation and by supporting the small level entrepreneurs and farmers.

6.4 EXPLANATION OF CREDIT COOPERATIVES

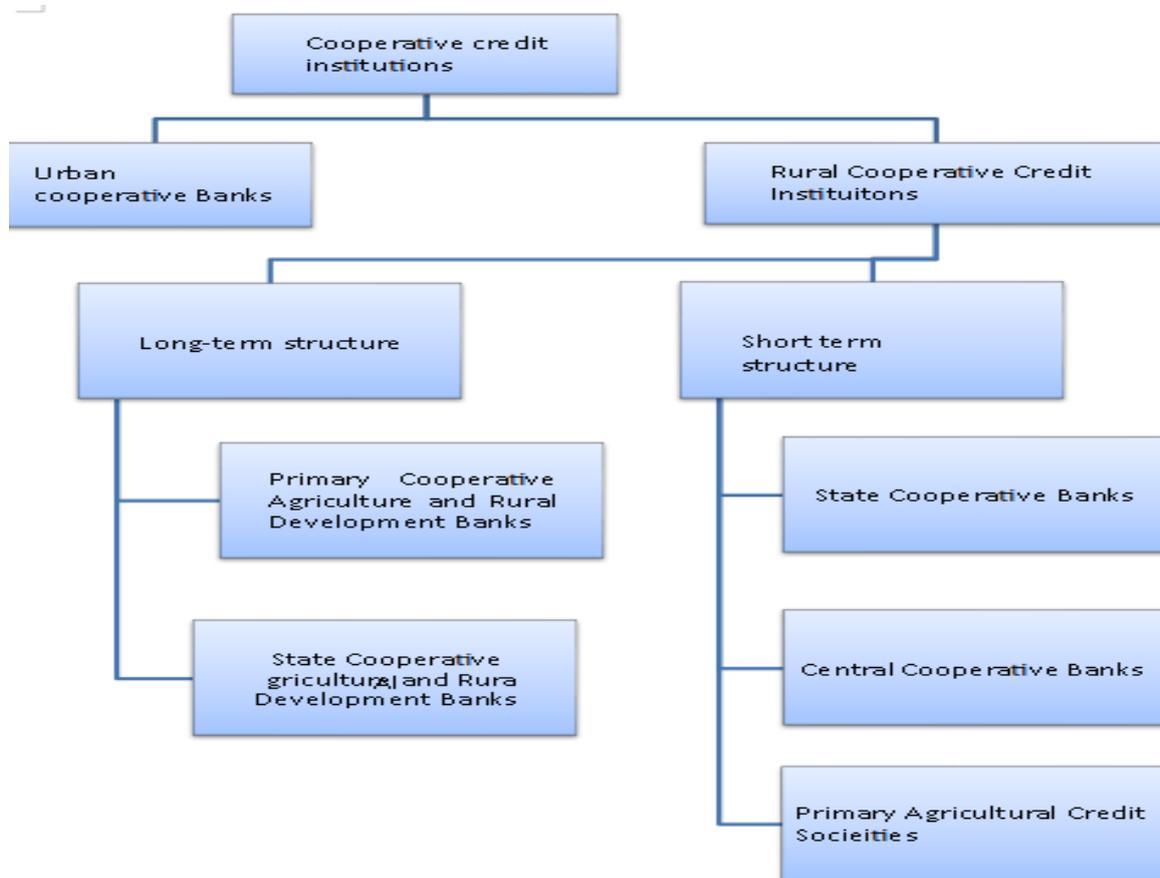
Cooperative credit societies are those societies which are formed to give the financial stability to the members of the different region. The main function of these societies is to accept the deposits



from the members and to grant them a loan at a reasonable interest rate whenever needed. The main role of the credit cooperatives institutions is to assist agriculture and to develop the processing of industries in the rural and urban areas. The cooperatives are at present governed and controlled by the State Government, Reserve Bank of India (RBI) and the National Bank for Agriculture and Rural Development (NABARD).

❖ **ORGANIZATIONAL STRUCTURE:**

The cooperative credit institution has a unique structure comprising of the Urban Cooperative Banks (UCB) and the Rural Cooperative Credit Institutions. The Rural cooperative credit system (RCCS) has two tiers comprising of the short term structure which has the Primary Agriculture Credit Societies (PACS) at the root level and the State Cooperative Banks



(SCBs) and the District Central Cooperative Banks (DCCBs) while in the long term structure we have State Cooperative Agricultural and Rural Development Banks (SCARDBs) and Primary Cooperative Agricultural and Rural Development Banks (PCARDBs).

A. URBAN COOPERATIVE BANKS (UCBs):

The Urban Cooperative Banks (UCBs) refers to the primary cooperative banks which are located in the urban and semi-urban areas. These banks were supposed to lend only for non-

agricultural purpose. They play the role of financial intermediaries for the small entrepreneurs and traders. The UCBs have the lead over the commercial banks because of their cost structure and they cover those people who were left behind by the commercial banks like unemployed, physically challenged etc. The operating cost of these banks was minimal as compared to the commercial banks. Being the local nature of the UCBs they develop the trust factor easily and hence they can be more responsive to the needs of the local community as compared to the national banks.

The UCBs work under the supervision of the Registrar of Cooperative Societies (RCS) of the particular state or by the Central Registrar of Cooperative Societies (CRCS). During 2003-04, a total of 104 licences were issued for opening the new branches to 86 UCBs. According to the Reserve Bank of India, the UCBs can open the Extension Counters (ECs) within the premises of educational institutions, big offices, factories, of which the UCB is the principal banker provided the nearest branch of the bank is beyond 10 km from the concerned institution.

UCBs have also followed the concept of “Know your Customer (KYC)”. They created the guidelines which help them to identify the customer before lending them the loan and UCBs were supposed to make the information confidential which was collected from the customer. This helps to protect themselves from fraudulent activities. The UCBs can even enter into the Insurance business but they must have a minimum net worth of Rs. 100 crore and the prior approval from the Reserve Bank of India (RBI).

Functions of UCBs:

1. To accept the deposits.
2. To grant loan and advances.
3. To act as an agent for members who can discount the bills, endorse the bills.
4. To act as a custodian for the members who can keep the documents safe.
5. They provide the facility to withdraw the deposits by cheque.

Features of UCBs:

1. The Urban Cooperative Banks are managed by the Principles of cooperation, and self-help. The work on the rule of one member, one vote.
2. The commercial banks work in order to maximize their profits but in the case of cooperative banks they work on no profits no loss basis.

3. The primary work of the cooperative banks is similar to the other banking functions like deposits, supply of credit etc.
4. The cooperative banks mainly perform the banking functions in agriculture and rural sector. But there are some other banks as well like UCBs, SCBs, CCBs who work in the semi-urban and urban areas.
5. The cooperative banks are the first financial agency which is subsidized by the government of India, supported and sponsored by the government of India.
6. The Urban Cooperative Banks take the financial and other help from the RBI, NABARD and the Government of India.
7. These Banks belong to both the markets i.e. Money Market and Capital Market because there are lots of other cooperative banks which provide Short-term and medium-term loans.
8. The source of funds of the Urban Cooperative Banks is-
 - RBI,
 - NABARD,
 - Central and state government
 - Other cooperative Institutions
 - Deposit funds etc.

B. RURAL COOPERATIVE CREDIT INSTITUTIONS:

The short-term rural cooperative credit system comprises three tiers i.e. the State Cooperative Banks (SCBs) at the first level, District Central Cooperative Banks (DCCBs) at the intermediate level and the Primary Agriculture Credit Societies (PACS) at the root level. These were all designed in order to meet the short term credit needs of the people for the production process.

(I) STATE COOPERATIVE BANKS (SCBs):

State Cooperative Banks (SCBs) are those organizations that provide short-term and medium-term loans to the members at the state level. The SCBs are established in every state in order to provide support by offering them funds and technical assistance etc. There are 31 State Cooperative Banks at present in India.

The major source of raising the funds of SCBs is from share capital, deposits, loan from

commercial banks, loan from RBI and NABARD. The SCBs provide further finances to the District Central Cooperative Banks and also regulates and controls their activities. The authority of state cooperative banks lies in the hands of the general body and the committee that was formed by the state cooperative bank itself. They appoint the board of director as per the guidelines of the banking and regulation act and the board of director will choose the general manager who will be known as the managing director. These all activities were ultimately done under the supervision of the Reserve Bank of India (RBI).

Workings or Functions:

- They provide rural credit facilities.
- They provide finance to District Central Cooperative Banks
- They act as the balancing centers for CCBs because they allocate the surplus of one CCB to other CCBs.
- To keep an eye on all district cooperative banks.
- They provide the facility of re-discounting the bills.
- They provide credit to primary credit societies through central cooperative banks.
- They mobilize the funds according to their needs.
- They collect the money from the public.
- To assist the central bank and to balance the surplus and the deficiencies in the resource of the central bank.

DISTRICT CENTRAL COOPERATIVE BANKS (CCBs):

The Central District Cooperative Banks (CCBs), the intermediate tier between the State Cooperative Banks (SCBs) and the Primary Agricultural Credit Societies (PACS). They mobilize the funds from the SCBs to the public and PACS. The banks constitute a managing committee and in order to run the day-to-day activities a full-time manager is appointed, who is responsible for the effective running of the bank.

The major source of generating the funds is from NABARD and the respective state government, the commercial banks and the State cooperative banks. As the name suggests these banks work on the district level and they accept the deposits from non-members also but they provide loans and advances to the members only.

The Central cooperatives banks are of two types:

- Pure type district banks-membership is only for cooperative organizations.
- Mixed type district banks - membership is for both cooperative organizations and individuals.

Workings or Functions:

1. They supply money to the PACS.
2. They collect the money from the different members; farmers etc and render it to the PACS.
3. They provide money to the other cooperative institutes.
4. They perform the role of supervisor for the primary agricultural credit societies as they guide and train them.
5. They also act as the subsidiary or an agent because they accept the payments, cheques, bills on the behalf of the customers.
6. They can sell the securities on the behalf of the customers.

(II) PRIMARY AGRICULTURAL COOPERATIVE CREDIT SOCIETIES (PACS):

The third tier in the short-term structure of the Rural Cooperative Credit Institutions is Primary Agricultural Cooperative Credit Societies (PACS). As we were very aware of the livelihood of India, the major population of India is still dependent on agriculture because it is the primary source of living and to let them survive the PACS came into action. Any person can become a member of these societies but he/she must have attained the age of 18 years and they have to pay the subscription fees.

The very first Primary Agricultural Credit Society came into action in the year 1905 in the state of Bombay and later on, they started growing fast. The Primary Agricultural Cooperative Credit Societies plays a very important role at the root level for the development of the local areas by providing them the loans at a cheaper rate of interest. The main aim of these societies is to help the farmers, as they come directly in contact with the farmers and to set them free from the exploitation and the fraudulent activities that were done by the local lenders. These societies were managed by their managing committee.

Initially, the PACS came intending to provide short-term and medium-term loans (i.e. crop loans only) to the farmers but now a day's these societies have attained the status of multipurpose societies. As they have started providing loans to the farmers not only for the crops but for the necessary items also that are related to agriculture like storage

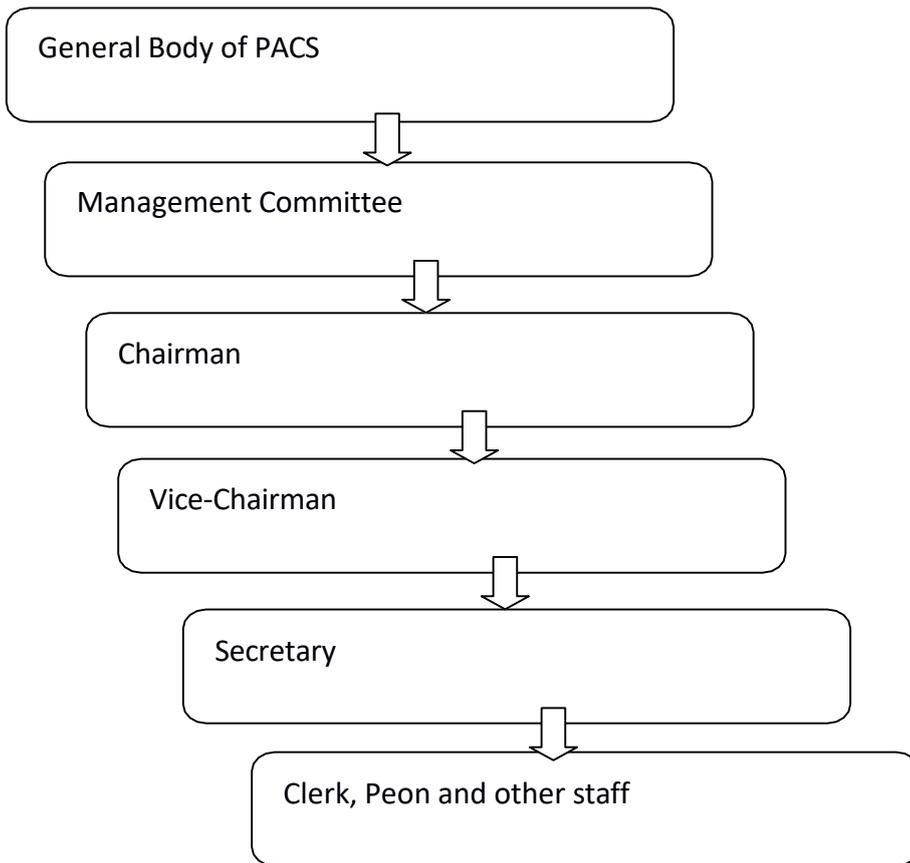
goods, fertilizers, seeds that were certified by the government, pesticides, marketing facilities etc.

The major source of finance is from the deposits from the people, fees that were paid to become the members, the share capital and the loan from the Central Cooperative Banks (CCBs) or the State Cooperative Banks (SCBs).

Workings or Functions:

- The very important function of these societies is to provide short-term and medium-term loans and advances to the farmers at a cheaper rate of interest.
- It is a multipurpose and multi-functioning society, they supply all the necessities that are required for agriculture such as seeds, agricultural tools, fertilizers and pesticides etc.
- They develop the habits of savings amongst the members by catering them some interesting offers.
- They are into the development of the economy.
- They supply consumable goods like sugar, food grains, kerosene etc.
- To store the produce till it is sold in the market.
- The major population of India contributes to the agriculture as their main profession and in order to develop and enhance this The Primary Agricultural Cooperative Credit Societies helps it.

ORGANIZATION STRUCTURE OF PACS



LONG-TERM RURAL COOPERATIVES:

In the long-term structure, it comprises of two tiers i.e. State Cooperative Agriculture and Rural Development Banks (SCARDBs) and Primary Cooperative Agriculture and Rural Development Banks (PCARDBs). These all were designed to meet the long-term credits. The total number of SCARDBs is 20 and PCARDBs is 768.

Besides the short-term credit, the farmers also need the long-term credit to make the permanent changes in the land which require a huge amount, to repay the previous debts, or we can say to install the new machines etc., for that a person should look after the organization that can provide the loans and advances at a very reasonable rate. Earlier this work was done by the lenders which increase the chances of the exploitation of the farmers.

As the name suggests, these banks operate at the state level. The major aim of providing the long-term credit is to develop the land, to install the modern technology, new irrigation mechanism, plantation and horticulture etc. due to which objectives can be achieved very easily. The source of finance of these banks is from the deposits from the different persons, own funds i.e. the money that was paid by the members of these banks in order to become the member of the bank, reserve funds etc.

In India, agriculture contributes the major part of income and the majority of the

farmers have either less land or low savings due to which they can't afford to extend the production. Hence, in order to increase the production, they must have to increase the land area which requires external long-term finance. That is why it is also known as "Land Development Bank". The long-term finance creates the long-term burden also for the farmers because they have to repay the amount after the specified period; hence the special institutions were set up i.e. the land mortgage bank now which is termed as Primary Cooperative Agriculture and Rural Development Banks (PCARDBs).

These Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) have a large network over the root level and they have vast experience in providing the term loan to the rural areas at the minimum cost which brings the fulfilment of the major objective i.e. the rural development.

Section 35(6) of the Banking Regulation Act 1949 says that NABARD has to inspect all the short-term cooperative credit institutions and long-term cooperative credit institutions i.e. SCBs, CCBs, PACs and in addition the SCARDBs and PCARDBs

Functions of the NABARD:

1. To ensure that the business of entities was performing as per the law.
2. To check the financial condition of the entities.
3. To suggest to them how to strengthen themselves.
4. To tell them to work according to the guidelines of the government and RBI.
5. To issue the notes to the Reserve Bank of India after the inspection.

(Source: NABARD)

Check your Progress-II

1) What is the difference between Urban Cooperative Banks and Rural Cooperative Credit Institutions?

.....
.....

2) How PACs are helpful in the development of the Rural Economy?

.....
.....

3) What are the definitions of cooperative society given by ILO and ICA?

.....
.....
4) What are the different types of Cooperative Credit Institutions?
.....
.....

6.5 MARKETING COOPERATIVE SOCIETIES AND ITS TYPES

Marketing cooperative societies are those societies that are created to help individuals (farmers) to sell their products in the market at the best possible prices. The main purpose of setting up these societies is to get the best profitability for the farmers and to protect them from the exploitation that was done in the market.

These societies were emerged because of the heightened malpractices in selling and buying the produce. The farmers were not getting the right amount because they were supposed to sell the produce at the prices that were fixed by them and hence, they didn't get any kind of profits. In order to eliminate this exploitation, the need of these societies is increasing.

The private traders (middlemen or money lender) were doing the wrong practices because they dominate the market of food grains. Hence, the farmers were protesting to get a fair amount of profits against their produces. In order to demolish this structure, the government of India took the step and establishes the societies. Later these societies became the competitors to the private traders in the market reason being the "Fair-trade practices".

These societies take the farmers to produce and sell them at the best rates. Earlier, the farmers were not getting the right amount of profits but now after the enactment of these societies, the farmers will get their profits in the proportion of their produce. There are various other functions of these societies like they provide loans to the farmers at the cheapest rates, provides education to the farmers regarding the market and tell them the demand and supply relationship, they provide transportation and warehouse facilities to them, and such other marketing activities like packaging, grading, etc.

Functions marketing cooperatives:

- To eliminate the role of the money lenders and the middlemen
- To reduce the contact with the intermediaries and passing the profits directly to the farmers.
- To educate the farmers to produce good quality products.

- To provide the warehouse and transport facilities.
- To tell the farmers about the latest farming techniques.
- To ensure that marketing must be done on a fairly basis.
- To improve the bargaining ability of the farmers to get better prices for them.
- To protect the members from malpractices.
- To provide the credit facilities.

To make available the inputs such as the fertilizers, seeds, pesticides etc that is required for the production.

To provide the information regarding the market so that they can get good returns by selling their produces at the right place at the right time, and the profits can be distributed to them in the proportion of their goods.

TYPES OF MARKETING COOPERATIVE SOCIETIES

Based on products, they are dealing in; the marketing cooperative societies can be classified into three categories:

A. Single-Commodity Marketing Cooperative Societies: The societies which deal in the marketing of the single agricultural commodity.

B. Multi-Commodity Marketing Cooperative Societies: The societies which deal in the marketing of more than one commodity (multi commodities).

C. Multi-purpose, Multi-commodity Marketing Cooperative Societies: The societies which do multi work not only deal in the marketing of a large number of commodities but also they do several other works like they arrange the inputs for the production, they provide the credit etc. to the members. The Marketing Cooperative Societies work on both two-tier and three-tier structure. In some of the states, they have a two-tier structure like in West Bengal, Orissa, Madhya Pradesh, Kerala, Assam, Karnataka, and Bihar i.e. the base level (local regions) and the state level. While in the other states there is a three-tier structure i.e. Base level, state level and the district level as well. The societies were governed by NAFED (National Agricultural Cooperative Marketing Federation of India Ltd). It acts as the apex body. Dairy and agriculture are the two utmost and the inter-related professions in India, and both of them are equally important for the development of a rural economy. There are so many small farmers, labours and businessmen who are having the 55% of animals and they produce 52% of milk. The dairy profession not only provides employment opportunities to few members but also stabilizes the

income for the farm.

6.6 DAIRY COOPERATIVE SOCIETIES AND ITS FUNCTIONS

The major aim for establishing the Dairy cooperatives was to develop the rural economy and to eliminate the exploitation that was done by the private dairy owners. In fact, there was a National policy on Dairying also that was established in 1956 due to which the dairy cooperatives growth and development were raised.

In 1964, Mr Lal Bahadur Shastri, the prime minister of India, after comparing the major milk plant i.e. AMUL that was set up in Gujarat, with the local village milk producer gave the consent for the Anand model and asked the government to set up an organization to repeat the Anand model in India. The Dairy cooperatives work on the three-tier structure.

FUNCTIONS OF THE DAIRY COOPERATIVES:

1. Operational functions:

Based on Anand pattern of dairying, different functions were performed. In operational functions, there can be further two groups' i.e.

(a) Milk Trading group and

(b) Providing input services group.

In the Milk trading group, there is the sequence of duties that were performed like a collection of the milk, testing and checking of the milk, dispatching of the milk, payment of the milk, accounting of the milk, standardization of testing equipment and the distribution of profits etc. These are the activities that were performed to exploit the malpractices.

The second function i.e. The Input services; the society must provide all the inputs that were required by the producers to enhance the production activities. It includes better techniques so that more milk can be produced. Supply of food, animal care, breeding etc is part of this function.

2. Managerial Functions:

The local village milk producers form the village dairy cooperative society with the help of the milk unions. They purchase a minimum of one share of the society in order to become a member of the society by paying the entrance fee as prescribed by the laws. There was a Managing Committee and the chairman who was appointed by the members as per the laws. The role of the committee was to hire the people for the day to day activities and to pay their remuneration as per the laws. The numbers of people were hired according to the size of the

business. The activities that were done by the Managing Committee and the chairman were bound by the laws. The committee will decide the rules and regulations of the society to run them effectively and efficiently and the committee conducts the meeting every month to discuss the issues that were facing by the society and they ask for feedback/suggestions for them.

Producer

Milk vendor

Retailer

Village level

milk producers

District level

milk producers

Wholesaler

Government

Private org.

Milk-Marketing Channels in India.

6.8 SUM UP

we can conclude that we have discussed the meaning of the cooperatives, different principles of the cooperatives, the evolution of the cooperatives, and the different types of cooperatives as well. The main motto of the cooperatives was to develop the rural areas and to help the farmers, artisans and all other small entrepreneurs in different ways. The cooperatives deal with the public at the grassroots level hence they create a connection with them. As the organization came to cope up with the exploitation that was done amongst the poor and illiterate people, they not only provide the finances to them even they help to grow them individually as well.

6.9 ABBREVIATIONS

1. RRBs - Regional Rural Banks
2. ILO - International Labour Organization
3. ICA - International Cooperative Alliance
4. PCARDBs - Primary Cooperative Agriculture and Rural Development Banks
5. SCARDBs - State Cooperative Agriculture and Rural Development Banks

6. UCB - Urban Cooperative Banks
7. RCCS - Rural cooperative credit system
8. PACS - Primary Agriculture Credit Societies
9. SCBs - State Cooperative Banks
10. DCCBs - District Central Cooperative Banks
11. NABARD - National Bank for Agriculture and Rural Development.

6.9 KEY WORDS

1. **Section 35(6)** – Section 35(6) of the Banking Regulations Act 1949 says that there must be the proper inspection of both short-term and long-term institutions by NABARD.
2. **Credit cooperatives** – The term credit cooperatives can be defined as an institution that provides term loans or finances to small entrepreneurs or farmers in rural areas.
3. **ILO** – International Labour Organization (ILO), means an organization that was established to improve the labour conditions and their living standards.

6.10 SUGGESTED READINGS

- Katar Singh, Rural Development: Principles, Policies and Management, SAGE Publications India Pvt Ltd.
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MASTER OF ARTS (ECONOMICS)

SEMESTER-III

RURAL DEVELOPMENT

UNIT 7: Rural Development Programmes, Poverty Alleviation Programmes: Programmes for Self & Wage Employment

Structure

7.0 Objectives

7.1 Introduction

7.2 Rural Development Programmes in India

7.3 Poverty Eradicating & Self and Wage Employment Programmes

7.4 Sum Up

7.5 Key Words

7.6 Suggested Readings

7.0 OBJECTIVES

After studying this unit, you should be able to:

- Understand the role of the rural sector in the Indian economy in terms of total output and employment generation;
- Understand various schemes launched by the government in favour of rural sectors for their development purpose;
- Explain the schemes that are related to alleviating poverty and justify how these schemes contribute to improving the standard of living of people living below the poverty line;
- Get a brief knowledge about the schemes which are related to Self and wage employment for the people of rural areas.

7.1 INTRODUCTION

Rural Development in India is an important factor among the various other factors for the upliftment of the Indian economy. Rural development mainly focuses on those sections of the rural economies that experiences severe issues of poverty and also aims at addressing those issues which hamper their growth. In order to encourage the development of rural areas, it is very essential to indicate a strong connection between agricultural, managerial, social, behavioural as well as engineering sciences. By developing the rural sector of the economy, overall economic growth can be achieved. So various objectives of rural development are to

improve the wages of the people of rural areas, provide employment opportunities to those people, bring a decline in underemployment, provide basic amenities of life, increase their standard of living etc. Few areas demand more attention on the part of government, which will improve the standard of living of rural people and those areas are:

- 1) Education
- 2) Health and Sanitation
- 3) Empowerment of women
- 4) Development of infrastructure such as electricity, roads, irrigation systems, etc.)
- 5) Agriculture research Centres and extension offices for the timely dissemination of information
- 6) Credit availability at reasonable interest rates
- 7) Employment opportunities

By focusing on these areas, the problem of poverty in rural sectors can be easily eradicated as rural sectors make a huge contribution to the total output as well as employment across various states of India. The apex body which is responsible for formulating several policies, acts and regulations affecting the development of rural sectors is 'The Ministry of Rural Development in India'. They have launched numerous programs related to Rural Development in India. The Government organisations and different agencies must work in association with each other to achieve the anticipated goals and objectives. Some of the developing countries are already working efficiently in the direction of development of their rural communities, and they have attained positive outcomes.

So, the major purpose of this chapter is to help you to understand the role and contribution of rural areas in the Indian economy in terms of Net domestic product as well as generation of employment. You will also get to know about the Net migration rate of the different states of India and how migration affects the unemployment rate of the areas from where out-migration takes place. This chapter will also explain the various schemes that are launched by the government for the benefit of the rural people. Schemes are further bifurcated into schemes related to poverty eradication and schemes related to wage employment. By going through this chapter, the reader will be able to explain each scheme in detail and how that particular scheme contributes to the development of rural sectors of India.

7.2 RURAL DEVELOPMENT PROGRAMMES

The Government of India has formulated various schemes in order to benefit the rural people by maximising their welfare through these schemes. These schemes also intend to sustainably improve the quality of life of the rural area and also help to reduce unemployment, improve the educational status and health of the people. These schemes aim to decrease the gap that exists between rural and urban people, which will further decrease imbalances and will help in the development of the rural sector through which overall development can be achieved.

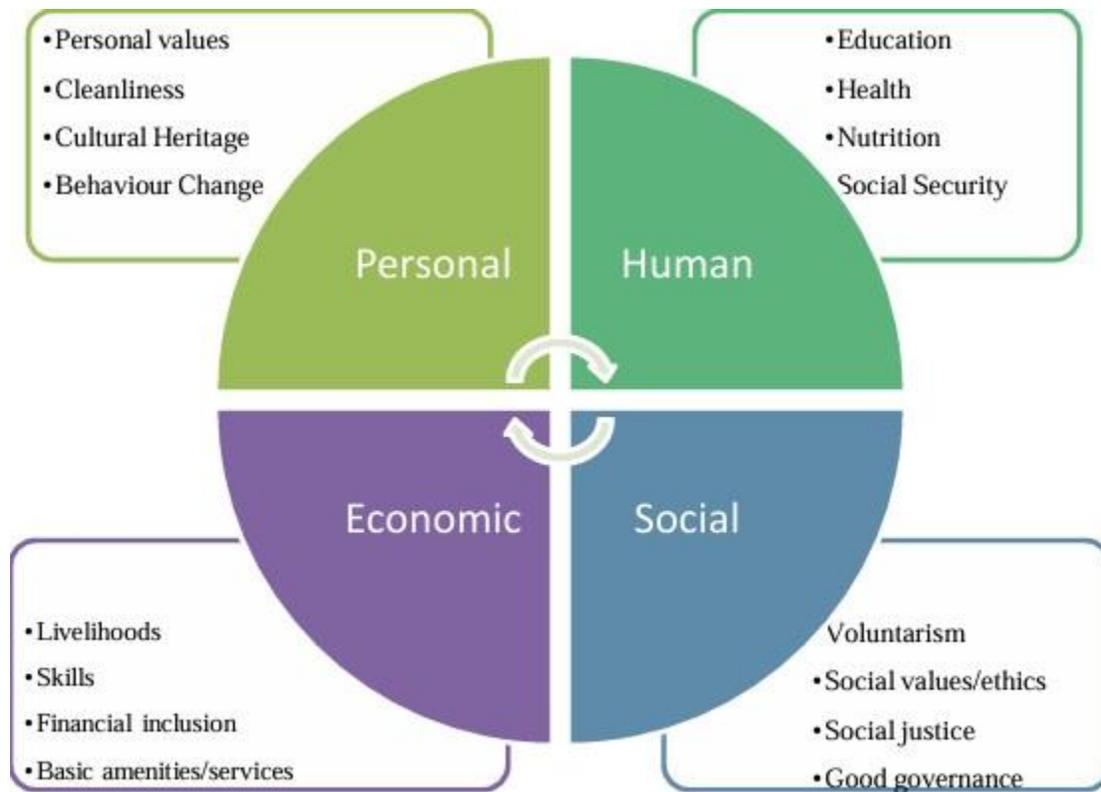
So, the various schemes formulated by the Government are explained in detail below:

- 1) Deen Dayal Upadhaya Yojana:** This scheme is designed for the sole purpose of uplifting the rural youth and poor urban by skill development. This scheme was launched in 2011 by the Union Ministers on the occasion of the 98th birth anniversary of Deen Dayal Upadhaya. This scheme is launched for the age group of 15-35 years, and the candidates skilled till 2014 are 52000 in number. The sum of 500 crores was provisioned for this scheme and is an integration of the National Urban livelihoods mission and national Rural livelihood mission. The rural component of this scheme is named Deen Dayal Upadhaya Grameen Kaushalya Yojana which aims at increasing the skills of rural youth and providing them with job offers, regular monthly wages that are above the minimum wage.
- 2) Roshni:** This is another scheme of skill development that was launched by the Ministry of Rural Development in 2013 for tribal youth of Naxal-affected areas by offering them employment. The eligibility of the scheme is that a person must be in the group of 10-35 years. It aims to provide these benefits to 50000 youth for the period of three years, of which 50%

must be only women.

- 3) **Swachh Bharat Abhiyan:** This Abhiyan is also named as ‘Clean India Mission’ and it is a countrywide campaign launched by the Government of India in 2014. Its basic aim is to improve solid waste management and also to increase access to sanitation facilities such as toilets, solid and liquid waste disposal systems, cleanliness of villages as well as adequate drinking water. The mission of the scheme is to build more toilets & increase its percentage from 3% to 10% till 2019. The total number of toilets built was reported to be 1077.38(in lakhs) since 2nd October 2014 and 43,29,202 toilets are built-in 2020-21.
- 4) **Sansad Adarsh Gram Yojana:** It is also one of the schemes for the benefit of rural people, which will focus on the development of the villages. The scheme was launched in 2014 and involves infrastructure development as well as culture development. The objectives of the scheme are enhancing human development, developing schools, roads, hospitals, toilets, playgrounds etc. for the residents of the villages, proper support for eradicating poverty, training villagers on e-portals for education, reducing disparities among the people, proper access to rights and entitlements etc. so the village can be considered as an “Adarsh Village”. SAGY involves the total development of the village which includes personal development, human development, social development and economic development. Under this scheme, each member of the parliament will take responsibility to convert three villages into an Adarsh village by 2019 and by 2024, the physical and institutional infrastructure of at least one village will be developed. Those villages would be considered to be converted into an Adarsh village whose population will be in the range of 3000-5000 in case of plain areas and 1000-3000 in case of hilly areas. Further, MP would be free to decide which village will be formed into an Adarsh village.

Holistic development through SAGY shown in figure:



5) **Heritage Development and Augmentation Yojana (HRIDAY):** This scheme was launched in the year 2015 by the Ministry of Housing and Urban affairs. The sole purpose of the scheme is to preserve & revitalize the rich cultural heritage of India. The scheme involves the development of an Inventory of Heritage asset of cities such as ghats, monuments, temples etc. to connect various tourists with the unique nature of cities heritage. It further includes the development of facilities of sanitation, citizen services, roads, information kiosks, parking and public transportation. The budget of Rs500 Crores was finalized for the development of the heritage culture of these 13 cities and the duration of the scheme was up to March 2019.

The cities listed under HRIDAY scheme are:

- Amritsar
- Dwarka
- Kanchipuram
- Warngal
- Varanasi

- Velakanni
- Puri
- Mathura
- Gaya
- Badami

6) **Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS):** The act of NREGA i.e. National Rural Employment Guarantee Act, was passed in 2005. This Act of Renamed MGNREGA, i.e. Mahatma Gandhi National Rural Employment Guarantee Act at the time of launch. The scheme aims to guarantee “The Right to Work” to the people of the rural areas of India. This labour law was launched in order to legally provide wage employment of at least 100 days to the people of rural areas to improve their quality of life. The work of these unskilled workers will further be utilized for the development of durable assets of those rural areas which include roads, canals, wells and ponds. The scheme also focuses on declining rural out-migration to urban areas by utilizing untapped labour of rural areas. The beneficiary of this scheme must be a citizen of India, must be 18 years of age at the time of applying this scheme, resident, volunteer for unskilled labour. After applying beneficiaries are provided with an NREGA job card which contains all the details of registered individuals such as registration number, name, etc. This job card helps the individual to apply for paid work in their local area. So, this ensures transparency in all the process as well as protects the workers in case of any fraud. This card can also be used by the beneficiary in any bank as a part of KYC documents while opening a bank account.

7) **Sarva Shiksha Abhiyan:** This Programme was started by the government of India in the year 2001 and the basic aim of this Programme was to achieve the universalization of elementary education. Sarva Shiksha Abhiyan aims to meet the expectation of the fundamental right which was declared in the Indian constitution under Article 21A and stated that children in the age group of 6-14 have the right to get free and compulsory education. The expenditure of this Programme is shared by the Centre and state in the ratio of 50:50.

Various Objectives of this scheme are:

- a) Opening of new schools in the places with no schooling facilities

- b) Strengthening of the present school infrastructure
- c) Provision of different schooling facilities
- d) Addition of extra classrooms, drinking water facilities, toilet facilities in the school premises.
- e) Provision of free textbooks and uniforms for the children
- f) Increasing the strength of teachers in the schools
- g) Improving the skills and capabilities of the existing teachers through Extensive Training
- h) To provide life skills to the students along with quality education
- i) To promote girls' education
- j) To promote the education of the differently-abled or children with special needs.
- k) Sarva Shiksha Abhiyan aims to provide equal educational opportunity to the children of people who belong to different categories such as SC, ST, Landless agriculture labourers, Muslim minority etc.,
- l) Bridging the gap of the digital divide by teaching on computers and developing computer-related skills among the children.

8) Kutir Jyoti Programme: This Programme was launched in 1988-89 and the purpose of this Programme was to increase the electrification of houses free of cost which are below the poverty line. Harijan and tribal families who are also among the BPL category and whose income is below Rs 11000 are eligible to get the benefits of this programme. Its main motive was to improve the standard of living of scheduled castes and scheduled tribes. The budget released for this Programme was Rs 612 crore and it got merged with AREP (Accelerated Electrification Programme) in 2004 and now with RGGVY (Rajeev Gandhi Grameen Vidyutikaran Yojana).

CHECK YOUR PROGRESS-I

- 1) Explain the concept of rural development.
-
-

2) Explain the MGNREGA Scheme of rural development.

7.3 Poverty Eradicating & Self and Wage Employment Programme

The table below shows the Schemes related to poverty alleviation and wage employment

Name of the Programme	Year of launch	Government Ministry	Objectives
Integrated Rural Development Programme (IRDP)	1978	Ministry of Rural Development	To raise the standard of living of the families who are living below the poverty line by creating opportunities for sustainable self-employment for rural people
Pradhan Mantri Gramin Awaas Yojana	1985	Ministry of Rural Development	It is a social welfare Programme to provide housing for the BPL population of India. To provide loans at less rates to the weakest section so that they can construct decent quality houses for their personal living. To enhance the wage employment opportunities for the households by offering them employment on-demand.
Indira National Pension Scheme (NOAPS)	15th August 1995	Ministry of Rural Development	To offer a monthly pension to the senior citizens of India who are 65 years or above as well as belongs to the BPL category and who have no other source of Income. Citizens aged between 60-79 years are offered 200 Rs. per month and citizens aged above 80 years are offered 500 Rs. per month.

National Benefit (NFBS)	Family Scheme	August 1995	Ministry of Rural Development	It's applicable for persons living below the poverty line. Under this scheme, a sum of Rs.20,000 is provided to the bereaved household who is the next bread earner of the family after the death of its main bread earner. The death of the main bread earner should have occurred between the age of 18- 60 years and women in the family can also be considered as a breadwinner of the family.
Jawahar Rozgar Yojana/Jawahar Gram Samridhi Yojana (JGSY)		1st April 1999	Applied by the Village Panchayats.	Involves development of the infrastructure of the rural areas such as roads, schools, and hospitals. To provide sustainable wage employment for the unemployed and underemployed members of the families living below the poverty line
Annapurna		1999 - 2000	Ministry of Rural Development	The scheme aims to grant 10 kilograms of free food grains to senior citizens who are not listed under the National Old Age Pension Scheme.
Food for Work Programme		2000s	Ministry of Rural Development	Launched in the most backward areas of India for creating additional wage employment Food grains are supplied to states free of cost, however, costs of transportation, handling charges and taxes are supposed to be covered by the states.

Sampoorna Gramin Rozgar Yojana (SGRY)	2001	Government of India	<p>The main objective is the generation of additional wage employment, the creation of durable community assets and infrastructure in rural areas and the provision of food security in rural areas.</p> <p>This scheme was implemented in 19 districts and was replaced by the national rural employment guarantee scheme in 2008.</p>
National Food Security Mission	2007	Ministry of Agriculture	<p>To raise cultivation of rice, wheat and pulses through expansion of area and enhancement of productivity in a sustainable way in some recognized districts of the country. It further increases farm profits which enhances the confidence of the farmers.</p>
National Rural Livelihood Mission	2011	Ministry of Rural Development	<p>This scheme aims to offer the people living below the poverty line jobs with regular income every month. Also, Self Help groups are designed at the village level to help the poor.</p> <p>It involves providing access to formal credit, access to public services, support for diversifying etc.,</p>
Pradhan Mantri Jan Dhan Yojana	2014	Ministry of Finance	<p>It aimed to provide reasonable access to financial services to the unbanked poor such as bank accounts, insurance, pensions, credit and remittances.</p>

Pradhan Kaushal Yojana	Mantri Vikas	2015	Ministry of Skill Development and Entrepreneurship	It will help the youth of India to take up industry-related skills which will further help them in sustaining better livelihood.
Pradhan Jeevan Bima Yojana	Mantri Jyoti Bima	2015	Ministry of Finance	The scheme provides life coverage to the poor and low-income section of society. The scheme offers a maximum assured amount of Rs.2 lakhs
Pradhan Suraksha Yojana	Mantri Bima	2015	Ministry of Finance	The scheme aims to provide insurance policy to those people who belong to a deprived section of the society
National Maternity Benefit Scheme		2016	Ministry of Health & Family Welfare (MoHFW)	Under this scheme, a sum of Rs.6000 is offered to pregnant mothers who are above 19 years of age and is provided 12 to 8 weeks before the birth of the child and is given in three instalments which can also be availed even after the death of the child.
Pradhan Ujjwala (PMUY)	Mantri Yojana	2016	Ministry of Petroleum and Natural Gas	This scheme involved the circulation of 50 million LPG connections to women who lives below the poverty line.
Pradhan Garib Yojana (PMGKY)	Mantri Kalyan	2016	Ministry of Finance	the scheme allows the individual to deposit money that has not been taxed earlier. A fine of 50% on the undisclosed income is required to be paid as well as an extra 25% of the unrevealed income is invested in the scheme which can be taken back but after four years, with zero interest.

Solar Charkha Mission	2018	Ministry of Micro, Small and Medium Enterprises (MSME)	It aims to generate Employment for one lakh people of rural areas through solar charkha clusters
National Nutrition Mission (NNM), Poshan Abhiyan	2018	Ministry of Women and Child Development	to reduce the level of under-nutrition and also enhance the nutritional status of children in the country. Also, to improve the nutritional outcomes of adolescents, children, pregnant women and lactating mothers
Pradhan Mantri Shram Yogi Maan-Dhan (PM-SYM)	2019	Ministry of Labour and Employment	It is a central government scheme that is launched for poor labours of unorganized sectors in the age group of 18-40 years. This scheme provides an assured pension of Rs 3000 per month after attaining the age of 60 years. In order to be eligible for the scheme, the income of the labour must be below 15000 and he is required to pay Rs 55 per month in order to get the benefit of the scheme. After the death of the beneficiary, the spouse of the beneficiary becomes eligible to receive 50% of the pension.

Source: Self

So, these are some of the schemes provided by the government for the rural people who live below the poverty line and are in a requirement of wage employment. These schemes help the poor which further helps in eradicating poverty. Providing minimum wage employment is also helpful for the development of the rural sector because this increases the expenditure power of the rural people which in turn increases their standard of living and helps them to come out of the category of below the poverty line.

7.4 SUM UP

Rural development usually refers to the procedure of improving the quality of life and economic well-being of people belonging to remote and meagrely populated areas. It has gained global attention among various nations and has a great role in a country like India, where the majority of the population belongs to rural areas. Various strategies of rural development focus on the alleviation of poverty, Improved opportunities of livelihood, the establishment of basic amenities as well as facilities of infrastructure through pioneering programmes of wage and self-employment. So, this chapter has provided an overview of the role of the rural sector in the generation of total output and employment for the development of an Indian economy and has also explained the role of the government and its programmes for rural development in India. Among various schemes, Mahatma Gandhi Rural Employment Guarantee Act (MGNREGA) is a “Silver Bullet” for the alleviation of poverty as well as unemployment as it has expanded the demand for creative labour force in the villages. Other schemes have also been discussed whose basic principle is to provide an alternative source of livelihood which further impacts the migration rates, child labour, poverty level and helps in the creation of villages that are self-sustained by creating various productive assets such as roads, washing water tanks, soil and conservation of water etc.

So, an attempt has been made to make readers understand comprehensively the development effort of the government to restructure rural life and livelihood through these programmes. In order to make these schemes effective, the government must work on the awareness level of the people who are the actual beneficiaries. Various other factors which are considered to be very important for the success of government schemes are end-user satisfaction followed by the accessibility of technical experts, political support and involvement of stakeholders. As schemes generally fail due to misuse and subversion of funds, some remedies can be taken such as removing the small schemes and focusing on larger schemes for better execution, by tailoring the schemes according to the local condition, and by bringing coordination between Communities, private entities, NGOs, civil societies and government so that while designing any public policy transparency, effectiveness and quality can be achieved.

CHECK YOUR PROGRESS- II

- 1) Is there any relationship between Poverty and unemployment? If yes, then comment.

2) How can poverty be combated?

7.5 SUGGESTED READINGS

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MASTER OF ARTS (ECONOMICS)

SEMESTER-III

RURAL DEVELOPMENT

**UNIT 8: SOCIAL SECURITY, WOMEN, OTHER DEVELOPMENT PROGRAMMES
AND STARTUP INDIA IN THE RURAL SECTOR**

Structure

8.0 Objectives

8.1 Introduction

8.2 India's Social Security System

8.3 Women's Stake in Society

8.3.1 Purpose

8.3.2 Objectives

8.3.3 Initiatives

8.4 Life of Women in Rural Areas: Start-Ups

8.5 Start-Ups Targeting Women

8.6 Other Development Programmes/ Initiatives Supporting Women and Rural People

8.7 Success Stories of Women

8.7.1 Pabiben Rabari

8.7.2 Story of Women of Punjab

8.8 Sum Up

8.9 Questions for Practice

8.10 Suggested Readings

8.0 OBJECTIVES

After the reading of Unit, learner can able to know about:

- What is social security?
- Its existence in India.
- Targeting women for social security
- Purpose behind it
- Objectives for Security
- What are start-ups?
- Various schemes
- Targeting women of the rural area and other sectors as well
- Success stories

8.1 INTRODUCTION

The social security system in India is made up of many strategies and programs that are being disseminated throughout the various laws and regulations. Keep in mind, however, that the state-run social control system in India only applies to a small portion of the population. India's social security system includes not only the payment of premium insurance to state funds but also the monetary obligations of employers.

India's social security schemes include social insurance, such as Pensions, Health Insurance and Medical Benefit, Disability Benefit, Pregnancy Benefit, and Grant

While the vast majority of Indians are in the informal sector and may not have the opportunity to participate in any of these programs, Indian citizens in the formal sector (including those employed by foreign investors) and their employers are entitled to give information under the above schemes. The operation of compulsory contributions to social insurance is different.

Social security is a powerful concept, which is considered by all developed countries in the world to be an important chapter in the national plan to eradicate poverty, unemployment and disease.

Considered to be of great importance to industrial workers, however, with the development of the concept of State welfare, its scope now encompasses all sections of society.

8.2 INDIA'S SOCIAL SECURITY SYSTEM

Social security is the security provided by the public, through an appropriate organization, at

certain risks to which its members are exposed. These risks are situations in which the person of minority, or the employee, is unable to assist effectively in his or her capacity or in private or in private contact with colleagues. It is a feature of these critical situations that endangers the ability of the working person to support himself and his dependents in health and respect.

Although all State policy affects social security, it is easy to view them as public safety services, the only programs that provide citizens with benefits, designed to prevent or treat diseases, to support them when they cannot and to restore employment. Not all such measures, however, can be considered as security measures, because security is a state of mind and intended reality.

To enjoy security, one must have the confidence that the benefits will be available when needed, and, for security to be achieved, protection must be adequate in quality and quantity. Social security is a very broad term and includes social insurance and social assistance schemes and specific commercial insurance schemes. It is necessary, therefore, to distinguish between these terms and to have a clear view of the scope of each term; however, in general, the terms social insurance and social security are used by some in the same sense because social insurance makes the most important part of any social security system.

The conflict between employers and employees over the question of the adequacy of their shares in social products is the cause of the labour crisis, negotiation and industrial conflict, which are the two most important issues. As industrial and labour development are increasingly separated from the former social and cultural world so it faces various insecurities in terms of income and over-employment of the new order of unconditional building.

Industrial development brought about by industrial change means urbanization. In ancient times, if a person could not work on a certain day, he was cared for by the village community or by his family members. But now migration to cities has so deeply eroded these principles that in times of illness, unemployment, old age, and other such conditions, a worker cannot recover. In modern times public safety influences both social and economic policy. Social security is the security provided by the State against risks that a person with little means, today, can stand alone even in private contact with other people.

Public safety means the assurance given to the State by the relevant authorities against certain risks to which members of the public may be exposed. The Social Assistance Scheme provides benefits to people on small grants as a sufficient right to meet the minimum level of need and paid from taxes and the social insurance scheme provides benefits to low-income people at a cost that includes an attempt to provide insurers with subsidies from employers and States.

Public safety measures are important from two points. First, they formulate an important step toward the goal of the welfare state. Second, they enable workers to work more efficiently and thus reduce waste from industrial disputes. Lack of social security hinders productivity and prevents the formation of stable and efficient workers. Therefore, social security measures are not a burden but a wise investment that offers good benefits.

Everyone is entitled in full equality to a fair and public hearing by an independent and impartial tribunal, in the determination of his rights and obligations and any criminal charge against them.

Social security for women in India, although there is an existence of multiple Government schemes in favour of women, it is still an issue that has not yet been tackled efficiently, as these schemes still fail to target the women in society, who are the main sufferers. As per the ongoing count of systemic failures, women's lives and work are being badly impacted in productive and reproductive forms. The primary requirement is to properly implement social security schemes for women in each approachable area of the country to reduce their vulnerability in our society.

8.3 WOMEN'S STAKE IN SOCIAL SECURITY

Women are the majority of older beneficiaries, who cover Social Security as retired or disabled employees, and as widows. They make up 56 per cent of the Social Worker beneficiaries aged 62 and over, and 66 per cent of the beneficiaries are 85 years of age and older.

Women spend a few years at work because they are more likely to be at home when their children are younger, and they usually earn less than men when they are at work. This means that they are less likely to qualify for a private pension, and if they do, it will often be less than men's pensions. In 2014, 32 per cent of unmarried women over the age of 65 were receiving their private pensions without Social Security, compared to 34 per cent of unmarried men over the age of 65. Many women rely heavily on Social Security as a source of retirement income. For people over the age of 65, Social Security contributes 47 per cent of the income of unmarried women, including widows, compared to 34 per cent of the income of unmarried men. Forty-six per cent of the more than 65yrs unmarried women who receive benefits rely on Social Security for almost all (90 per cent or more) of their income.

A typical married woman who receives Social Security benefits will exceed her husband's time. A 65-year-old woman in 2015 is expected to live another 21.5 years, on average, compared to 19.1 years for men. Therefore, partner and survivor benefits are an integral part of the women's program. In 2016, approximately 27 million women were over the age of 65, compared to an

estimated 22 million men, or an average of 126 women per 100 men, according to data from the Census Bureau. As in some of the sectors women are paid less in comparison to men, so when these kinds of schemes are advanced, they turn to be helpful.

Check Your Progress-I

Q- What do you understand by social security?

Ans: _____

Q2- What is done for women under social security?

Ans: _____

8.3.1 PURPOSE

Ensuring effective and efficient service delivery and empowerment of women, children, the elderly, people with disabilities and other vulnerable and marginalized sections of society.

Improving the well-being of target groups with several strategies that improve the quality of life and provide opportunities for their growth and development. The Integrated Child Protection Scheme (ICPS) has made a significant contribution to fulfilling the Government / State's responsibility to create a system that will protect children effectively and efficiently.

8.3.2 OBJECTIVES

- Provide social security and financial assistance to the elderly, widows, dependent children and physical challenges through an effective pension delivery system under National and State Strategies.
- Implementation of various schemes such as free travel/cash travel for the physically challenged.
- Improving the health and nutrition of children, pregnant women, reducing child mortality and dropping out of school.
- Protect the rights of older persons through the application of the Care and Welfare of the Elderly and Older Citizens Act, 2007.
- Provision of Assistance to NGOs working in the field of Women, Children, People with Disabilities, killing of women and drug addiction.
- Effective coordination of policy and implementation between various departments and

programs aimed at promoting the development of women and children.

- Providing girls with access to education and monitoring drop-out rates in high school and high school
- Making essential services and strengthening buildings under POSHAN ABHIYAN.
- Improving of needy skills at all levels.
- Creating a database and knowledge base for child protection services.
- Strengthening child protection at the family and community level.
- Ensuring appropriate responses between sectors at all levels.
- Public awareness of the reality of children's rights, status and protection in India.
- Creating a database and database for people with disabilities.

8.3.3 INITIATIVES

The government of India has taken many initiatives that are:

The important ones among them are:

1. The Workmen's Compensation Act, 1923
2. The Employee's State Insurance Act, 1948
3. The Employee's Provident Funds and Miscellaneous Provisions Act, 1952
4. The Maternity Benefit Act, 1961
5. The Payment of Gratuity Act, 1972

Check Your Progress-II

Q1: Explain any 3 objectives towards women's social security?

Ans: _____

Q2: Name all the initiatives for social security by the government of India.

Ans: _____

8.4 LIFE OF WOMEN IN RURAL AREAS

Women living in the rural parts of India are considered less educated in comparison to men. Families of rural area are mostly patriarchal in nature and consider educating women as a negative element.

START-UPS:

A) What are Start-ups?

A start-up is a kind of initiative taken up by an individual or a group of people who have common goals and objectives that are to be achieved. This can be in context to starting up a new business/firm/office or in relation to any kind of social welfare.

- **situations faced by women living in rural areas:** These areas drawbacks by lack of separate washroom for girls in educational institutes, lack of social security while travelling from home to school and vice-versa, insufficient number of female teachers in schools, the responsibility of sister to look after the younger siblings when parents are working, these are some of the reasons behind which leads to a high drop-out rate of girls from schools or any educational institution. The government of India facilities' free primary education, but parents are not interested in sending their children to school.
- **Problem faced by women in rural areas:** Almost 97% of rural Indian women do not have the right to choose their partner for life. It is always decided by the family members or by anyone elders; the marriage is fixed, arranged without any approval from an anonymous group, it is where caste plays a very significant role. If by bad luck girl wishes to marry someone or plans to marry someone from another caste or tribe, the traditional leaders of the villages will always stand against. In Haryana, there is the existence of various traditional groups of people known as Khap Panchayats, or group of elder men especially, who provide punishments to the girl and as well to the boy of the same village and caste, who dares to fall in love and marries. According to the Khap leaders of the villages it is considered that marrying someone within the village or caste is equal to marrying a sibling, in general. They perform the role of kangaroo courts and punish them even by awarding deaths.

Several times, the brutality of such crimes is not even opposed by their parents. Such is the power of these Khap Panchayats that the elected Members from these constituencies cannot oppose them in any way due to the fear of losing the vote bank in the area. Labour Bureau data briefs up that little progress has been made in terms of friendly wages for men and women for the same job in India, for promoting equality. What is even more shocking being the fact that although wage disparities are always present in the rural parts of the country, in other sectors of work, diversity has increased. So, while men are paid 70% higher wages than that women for agricultural work, the difference rose to 80.4% towards the end of March 2012 and further resulted as 93.6% at the beginning of 2013-14. The data shows

that the daily pay gap is huge has remained consistent since 1999, although it rose in the early 2000s and is at a continuous pace to rise.

Considering wage differentiation between men and women, women are paid often high on bodybuilding activities (e.g., such as ploughing and digging well), but on the other hand low in terms of work such as sowing and harvesting. Outside of the agricultural sector, it seems that sex superstitions have prevailed again, if at all for unskilled agricultural work. (Jayaram, 2003) For example-

Dunzo: One of the famous Indian start-up which connects users to the nearest delivery partner who can further purchases, or can book for a pick up items from any store or restaurant and can get it delivered to their doorstep. Founded In 2015, Offices In: Bengaluru, Delhi, Gurgaon, Pune, Chennai and Hyderabad Total Funding: \$29.6 Million

Divya Gokulnath; Co-founder BYJU'S

Divya co-founded took an educational initiative to help students learn better with the help of internet.

Most start-ups failed, but some of the most successful entrepreneurs in history created start-ups such as Microsoft (founded by Bill Gates), Ford Motors (founded by Henry Ford), and McDonald's (founded by Ray Kroc).

A start-up is a small company set up by one or more entrepreneurs to develop a unique product or service and bring it to market. By its very nature, a typical start is often a shoe-maker, with initial money from founders or friends and family.

- Walking ahead: Start-up is a business venture that requires sufficient financial support to get off the ground. The first challenge to start is to prove the authenticity of the idea to potential lenders and investors. Getting started is always a risky proposition but investors may have several ways to determine their value.

One of the first tasks to start is to raise a large amount of money to improve the product. In order to do that, they have to make a strong argument, if not for example, that supports their claim that their idea is really new or better than something in the market.

8.5 START-UPS TARGETING WOMEN

India's economy continues to grow every decade and start-ups become the engines that drive this growth. Although it is the third-largest start-up country and has more than 27,000 start-ups, India still has only 5%, female start-up founders. This figure underscores the multi-sectoral challenges faced by women entrepreneurs.

The rate of recovery from entrepreneurial risk is influenced by a variety of factors, including gender, age and socioeconomic status. The parameters of risk assessment and reward differ significantly between male and female entrepreneurs. This measure can be overused by women entrepreneurs as they often face additional risks of social stigma and exclusion from family while pursuing their business ideas. However, the perception of women towards salary has changed in recent years due to the sharp steps taken by various stakeholders.

Investors are encouraged to set up funds aimed at women in order to promote entrepreneurship and access to finance for women entrepreneurs. Fundraising for start-ups is strongly influenced by founders, influencing the evaluation of the women's team only. With the introduction of women-centered funding and the increasing presence of women among various companies, these traditional barriers have been removed. Incubators today also aim to promote women's empowerment by conducting workshops and hiring women counsellors. These trainers go beyond providing traditional counselling and assisting these entrepreneurs to overcome barriers, especially those that are relevant to their gender roles.

Although the above stakeholders have made a positive impact on women's businesses, the role of government in this field is often under-represented. In her position, the Indian government is focused on encouraging more women to become financially independent and open their businesses by introducing many new programs, some of which are highlighted below:

- Start-up India has launched a national women-owned business (WING) program that organizes two types of entrepreneurship workshops for entrepreneurs; advanced training workshops for existing founders and basic workshops for aspiring innovators. Basic workshops contain the sharing of information on how to connect, how to start a business trip where the advanced workshops focus on skills building for women entrepreneurs.
- Stand-up India is assisting a bank loan between INR 10 lakh and 1 crore for at least one woman in each banking branch in the country to start a green business. This business may be a manufacturing, services or commercial sector. In the case of non-private enterprises, at least 51% of the share and control share should be managed by SC / ST or a female entrepreneur.
- Trade-Related Entrepreneurship Assistance and Development (TREAD) program for women who help with a type of grant of up to 30% of the cost of all business promotion work among women groups. The remaining 70% of the costs are supported by the lending agency as expected from the project. NGOs can use the grant to train, advise and bind bonds so that they can be marketed on behalf of the beneficiaries without having to build

women's support skills.

- Rashtriya Mahila Kosh is issuing numerous loans under their schemes to encourage women to build wealth and property. One of their schemes focuses on providing loans to new and smaller organizations with at least six months of savings and credit. The organization can get a maximum loan of up to INR 10 lakhs under this scheme to 'get started'.
- MUDRA, representing Micro Units Development & Refinance Agency Limited, is a financial institution established by the Government of India to reimburse small businesses including start-ups. The purpose of MUDRA is to grant funds to non-corporate, small and medium-sized enterprises through various financial institutions. MUDRA loans are available in three categories based on business growth and development.

8.6 OTHER DEVELOPMENT PROGRAMMES/ INITIATIVES SUPPORTING WOMEN AND RURAL PEOPLE

With the government's leading initiative in Digital Bharat, focusing on technology in everyday life, from digital payments to communications, deep tech into the city's new language. India has the third-largest natural environment for initiating ecosystems in the world.

To make people's lives easier with technology that creates job opportunities and start-ups not only grow in the 3rd and 4th markets but also have an impact on the lives of rural people and consumers. Connecting rural India with advanced solutions and services that address low-level challenges, the first ones are starting as new and faster plans for the digital India campaign.

The unemployment rate affected by the COVID-19 epidemic has made life difficult for rural people. To create a support system that unlocks the largest industry, the rural areas of India these first programs offer livelihood opportunities in the Tier-2 market.

1. Exercise: This is a commercial platform based in Bengaluru and the newly formed unicorn focuses on women-led businesses in the fashion and home affairs. 'Meesho' stands for 'meri shop' or 'apni dukaan'. It is a retail model where the women's army cooks' products from its site and sells them on WhatsApp, Facebook and Instagram - direct sales to customers.

It focuses on women entrepreneurs, has an easy-to-use, cost-effective, and comprehensive approach to small businesses. The market says it has more than 13 million entrepreneurs, most of whom are women. It has helped them start their online businesses with minimal investment, bringing e-commerce benefits to over 45 million customers nationwide. With the aim of helping women gain financial independence.

2. Udaan: This is a network B2B trading platform, designed specifically for small and medium-sized businesses in India. It brings retailers, manufacturers and products to India on one platform.

With a real understanding of the working trends and positive aspects of B2B trading, Udaan brings to them the technical power to measure and grow their business. With Udaan, retailers can reach out to buyers and sellers across the country and shop by tapping a button.

Udaan is a platform that allows its customers to grow their future business network, just as you buy and sell. By using the right features of Udaan – My Biz, Feed, and Customer Share can increase their presence, make an interest in their product, and set the stage for growth.

Bringing small retailers to a digital ecosystem to benefit from e-commerce expansion. Udaan empowers small businesses in Barat through the power of technology and the benefits of the internet scale.

3. Frontier Markets: This is one of the fastest-growing social media platforms. Frontier Markets is a digital-enabled platform that allows local customers to purchase instant solutions from a wide range of products/services for women marketers - FMCG, Agri, durable, and electronic and digital services in the last few miles.

It is a product and end-of-life service, delivered to the consumer department in the valleys with the help of commercial assistance run by women entrepreneurs called Saral Jeevan Sahelis, which proves to be a successful example of rural women business. With a strong gender perspective, the company focuses on providing women with rural opportunities by creating employment and income for them. The company has a supply chain and logistics to address the rural problem of resource shortages using their physical concept. They have 10,000 new local sailing passengers (sahelis) in 2000 villages across the country and they are all ready to climb.

Check Your Progress- III

Q- What is a start-up?

Ans: _____

Q- List down few benefits of start-ups for women of rural areas.

Ans: _____

8.7 SUCCESS STORIES OF WOMEN:

The following are some success stories of women who proved themselves in society par with the men with their hard work:

8.7.1 PABIBEN RABARI

In the case of the Gujarat Rabari community, Pabiben runs a business that helps women with artisan's silks to enhance and grow. The company is into manufacturing bags, dhurries, files, quilts, pillow covers, and more, with women as their employees. It uses a special art form developed by Pabiben - Hari Jari - which is the mechanical use of ready-made materials.

Pabiben, who lives in Badroi village, began working when she was quite young, help her widowed mother. She was unable to complete her educational journey because of insufficient money, so which she had to stay at home and learn all the household work and customs from her mother. In 1998, Pabiben joined the Rabari women's team and worked on her decorating skills. She soon became the best member of the team. He has made a variety of products, including the famous Pabi Bag, which includes live ribbons and pieces. Through her business, she has created job opportunities for more than 60 women in her hometown and has enabled them to become resilient, capable, and independent. In 2016, Pabiben was awarded the IMC Ladies' Wing 24th Jankidevi Bajaj Puraskar for his unique business contributions to small towns.

8.7.2 STORY OF WOMEN OF PUNJAB

Smt. Gurjeet Kaur, originally from the village of Hiana Khurd in the Patiala region, is known for her successful businesses in secondary agriculture and is a great source of encouragement for women living in rural areas.

Business woman, Gurjeet Kaur studied until she reached matric and contacted Krishi Vigyan Kendra (KVK) Patiala, 2011, dreaming of achieving something great in her life, despite all other problems. She wanted to create a secure future for her children, as her family owned very little land only that was 0.4 hectares. After attending a meeting with KVK scientists, she further learned how to make money in a business related to home science. She took vocational training from KVK in various aspects as an integrated technology of home science in business, the modern use of phulkari art, tailoring and enrichment. At first, she started sewing women's clothes again of children, but over time, she switched to folded bags, cushions, wallets and macramé articles. These products have found a good market in the village.

At one of the functions of Krishi Vigyan Kendra School in Patiala, she was selected as 'Master

Trainer by the Department of Cooperation of Punjab, under Mai Bhago Istri Sushastikaran Yojana. She has trained more than 900 women living in rural areas in the field of arts, tie and dye, and quilt for five years, covering various villages of the Patiala district, such as Hiana Kalan, Khokh, Diwangarh,

Narwana, Birarwal, Doda, Lohar Majra, Binaheri, Abheypur, Gunike, etc. Gurjeet Kaur puts her exhibition table at events such as Kisan Melas at the PAU and Rauni; Craft Fair in Sangrur; Farmer training camps organized by the government departments of Agriculture and Horticulture, NABARD etc. Krishi Vigyan Kendra, Patiala, also helped her get an ID.

The Development Commissioner (Handcraft) is to participate in exhibitions at the national level, organized by the Government of India.

She thanks her family for all the success she has attained and to Krishi Vigyan Kendra, Patiala for their continuous support. When she started, he was the only one to win KVK, but she is now 20 years old the women of the nearby village are also connected to KVK and empowered economically. Currently, earnings are Rs. 12,000 / - per month only and along with which she creates employment for two more women as well.

Her interview was recorded and broadcast by the India Radio, in Patiala.

Not only this, Smt. Gurjeet Kaur, but also her husband, has stepped to get into mushroom planting. They both took training at KVK in this field and started growing mushrooms. Have received about Rs. 45,000 / - from the planting of dhingri and button mushroom at a time 2015-16. Now, they intend to grow their business on a large scale. They have really become, an example to other rural women and men. We wish their dreams come true so that she can serve her family and rural women well.

8.8 SUM UP

We can say, women can be powerful actors of peace, security, and prosperity. By participating in peace processes and other formal decision-making processes, they can play an important role in initiating and promoting progress in human rights, justice, national reconciliation and economic recovery. They can also build solidarity on racial and sectarian lines and speak for the underprivileged and minority groups. Investing in women's leadership is a smart step towards security and development.

8.9 QUESTIONS FOR PRACTICE

Q1. What is social security?

Q2. Does a country like India have a hold on security in society?

Q3. What all areas should be covered in social security and why?

Q4. Summarizes the social security for women.

Q5. What are the reasons, according to you, to target women?

Q6. Life of women in rural areas of India, with a suitable example.

Q7. Give 5 initiatives by the Government of India.

Q8. Objectives behind the social security Q9.

Short note on start-up in India, with meaning.

Q10. What is the need for a start-up in India, especially in a rural area? (with supporting examples)

Q11. If you are to give a kick-start to a start-up

- What will it be about?
- What sector will be targeted?
- What will be the Objectives, and why?

Q12. “The life of women demands start-ups in need of support”, comments.

Q 13. Discuss any two success stories of women of Punjab and Maharashtra.

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