



FEATURES OF RURAL ECONOMY IN INDIA

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KEYWORDS :

Introduction

India is known as an agricultural country, as most of the population of villages depends on agriculture. Agriculture forms the backbone of the country's economy. The agricultural sector contributes most to the overall economic development of the country. For centuries together, the Indian village has been a self-sufficient and self-contained economy. During the past forty years, rural reconstruction and development have been the major thrust of economic planning, which has caused a rapid transformation in the Indian rural economic structure. These changes have taken place in spheres, such as land reforms, agriculture, animal husbandry, supplies and marketing, village industries, rural leadership, village administration, etc. With the help of the rural development programmes, a cultivator is able to take advantage of the modern technological facilities in his agricultural operations. These cultivators are now using modern agricultural implements and high-yielding varieties of seeds and fertilizers. Several other welfare services were introduced, such as opening up of schools, primary healthcare centres, improving the means of transport and communication, and spread of mass media services to rural areas, etc. These welfare services have materially affected the rural life.

The Rural Economy in India is wholly agriculture based and it is of tremendous importance because it has vital supply and demand links with the other Indian industries. Agriculture is the main stay of the Indian economy, as it constitutes the backbone of rural India which inhabits more than 70% of total Indian population. The fertility of the soil has augmented the success of agriculture in India. Further, Rural Economy in India has been playing an important role towards the overall economic growth and social growth of India. India has been predominantly an agriculture-based country and it was the only source of livelihood in ancient time. During prehistoric time when there was no currency system the India economy system followed barter system for trading i.e. the excess of agricultural produce were exchanged against other items.

Features of Rural Economy:

Some of the distinguished features of the present day rural economy are as follows:

i. Commercialization of Agriculture:

In the present days, a large part of rural economy has been opened up, which has made commercialization of agriculture possible. The extent of commercialization of agriculture in rural economy marks the stage of its development.

The major factors contributed to the commercialization of agriculture are as follows:

- High production and productivity gains have turned out agriculture to be a profitable proposition.
- Increase in production was possible due to the use of advanced technology in agricultural operations.
- Massive expansion of road transport has reduced the distance between rural and urban areas.
- Development of regulated markets and cooperative marketing structure have helped the farmers to break away from village system of moneylenders and middlemen.

ii. Rural Society under the Impact of Urbanism:

The past five decades has witnessed the rural society of India in getting exposed to the waves of urbanism. Most of the features of urban areas have been modified and diluted into the rural society. This has led to a new way of urbanism called rural-urbanism. Urbanism has induced the disintegration of traditional joint family, disappearance of neighbourhood, sophistication, emergence of individualism, etc. Urbanism also created new social institutions, which were absent in the traditional rural set up. Urbanism has also brought about modernization. Contacts between the rural and urban areas have been increased due to the development of the means of transportation. Similarly, the means of communication such as radio, transistor, television and telephones have brought the remote villages nearer to the urban towns. Increase in the contacts between the rural and urban areas has enabled a quick assimilation of rural areas with the mainstream of urban life.

Earlier, the demand of rural India to the industrial goods was limited only to the basic necessities. However, the situation has changed now. Today, rural India is seen as the potential market to the industrial goods. Observing such a situation, many industries have been flourished in rural areas, which are rich in the resources needed for the setting up of industries. Two reasons can be attributed to such a situation. Firstly, contacts with the urban areas have created awareness among the rural masses about consumer goods. Due to green revolution, the income levels of the rural people have increased, which encourages such consumption of goods possible. Secondly, the new agricultural technology has resulted in the green revolution. It supplies the industrial goods such as fertilizers, machinery, etc. There is also an increasing demand for the repair services and workshops, which is inevitable, when there is a supply of industrial goods. Thus, the above mentioned reasons have created an increasing demand for industrial manufacturers in rural India.

iii. Institutional Participation:

After independence, the state had taken the responsibility of rural reconstruction and development. It had brought about important changes in the production relations. Abolition of intermediaries, security of tenancy, ceiling on holdings, etc., were some of the important legislations made, which improved the relations of production. A number of rural development programmes were taken up. These programmes also contributed in bringing about modernization in villages.

The main agricultural products that controls the fate of the Rural Economy in India are as follows -

- Food Grains** - Rice, Wheat, Pulses, Cereals, Corn, Maize, Rice Bran Extractions, Sorghum, Soy meal, Suji, Parmal, Lentils, Jowar, Bajra, Chick pea.
- Fruits and Nuts** - Cashew Kernels, Cashew Nut, Cashews, Almonds, Roasted Dry Fruits, Peanuts, Groundnut, Walnut Kernels, Walnuts, Indian Peanuts, HPS Groundnuts.
- Fruits** - Bananas, Beans, Cherry, Cucumbers, Dried Fruits, Dried Truffles, Carrots, Lemon, Mandarins, Mango steens, Meslin, Shallots, Apples, Asparagus, Grapes, Oranges, Gherkins, Turnips, Oranges, Papaya, Pineapple.
- Vegetables** - Potatoes, Bitter gourd, Stripe Gourd, Pumpkin, cauliflower, Cabbage, Tomato, Onion, Green Pepper, Drum

Sticks, Lady's finger, Banana, Papaya, Spinach, Cucumber, Mushroom, Mushroom Spawn, Radiata.

- **Seeds, Buds, Plantation and Related Products** - Basil Seed, Cumin seeds, Dill Seed, Buds, Celery Seed, Hybrid Seeds, Sesame Seeds, Sesbania Seed, Sunflower Seeds, Mustard Seeds, Oil Seeds, Plant Products, Plantation, Plants, Psyllium Seed, Fennel Seed, Fenugreek Seed, Herb Seeds, Tamarind Seed, Vegetable Seeds.
- **Spices** - Black Pepper, Chilli Powder, Chillies, Cinnamon, Cloves, Coriander Powder, Cumin, Curry Powders, Dry Ginger, Dry Red Chilly, Cardamom, Anise, Salt, Onion Powder, Pepper, Fenugreek, Clove, Ginger, Turmeric, Turmeric Powder.
- **Tea and Coffee** - Black Tea, Coffee, Coffee Beans, Darjeeling Teas, Assam Teas, Instant Coffee, Leaf Coffee, Leaf Tea, Packaged Tea, Green Tea, CTC Teas.
- **Tobacco and Tobacco Products** - Beedi, Betel nut Leaves, Betel nut, Bidi Leaves, Chewing Tobacco, Cigarettes, Arecanut, Jarda, Scented Tobacco, Smoking Tobbacco, Snuff, Opium, Pan, Chatni, Pan Masala, Gutkazarda, Zafrani Zarda.

Government Initiatives for Rural Development in India:

The various programmes launched by the government of India for developing the rural India in a holistic manner are:

- National Food for Work Programme
- National Rural Employment Guarantee Bill 2004
- Swarnjayanti Gram Swarozgar Yojana (SGSY)
- Provision of Urban Amenities in Rural Areas (PURA)
- Rural Housing
- Drinking Water Supply and Sanitation Campaign
- Bharat Nirman Yojana

The Rural Development in India is one of the most important factors for the growth of the Indian economy. India is primarily an agriculture-based country. Agriculture contributes nearly one-fifth of the gross domestic product in India. In order to increase the growth of agriculture, the Government has planned several programs pertaining to Rural Development. The Ministry of Rural Development in India is the apex body for formulating policies, regulations and acts pertaining to the development of the rural sector. Agriculture, handicrafts, fisheries, poultry, and dairy are the primary contributors to the rural business and economy.

The introduction of Bharat Nirman, a project set about by the Government of India in collaboration with the State Governments and the Panchayat Raj Institutions is a major step towards the improvement of the rural sector.

The Rural Economy in India is mostly agriculture based and is very important because of its vital supply and demand links with the other Indian industries. Agriculture acts as the base-industry for several other industries predominantly as a source of raw material. Indian rural economy's greatest contribution is the number of people it has somehow continued to employ under it. In spite of the high scale of urbanization taking place, India's close to 62% population (775 million people) still reside in about 600,000 small rural villages. Mind you this number is **greater** than the combined population of entire Europe (743 million). Secondly even though Indian agriculture accounts for only 19% of India's Gross Domestic Product (GDP), its percentage in electoral vote share is very high which makes it the deciding political factor. Anything that dominates politics, dominates the policy making process and hence the economy; making rural Indian economy extremely crucial for India.

Conclusion

The rural economy is an important segment of the ecosystem and accounts for around 70 percent of employment and 50 percent of GDP with agriculture being the main driver followed by services and manufacturing. It is largely unorganized and hence those working in rural India or consuming in this economy are a different category of economic agents driven by different factors. The economy is quite complex in so far as the fact that cash dominates in terms of transactions and while there has been some intrusion of the use of credit (*kisan*) and debit cards and ATMs, dependence on technology

driven payments system is limited. The penetration of banks in rural areas is remarkable. Almost 65 percent of branches are in rural and semi-urban areas with around 38 percent in just the rural segment. The problem is not infrastructure but the blockages caused by the inability of banks to deliver cash in adequate quantities and denominations on time. Metro cities have been witnessing sharp problems for almost two weeks now with challenges of recalibrating ATMs and getting cash to the teller. This is a bigger issue in places which have bank branches but not easy access for ensuring adequate supplies. This is the crux in the functioning of the economy. As the Indian economy completes twenty-five long years of a trade free reform based structure it is of prime importance to measure the levels of inclusion that such an economy has provided in the past for the majority of the labour force. It has been widely observed that the market opportunities and scope of growth for the agriculture dependent population has been mostly redundant with the labour force unequipped to match the competitive markets. It is essential to realise that the rural economy is not an incentive based sector but a workforce dependent framework with extremely dynamic socio-cultural diversity.

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