

# Impact of Welfare Schemes on Rural Economy and Rural Development in Villages: Socioeconomic Perspective

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## **Abstract:**

Rural development is the process of improving the quality of life and economic well-being of people living in rural areas. According to 2011 Census 68.84% of population lives in villages. The backwardness of the rural sector would be a major impediment to the overall progress of the economy. India is predominately an agricultural country and farming is their main occupation. According to 2011 Agricultural Census of India, an estimated 61.5% dependent on agriculture. Technical developments in field of agriculture have increased the gap between the rich and poor, as the better off farmers adopted modern farm technology to a greater extent than the small farmers. The all India Rural Credit Review Committee in its report warned “If the fruits of development continue to be denied to the large sections of rural community, while prosperity accrues to some, the tensions social and economic may not only upset the process of orderly and peaceful change in the rural economy but even frustrate the national affords to set up agricultural production.” Report of the All India Rural Credit Committee, New Delhi, 2003 has rightly pointed out that a purely agricultural country remains backward even in respect of agriculture. Most of the labour force in India depends on agriculture, not because it is remunerative but because there are no alternative employment opportunities.

This is a major cause for the backwardness of Indian agriculture. A part of the labour force now engaged in agriculture needs to be shifted to non-agricultural occupations. Until the 1970s, rural development was synonymous with agricultural development and hence focused on increasing agricultural production. Today, Inclusive rural development is more specific concept than the concept of rural development of earlier, in broader terms, inclusive rural development is about improving the quality of life of all rural people. More specifically, inclusive rural development covers three different but interrelated dimensions: Economic dimension, Social dimension and Political dimension. Economic dimension encompasses providing both capacity and opportunities for the poor and low-income households in particular, benefit from the economic growth.

**Key words:** Economic dimension, Social dimension and Political dimension, Rural development

**Introduction:**

Social dimension supports social development of poor and low- income households, promotes gender equality and women's empowerment and provides social safety nets for vulnerable groups. Political dimension improves the opportunities for the poor and low income people in rural areas to effectively and equally participate the political processes at the village level.

**Facets of Rural Development:**

- Improving the living standards of the rural people by providing food, shelter, clothing, employment and education.
- Increasing the productivity in rural areas and to reduce poverty.
- Involving the rural people in planning and development through their participation in decision making and through decentralization of administration.
- Ensuring the distribution of justice and equalization of opportunities in the rural society.
- Providing CC roads, uninterrupted electricity supply, good drainage system, and safe drinking water to every house and Primary Health Center to every village is essential.

**Rural Development Strategies in India:**

- Provide MSP (Minimum Support Price) for various crops to the farmers, apart from providing Crop Insurance.
- Irrigation facilities to all the agricultural fields should be provided.
- Provide Life Insurance to all the farmers who are actually performing agriculture.
- Instead of giving direct cash in to the hands of farmers, Government has to provide free of cost all required inputs like quality seeds, fertilizers and pesticides etc.
- For purchasing Tractors, Electric Motor Water Pumps etc on subsidy, Government should provide loan facility to the farmers.
- Electricity for farmers should be supplied on subsidy rates.
- In the event monsoon failure and crop failure due to floods etc, Government must come to the rescue of the farmers.
- As there are no other activities except agriculture in rural areas, Government must provide loan facility to the interested educated youth for starting Startups to reduce unemployment.
- Strengthen and develop existing Agricultural Markets in addition to the establishing new Agricultural Markets.
- Establish new agricultural godowns in addition to the existing godowns.
- Agricultural research, extension of rural education and training programmes for farmers should form a part of institution building activities.
- Infrastructure building activity related to the growth of irrigation, transport, communications and health facilities.
- Programmes to improve agricultural production and marketing should be organized.

- Up dated information on policies related to land tenure, agricultural output, prices etc should be provided to the farmers.
- Frequent weaving of agricultural loans for political mileage is not good for the economy as it gives wrong signals to those farmers who repay their agricultural loans promptly.

### **Innovative Ideas for Rural Development in India:**

1. Utilization of Local Resources: For example: If there are water resources like rivers and tanks near by the villages, in summer itself, arrangements must be made to tap this resource by removing slit in the tanks, constructing new reservoirs, bunds, canals and simultaneously strengthening the existing ones, so that the water cannot go waste. Similarly, if there are any mines like iron, coal and granites, they should be excavated so that local population can be provided employment.
2. Establishment of Rural Industries: All the village industries come under the following broad categories:
  - a). Agro Based Industries: Sugar industries, Jaggery, Oil processing from oil seeds, Pickles, Fruit juice, Spices, Dairy products etc.
  - b). Forest Based Industries: Wood products, Bamboo products, Honey, Coir industry, making eating plates from leaves.
  - c). Mineral based industry: Stone crushing, Cement industries, Red oxide making, wall coating powders etc.
  - d). Textile Industry: Spinning, Weaving, Colouring and Bleaching.
  - e). Engineering and Services: Tractors and Pump set repairs etc. Small and medium sized industries to produce agricultural machinery, equipment for usage in rural areas etc.
  - f). Handicrafts: These include making of wooden or bamboo handicrafts that are local to that area, traditional decorative products, toys and all other forms of handicrafts typical to the region.
4. Services: There are a wide range of services including mobile repair, agriculture machinery servicing, etc. which are being undertaken under this category.
5. Startups: They are entrepreneurial ventures, which are newly emerged businesses aims to meet marketplace need, want or problem by developing a viable business model around products, services, processes or platforms. For example: Agriculture, Supply Chain, Trading in Agricultural produce, Processing Agricultural produces, Fisheries - Both Culture and Trading, Rural Micro Finance, Rural Health - Rural Primary Health Cared and Rural Education etc.
6. Computer & Internet Services: Providing Computer Training and Repairing Services, Internet based business like E-Commerce, Rail & Bus Ticket booking, Digital Marketing Agency – Examples: Social Media Marketing, Email Marketing etc.
7. Encourage Rural Entrepreneurship: They may be of the following types: a). Individual Entrepreneurship - It is basically single ownership of the enterprise. b). Group Entrepreneurship - It mainly covers partnership, private limited company and public limited company. c). Cluster Formation Entrepreneurship - It covers NGOs, VOs, CBOs, SHGs and even networking of these groups. These

also cover formal and non-formal association of a group of individuals on the basis of caste, occupation, income, etc. d). Cooperative Entrepreneurship - It is an autonomous association of persons united voluntarily for a common objective.

### **Basic Principles of Entrepreneur Applied to the Rural Development are:**

- Optimum utilization of local resources in an entrepreneurial venture by rural population - Better distributions of the farm produce results in the rural prosperity.
- Entrepreneurial occupation for rural population to reduce discrimination and providing alternative occupations as against the rural migration.
- To activate such system to provide manpower, money, material, machinery, management and market to the rural population.

### **Government Schemes for Rural Entrepreneurship in India:**

- Entrepreneurship Development Institution Scheme
- Rajiv Gandhi Udyami Mitra Yojana (RGUMY)
- Performance and Credit Rating Scheme (Implemented through NSIC)
- Product Development, Design Intervention and Packaging (PRODIP)
- Khadi Karigar Janashree Bima Yojana for Khadi Artisans
- Marketing Assistance Scheme
- Provision of Urban Amenities to Rural Areas (PURA)

### **Suggestions:**

- Labour Intensive Techniques: As there is disguised unemployment in our agriculture sector, labour intensive techniques should be adopted in rural industrial units.
- Educate the Rural Entrepreneurs: Government and NGOs offered various schemes and opportunity to the rural entrepreneurs. But, they are unaware of these schemes and opportunities due to their illiteracy. So they should to be educated by conducting workshops and seminars related to their business.
- Offer finance with low rate of interest: Financial institutions like ICICI, SIDBI, IDBI, IFCI, and SFC should provide finance to rural entrepreneurs with low rate of interest and limited collateral security with liberal terms and conditions.
- Government Role: Government should take steps to provide infrastructure, warehousing facilities, offer assistance to marketing and to export the goods of rural entrepreneurs to foreign countries.
- Exploitation of Village resources: For example, where ever there is scope for wind and solar energy, can be fully exploited for rural electrification.
- Ancillary units: These are those, which manufacture parts and components to be used by larger industries. Several ancillary units should be established in rural areas which will lead to better productivity of many engineering industries.
- Micro credit schemes: Provisions should be made for micro credit system like SHGs to the rural entrepreneurs who will boost up the economic development and employment generation of the rural poor.

- Past experiences and other observations should be considered to develop rural entrepreneurship.
- Market information of different products and innovative technology should be publicly announced by the government in order to get its acceptance among the rural entrepreneurs.
- Infrastructure facilities like land, power, raw materials and finance should be provided to the rural entrepreneurs at concessional rates.
- Credit Information of the rural entrepreneurs has to be developed so as to enable them to get sufficient amount of loan from the banks at reasonable rate of interest.
- SWOT Analysis: Strengths, Weaknesses, Opportunities, and Threats of small businessmen have to be identified and properly trained to motivate them to become entrepreneurs.
- Innovators club should be established in villages to support the large mass of youth who are interested in taking business as a career.
- Marketing management skills should be improved among the rural entrepreneurs to face the problems of entrepreneurship.
- Management training is to be imparted to create awareness of innovative spirit among the rural entrepreneurs.
- Awards should be given to those entrepreneurs who demonstrate extraordinary success. Entrepreneurship development cell should be established at all the villages level to provide guidance and counseling to motivate the rural entrepreneurs regarding the use of modern technology. Separate financial fund for rural entrepreneurs should be provided by the Government. At the same time they should be provided with adequate and timely financial assistance from all the financial institutions and banks.
- Special training programmes for rural entrepreneurs in particular and in general for rural population should be arranged by the Government to improve their knowledge and vocational skills.
- Rural youth need to be motivated to take up entrepreneurship as a career, with training and sustaining support systems providing all necessary assistance.
- Finance for Modernization: Sufficient finance must be given to modernize their outdated technology, tools and implements in order to enable them to compete with the large scale industries.
- Rural entrepreneur should be more competitive and efficient in the local & international market. Successful rural entrepreneurs should show path for other rural entrepreneurs.
- Several schemes and plans of government should be strongly executed at different levels for the encouragement of rural entrepreneurs.
- Interest free consumption credit should be provided by the Government, Banks and other financial institutions to encourage buying the products produced by rural entrepreneurs.
- Agriculture diversification by exploring the opportunities by farming completely a new range of grains, fruits or vegetables.
- Establishing agro food processing units or related units like wine production, juice production and many others.

- Non-farm product business establishment by promoting local rural artisan work. OPS (Opportunities, Problem identification & Solution) Approach: This approach helps an entrepreneur especially neo-rural entrepreneur to explore opportunities include the scanning of the environment to explore the possibilities to start the new venture or to support the already established business in more professional manner. Identifying the exact nature of the problem (External to the Organization or internal to the Organization? If problem of the business is related with government policy it is external and if it is internal it may be related with strategic issue or operational issue or related with functional issues to set up an industrial unit), after identification of the problem it is easier to utilize the opportunities available in the market to explore further.
- Encouraging the skilled and professional people who have left the rural area to come back.
- NRIs and wealthy people of their respective villages should establish/assist rural industries.
- There should be efficient regulated market for the marketing of rural products.
- Grading, standardization should be promoted and promotional activities should be enhanced for the benefit of rural industries.
- To help to develop flexible manufacturing networks of co-operatives, micro and other manufacturing businesses.
- To develop and produce a particular product that none of the firms could manufacture alone i.e. there should be link between them in the manufacture of that product.
- To develop the ways and means by which diversify the product lines, markets and expand distribution channel.
- To promote co-operation between small firms in the network, thus promoting their competitive efficiency.
- To provide different services in the areas of finance, marketing, research and development.
- To provide common services of daily matters in production and administration in order to reduce transaction costs.

### **Findings and Suggestions**

Apart from strengthening the agricultural sector, rural entrepreneurship plays a vital role in the economic development of India, particularly in the rural economy. It helps in generating employment opportunities in the rural areas with low capital, raising the real income of the people, contributing to the development of agriculture by reducing disguised unemployment, under employment, unemployment, poverty, migration and economic disparity. Government should go for appraisal of various rural development schemes and programmes in order to uplift rural areas. Rural entrepreneurship finds it difficult to take off is due to lack of capital accumulation, risk taking and innovation. The rural development programs should combine infrastructure development, education, health services, investment in agriculture and the promotion of rural non-farm activities in which women and rural population can engage themselves.

Rural development and rural entrepreneurship is the way of converting developing country into developed nation. Promotion of rural entrepreneurship is extremely important in the context of producing gainful employment and reducing the widening disparities between the rural and urban. Monitoring rural development programmes by supplying right information at the right time, providing timely and adequate credit and continuous motivation of bankers, Panchayat union leaders and voluntary service organizations will lead to the development of rural entrepreneurship and in turn rural development.

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