

RURAL DEVELOPMENT

STUDY-NOTES

- **Rural Development:** It means an action-plan for the economic and social growth of the rural areas.
- **Challenges of Rural Development:**
 1. **Lingering Challenges of Rural Development:**
 - (i) Challenge of rural credit, and (ii) Challenge of rural marketing.
 2. **Emerging Challenges of Rural Development:**
 - (i) Diversification of productive activities, and (ii) Organic farming.
- **Sources of Rural Credit:**
- **Non-institutional credit sources:** Landlords, village traders and moneylenders.
- **Institutional Credit Sources:** Cooperative Credit Societies, State Bank of India and Other Commercial Banks, Regional Rural Banks and Land Development Banks, NABARD.
- **Agricultural Marketing:** It includes gathering the produce after harvesting, processing the produce, grading the produce according to its quality, packaging the produce according to buyers' preferences, storing the produce for future sale, and selling the produce when price is lucrative.
- **Measures initiated by the Government to improve Marketing System:**
 1. Regulated market
 2. Provision of physical infrastructure,
 3. Cooperative agricultural marketing societies,
 4. Policy Corporation of India, and Minimum Support Price (MSP)
 5. Maintenance of buffer stock of wheat and rice by Food Corporation of India, and distribution of food grains through Public Distribution System (PDS).
- **Alternative Marketing Channels:**
 1. Direct sale by the farmers to the consumers,
 2. Contract sale to the MNCs and corporate retails
- **Diversification of Productive Activities:** It implies a shift from crop farming to non-farming areas of employment. Non-farm areas of employment include:

1. Animal husbandry,	2. Fisheries
3. Horticulture,	4. Information technology.
- **Organic Farming and Sustainable Development:** Organic farming is basically a system of farming that relies upon the use of organic inputs for cultivation. It discards the use of chemical inputs.
- **Merits of Organic Farming:**

1. Discards the use of non-renewable resources,	2. Environment-friendly
3. Sustains soil fertility,	4. Healthier and tastier food,
5. Inexpensive technology for the small and marginal farmers.	
- **India has Comparative Advantage in Organic Farming:** Because it involves labour- intensive process production and India has abundance of labour.

- **'Low Yield and High Cost per Unit of Output'** is the principal constraint in switching over from conventional farming to organic farming
- **Important Non-Farm Areas of Employment (Agriculture Diversification in India):**
 1. **Animal husbandry:** Livestock production provides increased stability in income, food security, transport, fuel and nutrition for the family without disputing other food-producing activities. Today, Livestock sector provide employment to over 70 million small and marginal farmers including landless labourers. Milk production in the country has increased by more than eight times between 1951-2014. This can be attributed mainly to the successful implementation of "Operation Flood"
 2. **Fisheries:** Presently, fish production from inland sources contributes about 64 % to the total value of fish production and the balance 36 comes from the marine sector (sea and oceans). Today total fish production accounts for 0.8% of the total GDP. India is the second largest producer of fish in the world.
 3. **Horticulture:** India has adopted growing of diverse horticultural crops such as fruits, vegetables, tuber crops, flowers, medicinal and aromatic plants, spices and plantation crops. Horticulture sector contributes nearly one-third of the value of agriculture output and six % of Gross Domestic Product of India. India has emerged as a world leader in producing a variety of fruits like mangoes, bananas, coconuts, cashew nuts and a number of spices and is the second largest producer of fruits and vegetables. During the period 1991-2003 investment in horticulture sector has been termed as a "Golden Revolution"
 4. **Other Alternate Livelihood Options:** The IT has revolutionised many sectors in the Indian economy. There is broad consensus that IT can play a critical role in achieving sustainable development and food security in the 21st century. Governments can predict areas of food insecurity and vulnerability using appropriate information and software tools so that action can be taken to prevent or reduce the likelihood of an emergency. It also has potential of employment generation in rural areas. Experiments with IT and its application to rural development are carried out in different parts of India.

QUESTION BANK

MULTIPLE CHOICE QUESTIONS

1. What was the growth rate of agricultural output during 2007-12?
 (a) 3.2% per annum (b) 6% per annum (c) 1.5% per annum (d) 5% per annum
2. When was the National Bank for Agricultural and Rural Development set up?
 (a) 1962 (b) 1972 (c) 1982 (d) 1992
3. Which of the following is an institutional source of rural credit?
 (a) Moneylenders (b) Regional Rural Banks (c) Traders (d) Landlords
4. Which source of credit had emerged to fully integrate the formal credit system into the overall rural social and community development?
 (a) Self-help Groups (b) Regional Rural Banks (c) Commercial Banks (d) Land Development Banks
5. Which among the following is a process that involves the assembling, storage, processing, transportation, packaging, grading, and distribution of different agricultural commodities across the country?
 (a) Agricultural Management (b) Agricultural Banking
 (c) Agricultural Diversification (d) Agricultural Marketing
6. Which Indian state has been held as a success story in the efficient implementation of milk cooperatives?
 (a) Punjab (b) Gujarat (c) Uttar Pradesh (d) West Bengal
7. What is the name of the vegetable and fruit market in Andhra Pradesh?
 (a) Apni Mandi (b) Hadaspar Mandi (c) Rythu Bazars (d) Uzhavar Sandies
8. How much do the "inland sources" contribute to the total fish production in India?
 (a) 64 percent (b) 39 percent (c) 50 percent (d) 75 percent

9. Which status has been accorded to the retail chains and supermarkets for selling organic food?
 (a) Eco Status (b) Sustainable Status (c) Nutritional Status (d) Green Status
10. The problems faced in Rural banking are:
 (a) insufficient rural credit (b) growing overdue
 (c) inadequate amount of sanction (d) all of these
11. The Apex body which coordinates the functioning of different Financial Institutions working for the expansion of rural credit is:
 (a) NABARD (b) Self-help groups (c) Regional rural bank. (d) Commercial bank
12. The scheme of microfinance is extended through _____
 (a) self-help groups (b) Land Development Banks
 (c) NABARD (d) Regional rural banks
13. Why is the minimum support price fixed by the government?
 (a) For the government's own benefit
 (b) To safeguard the interests of farmers
 (c) To save the interest of interest of off consumers
 (d) None of these
14. Which of the following is under unorganized sector?
 (a) Gramin Bank (b) Cooperative Bank
 (c) Money lenders and traders (d) Land Development Banks
15. 14 major commercial banks were Nationalized in
 (a) 1969 (b) 1980 (c) 1975 (d) 1991
16. _____ comes under horticulture.
 (a) Fish farming (b) Poultry farming (c) Flower cultivation (d) Animal husbandry
17. Agriculture Marketing does not comprise of
 (a) Transportation of product to the marketing place for sale
 (b) Grading of products according to the quality
 (c) Storage of the produce for sale in future
 (d) Credit is taken to meet expenditure on agriculture
18. Which of the following accounts for the largest share in the livestock sector in India?
 (a) Poultry (b) Cattle (c) Goats (d) Ponies and mules
19. Name the state which is held as a success story in the efficient implementation of Cooperative system in India.
 (a) Maharashtra (b) Jammu and Kashmir (c) Gujarat (d) Uttar Pradesh
20. Blue revolution is associated with
 (a) Indigo cultivation (b) For tree farming
 (c) Fisheries (d) Availability of drinking water
21. The action plan for rural development focuses on
 (a) Lingering challenges (b) Emerging challenges (c) Both (a) and (b) (d) None of these
22. Emerging Challenges of rural development includes:
 (a) Diversification of production activities (b) Organic farming
 (c) Both (a) and (b) (d) None of these
23. Rural credit is required for farming because-
 (a) Most farming families have small land holdings.
 (b) They produce only for self- consumption
 (c) They need funds for further investment in agriculture
 (d) All of these

24. The duration of short-term credit
 (a) 6 to 12 months (b) 2 to 5 years (c) 5 to 20 years (d) 12 months to 5 years
25. _____ once said that the real progress of India did not mean simply the growth and expansion of industrial urban centres but mainly the development of the villages.
 (a) Mahatma Gandhi (b) Jawahar lal Nehru (c) Both (a) and (b) (d) None of these
26. During 2007-12, agriculture output has grown at _____.
 (a) 4.2% (b) 3.2% (c) 2.2% (d) None of these
27. At the time of independence, moneylenders and traders _____ small and marginal farmers and landless labourers.
 (a) Exploited (b) rewarded (c) Both (a) and (b) (d) None of these
28. The _____ was a harbinger of major changes in the credit system.
 (a) Green Revolution (b) White Revolution (c) Both (a) and (b) (d) None of these
29. By March 2003, _____ SHGs had been provided credit by the banking system.
 (a) 7 lakhs (b) 10 lakhs (c) Both (a) and (b) (d) None of these
30. More than 10 % of goods produced in farms are wasted due to lack of _____.
 (a) storage (b) transportation facilities
 (c) Both (a) and (b) (d) None of these
31. The alternate marketing channels in Punjab, Haryana, and Rajasthan are known as _____.
 (a) Apni mandi (b) Rythu Bazar (c) Both (a) and (b) (d) None of these
32. Much of the agricultural employment activities are concentrated in the _____ season.
 (a) Kharif season (b) Rabi season
 (c) Both (a) and (b) (d) None of these
33. Rural development mostly depends upon the development of agriculture.
 (a) True (b) False
 (c) Incomplete information (d) Depends on various condition
34. Farmers borrow from various sources to meet their initial investment on seeds, fertilizers, implements, and other family expenses.
 (a) True (b) False
 (c) Incomplete information (d) Depends on various condition
35. Institutional sources of credit include moneylenders, traders, employers, relatives, and friends.
 (a) True (b) False
 (c) Incomplete information (d) Depends on various condition
36. The major achievement of rural banking over the years has been the effective recovery of loans.
 (a) True (b) False
 (c) Incomplete information (d) Depends on various condition
37. Self-help groups have helped in the empowerment of women.
 (a) True (b) False
 (c) Incomplete information (d) Depends on various condition
38. The current infrastructure facilities are sufficient to meet the growing demand in rural agricultural marketing.
 (a) True (b) False
 (c) Incomplete information (d) Depends on various condition
39. At present, the livestock sector provides alternate livelihood options to over 70 million small and marginal farmers and landless labourers.
 (a) True (b) False
 (c) Incomplete information (d) Depends on various condition

40. Horticulture is a branch of agriculture-related to the management and care of farm animals such as cattle, sheep, pigs, and goats.
 (a) True (b) False
 (c) Incomplete information (d) Depends on various condition
41. Diversification in agriculture activities means finding alternate employment in
 (a) Non-farm sectors (b) Urban sectors (c) Rural sectors (d) None of these
42. Institutional sources of agricultural credit are :
 (a) Land development banks (b) NABARD
 (c) Self-help group (d) All of these
43. The institutional source of credit whose area of operation is the one where banking facilities and cooperatives are absent and which operate at the district level is:
 (a) Regional rural bank (b) Commercial bank (c) Self-help group (d) NABARD
44. Government has assured the farmers of some minimum income from the sale of their crop by introducing:
 (a) Warehousing facilities (b) Regulated markets
 (c) Minimum support price policy (d) Co-operative agriculture marketing societies
45. The sector providing alternate livelihood options to 70 million small and marginal farmers is:
 (a) Livestock (b) Agro-processing (c) Apni Mandi (d) Fisheries
46. Production of a diverse variety of crops rather than one specialised crop is called:
 (a) Diversification of production activity (b) Diversification of crop production
 (c) Diversification of employment (d) All the above
47. The 'Golden Revolution' was a period of very high productivity in:
 (a) Foodgrain production (b) Horticulture (c) Organic farming (d) Pisciculture
48. NABARD is source of rural credit
 (a) Institutional (b) Non-institutional (c) Cooperative society (d) Regional
49. From the following which is not a non-institutional source of credit in India.
 (a) Money lenders (b) Traders (c) Commission agents (d) Commercial banks
50. Father of 'Green Revolution' in India
 (a) M.S. Swaminathan (b) Norman Borlong
 (c) Chidambaram Subramaniam (d) None of the above
51. National Bank of Agriculture and Rural Development was set up in _____ as an apex body to coordinate the activities of all institutions in the rural financing system.
 (a) 1969 (b) 1982 (c) 1949 (d) 1991
52. Which is related to microfinance?
 (a) Self Help Group (b) NABARD (c) Both (d) None
53. Which among the following is an initiative taken for the development of rural India?
 (a) Human Capital Formation (b) Land Reforms
 (c) Poverty Alleviation (d) All of these
54. What was the growth rate of agricultural output during 2007-12?
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 (a) For the government's benefit (b) To safeguard the interest of farmers
 (c) To save the interest of consumers (d) None of these
66. Blue revolution is associated with
 (a) Indigo cultivation (b) Poultry Farming
 (c) Fisheries (d) Availability of drinking water

INPUT TEXT BASED MCQs

Read the following passage and write answers of Q67–Q69

In agriculture due to long time gap between crop sowing and realisation of income, farmers are in strong need for credit. Farmers need money to meet initial investment on seeds, fertilizers, implements and other family expenses of marriage, death, religious ceremonies, etc. So credit is one of the important factors which contribute to Agricultural production. An efficient and effective rural credit delivery system is crucial for raising agricultural productivity and incomes.

67. Which one of the following is not a non-institutional source of credit _____
 (a) Money lenders (b) Co-operative credit
 (c) Traders and commission agents (d) Land Development Banks
68. _____ is the Apex bank which co-ordinates the functioning of different Financial Institutions, working for expansion of rural credit.
 (a) NABARD (b) RBI (c) Both (a) and (b) (d) None of these
69. Regulated markets were organized to protect the farmers from the malpractices of consumers.
 (a) True (b) False
 (c) Incomplete information (d) Depends on various condition

Read the following passage and write answers of Q70–Q72

Prior to Independence, farmers, while selling their produce to traders, suffered from faulty weighing and manipulation of accounts. Farmers who did not have the required information on prices prevailing in markets were often forced to sell at low prices. They also did not have proper storage facilities to keep back their produce for selling later at a better price. Measures that were initiated to improve the marketing aspects.

70. Government improve agricultural marketing System through _____
(a) Control (b) Regulate (c) Both (a) and (b) (d) None of these
71. Agricultural marketing is a process that involves the _____
(a) Transportation (b) Packaging (c) Grading (d) All of these
72. The first steps was regulation of markets to create orderly and transparent marketing conditions.
(a) True (b) False
(c) Incomplete information (d) Depends on various condition

Read the following passage and write answers of Q73–Q76

As the time of independence, money lenders and traders exploited small and marginal farmers and landless labourers by lending to them on high interest rates and by manipulating the accounts to keep them in a debt -trap. A major change occurred after 1969 when India adopted social banking and multi-agency approach to adequately e-meet the needs of rural credit. The institutional structure of Rural banking today consists of a set of multi-agency institutions, namely commercial banks, regional rural banks, cooperative and Land Development Banks

They are expected to dispense adequate credit at cheaper rates. Recently, self-help groups have emerged to fill the gap in the formal Credit System. The SHGs is promoter thrift in small proportions by a minimum contribution from each member. From the pooled money, credit is given to the needy members to be repayable in small instalments at reasonable interest rates. By May 2019 ,nearly 6 crore women in India have become member in 54 lakhs women SHGs About ₹10 to 15000 per SHG as a community investment support fund are provided as part of renovating fund to take up self-employment for income generation.

73. _____ was set up in 1982 as an Apex body to co-ordinate the activities of all Institutions involved in the rural financing system.
(a) RBI (b) NABARD (c) both (a) and (b) (d) none of these
74. The _____ was a harbinger of major changes in the Credit System as it led to the diversification of the portfolio of rural credit towards production oriented lending.
(a) Green revolution (b) Golden revolution (c) White Revolution (d) none of these
75. Recently, SHGs have emerged to fill the gap in the formal Credit System. Such credit provisions are generally referred to as _____
(a) Macro credit programs (b) Micro credit programme
(c) Both (a) and (b) (d) None of these
76. Which of the following part is not a part of the institutional structure of Rural banking today?
(a) Commercial banks (b) Regional rural banks
(c) Non-Banking Finance Companies (d) Land Development Bank

Read the following passage and write answers of Q77–Q79

Rural development is the key issue with the government .Without the development of rural areas India cannot increase its growth to desired level. Rural development does not mean only to develop its agriculture marketing and credit but also to develop education , training and infrastructure in rural areas. The government has launched many programs especially of provision of credit and marketing facilities. The farmers often have shortage of funds .Farmers generally go to non- institutional sources for their short term and long term loans, but farmers are generally exploited .To help them government started provided loan through commercial banks and also an Apex Bank named NABARD was established in in 1982. Government is also making efforts to improve agricultural marketing by removing the role of intermediaries where farmers can directly sell their produce to seller without involving any commission agent or middleman.

77. Name the Non- institutional sources of credit
 (a) Landlords (b) Money lenders
 (c) Traders and commission agents (d) All of the above
78. NABARD is established in the year _____
 (a) 1982 (b) 1992 (c) 1907 (d) none of these
79. Non-farm activities are promoted by government for
 (a) Regular income to farmer
 (b) Addressing the problem of disguised unemployment
 (c) Reducing pressure on land
 (d) All of the above

Read the following passage and write answers of Q80–Q82

Diversification includes two aspects- one relates to change in cropping pattern and the other relates to shift of workforce from agriculture to other allied activities like livestock, poultry, fisheries ,etc. and non -agriculture sector. The need for diversification arises from the fact that there is greater risk in depending exclusively on farming for livelihood. Diversification towards new areas is necessary not only to reduce the risk from agriculture sector but also to provide sustainable livelihood options to rural people. Much of agricultural employment activities are concentrated in the kharif season. But during the Rabi season, in areas where there are inadequate irrigation facilities, it becomes difficult to find gainful employment. Therefore, expansion into other sectors is essential to provide supplementary gainful employment and in realising higher levels of income for rural people to overcome poverty and other tribulations.

80. _____ relates to shift of workforce from agriculture to two other allied activities .
 (a) Micro cropping (b) Diversification (c) Both A and B (d) None of these
81. Livestock comes under the category of _____ activities.
 (a) Diversification (b) Allied (c) Agriculture (d) Commercial
82. Diversification provides _____ options to rural people.
 (a) Livelihood (b) Irrigation (c) Both A and B (d) None of these

ANSWERS

Multiple Choice Questions

- | | | | | | | | | | |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 1. (a) | 2. (c) | 3. (b) | 4. (a) | 5. (d) | 6. (b) | 7. (c) | 8. (c) | 9. (d) | 10. (d) |
| 11. (a) | 12. (a) | 13. (b) | 14. (c) | 15. (a) | 16. (c) | 17. (d) | 18. (a) | 19. (c) | 20. (c) |
| 21. (c) | 22. (c) | 23. (d) | 24. (a) | 25. (a) | 26. (b) | 27. (a) | 28. (a) | 29. (a) | 30. (a) |
| 31. (a) | 32. (a) | 33. (a) | 34. (a) | 35. (b) | 36. (b) | 37. (a) | 38. (b) | 39. (b) | 40. (b) |
| 41. (a) | 42. (d) | 43. (a) | 44. (c) | 45. (a) | 46. (b) | 47. (b) | 48. (a) | 49. (d) | 50. (a) |
| 51. (b) | 52. (c) | 53. (d) | 54. (a) | 55. (c) | 56. (b) | 57. (a) | 58. (d) | 59. (b) | 60. (c) |
| 61. (a) | 62. (d) | 63. (d) | 64. (c) | 65. (b) | 66. (c) | | | | |

Input Text Based MCQs

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|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 67. (d) | 68. (a) | 69. (a) | 70. (b) | 71. (d) | 72. (a) | 73. (b) | 74. (a) | 75. (b) | 76. (c) |
| 77. (d) | 78. (a) | 79. (d) | 80. (b) | 81. (b) | 82. (a) | | | | |

