



## UNIT – I CONCEPT OF RURAL DEVELOPMENT

### THE CONCEPT OF RURAL DEVELOPMENT RURAL –

Is an area, where the people are engaged in primary industry in the sense that they produce things directly for the first time in cooperation with nature as stated by Srivastava (1961).

A society or community can be classified as rural based on the criteria of lower population density, less social differentiation, less social and spatial mobility, slow rate of social change, etc. Agriculture would be the major occupation of rural area.

**Development:** It refers to growth, evolution, stage of inducement or progress. This progress or growth is gradual and had sequential phases. Always there is increasing differentiation. It also refers to the over all movement towards greater efficiency and complex situations.

**Rural Development (RD):** is a process which aims at improving the well being and self realization of people living outside the urbanized areas through collective process.

According to Agarwal (1989) rural development is a strategy designed to improve the economic and social life of rural poor.

### SCOPE AND IMPORTANCE OF RURAL DEVELOPMENT

Rural development is a dynamic process which is mainly concerned with the rural areas. These include agricultural growth, putting up of economic and social infrastructure, fair wages as also housing and house sites for the landless, village planning, public health, education and functional literacy, communication etc. Rural development is a national necessity and has considerable importance in India because of the following reasons.



1. about three-fourth of India's population live in rural areas.
2. Nearly half of the country's national income is derived from agriculture.
3. Around seventy per cent of Indian population get employment through agriculture
4. Bulk of raw materials for industries come from agriculture and rural sector.
5. Increase in industrial population can be justified only in rural populations' motivation and increasing the purchasing power to buy industrial goods, and
6. Growing disparity between the urban elite and the rural poor can lead to political instability.

**Objectives: The aim objectives composed by the government in the sixth five-year plan for rural development are.**

- To improve productivity and the wages of rural people.
- To guarantee increased and quick employment possibilities
- To demolish unemployment and a notable decline in underemployment
- To guarantee to increase the standard of living of the underprivileged population
- To provide the basic needs – eg. elementary education, health care, clean drinking water, and, rural roads, etc.
- To achieve enhanced production and productivity in rural areas,
- To bring about a greater socio-economic equity,
- To bring about a spatial balance in social and economic development,
- To bring about improvement in the ecological environment so that it may be conducive to growth and happiness, and



- To develop broad based community participation in the process of development.

Rural development usually relates to the method of enhancing the quality of life and financial well-being of an individual specifically living in populated and remote areas.

Traditionally rural development is centered on the misuse of land-intensive natural resources such as forestry and agriculture. But today, increasing urbanization and change in global production, networks have transformed the nature of rural areas.

Today, rural development still remains the core of the overall development of the country. It has become more than two-thirds of the country's people is dependent on agriculture for their livelihood and one-third of rural India is still below the poverty line. Therefore, it is important for the government to be productive and provide enough facility to upgrade their standard of living.

Rural development is a complete term that concentrates on the action taken for the development of rural areas improve the village economy. However, few areas that demand more focused attention and new initiatives are.

- Education
- Public Health and Sanitation
- Women Empowerment
- Infrastructure Development (E.g electricity, irrigation, etc)
- Facilities for agriculture extension and research
- Availability of Credit
- Employment opportunity



### Importance of Rural Development

Rural development is important not only for the majority of the population residing in a rural area but the growth of rural activities is necessary to stimulate the speed of overall economic expansion of the nation.

Rural development is pretended to be noticeable importance in the country today than in the olden days in the process of the evolution of the nation. It is a strategy trying to obtain improved rural creation and productivity, higher socio-economic equality, and ambition, stability in social and economic development.

The primitive task is to decrease the famine roughly about 70 percent of the rural population, implement sufficient and healthy food. Later, serve fair equipment of clothing and footwear, a clean environment and house, medical attention, recreational provision, education, transport, and communication.

#### 1. Explain Rural development and its importance

(A) Meaning

1. Rural development means an action-plan for the economic and social upliftment of rural areas.
2. It aims at improving the quality of life of people living in villages.
3. It focuses on the action for the development of areas that are lagging behind in the overall development of the village economy.

Rural development is important because of the following reasons:

(i) Large Proportion Of

1. Rural people account for about 3/4<sup>th</sup> (75%) of the



<b>Population Living In Rural Areas</b>	<p>total population.</p> <p>2. In 2016, 68.84% of people account for the rural population.</p> <p>3. However, they have always lagged much behind the overall progress of the economy.</p>
<b>(ii) Agriculture-major Source Of Livelihood</b>	<p>1. Agriculture is still the major source of livelihood in the rural areas.</p> <p>2. More than two-thirds of India’s population depends on it.</p> <p>3. So, the development of agriculture will contribute to the betterment of rural areas and rural people.</p>
<b>(iii) Lack Of Basic Necessities</b>	<p>1. Majority of the poor people lives in rural areas.</p> <p>2. They do not have access to basic necessities of life like a proper meal, health facilities, sanitation, etc.</p>

**2. Bring out the key issues in rural development (NCERT)**

Answer: The key issues of rural development are:

- |                           |   |
|---------------------------|---|
| <b>(1) Development Of</b> | <ul style="list-style-type: none"><li>• There is a lack of infrastructure in rural areas.</li></ul> |
|---------------------------|---|



<b>Infrastructure</b>	<ul style="list-style-type: none"><li>• Infrastructure development like electricity, irrigation, credit, marketing, transport facilities, etc. needs to be addressed.</li></ul>
<b>(2) Reduction Of Poverty</b>	<ul style="list-style-type: none"><li>• Reduction of poverty because rural areas have maximum poverty.</li><li>• Around 30% of the population is below the poverty line, this figure has reduced to 21.92% in 2012.</li><li>• There is a serious need for taking serious steps for the alleviation of poverty.</li></ul>
<b>(3) Development Of Health Facilities</b>	<ul style="list-style-type: none"><li>• Rural areas lack proper health facilities.</li><li>• Better health facilities are necessary for physical growth.</li></ul>
<b>(4) Development Of Productive Resources</b>	<ul style="list-style-type: none"><li>• Productive resources of each locality need to be developed to enhance employment opportunities.</li><li>• It will help in diversification of production activity with a view of finding alternative means of sustaining living other than crop-cultivation.</li></ul>
<b>(5) Development Of</b>	<ul style="list-style-type: none"><li>• There is a need to improve the quality of</li></ul>



**Human Resources**

human resource in rural areas.

- It can be done:1. By improving the literacy rate (especially female literacy)2. Skill development3. Industrial training etc.

**Multiple Choice Question:**

Q.1- Development of Human resource can be done by

- a. Improving Literacy skills
- b. Skill Development
- c. Training
- d. All of the above

Q.2- Rural Development aims at improving

- a. Health Facilities
- b. Reducing Poverty
- c. Developing Infrastructure
- d. All aspects of life

**Answer Key**



1-d, 2-d

### THE POSITIVE IMPACTS OF RURAL DEVELOPMENT

Development is a way of doing economic activities in the modern era of technological connectivity in an organized manner to build a network of working relationships. The development and growth has many advantages and it supports the functions of the society in the following ways:

- Allowing the formation of employment oriented relationships with the rural society to improve the standard of living of the people.
- Asserting the origination to improve the investment profile, getting the funds from the government and the other financial institutions for the rural sector.
- Helping the government to manage policies and design clear goals and objectives to generate quality services to the rural society.
- Providing a secured and growth oriented environment for the rural people so that they can lead better life with quality service related to life and creation of facilities that can impact the details of all human emotions for better sustainability and reflect the Indian ethics in a better way.

The rural economic development refers to the solutions and strategy for managing relationships with the rural people. With the advent of web, the government can connect to the e-choppal to the people in villages to enhance trust and faith in the society with the better participation of the people. The economic development strategy involves process, technology and people issues. These inputs design the strategy to foster sustainable growth and development. The current trend is towards a development models which can control the communication and the interaction process. This new movement will challenge all





three components of economic development - process, technology and rural people. Technology has stepped and has created a new era of services; connectivity and growth .The government can now serve people in a standard way and can manage their relationship in an effective way.

### **CHALLENGES OF THE RURAL ENVIRONMENT**

The business is facing massive challenges in today's highly competitive market and to acquire the maximum possible market share in an overcrowded market. The following are the threats that force the business to design and implement better solutions and services to the customers

- The nature of competition has become global.
- The rate of change is accelerating out of control.
- The rural people have been impacted by the changes through the media
- The rural economy is expanding.
- The internet is transforming the business landscape.
- Industry barriers are collapsing enabling major brands to enter new markets of rural sector through market penetration strategies.

### **Need for Rural Development**

Rural development is very urgent in the context of the overall growth and development of Indian economy due to the following reasons.

1. A major share of population lives in rural areas, and their development and contributions are very much supportive for the nation building activities. India cannot be developed by retaining rural as backward.



2. The rural economy supports the urban sectors by way of supplying drinking water, milk, food and raw materials. Hence, the backwardness of the rural sector would be a major impediment to the overall progress of the economy.
3. Improvements in education, health and sanitation in villages can help avoid many urban problems namely, begging, rack picking and road side slumming.
4. Development of agriculture and allied activities are necessary for providing gainful employment in rural areas and improving overall food production.
5. The evils of brain-drain and rural-urban migration can be reduced if rural areas are developed.
6. In order to better utilise the unused and under-utilised resources, there is a need to develop the rural economy.
7. Rural development should minimise the gap between rural and urban areas in terms of the provision of infrastructural facilities. It was called as PURA by former President Abdul Kalam.
8. In order to improve the nation's status in the global arena in terms of the economic indicators like Human Development Index (HDI), Women Empowerment Index (WEI), Gender Disparity Index (GDI), Physical Quality of Life Index (PQLI) and Gross National Happiness Index (GNHI) should be given due attention.

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## UNIT II - RURAL DEVELOPMENT PALNNING AND MANAGEMENT

### RURAL DEVELOPMENT PALNNING –

Rural planning is the process of improving the quality of life and economic well-being of communities living in relatively unpopulated areas rich in natural resources. Rural development has traditionally focused on the exploitation of natural resources such as agriculture, forestry and mining.

The planning process provides the information top management needs to make effective decisions about how to allocate the resources in a way that will enable the **organization** to reach its **objectives**. Productivity is maximized and resources are not wasted on projects with little chance of success.

### DISTRICT RURAL DEVELOPMENT AGENCY (DRDA)

#### I. Objective / purpose

The DRDA Admin. Section is the office in-charge of implementing the DRDA Admin. Scheme through which the Central share of fund is directly released to the District Rural Development Agency (DRDA). The DRDA is the principal organ at the district level to manage and oversee the implementation of different anti-poverty programmes of the Ministry of Rural Development. It is a supporting and facilitating organization which plays a very effective role as a catalyst in development process.

#### Mission / Vision Statement

The objective of the scheme is to strengthen and professionalize the DRDAs so that they can effectively enhance the quality of implementation.



### Brief history

“DRDA Administration” Scheme was introduced from 1st April, 1999 under which the salary and administrative expenses of DRDAs are funded on a 75:25 basis between Centre and State Governments. However, from 2008-09 the funding pattern for N.E. States has been changed from 75 : 25 to 90 : 10. In the case of UTs, the Centre provides entire (100%) funds under the Scheme.

### Duties –

Dealing with all issues related to DRDA policy and all matters, in so far as it relates to administration of DRDAs.

### Main activities / functions

- To formulate policy guidelines for DRDAs
- Release of funds under DRDA Administration Scheme
- List of services being provided with a brief write – up on them
  - Allocation of funds under DRDA Administration Scheme
  - Release of funds under DRDA Administration Scheme
  - Organization of Conference of Project Directors of DRDAs

Thus the **role** of the **DRDA** is in terms of planning for effective implementation of anti-poverty programmes; coordinating with other agencies- Governmental, non-Governmental, technical and financial for successful programme implementation; enabling the community and the rural poor to participate in the decision making .

### Roles and Functions of DRDA

1. If effective programme design is critical to successful implementation of rural development programmes, so is an effective delivery agency. None of the anti-poverty programmes can have impact unless they are



implemented with a clarity of purpose and a commitment to the task. It is here that the DRDAs play a critical role. The DRDAs are not the implementing agencies, but can be very effective in enhancing the quality of implementation through overseeing the implementation of different programmes and ensuring that necessary linkages are provided. To this extent the DRDAs is a supporting and a facilitating organisation and needs to play a very effective role as a catalyst in development process.

2. The District Rural Development Agency is visualised as a specialised and a professional agency capable of managing the anti-poverty programmes of the Ministry of Rural Development on the one hand and to effectively relate these to the overall effort of poverty eradication in the District.
3. In other words, while the DRDA will continue to watch over the implementation of RD Programme to ensure effective utilization of the funds intended for anti-poverty programmes, it will need to develop a far greater understanding of the processes necessary for poverty alleviation/eradication. It will also need to develop the capacity to build synergies among different agencies involved for the most effective results.
4. It will therefore need to develop distinctive capabilities rather than perform tasks that are legitimately in the domain of the PRIs or the line departments. The role of the DRDA will therefore be distinct from all the other agencies, including the Zilla Parishad.
5. DRDAs must themselves be more professional and should be able to interact effectively with various other agencies. They are expected to coordinate with the line departments, the Panchayati Raj Institutions, the banks and other financial institutions, the NGOs as well as the technical institutions, with a view to gathering the support and resources required for poverty reduction effort in the district. It shall be their endeavour and objective to secure inter-sectoral and inter-departmental coordination and



cooperation for reducing poverty in the district. It is their ability to coordinate and bring about a convergence of approach among different agencies for poverty alleviation that would set them apart.

6. The DRDAs are expected to coordinate effectively with the Panchayati Raj Institutions. Under no circumstances will they perform the functions of PRIs. 1.5 The DRDAs will maintain their separate identity but will function under the chairmanship of the Chairman of the Zilla Parishad.
7. They are expected to be a facilitating and supporting organisation to the Zilla Parishad, providing necessary executive and technical support in respect of poverty reduction efforts. Wherever the Zilla Parishads are not in existence or are not functional, the DRDAs would function under the Collector/District Magistrate/Deputy Commissioner, as the case may be.
8. The DRDAs are expected to oversee the implementation of different anti-poverty programmes of the Ministry of Rural Development in the district. This is not to be confused with actual implementation, which will be by the Panchayati Raj and other Institutions.
9. The DRDAs will monitor closely the implementation through obtaining of periodic reports as well as frequent field visits. The purpose of the visit should be to facilitate the implementing agencies in improving implementation process, besides ensuring that the quality of implementation of programmes is high. This would include over-seeing whether the intended beneficiaries are receiving the benefits under the different programmes.
10. The DRDAs shall keep the Zilla Parishad, the State and the Central Government duly informed of the progress of the implementation of the programmes through periodic reports in the prescribed formats. Special report, as and when called for, shall be provided.





11. It shall be the duty of the DRDAs to oversee and ensure that the benefits specifically earmarked for certain target groups (SC/ST, women and disabled) reach them. They shall take all necessary steps to achieve the prescribed norms.
12. The DRDAs shall take necessary step to improve the awareness regarding rural development and poverty alleviation particularly among the rural poor. This would involve issues of poverty, the opportunities available to the rural poor and generally infusing a sense of confidence in their ability to overcome poverty. It would also involve sensitizing the different functionaries in the district to the different aspects of poverty and poverty alleviation programmes.
13. The DRDAs will strive to promote transparency in the implementation of different anti-poverty programmes. Towards this end, they shall publish periodically, the details of the different programmes and their implementation.
14. Keeping in view, the substantial investment that are being made in poverty alleviation programmes, the DRDAs shall ensure financial discipline in respect of the funds received by them, whether from Central or State Governments. They shall also ensure that the accounts are properly maintained including in respect of the funds allocated to banks or implementing agencies in accordance with the guidelines of different programmes.
15. Thus the role of the DRDA is in terms of planning for effective implementation of anti-poverty programmes; coordinating with other agencies-Governmental, non-Governmental, technical and financial for successful programme implementation; enabling the community and the rural poor to participate in the decision making process, overseeing the implementation to ensure adherence to guidelines, quality, equity and



efficiency; reporting to the prescribed authorities on the implementation; and promoting transparency in decision making and implementation.

16. In addition the DRDAs shall coordinate and oversee the conduct of the BPL Census and such other surveys that are required from time to time.

17. 1.14 The DRDAs shall also carry out / aid in carrying out action research/or evaluation studies that are initiated by the Central/State Governments.

18. 1.15 The DRDAs should deal only with the anti-poverty programmes of the Ministry of Rural Development.

19. If DRDAs are to be entrusted with programmes of other ministries or those of the State governments, it should be ensured that these have a definite anti-poverty focus. Entrusting of any programme to the DRDAs, other than anti-poverty programmes of the Ministry, be it of any other Ministry of Government of India or the respective State Government will have to be done with the approval of the Secretary, Rural Development of the respective State(s), who should examine such request in consultation with the Ministry of Rural Development, Government of India.

20. In such cases, it must be ensured that adequate provision is made for requisite staffing needed for proper implementation of the programme.

## **ORGANISATIONAL STRUCTURE OF DRDA**

### **3.1 INTRODUCTION**

The Rural Development and Panchayat Raj Department is responsible for the implementation of various Centrally, sponsored, State-funded and Externally aided schemes for poverty alleviation, employment generation, sanitation, capacity building, women's social and economic empowerment, Tsunami rehabilitation, apart from provision of basic amenities and services. The department is also entrusted with the responsibility of enabling the various





Panchayat Raj Institutions (PRIs) to function as effective units of Local Self Government. There are 12,618 Village Panchayats, 385 Panchayat Unions (coterminous with Blocks) and 29 District Panchayats under the purview of the department.

The Directorate of Rural Development and Panchayat Raj including the Training Wing, the Tamil Nadu Corporation for Development of Women and the Tsunami Project Implementation Unit come under this Department.

How do District Rural Development Agencies (DHDAs) help in the reduction of rural poverty in India?

1. DRDAs act as Panchayati Raj Institutions in certain specified backward regions of the country.
2. DRDAs undertake area-specific scientific study of the causes of poverty and malnutrition and prepare detailed remedial measures.
3. DRDAs secure inter-sectoral and interdepartmental coordination and cooperation for effective implementation of anti-poverty Programmes.
4. DRDAs watch over and ensure effective utilisation of the funds intended for anti-poverty Programmes.

Which of the statements given above is/are correct?

- A) 1, 2, 3 and 4
- B) 1, 2 and 3
- C) 2 and 3
- D) 2 and 4

Correct Answer:



A) 1, 2, 3 and 4

In India, the scope of development is not narrow but very wide, as it includes not just the economic development but the growth on social front, quality of life, empowerment, women and child development, education and awareness of its citizens.

The task of development is so huge and complicated that just implementing government plans is not sufficient to fix the problem. To achieve this, a holistic vision and collaborative efforts involving various departments, agencies and even NGOs is required. Owing to such a great need, the number of NGOs in India is increasing rapidly and, at present, there are about 25,000 to 30,000 active NGOs in India.

Superficially, rural development seems to be a simple task but, in reality, it is not. Post- Independence era has seen many rural development programmes through different five-year plans. Alleviating poverty, employment generation, more opportunities for generating income, and infrastructure facilities are emphasized through the policies and programmes of the government. Along with this, the panchayat raj institutions have also been initiated by the government to strengthen the democracy at grass roots level. But in spite of all the efforts rural poverty, unemployment rate, low production still exists. The fight is still on for the basic facilities such as livelihood security, sanitation problem, education, medical facilities, roads, etc. Still there is a huge gap in terms of infrastructure that is available in urban and rural

**Major role seen for NGO's in rural development:**

As economic reform and liberalization saw the Government vacating several areas to let private sector entrepreneurship flourish and contribute to the high growth rate of the economy in recent years, a similar paradigm shift is needed to



transform NGOs from their dependence on aid and grants from within and outside for transforming the rural scenario in the country.

This is sought to be achieved for the NGOs through engaging them in micro-finance, micro insurance, and micro-entrepreneurship activities for the overall development of the rural areas and to promote the welfare of the people of rural India,

The NGOs have taking active participation in rural development. The rural poor and socially depressed classes are mainly depending upon the operations of NGOs. No particular job is particularly meant for the NGOs. Thus, there is a huge competition among the NGOs to extend the services for the benefit of the poor. At the same time we should not forget the mushrooming of the NGOs for their welfare. The following are the important activities should take up for the development of the poor.

**1. Agricultural related programs:**

Numerous activities can be undertaken under agriculture sector. The jobs/projects like distributing planting materials, cattle, poultry, minor irrigation, free medical care for cattle's, safe drinking water for animals etc.

**2. Health programmes for human and non-human beings:**

The works like pit drainage, housing, creation of smokeless environment, good drinking water for animals and human beings, regular health checkup camps etc. will improve the health conditions of the human and non-human beings.

**3. Community development programs:**

The community development programs like adoption of villages for development, moral support during flood and famine period, supply of food and drinking water during flood, common well, training programs for the rural youths, housing projects, repair and renovation of houses etc will satisfy the basic necessities. The important program like training programs for the rural poor will hold the youths from rural exodus. Even this type of training programs may also be extended for



the rural women, so that we can expect self- sustenance among this community.

**4. Human Resource Development programs:**

The personality development programs, skill development programs, educational programs, integrated development projects etc will enable the rural poor to earn bread and butter.

**5. Trade and industrial promotion:**

The important problem in the present context is availability of the market for the products of rural enterprises. Therefore, an NGO has a direct link with the government for marketing of the goods. Apart from this, NGO can also go for training the rural youths in fabrication works, wood works, beedi rolling, agar bathi manufacturing, printing press etc.

**6. Government support:**

The government (central, state or local) support at all level is inevitable for rural development. NGOs alone cannot do miracles overnight. Therefore, the government should watch and ward the working of NGOs at phase wise manner. Thus, the fund or whatever may be directly should move to beneficiaries. The NGOs should accountable for the funds.

**# Role and Effectiveness of NGOs in Rural Development work:**

Major rural development programmes of the NGOs were agricultural programmes, health programmes, human resource development programmes, community development and industrial and trade programmes. Majority of the beneficiaries, non- beneficiaries, workers of NGOs and workers of other development agencies considered rural development works of the NGOs as effective for rural development. Studies reveal that the NGOs can play a vital role in the development. The role of state in the planning process, political parties, participation, active participation of grassroots organizations, role of donor agencies etc. are important for ensuring people participation and socio-economic development of the people. Poverty eradication, HRD, health care, environmental protection, protection of human rights, empowerment of women, child and



weaker sections, ushering in silent revolution etc. are some of the importance goals of NGOs.

### # Types of NGOs

There are several kinds of NGOs. The following are defined according to the typology used by the World Bank.

- **Operational NGOs**

Their primary purpose is the design and implementation of development-related projects. One categorization that is frequently used is the division into relief-oriented or development-oriented organizations; they can also be classified according to whether they stress service delivery or participation; or whether they are religious and secular; and whether they are more public or private-oriented. Operational NGOs can be community-based, national or international.

- **Advocacy NGOs**

Their primary purpose is to defend or promote a specific cause. As opposed to operational project management, these organizations typically try to raise awareness, acceptance, and knowledge by lobbying, press work and activist events.

- **Evolutionary stages of development NGOs**

Three stages or generations of NGO evolution have been identified by Korten's (1990) Three Generations of Voluntary Development Action. First, the typical development NGO focuses on relief and welfare and delivers relief services directly to beneficiaries. Examples are the distribution of food, shelter or health services. The NGO notices immediate needs and responds to them. NGOs in the second generation are oriented towards small-scale, self-reliant local development. At this evolutionary stage, NGOs build the capacities of local



communities to meet their needs through 'self-reliant local action'. Korten calls the third generation 'sustainable systems development'. At this stage, NGOs try to advance changes in policies and institutions at a local, national and international level; they move away from their operational service providing role towards a catalytic role. The NGO is starting to develop from a relief NGO to a development NGO.

### **Purpose of NGOs**

NGOs exist for a variety of purposes, usually to further the political or social goals of their members. Examples include improving the state of the natural environment, encouraging the observance of human rights, improving the welfare of the disadvantaged, or representing a corporate agenda. However, there are a huge number of such organizations and their goals cover a broad range of political and philosophical positions. This can also easily be applied to private schools and athletic organizations.

- **ADVANTAGES OF NGOs: THE BENEFITS OF SETTING-UP A FOUNDATION**

**1. Right to Acquire Assets.** When your organization is formally registered with the Corporate Affairs Commission by way of incorporation, it then becomes entitled to acquire land, own fixed assets and/or incur liabilities under its common seal. It is illegal for an unregistered organization to buy, hold or sell land anywhere in Nigeria.

**2. Protection from Personal Liability.** You can buy, acquire and register stakes and assets in the name of your NGO. This is a very smart way of protecting yourself from unlimited liability for untoward happening such as bankruptcy, foreclosure, judgment debt, or divorce etc. Assets and property registered in the name of your NGO can never be targeted or attached for the satisfaction of any unsettled debts, nor can it be used for court settlement in a divorce proceeding. You are better off outsmarting an ugly situation in future than be sorry!





**3. Corporate Entity.** As a corporate body, your organization’s dealings and engagements with the public will improve. The NGO can sue to enforce its legal rights or be sued through its registered trustees.

**4. Structured Financial Plan.** Having an NGO can afford a tax-free mechanism for activities you are carrying-on under the NGO. NGOs are deemed not-for-profit and tax exempted. You can develop a structured financial plan that allows the organization to do business devoid of tax liabilities. This is called “tax avoidance”. Tax avoidance is a legitimate way of reducing or eliminating your tax obligation. Tax avoidance is not “tax evasion” which is illegal!

**5.Stability.** The registration of your organization can suggest that there is effective and responsible leadership in place. The public will perceive same as being stable than an unregistered organization. Political parties, government, donor agencies, financial institutions, charity organizations and other NGOs will want to partner with a registered body to further common objectives.

**6. Perpetual Succession.** This means an NGO got an unlimited lifespan and will continue to exist even if the founder or trustees die or leave the NGO. The organization’s existence will only cease if it is formally wound up by the Order of Court. Amongst other benefits, this may allow perpetual succession.

**7. Access to Credit.** Registering an NGO can afford access to credit from lenders and financial institutions. You can use a loan facility to promote the organization’s activities, finance a mortgage, acquire land or fixed assets. Banks will want to see proof of registration with the CAC as condition precedent to giving a loan.

**8. Name Preservation.** Once your organization is registered, no one can use the same name or name similar to it throughout Nigeria. This has the benefit of protecting your corporate image and name from unauthorized use.

**9. Banking.** Opening a corporate account with a bank for the NGO may signal the fact that you are transparent. Some private persons, government, donor agencies



and other NGOs will not be comfortable writing you a cheque for your organization in your personal name. A bank account for the NGO would signal its corporate existence and its readiness to receive donations. You need to provide proof that your organization is registered with the Corporate Affairs Commission to be able to open an account with a bank.

- **SHG ( Self Help Group)**

Self-Help Groups (SHGs) are informal associations of people who choose to come together to find ways to improve their living conditions.

It can be defined as self governed, peer controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose.

Villages face numerous problems related to poverty, illiteracy, lack of skills, lack of formal credit etc. These problems cannot be tackled at an individual level and need collective efforts.

Thus SHG can become a vehicle of change for the poor and marginalized. SHG rely on the notion of “Self Help” to encourage self-employment and poverty alleviation.

- **Functions**

It looks to build the functional capacity of the poor and the marginalized in the field of employment and income generating activities.

It resolves conflicts through collective leadership and mutual discussion.

It provides collateral free loan with terms decided by the group at the market driven rates.





Such groups work as a collective guarantee system for members who propose to borrow from organised sources. The poor collect their savings and save it in banks. In return they receive easy access to loans with a small rate of interest to start their micro unit enterprise.

Consequently, Self-Help Groups have emerged as the most effective mechanism for delivery of microfinance services to the poor.

- **Need for SHGs**

One of the reasons for rural poverty in our country is low access to credit and financial services.

A Committee constituted under the chairmanship of Dr. C. Rangarajan to prepare a comprehensive report on 'Financial Inclusion in the Country' identified four major reasons for lack of financial inclusion:

- Inability to provide collateral security,
- Poor credit absorption capacity,
- Inadequate reach of the institutions, and
- Weak community network.

The existence of sound community networks in villages is increasingly being recognised as one of the most important elements of credit linkage in the rural areas.

They help in accessing credit to the poor and thus, play a critical role in poverty alleviation.

They also help to build social capital among the poor, especially women. This empowers women and gives them greater voice in the society.

Financial independence through self-employment has many externalities such as improved literacy levels, better health care and even better family planning.



- **BENEFITS OF SHGS**

**Social integrity** – SHGs encourages collective efforts for combating practices like dowry, alcoholism etc.

**Gender Equity** – SHGs empowers women and inculcates leadership skill among them. Empowered women participate more actively in gram sabha and elections.

There is evidence in this country as well as elsewhere that formation of Self-Help Groups has a multiplier effect in improving women’s status in society as well as in the family leading to improvement in their socio-economic condition and also enhances their self-esteem.

**Pressure Groups** – their participation in governance process enables them to highlight issues such as dowry, alcoholism, the menace of open defecation, primary health care etc and impact policy decision.

**Voice to marginalized section** – Most of the beneficiaries of government schemes have been from weaker and marginalized communities and hence their participation through SHGs ensures social justice.

**Financial Inclusion** – Priority Sector Lending norms and assurance of returns incentivize banks to lend to SHGs. The SHG-Bank linkage programme pioneered by NABARD has made access to credit easier and reduced the dependence on traditional money lenders and other non-institutional sources.

Improving efficiency of government schemes and reducing corruption through social audits.

**Alternate source of employment** – it eases dependency on agriculture by providing support in setting up micro-enterprises e.g. personalised business ventures like tailoring, grocery, and tool repair shops.



**Changes In Consumption Pattern** – It has enabled the participating households to spend more on education, food and health than non-client households.

**Impact on Housing & Health** – The financial inclusion attained through SHGs has led to reduced child mortality, improved maternal health and the ability of the poor to combat disease through better nutrition, housing and health – especially among women and children.

**Banking literacy** – It encourages and motivates its members to save and act as a conduit for formal banking services to reach them.

- **OPPORTUNITIES**

SHGs often appear to be instrumental in rural poverty alleviation.

Economic empowerment through SHGs, provides women the confidence for participation in decision making affairs at the household-level as well as at the community-level.

Un-utilised and under utilised resources of the community can be mobilized effectively under different SHG-initiatives.

Leaders and members of successful SHGs bear the potentiality to act as resource persons for different community developmental initiatives.

Active involvement in different SHG-initiatives helps members to grow leadership-skills. Evidences also show that often women SHG leaders are chosen as potential candidates for Panchayat Pradhans or representatives to Panchayati Raj Institution (PRI).

- **WEAKNESSES OF SHGS**

Members of a group do not come necessarily from the poorest families.



Though there has been social empowerment of the poor, the economic gain to bring about a qualitative change in their life has not been satisfactory.

Many of the activities undertaken by the SHGs are still based on primitive skills related mostly to primary sector enterprises. With poor value addition per worker and prevalence of subsistence level wages, such activities often do not lead to any substantial increase in the income of group members.

There is a lack of qualified resource personnel in the rural areas who could help in skill upgradation or acquisition of new skills by group members. Further, institutional mechanisms for capacity building and skill training have been lacking.

Poor accounting practices and incidents of misappropriation of funds.

Lack of resources and means to market their goods.

SHGs are heavily dependent on their promoter NGOs and government agencies. The withdrawal of support often leads to their collapse.

- **CHALLENGES**

Lack of knowledge and proper orientation among SHG-members to take up suitable and profitable livelihood options.

**Patriarchal mindset** – primitive thinking and social obligations discourages women from participating in SHGs thus limiting their economic avenues.

**Lack of rural banking facilities** – There are about 1.2 lakh bank branches and over 6 lakh villages. Moreover, many public sector banks and micro-finance institutions are unwilling to provide financial services to the poor as the cost of servicing remains high.

Sustainability and the quality of operations of the SHGs have been a matter of considerable debate.



**No Security** – The SHGs work on mutual trust and confidence of the members. The deposits of the SHGs are not secured or safe

Only a minority of the Self-Help Groups are able to raise themselves from a level of micro-finance to that of micro-entrepreneurship.

- **Measures to Make SHGs Effective**

The Government should play the role of a facilitator and promoter, create a supportive environment for the growth and development of the SHG movement.

**Expanding SHG Movement to Credit Deficient Areas of the Country** - such as Madhya Pradesh, Rajasthan, States of the North-East.

Rapid expansion of financial infrastructure (including that of NABARD) and by adopting extensive IT enabled communication and capacity building measures in these States.

**Extension of Self-Help Groups to Urban/Peri-Urban Areas** – efforts should be made to increase income generation abilities of the urban poor as there has been a rapid rise in urbanisation and many people remain financially excluded.

**Positive Attitude** – Government functionaries should treat the poor and marginalized as viable and responsible customers and as possible entrepreneurs.

**Monitoring** – Need to establish a separate SHG monitoring cell in every state. The cell should have direct links with district and block level monitoring system. The cell should collect both quantitative and qualitative information.

**Need Based Approach** – Commercial Banks and NABARD in collaboration with the State Government need to continuously innovate and design new financial products for these groups.



### Case studies

#### Kudumbashree in Kerala

It was launched in Kerala in 1998 to wipe out absolute poverty through community action. It is the largest women empowering project in the country. It has three components i.e., microcredit, entrepreneurship and empowerment. It has three tier structure - neighborhood groups (SHG), area development society (15-20 SHGs) and Community development society (federation of all groups). Kudumbashree is a government agency that has a budget and staff paid by the government. The three tiers are also managed by unpaid volunteers.

#### Mahila Arthik Vikas Mahamandal (MAVIM) in Maharashtra

SHGs in Maharashtra were unable to cope with growing volume and financial transactions and needed professional help. Community managed resource centre (CMRC) under MAVIM was launched to provide financial and livelihood services to SHGs. CMRC is self-sustaining and provides need-based services.

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### UNIT III – AGRICULTURE ENTERPRISES & AGRO BASED INDUSTRIES.

#### Agriculture Meaning.

Agriculture is the art and science of cultivating the soil, growing crops and raising livestock. It includes the preparation of plant and animal products for people to use and their distribution to markets. ... Cotton, wool, and leather are all agricultural products.

#### What is Agribusiness.

Agribusiness is the business sector encompassing farming and farming-related commercial activities. The business involves all the steps required to send an agricultural good to market: production, processing and distribution. It is an important component of the economy in countries with arable land, since agricultural products can be exported.

#### • Agricultural Enterprises

- i) Agricultural enterprises means those small business concerns engaged in the production of food and fiber, ranching, and raising of livestock, aquaculture, and all other farming and agricultural related industries.
- ii) Agricultural enterprises means an institutional unit in its capacity as a producer of agricultural goods and services with autonomy in respect of financial and investment decision making, as well as authority and responsibility for allocating resources for the production of agricultural goods and services



## Agricultural And Food Marketing

As individuals within a society become more specialised in their economic activities, they come to rely upon others to supply at least some of the products and services which they need. Thus begins a process of exchange between buyers and sellers. For a while buyers and sellers remain in immediate contact and each party is able to determine what the other needs and values and, therefore, will be willing to exchange.

As the economy develops the number and types of exchanges expand, there is a concomitant need for increasingly specialised marketing services such as physical distribution, storage, grading, market information gathering and so. The number of participants also increases with many of the specialised services being provided by intermediaries between the seller and ultimate buyer. Few buyers and sellers are in direct contact with one another and communication between them is channeled through a complex marketing system. This introductory chapter is devoted to exploring the nature of marketing and marketing systems.

### • Chapter Objectives

- This chapter is intended to help the reader understand:
- The relevance of marketing to the agricultural and food sectors in developing countries
- The meaning of the marketing concept
- Why it is necessary to implement the marketing concept throughout food and agricultural marketing systems
- The functions of marketing, and
- The modes of operation of some of the major types of agricultural and food marketing enterprises





### **The importance of agricultural and food marketing to developing countries**

In many countries, and virtually every less developed country (LDC), agriculture is the biggest single industry. Agriculture typically employs over fifty percent of the labour force in LDCs with industry and commerce dependent upon it as a source of raw materials and as a market for manufactured goods. Hence many argue that the development of agriculture and the marketing systems which impinge upon it are at the heart of the economic growth process in LDCs.

Economic development itself provides the impulse towards more sophisticated and more efficient marketing systems.

All of this requires a better understanding of marketing practices and processes within the country implementing ESAPs, in general, and within the agricultural marketing parastatals affected, in particular.

The marketing mix of social marketing strategies is evaluated using quite different criteria from those employed in assessing purely commercial marketing strategies. Criteria such as the percentage of the target population reached with the technology, products, processes or services, quantities produced and distributed and uptake of the product, service or technology are more often employed. Benefits are measured in terms of development goals, such as improved nutritional status or increased rural incomes. The use of economic criteria is usually limited to the latter and to selecting the least-cost strategy to achieve a quantitative goal. However, the criteria used to evaluate commercial marketing strategies should not automatically be eliminated, because these improve the efficiency of some aspects of social marketing strategy without preventing the attainment of social objectives.



## The marketing concept and marketing systems

Marketing is not simply an extension of the production process but its only purpose as Adam Smith emphasised when, in his text *The Wealth of Nations* (1776), he said that:

“Consumption is the sole end purpose of all production: and the interest of the producer ought to be attended to only so far as it may be necessary for promoting that of the consumer.”

“... a management orientation focusing all the activities of the organization on satisfying customer needs and wants, thereby helping achieve the organization's long-range objectives.”

This definition promotes a customer orientation and since the organisation's long-term objectives will include its own continued existence it takes account of the need for sustainability. Moreover, this definition of the marketing concept does not preclude non-profit making organisations. Marketing is just as relevant to development projects, aid agencies, extension service organisations, and the like, as it is to commercial enterprises. Thus the marketing concept is that an organisation achieves its goals through the provision of customer satisfaction. Put another way, marketing is the integrative force that matches production to customer needs and satisfaction. Marketing is not an activity to which an organisation turns its attention at the end of the production phase of operations. Rather marketing needs to be directing production in accordance with clear signals from the marketplace as what is needed by customers.

The marketing concept must be adopted throughout not only the entire organisation, but the entire marketing system. A system is a complex of interrelated component parts or sub-systems which have a defined common goal. Thus, an agricultural and food marketing system comprises all of the functions, and agencies who perform those activities, that are necessary in order to



profitably exploit opportunities in the marketplace. Each of the components, or sub-systems, are independent of one another but a change in any one of them impacts on the others as well as upon the system as a whole.

There is a danger that the marketing concept will be adopted by some parts of the system but not others. Thus, for example, a food manufacturer may be trying hard to implement the marketing concept and offer products that meet the precise needs of a target market. If, however, the manufacturer has to rely upon a farming community that is still very much production oriented, for raw material supplies, then the overall marketing objectives may be frustrated. In the same way, if only some functions are performed according to the marketing concept then the system as a whole may not achieve a market orientation. For instance, the marketing department may set out to serve the market for a high quality fruits and vegetables, for which it can obtain premium prices, but if transportation is performed using the same open-topped bulk carrying wagons used to ship grain and other aggregates then it is unlikely that the enterprise will deliver the product in the right condition for the target market.

- **Scope Of Agricultural Entrepreneurship In India**

In India, among every two Indians, one is considered to be dependent on agriculture for their livelihood. Around 52 % of the land area is cultivatable in India compared to 11% in the world. There is a need for new approach and technology for the yet another green revolution considering the drastic change in the agricultural landscape. Though the majority of the population is depended on agriculture still the equivalent number of unemployment exists due to minimum productivity.

The base for India's growth and development depends on the significant contribution for the economy from rural areas through agriculture which in-turn favours the growth and development of other sectors as well forming a chain which is quoted by other existing research in the literature review.



Entrepreneurship helps in developing a nation's economy, improves production and labour market, builds job opportunities and finally increases employment rate which influenced most of the developing countries including India to encourage and support entrepreneurship for their economic development and reduced unemployment. India focused on entrepreneurial development which is nothing but an organized and regulated growth of an individual towards an entrepreneur employing cultivating entrepreneurial skills in terms of knowledge, financial support, marketing and other approaches.

#### **AGRO ENTREPRENEURSHIP SOLVES THE FOLLOWING PROBLEMS:**

- Reduced agriculture-related burdens.
- Assures employment opportunities especially to rural people
- Reduced migration of youths from rural to urban
- Increased economy rate
- Reduced industrial development
- Reduced urban pressure
- Agri-business ventures include:
  - Farm-level producers

This type includes every family who is involved in agricultural activities to increase productivity by making use of advanced technology and market demand.

#### **2. Service Providers:**

Service requirements are huge as of agriculture is considered at village levels such as borrowing of raw materials for cultivation, equipment requirements (Threshers, sprayers, seed drills, etc.,) and technical services.



### 3. Input Producers:

The rural population needs input such as pesticides, vermicompost, saplings, agricultural tools, etc., for the timely processing of farming activities.

### 4. Processing and Marketing of Farm Produce:

Post-production is the crucial stage which requires both knowledge and investment.

- **Obstacles in Agri-Entrepreneurship Development**

1. Small illiterate owners face difficulties in converting their farm into enterprise due to lack of information, investment, innovation and market exposure.
2. Service awareness needs to be created first among farmers before promoting the same through self-employed groups.
3. Impact of free services extended by government organizations to the farmers is enormous in the promotion of services which makes the farmers neglect the services offered by self-employed teams.
4. Need of back up services by self-employed experts in terms of technical and business-related information, access to marketing agencies, essential input and tools suppliers and monitoring stations to undergo modern technological development.
5. Agri-Entrepreneurs face more legal barriers as created by specific organizations, cooperatives and private traders.



6. Hesitations from people's organizations in utilizing huge investments and state of the art technologies affect the profitability of their organizations and ultimately results in losing the interest towards their enterprises and leaders they follow.

- **SCOPE FOR AGRIBUSINESS IN INDIA**

1. Agricultural commodities such as temperature, sub-tropical and tropical are the gifted ago-climate of India.

2. Agricultural inputs like inorganic and organic fertilizers, feed and fodder, etc., will be in demand forever.

3. there is an increasing scope for biotechnology application in the field of agriculture to seed, bio-resist agents, microbes harvesting for bakery items etc.

4. The improved export rate for increasing the economic growth of the country. India has vast export market potential according to World Trade Organization for their agricultural commodities such as oil, fruits, vegetables, spices, cereals, etc., both in raw or processed form.

5. There is a scope for secondary and tertiary processing from the primary level for agricultural commodities during the rise in standards of productions.

6. Production of Inland, marine and ornamental fish culture due to the vast coastal line gains interest among the Indians due to their boundless opportunities and increased rates.

7. Livestock also provides tremendous scope for the rural population.

8. Bio-waste from the forest can also be utilized for production.





9. There are massive scale opportunities for beekeeping and apiary.
10. Mushroom cultivation is also taken into hands using the well-established methods.
11. Organic products demands are increasing as people have become equally health-conscious due to the increased use of pesticide in farming which creates an opportunity for farmers to shift towards the traditional way of farming.
12. Need for bio-pesticides and bio-control agents is increasing, on the other hand, for crop protection.
13. There is more potential for seed, and hybrid crops in India as most varieties of crops have attained the stage of the plateau.
14. Shift towards micro-irrigation systems and equipments that reduces the human resources have fairly good opportunities due to reduced groundwater and labour demand in rural areas.
15. Exports of vegetables and flowers cultivated under greenhouse conditions.
16. Consulting services from trained human resources will be taking care of extended agricultural systems due to the reduced resources in terms of funding from the state as well as central government.
17. Agricultural production always provides employment opportunities in terms of marketing, transport, storage etc.



Agri-Entrepreneur should be encouraged by both Government as well as the general public to increase the country's economy. This field has a large scope of research in the Indian perspective since the agricultural sector in India is still considered as a poor sector, rather than an enterprise perspective.

### **Factors Influencing Agricultural Entrepreneurship:**

Agricultural entrepreneurship is influenced by a host of factors, as cited below:

- i) Family support. pue level
- ii) Extension services.
- iii) Location (proximity to markets or urban areas).
- iv) Culture.
- v) Availability of extension services.
- vi) Support from Government and Non Government Organizations.
- vii) Skilis development and training.

### **Importance of Agricultural Entrepreneurship:**

Agricultural entrepreneurship, basically refers to managing farming business in an efficient and innovative way, so as to augment profits. It also encompasses other activities related to agriculture such as selling farm equipments, crop consultancy, food processing etc. Entrepreneurship is required by farmers to survive successfully in a changing business environment. Agricultural entrepreneurship has assumed importance due to following reasons.

- (1) Economic growth:** Agriculture contributes around 15 % to India's GDP. Innovative practices resulting in growth in this sector will result in an increased GDP for the country.
- (2) Employment:** Agriculture provides employment to more than 50% of India's workforce. Hence, growing opportunities in this sector can result in increase in employed youth in the country.
- (3) Survival and growth of farmers:** Increasing agricultural productivity to ensure farmer's survival as well as the improvement of their environment.





- (4) **National food security:** India is managing 17.5 % of world population on 2.4 % of world land. In this view, Agricultural entrepreneurs are required in providing food security to the nation, considering the huge and increasing Indian population.
- (5) **Exports:** Export of surplus food production in order to augment foreign exchange reserves of the country.
- (6) **Sustainable farming:** Farmers having thorough knowledge of old as well as new method in agriculture and their impact on parameters such as soil erosion, degradation of land are required for sustainable development of agriculture land.
- (7) **Self reliance:** Rapid growth of agriculture is necessary for self reliance of the country and also for meeting the food and nutritional security of the people.
- (8) **Equitable distribution:** Agripreneurs can bring about equitable distribution of income and wealth in rural areas, reduce poverty and improve the quality of life. Growth in agriculture is seen to have a maximum cascading impact on other sectors leading to the spread of benefits over the entire economy and the largest segment.
- (9) **Innovative and premium products:** Agripreneurs are required to develop innovative food products as well as improved methods and processes to farming. India is today demanding agro-products which have health benefits.
- (10) **Increased wealth and development in rural areas:** Innovative practices in agriculture, with a focus on cost reduction and profitable opportunities can result in increase in wealth in rural areas and to their overall development.
- (11) **Technology adoption:** Agripreneurs are required to adapt new technologies and share them with other farmers.



- **Agri-business Enterprises**

- Agribusiness combines the words "agriculture" and "business" coined in 1957 by John Davis and Ray Goldberg and refers to any business related to agricultural production.

- Agribusiness enterprises refer to the business units which are engaged in farming and farming related commercial activities. They deal with aspects such as production, processing and distribution, which are required to send an agricultural good to market.

- Agribusiness enterprises are complex businesses that integrate agricultural production, value-added processing, packaging, distribution, and marketing activities. Agribusiness connotes interdependence of the various sectors of the agri- food supply chain that work towards the production, manufacturing, distribution, and retailing of food products and services.

- Several experts in the agricultural field view agribusiness with regards to the range of activities and disciplines encompassed by modern food production.

**The agribusiness system consist of five sub system as follows:**

**1. The Input Subsystem:-** This is the first subsystem in agribusiness which encompasses all sorts of inputs related to agricultural production . For example Seeds, fertilizers, machinery , tools and implements and even the credit.

Improvement in quality of inputs has the capacity to bring large efficiency gains for the entire system.

**2. The Production Subsystem :** It deals with production of food grains and other agricultural products . Some Inputs are directly used for the production of an agricultural commodity as end product whereas some inputs are used as a raw material for the production of other products.

**3. The Processing Subsystem :** The business units in this sector , procure raw agricultural commodities and process them into food products desired by customers . The processing subsystem enables transformation of commodities



from the production subsystem into various products . The level of processing can simply be washing and grading or a complex one such as chemical alteration

**4. The Marketing Subsystem :** The marketing subsystem is concerned with transfer of agricultural commodities or agricultural inputs from source to the end user .

**5. The Support Subsystem :** Support subsystem consists of government and non governmental agencies , commercial associations , banks and financing institutions , research organizations and cooperatives which provide certain services such as policies , finance , training etc. crucial for a successful agribusiness undertaking .

#### **ISSUES IN AGRIBUSINESS:-**

Agri businesses are facing a lot of issues and challenges today. IF these are resolved in time, agricultural sector will grow by leaps and bounds.

##### **1. Decreasing land holdings:**

In India, as the farm land is being passed from one generation to another, the size of land holdings in general has shown a decline, owing to the rising population. Moreover, the prices of land are skyrocketing. In a small farm, it becomes uneconomical to employ modern machinery and equipment.

##### **2.Meeting food demand:**

It is becoming difficult for farmers to keep pace with increasing demand for food, due to rising population.

##### **3.Government regulations:**

The government issues new regulations in order to ensure affordable food for its people, to improve safety and to reduce the effect of farming on the environment This means that agripreneurs must be prepared to pivot and change business operations without disrupting production or increasing costs. For example, it is seen that when onion prices skyrocket, the Government resorts to a ban on export of onions .



The long standing demand regarding amendment in Agricultural Produce Marketing Committee Act (APMC) in India is still not resolved au

**4. Low farm income:**

It has been found that per capita income of farmers is quite low due to a host of factors. Majority of them are trapped in a vicious cycle of low

**5. Technical literacy:**

Though technological solutions are available, farmers are not capable enough to implement them. Proper skills and training need to be provided.

**6. Availability of credit:**

Agripreneurs do not receive adequate and timely finance. As a result, they are not able to make fullest use of available opportunities.

**7. Weak infrastructure:**

The local infrastructure regarding implementation of food safety standards and quality control is unsatisfactory. Infrastructure in rural areas needs to improve to transport agricultural produce from producer to consumer in a speedy and efficient manner with minimum food wastage. Even warehouses and cold storage chains, and related technology have to go a long way in India, Several research studies indicate that more than 30% of the food produced in farm is wasted before it reaches to the consumer.

**PROBLEMS OF AGRICULTURAL MARKETING IN INDIA**

**Agricultural Marketing**

Agricultural marketing refers to all those processes which relate to taking the agricultural product from the farmers to the consumers. Agricultural marketing includes gathering the agricultural produce, their standardization, and grading, their storage, sending them to the market through various middlemen, selling in the market and arranging the required finance, etc.



### **1.Defects/Problems**

Even though India is an agricultural country, still its agricultural marketing has been defective. The Indian farmers are unable to get reasonable prices for the products even after their hard work and are fully exploited by the middlemen.

### **2. Too Many Intermediates**

Agricultural Marketing

Fruit & Vegetables Market

The one main defect of Indian Agricultural marketing is the presence of too many middlemen and the exploitation of farmers by them. On one hand, these middlemen exploit the farmers by purchasing the produce at lower prices, and on the other hand, they exploit the customers by demanding higher prices from them. The only aim of a number of commission agents, brokers etc. is to derive a higher income from the middle processes. These middlemen take undue advantage of the poor farmer on the basis of their financial resources.

### **3.Defective Weights and Scales**

One of the biggest defects of agricultural marketing arises due to weights and scales. Usually, in rural areas bricks, etc. are used as weights and in urban markets also defective weights are found. Thus, the grain of the farmer is weighed by a heavier weight for their own gain. Most of the traders keep separate weights for purchase and sale of grain.

### **4.Illiteracy and Lack of Unity among Farmers**

The Indian farmers are illiterate who are easier to be fooled by the money lenders, traders, middlemen, due to their simple nature. Similarly, lack of unity among farmers also causes their exploitation because Indian farmers are spread in distant areas in rural places. They are unable to meet with each other and resolve their problems, as a result, they do not get a fair price for their produce.



### **5.Lack of Financial Resources**

In rural areas, there is a lack of financial resources, due to which even their emergency requirements are not fulfilled. In such conditions, the farmers sell their produce before its ripening. Similarly, some financial facilities, like, installments on loans for pumping-set, tractor, thrasher, etc. have to be paid on a monthly or quarterly basis due to which they have to sell the product as soon as possible. Thus, as the lack of financial assistance, is a problem for the farmers; so does the receipt of loan also puts them in the problem.

### **6.Lack of Organised Marketing System**

Agricultural marketing is also very defective in India because here organized marketing is not in vogue, like, cooperative societies, government marketing activities, regular markets, etc. As a result, the farmer remains entangled in exploitation. Thus, the lack of an organized marketing system is harmful to the farmers. That is -why; the farmer sells his product personally to different people. The middle takes full advantage of the unorganized farmers.

### **7.Lack of Transport Facilities**

The roads from Villages to cities are usually unmade which are not capable of transport during the rainy season. The bullock carts can take the product only up to a limited area. During a lack of transport facilities, the farmer is unable to take his produce to the appropriate market and is unable to receive a fair price for his product.

### **8.Lack of Store Houses**

An important deficiency of Indian agricultural marketing is the lack of storehouses. Due to lack of this facility, the farmer is unable to keep his product safely until it can fetch a fair price, and he is forced to sell his product at a low price. The insufficient and unscientific facilities of shortage which are available, waste large quantities of grains. Approximately 20% to 30% gains are lost due to





rats, insects, etc. and the farmers have to bear crores of loss due to lack of these facilities.

### **9.Lack of Standardization**

The lack of standardization and grading is clearly visible in the Indian Agricultural marketing, due to which fixing a deal in relation to these products becomes difficult. Due to the lack of proper standardization and grading the customers have a problem in purchasing the product.

### **10.Lack of Awareness of the Market**

The Indian farmer has no knowledge about marketing. He believes in information acquired from the businessmen and money lenders of the village. Mostly, the Indian farmers are illiterate so they cannot read the newspaper. Thus, they do not have sufficient knowledge about the market. Now, government transmits the rates of the market on the radio, which has definitely benefited them.

### **11.Corrupt Policies of the 'Mandis'**

If we observe the condition of the mandis, this fact is no more hidden that the middlemen and the traders jointly make fool the simple farmers. The Indian Organizing Society has clarified the following facts relating to the corrupt policies of the mandis

- **GOVERNMENT MEASURES FOR AGRICULTURE MARKETING**

**i) Setting up of regulated markets :** Regulated markets have been set up to improve the marketing of agricultural produce. In this, there is a control of market committee on the sale of agricultural produce. As a result, the malpractices have come to an end in the mandis. Out of the 7600 mandis, about 7000 mandis are regulated. Now more than 70% : of the produce is sold in the mandis.



**(ii) Storage facilities :** Government had set up central warehousing corporation in 1957. The main objective of this is to run and construct godowns and warehouses for the storage of agricultural produce. For the same purpose, the State Government has also set up 'state warehousing corporations'. Godowns have been established at mandi level and village level. In the beginning of the 10th plan, the storage capacity of all the agencies was 702 lakh tonnes.

**(iii) Grading and standardization :** Agricultural Produce (grading and marketing) Act was implemented in 1937. Under this act, government has established grading stations for goods like flour, ghee, eggs, etc, AGMARK stamp of the department of agricultural marketing is marked on the graded goods. There is a wide market of AGMARK goods. These goods are sold at higher prices.

**(iv) Quality control:** Government has setup central control quality laboratory at Nagpur. Eight other regional laboratories have also been established in various parts of the country. The main objective is to test the quality and purity of agricultural goods. In this way, quality control is being given due importance.

**(V) Infrastructure Development:** Realizing the inadequate infrastructure to meet the growing demands of the farmers the government stepped in to provide infrastructure support.

GOI provided basic infrastructural facilities such as roads and railways. Additionally, the government provided central storages and warehouses in order to enable farmers to sell their products at the time when the [rice is attractive.

**(VI) Information Dissemination through Electronic and Print Media:** GOI has facilitated propagation of market information through agriculture based programme on radio and television.

Electronic and print media provides information about prices of different agricultural products which can be used by farmers to analyse the price behavior in the market.

**(VII) Standardization and Grading:** Quality norms set by government agencies assist farmers to maintain quality of products. Moreover, the government also certifies Such quality products Customers are ready to pay higher prices for a



better quality. As a result farmers can get better prices for their agricultural products

**(VIII) MSP (Minimum Support Price) Policy:** Government fixes minimum support price for agriculture products such as rice, wheat ,cotton, maize. Farmers are assured of minimum support price at which the Government will be ready to purchase agricultural products, considering the risks and uncertainties involved in a farming venture.

MSP assists farmers in the following ways 0 GO! purchases food grains from farmers at MSP through a Public Sector Unit (PSU), called FCI (Food Corporation of India). As a result, the farmer is assured of a minimum price for his produce and is accordingly encouraged to produce. These products purchased by GOI at MSP are supplied through the Public Distribution System (POS) against BPL(Below Poverty Line) and APL (Above Poverty Line)

### **Importance of Agro-based Industries:**

Agro-based industries have an important place in the perspective of a country like India where agriculture accounts for aver 15 per cent of the country's GOP more than one-half of the working population.

Agro-based industries are beneficial from the following angles:

**1. Improvement in agricultural productivity:** Inputs from agro-based industries sug as high quality seeds fertilizers etc. have resulted in increased productivity agriculture. Tools and equipment such as tillers, tractors are also used in this direction With increase productivity, agriculture can become a feasible economy: proposition.

**2. Employment generation:** Agro-based industries are instrumental in fostering strong linkages between the agricultural and industrial sectors and in enhancing the employment potential in rural areas.

**3. Value addition:** Agro-based industries make use of agricultural produce and process it to make value added finished products. which can fetch a much high



price as compared to the original agricultural produce For example, tomato ketchup is sold at a much higher price as compared to tomatoes.

**4. Linkages:** Agro-based industries lead to the creation of both forward and backward linkages on a large scale by maximizing mutual complementarities of agriculture and industries.

**5. Technology:** Advanced technology and related equipments, which can lead to Increase productivity of agricultural lands are provided by agro-based industries.

**6. Provision of inputs:** Agro-based industries provide several inputs such as seeds. where they are located.

**7. Reduction in inequality:** Agro-based industries reduce the inequitable distribution income and economic opportunities in different parts of the country and amongst different sections of the population,

**8. Provide market for farm products:** Agri-Praduce Manufacturing Units such as sugar industries manufacture new products by using agriculture produce as raw material. Thus they serve as a ready market for the agriculture produce thereby stabilizing a farmer's income.

**9. Infrastructure in rural areas:** Agro-based industries serve as a catalytic agent for the development of infrastructure in rural areas.

- **MICRO- FINANCE-**

Microfinance—also called microcredit—is a way to provide small business owners and entrepreneurs access to capital. Often these small and individual business don't have access to traditional financial resources from major institutions. This means it is harder to access loans, insurance, and investments that will help grow their business

Essentially, microfinance is providing loans, credit, access to savings accounts—even insurance policies and money transfers—to the small business owner and entrepreneur. There are many such enterprises in the developing world.



### **Where can I get microfinancing?**

This specialized financing is available through small nonprofit organizations as well as larger banks. Popular microfinancing institutions include Accion, GE Consumer Finance, Citi Inclusive Finance, Kiva and BRAC. Also be sure to check out our reviews of the best alternative small business loan resources.

When you speak to lenders and are granted a small loan, you can also expect assistance in setting up and maintaining a savings account. A good lender will equip you with the tools to pay back the loan.

"Although microfinance is often discussed in the international context, there are several lending institutions in America that make these types of loans to increase economic opportunity in local communities," Tarasava said. "Many CDFIs (community development financial institutions) offer microloans to the communities they serve ... [with] favorable small business terms ... and they provide consulting resources and financial education to help increase the likelihood of borrower success."

### **How to get approved for microfinancing**

While approval is, of course, up to the lender, there are some things you can do to increase your chances of getting approved.

#### **1. Write a business plan.**

Lenders want to see that you take your business seriously and have a plan, because they want to work with people who are likely to succeed. Every successful business plan includes a company overview, introduction, mission statement, market and industry analysis, marketing plan, and operations plan. [Read related article: 5 Tips to Write a Great Business Plan]





## **2. Have decent credit.**

Even though you currently don't have a lot of money, good credit makes an excellent impression. Carefully review your report, ensuring that it does not have any false information; if it does, send out disputes accordingly. Did you know you are entitled to one free report each year?

## **3. Seal the deal with a personal guarantee or collateral.**

Your personal guarantee is your legal promise to repay the loan. Collateral, such as your house, is something lenders can use against you if you don't repay it. If you're confident your business will succeed, offering these two things makes sense so you can get a loan.

## **4. Invest some of your own money.**

A business owner who puts their own personal investment into their company along with a microloan shows that they are serious and will make sure their business succeeds.

## **What is the difference between microfinance and microcredit?**

While they may sound similar, there is a key difference between microfinance and microcredit: Microfinance encompasses a broad offering of financial services for low-income communities, while microcredit refers specifically to small loans for people below the poverty line. In other words, microcredit is a subset of microfinance.

Microcredit is loans offered to unemployed individuals who lack collateral and credit history. This capital can give new, low-income entrepreneurs the injection needed to get started. The goal of microcredit is to empower poor communities across the developing world to start their own businesses and enter the economy.





Of course, microfinance embodies all these things too. It also includes a wide range of other financial services, like checking and savings accounts, microinsurance, and business education.

For more information on business financing, read our guide on how to choose the right small business loan.

### **Advantages of Microfinance Company**

#### **Collateral-free loans**

Most of the microfinance companies seek no collateral for providing financial credit. The minimum paperwork and hassle-free processing make them a suitable option for quick fundraising.

#### **Disburse quick loan under urgency**

The financial crisis is inherently unpredictable as it could creep up at any point in time without intimating anybody. Thanks to microfinance companies that can provide secure and collateral-free funds to an individual in the demanding situation to meet their financial need.

#### **Help people to meet their financial needs**

The renowned financial institute provides unparalleled services when it comes to loans or credit. But the worst part is that they are not accessible to low-income groups. Microfinance companies, however, offer different proposition altogether. They are dedicated to serving a poor and unemployed individual by providing them easy financial credit.

#### **Provide an extensive portfolio of loans**

Microfinance companies are not only limited to providing emergency credit but also capable of disbursing housing loans, business loans, and working capital loans with minimum formalities and processing.



### **Promote self-sufficiency and entrepreneurship**

Microfinance companies can provide much-needed funds to an individual for setting up a healthy business that seeks minimum investment and offers sustainable profit in the long run. Thus, these companies ensure entrepreneurship and self-sufficiency among the lower-income group.

### **Disadvantages of Microfinance Company**

#### **Harsh repayment criteria**

In the absence of the legit working protocol and compliances, Microfinance Companies could adopt a harsh repayment approach that someone would not prefer in the state of the financial crisis. Easy debt never comes with relaxed conditions, and that is something true with microfinance companies as well. Since these companies work under strict compliances, they could manipulate their customer for repayment unethically.

#### **Small Loan amount**

Unlike mainstream financial banks, Microfinance Companies offers a smaller loan amount. Since these banks don't ask for collateral against the credit, the disbursement of the large loan amount is practically impossible in their case.

#### **High-interest rate**

Another problem with Microfinance Companies is that they were unable to render low-interest based loans. This is because they don't follow traditional banks' footprint, where the accumulation of funds is easy. Plus, they have to borrow money from these banks to execute appropriately and allocate some part of it for risk management[1]. Hence operating cost per transaction is quite high for them despite the high volume of transactions per day.



Unlike banks, the microfinance institution accumulates funds through private equity to render financial services. This primarily implies that these firms are under relentless pressure to create more profit for their investor, consequently forcing them to crank up the interest rate.





## UNIT -IV - IMPORTANCE OF THE INTERNET IN RURAL DEVELOPMENT

Today's generation is all about the digital progress and technological advancement. The immeasurable heights that technology has attained are a marker of growth and development. It is a benefaction for the country and apparently, the whole world. No aspect of our lives is devoid of this progressive innovation. Communication has become better than ever. Businesses are blooming, education is upgrading, jobs are being invented, and a lot more!

Yet, a major section of India is still ignorant and desperately seeks to partake in the benefits of digital and high-tech development. This section is the rural India. Many problems of the villages can be sorted easily with the full utilization of this technology and in some places with Internet introduction. The importance of internet facility in rural development cannot be denied. Let's look at some major requirements of the rural section that can be resolved through the internet service.

### **Business growth**

With the availability of internet service provider in rural areas, business will see tremendous growth. The connectivity will enhance and thus, many start-ups and small-scale businesses can reach potential customers directly. The pre-existing businesses will be given a boost as they understand trends and demands, while new endeavors could be made possible.

### **Regional development**

Budding technology offers a sense of recognition to a place. It becomes a society of aware citizens having an understanding of their rights and responsibilities. The banking system, transportation, education and almost every sector is impacted with this progression as the services become better. And this way, the entire region flourishes as a whole.



### **Reduces dislocation and migration**

The cases of dislocation and migration come mostly from rural localities. If the rural areas are developed and offered employment via Internet connectivity, global communications and increased income, then there would be lesser cases of migration and dislocation by natives.

### **Better communication means**

This is the most obvious and significant aid that internet availability offers to any place. The means of communication can enhance and bring rural areas closer to the world which is a significant step towards development.

### **Digital mastery and banking**

The motive of government to introduce digitization in rural areas was to empower individuals. The mastery over digital advancement is a medium through which e-banking system is encouraged. It is a great initiative for rural development as the population has access to transparency with regards to loans and liabilities.

### **Literacy rate hike**

The online teaching facility is empowering. The Internet brings with it the option of spreading education in a widespread way without the constraints of distance. In rural areas where schools can be at quite a distance, thus, the Internet can help increase literacy rate of rural areas.

### **Agricultural assistance**

An internet service offers farmers an opportunity to gain an intricate understanding of their own business and also the ways in which they can improve their yield. It is a prominent initiative to reduce exploitation and offer guidance in terms of market prices and interaction with direct consumers.



### **Community Development**

As a community, the exposure to awareness and rationale can help individuals to make better decisions. It can be an excellent medium to annihilate myths associated with girls, evil eye, etc. The welfare level of internet service also becomes very high.

### **ICT and Rural Development:**

Rural Development refers to improving standard of Living of people in rural areas on sustainable basis and making them self reliant. In information age, ICT has huge role in rural development.

Access to information and communication technologies (ICTS) implies access to channels and modes of communication which are beyond language, culture or distance. Proliferation of ICT leads to emergence of new forms of social organisation and of productive activities which can become transformation factors as important as the technology itself.

**ICT assists the development of rural areas with regards to the following pointers:**

#### **Information on agricultural equipment:**

Provide information to farmers regarding availability and prices of tools and machinery required in agricultural activities Thus farmers can procure a new machine which will lead to efficiency in agricultural related activities.

#### **Information on agricultural inputs:**

ICT can provide information about the markets From where a farmer can procure various agricultural inputs such as high quality seeds, pesticides, fertilizers, insecticides etc. Online media for selling agricultural products: A farmer can use online channels to sell his products, which saves time and energy. Moreover, online media allows farmers to get access to a large number of buyers.

#### **Agro-tourism:**

ICT can help in promoting tourism, especially Agro-tourism. Several media can be used to create an interest in the minds of people. Tourism in rural areas can lead





to economic development of that particular village, as well as employment and income opportunities for people.

**Education:** People in villages can get an opportunity to learn and educate themselves if ICT programmes are developed for them. This helps in enhancing literacy rates in village.

**Health services:**

ICT can play a vital role in enhancing the quality of healthcare facilities and medical services in the villages. People can get access to the information related to their ailments, if procedures and practices in the field of medical science reaches the villages This will improve the quality of life, as well as longevity of life.

**Women empowerment:**

Through ICT, women can get education and information regarding health care, farming, and manufacturing of agro based products, Self-help groups in the vicinity and handicrafts. Such knowledge empowers women to uplift their status in the society.

**Build network and connections:**

Social media such as Facebook allows people to network and build connections with people in the vicinity and also around the globe.

This leads to sharing of information regarding culture, weather, food and most importantly, new developments in the field of agriculture This knowledge helps the villagers to enhance the knowledge and realize available opportunities thereby leading to their socioeconomic development

**Importance of ICT in Rural Development**

Since Independence, Government has targeted development of rural areas in a big way. However. desired success could not be achieved due to red tapism, burenucracy. inefficiencies and several factors However, now the proliferation of ICT is expected to play the role of catalyst in rural development by increasing transparency and efficiencies, and bring about desired changes in lfe of people. ICT is expected to shape rural areas as follows:



### **1.Social transformation:**

ICTS facilitate access to information and knowledge, without considering social and economic status of an individual. ICT plays an important role in bridging the information gap between people of different regions, or strata. As even poor people can get access to knowledge and information, social transformation can be achieved, thereby leading to economic development. It is rightly said, Technology is a great leveler.

### **2. Implementation of rural development initiatives:**

ICTs strengthen efforts towards implementation of rural development initiatives through demand - driven information and communication services.

### **3.Governance:**

E-governance eases access of information about several Government services. As a result, it improves transparency, accountability and administrative efficiency of rural institutions. Moreover, people can participate and reap benefits of such programmes by entering a few details at the comfort of their homes. By expanding the use of government services, ICT strengthens the live hood opportunities for rural India.

### **4. Standard of living:**

Application of ICT has the potential to improve living standards of people in remote and rural areas by providing vital commercial, social and educational benefits. ICT has resulted in better quality of life for rural people by providing them with access to markets, health services and education.

### **5. Modernization of agriculture:**



Through ICT, people become aware about the techniques used in modern farming and its benefits. As a result, they are more likely to switch to modern farming, resulting in enhanced agricultural productivity,

#### **6. Support local governance:**

ICT initiatives may be designed to provide support to local governance, in terms of Taking several initiatives and their information online. Creating awareness in people. ICT being interactive in nature can also facilitate local authorities to respond to queries generated by local needs of the rural communities.

#### **7.Awarness :**

ICT used for strengthening the information base of rural communities rove access to information by rural poor regarding their rights, and availability of government schemes. Such awareness can help people to take benefits of such shemes and improve their standard of living. As an instrument of a awareness creation and feedback ICT provides rural people a voice in nation's scio- political life

#### **8.Enhancing people's participation in nation building process:**

ICT mobilizes people and seek their wiling participation in the development process of a country. KT facitates information, education and training to people, so that they can be instrumental in nation building activities

#### **9. Marketing of rural products:**

Products produced by farmers, artisans, craftsmen, cotage industnes and small scale industries in rural areas such as handicrafts and agro-based products can be advertised via the internet to the global consumers.



### APPLICATION OF ICT IN RURAL AREAS

GOI has taken a number of initiatives in rural areas and has made use of CT in them, sD s to make reach Government services and information to maximum people in a cost- effective manner.

They are detailed below

- 1. DD Kisan Channel:** DD Kisan Channel broadcasts dedicated programmes on agriculture, along with an innovative content in this field. Social media such as Facebook and Whatsapp have resulted in wider promotion of this channel, especially in rural India,
- 2. Vigyan Prasar:** Vigyan Prasar is an autonomous organisation of Department of Science and Technology, Government of India which is involved in public outreach for Science and Technology communication. Vigyan Prasar organises street plays, puppet shows and science exhibitions in rural areas to create awareness and knowledge about scientific methods and techniques in agriculture.
- 3. Kisan Vikas Kendras (KVK):** KVKS are instrumental in demonstrating new technology at district level, thereby serving as a link between scientific community and the Indian farmer. At present, there are more than 700 KVK's operating in India, which are provided with funds from the Government, so that they can increase usage of ICT tools in their operations and reach the remotest farmer in the country.
- 4. Gyan Vani community radio:** The Human Resource Development Ministry and the Indira Gandhi National Open University with the help of Prasar Bharati launched Gyan Vani Community Radio in 2001. It covers a wide range of subjects for empowering rural areas, which include:
  - creating awareness about Panchayat Raj Institutions and their functionaries
  - consumer rights
  - human rights
  - Health
  - Education
  - science education



teacher education

vocational education

adult education education for the down trodden people

**5. Mera Gaon Mera Gaurav:** In this schemes, Agri-Scientists go to villages and help farmers adopts new technologies. Effective use of ICT can be made through Facebook and WhatsApp. Groups of scientists with village youth, 1 order to facilitate frequent interaction and Knowledge Sharing

**6. Skill India Mission:** Considering the urgent need to make the work force in India technically skilled in their respective areas of vocations and occupations. GOI Launched by Hon'ble Prime Minister, Shri Narendra Modi on 15 July 2015 Skill India Mission is meant for providing vocational training to rural youth, in order to develop youth such a Driving and motar-mechanic training, textile work etc. GOI has embarked on an ambitious target of imparting vocational skills to over 4 crore people in India by 2022.

**7. JAM Trinity:** Since Independence. Government had focused on development of poor through several programmes targeted at poverty alleviation. These programmes included one or more of the following things: Providing subsidies to poor people Providing job opportunities to poor people Providing poor people with some basic facilities, or basic necessities. However, it was observed that these benefits were usurped by wealthy people, and many of these benefits did not went to the poor people for whom they were intended. Hence, there was a call for transparency in Government programmes. ICT has played a major role here, in facilitating Government to bring about transparency and accountability in its programmes, and proper identification through JAM' trinity. JAM trinity is one of the biggest reforms in India for direct subsidy transfers.  
J = Jan Dhan Yojana to help the poor open bank accounts.



A = Aadhaar to provide every Indian with a biometric-authenticated unique identity number.

M = Mobile phones that helped monitor quality and increase the reach of services to poor.

### IMPACT OF ICT ON RURAL AREAS

Research studies indicate that ICT has an overall positive effect on the lives of people in rural areas. ICT has led to an increased awareness along with socio economic empowerment of rural areas. A few positives and negatives about ICT are discussed below: -

#### Positives:

- ICT can be used to efficiently maintain electronic health records, which results in improvement in healthcare services.
- Awareness about Government schemes and projects for rural people.
- Online selling results in an increase in farmer's income and ease the process of finding genuine buyers.
- People are able to avail Government Services without waiting for long queues. For example – Computerized land records.

#### Negatives:

- Huge initial investment.
- Lack of training and awareness amongst rural folks.
- Maintenance Costs

#### • HINDRANCES TO PROLIFERATION OF ICT IN RURAL AREAS

There is no doubt that ICT has the potential to accelerate development of rural areas and transform lives of rural folks. However, there are certain obstacles which are coming in the way of proliferation of ICT in rural areas, as listed below





**Infrastructure:** Poor ICT infrastructure like electricity, internet technology and methods of communications in rural areas influences speed and hence, the implementation

**Awareness:** Lack of ICT awareness amongst agency officials working in rural areas.

**Language:** Local language issue, as Internet platforms have dominance of English language.

**Literacy:** Low literacy in rural areas makes it difficult for ICT to proliferate there. Particularly, technical literacy is quite low in rural India. There is a definite connection between education level and use of electronic means or internet, and lack of technical awareness renders rural folks incapable of using the services provided by the government.

**Poverty:** Poverty in rural areas makes ICT products unaffordable. Poor people have to make great effort even for their daily living. Hence, it becomes obvious that accessing the Internet is a costly issue for necessary communications in the form of installing the required telephone lines needed for internet.

**E- Governance:** -Lack of Awareness concerning advantages of E-Governance and the dominance of English on the internet bounds access of non-English-speaking Population. In the case of India, mostly population does speak in Hindi.

**Resistance to change:** People's resistance to change as they do not want to put additional efforts to learn new things.

### **IT Enabled Services (ITES)**

- IT Enabled Services (ITES) refers to Information technology that helps in improving the quality of services to the users.
- IT Enabled Services are human intensive services that delivered over telecommunication networks or the Internet to a range of users.



- A peculiar feature of ITES is that it provides IT services to users who do not know TI. ITES greatly increases the employment opportunities as well.
- ITES includes a range of services such as e-Governance, data management telemedicine, data digitization and website services.
- **ITES application - E-governance:**
- E-governance is the term used for effective use of information & Communication Technology (ICT) to provide Government services to the citizens.
- Through E-governance, Government can enhance the range, quality of information and services provided to the citizens in a cost effective manner. E-governance aids in delivering Government-to-citizens (G2C) services in rural areas in a convenient, efficient and transparent manner.
- E-governance is the application of Information Technology to the processes of government functioning to bring about SMARTT governance.
- S- Smart
- M- Moral
- A-Accountable
- R- Responsive
- T- Transparent Governance
- **E-governance works as follows:**
- At the Front end, Citizens interact with Government.
- Back end represents the Working/processing within Government.
- E-governance has the potential of transforming Government vision to develop rural areas into the implementation phase.



## ITES Applications for E-village

Today, an attempt is made to proliferate IT and related applications to the nook and corner of the country. including the remotest rural areas Following are a few initiatives in this regards.

### 1.Agriculture Information System (AIS):

AIS facilitates the reach of agriculture and related information to farmers Different Information Processing Tools retrieve and disseminate important information such as situation of natural resources, environment deterioration, soil erosion, deforestation, etc.

### 2.Digital India Initiative:

All Gram Panchayats will be connected through cable broadband under Digital India Initiative. This is with a view to solve the problem of Internet connectivity in rural areas.

### 3. Kisan Call Centre:

Kisan Call center is an expert advisory system, through which farmers can seek expert advice on different matters related to agriculture and allied sectors, through a toll free number.

### 4. mkisan SMSs Portal:

In rural areas, Internet connectivity is a problem. However, people do possess mobile phones Hence, GOI came up with mKisan SMS Portal for farmers, which enables al Central and State government organisations in agriculture and allied sectors to give information/ services/advisories to farmers through SMS in their language. There is also a provision of facility to download various farming related apps from mkisan portal.

### 6 Puna Krisha:

This app is meant to provide farmers with information related to new varieties of crops developed by Indian Council of Agriculture Research (ICAR) iformation on other relevant topics such as resource conserving cultivation practices and farm machinery is offered as well



### **7. Bhuvan Hailstorm App:**

The app is used to capture crop loss due to hailstorm, This will reduce the delays in the payment of compensation to the farmers Agriculture Officer will go to the field with mobile or tablet loaded with this mobile app. The captured data will automatically be plotted to Bhuvan Portal and analysis can be done easily.

### **8 Crop Insurance App:**

The app is meant to provide information about government crop insurance scheme. The app can also be used to calculate the Insurance Premium for notified crops based on area, coverage amount and loan amount (f the farmer has taken loan).

### **9.AgriMarket :**

The app provides the market price of crops in the markets within 50 km of the device's location. Even, information regarding price of any market and any crop can be sought through this app through another option, in case one does not want to make use of GPS location.

### **10. ITES tools in Rural Education:**

ICT and ITES tools can be used in education sector, to enhance the learning among the kids. For example, teachers can make use of computers and projectors to explain complex concepts to the students in a simple kem

### **11. ITES in skilling teachers:**

The Government is promoting use of ICT through Rashtriya Madhyamik Shiksha Abhiyan, under which teachers are trained in use of ICT tools so that their attitude towards teaching may be reformed. The steps under this programme include:

- establishment of smart schools, which shall demonstrate technology.
- Provision for engagement of an exclusive teacher for ICT, who will train all teachers in use of ICT, and
- development of e-Content.



National Award for teachers using ICT in schools in the teaching learning process.

### 12. E Basta:

This project under the aegis of Digital India Initiative is aimed school books accessible in digital form as e-Books, which can be read and used tablets and laptops.

### 13.ITES for Rural Healthcare:

Rural areas lack quality infrastructure, and face dearth of qualified medical functionaries. Moreover, poor in rural areas do not get access in basic medicines Most doctors do not want to be posted in remote rural areas.

In this context, Telemedicine' can be of great help. It implies that a doctor sitting in a city can interact with the patient in the remote village and prescribe medication, thereby resulting in convenience.

In addition, there are apps like Mera Doctor' launched by private sector which offer a WhatsApp-like chat sessions between patients and licensed doctors Government has embraced ICT in healthcare by issuing biometric smartcards to the beneficiaries under Rastriya Swasthya Bima Suraksha Yojana.

### CHALLENGES OF RURAL DEVELOPMENT RURAL DEVELOPMENT

Rural Development is concerned with socio-economic development of rural areas and making rural masses self-reliant. However, there are number of challenges which still persist against this agenda. The same are detailed below:

- **Education and literacy levels:** Low literacy level is make it difficult for people to apprehend and thereby, make use of several Government schemes. The same also makes harder for people to find opportunities in non-agricultural sector.
- **Poor infrastructure:** Poor infrastructure facilities like water, electricity, transport, educational institutions, communication, health, storage facility etc. makes it difficult for rural people to travel, communicate and enhance their



standard of living. For example, electricity problems and Internet connectivity problems prevent rural people from using ICT to the fullest.

- **Lack of awareness:** Rural populace does not possess sufficient awareness about the way to develop and especially take advantage of Government schemes. Lack of Awareness concerning advantages of E-Governance and the dominance of English on the internet bounds access of non-English-speaking Population. In the case of India, mostly population does speak in Hindi.
- **Poverty:** Rural areas consist mainly of poor people, and poverty reduces several opportunities. For instance, mechanized agriculture may not be possible due to poverty. Further, Poverty in rural areas makes ICT products unaffordable.
- **Traditional way of thinking:** People are still satisfied with the old things and there is resistance to change as they do not want to put additional efforts to learn new Information Technology Rural Development things.
- **Lack of technical literacy:** Technical literacy is quite low in rural India There is definite connection between education level and use of electronic means or Internet and lack of technical awareness renders rural folks incapable of using the services provided by the government through e-governance medium
- **Lack of skills and knowledge:** Poor people lack knowledge and skills related to agriculture and allied activities. For example: optimal amount of fertilizers to be supplied, advanced farm machineries etc.
- **Small land-holdings:** Small land-holdings make it unfeasible for the farmer to have mechanized agriculture with use of modern tools and implements.





- **Inadequate marketing facilities:** The farmer still sells most of his products to middlemen, who usurp huge margins. There exists a dire need to have widespread alternative marketing channels for agricultural produce.
- **Biased political will:** Many a times, local politicians have intervened in farmer's development projects, albeit negatively. Moreover, the political community has not made sufficient efforts to make farmers aware of various opportunities.

