

NCERT Solutions for Class-XI Economics

Chapter 6 - Rural Development

1. What do you mean by rural development? Bring out the key issues in rural development.

Sol. Rural development focuses on the social and economic development of the rural areas. These programs help in accelerating the growth and development of the rural areas which ultimately helps in the development of country. The key issues that needs to get highlighted are:

1. The focus should be on creating human resources or in other words human capital by providing support in education, vocational skills, and good health care facilities and on job training.
2. Alternative sources of employment should be generated so as to address the issue of unemployment or disguised unemployment, development of alternative sources will reduce the burden on agriculture.
3. Infrastructure development is very essential as it supports the other growth initiatives. These developments can include creation of bank, transport, electricity and means of irrigation
4. Land reforms should be undertaken with the help of modern techniques which increases the overall production.
5. Poverty removal should be one of the focus points of rural development. It gives rise to many associated issues like unemployment, poor quality of human capital, social inequality etc.

2. Discuss the importance of credit in rural development.

Sol. Credit plays an important role in rural development. Farmers in rural areas have lower income and accordingly lower savings. Therefore, it results in less productivity. Banks also prefer paying loans to farmers having a good earning. Those farmers that are small or marginal take loan from moneylender and fall into a trap. Credit infusion is very much essential for agricultural sector in order to usher in rural development. The importance of credit can be shown below:

1. It helps modernize the farming by getting access to latest tools through credit
2. There exists a long time between sowing and harvesting. It is known as gestation period. In this period farmers need financial support for meeting requirements of farming like seeds.

3. It helps farmers from the poverty and provides funds for sustenance

4. Agriculture is dependent primarily on weather and season. During a bad season, there is a possibility of crop failure, which is detrimental to farmers. In that case, credit, crop insurance helps recover the cost.

3. Explain the role of micro-credit in meeting credit requirements of the poor.

Sol. Credit offered to poor through the SHGs (Self Help Groups) and non-governmental organisations is known as micro finance organisations and they offer micro credit. The SHGs play a significant role in meeting credit requirements of the poor and also encourage savings among the rural people. Money is pooled from the individual accounts of many farmers to finance the requirements of members. Finance done from SHGs reduce cost of transaction for borrowers and lenders. The National Bank for Agricultural and Rural Development (NABARD) provides loan/credit at reduced rates. This type of finance is becoming the preferred choice for small farmers due to ease of credit and faster disbursal.

4. Explain the steps taken by the government in developing rural markets.

Sol. Steps taken by Indian government for developing rural markets:

1. The concept of regulated markets was introduced where a market committee regulated the sale and purchase of products. This committee consisted of farmers, traders and government agents. Using proper scales and weights the marketing system introduced greater transparency and ensured that farmers received good price for their products.

2. The government introduced cold storages and warehouses which farmers to sell product in market when attractive price can be obtained. Railways also offered transport facilities for selling of product to city market and earn good profit.

3. The government started co-operative marketing for making farmers get access to fair price policies. Farmers get better bargains for the sale in the market.

4. MSP or Minimum Support Policy determines a price that a farmer may charge in exchange for his products in the open market. The policy of MSP protects a farmer in case there is a fall in price. It is especially beneficial as farming in India is prone to uncertainties.

5. Why is agricultural diversification essential for sustainable livelihoods?

Sol. Agricultural diversification refers to the diversity in crop production and allocating of agricultural workforce in other allied activities such as fisheries, poultry and livestock, also in non-agriculture sector. The following points explain the importance of agricultural diversification:

1. Indian farmers are dependent on monsoon for farming which is risky, so diversification enables farmers to earn more from occupations that are non-agricultural.
2. While there are a lot of farming opportunities in the Kharif season, the Rabi season brings with it difficulties in irrigation which makes employment less, diversification helps by providing an alternative source of income.
3. Agriculture as a job providing proposition is already saturated and is unable to generate further employment, therefore non-agricultural sectors can be explored as a potential source of revenue.
4. Due to possessing dynamic linkages several non-farm sectors help in enhancing the economic growth.

6. Critically evaluate the role of the rural banking system in the process of rural development in India.

Sol. After nationalization of banks took place in 1969, rural banking has grown a lot. This has helped in rural development in the following ways:

1. It helped increase the farm and non-farm output by supplying credit facilities to customers.
2. Provided long term loans with better repayment options. It helped dependency on moneylenders
3. Achieving food security by production of food grains in abundance.
4. Assisting self-employment schemes in rural areas for generating credit

7. What do you mean by agricultural marketing?

Sol. Agricultural marketing refers to the services that are involved in movement of an agricultural product from the farm to the consumer. It includes planning, organizing, directing and handling of products in a way to satisfy farmers, intermediaries and finally the customer.

The steps involved in agricultural marketing are:

1. Collecting the product after harvesting
2. Processing the collected product
3. Grading of product as per the quality standards
4. Packing the product
5. Storage of the product for future use

6. Sale of product in market at the best price

8. Mention some obstacles that hinder the mechanism of agricultural marketing.

Sol. Obstacles that hinder the mechanism of agricultural marketing are as follows:

1. Inadequate storage spaces or warehouses.
2. Multiple middlemen eating into profits.
3. Malpractices present in unregulated markets.
4. Lack of a proper weighing, grading and standardisation system
5. No scope of finance
6. Lack of proper market information
7. Transport and communication are not that developed.

9. What are the alternative channels available for agricultural marketing? Give some examples.

Sol. The small and marginal farmers were the one who were selling their product by taking help of middlemen and losing profits to those middlemen. They were not receiving appropriate price for their product. Hence, it led to the creation of alternative channel. The features of these channels were that farmers can sell directly to consumer and get higher price in comparison to selling through middlemen. Some of these examples are Hadapsar Mandi in Pune, Uzhavar Sandies in Tamil Nadu, Rythu Bazars in Andhra Pradesh and Telengana and Apni Mandi in Punjab, Haryana and Rajasthan. Apart from this, another alternative channel was sale of produce to national and international companies on contract basis. Payments were made in advance for products at pre-determined rates. The use of these channels helped farmers in raising income.

10. Distinguish between 'Green Revolution' and 'Golden Revolution'

Sol.

Green Revolution	Golden Revolution
Using High Yielding Variety (HYV) seeds along with fertilizers and better irrigation facilities resulted in significant production of rice and wheat. This is known as Green Revolution.	Golden revolution is referred to as growth of horticultural crops such as fruits, flowers and tuber crops in India.
Rice and wheat production increased substantially during this phase	Phenomenal rise in production of aron spices, vegetables and fruits was observed during this phase.

India achieved self-sufficiency in producing wheat and rice.

India became a world leader in producing mango, spices and coconut.

11. Do you think the various measures taken by the government to improve agricultural marketing are sufficient? Discuss.

Sol. For improving the system of agricultural marketing, the government came up with variety of measures which are as follows:

1. Regulated markets organisation.
2. Minimum Support Price Policy
3. Development of cold storage, warehouses
4. Agriculture themed programs which were aired on radio and television

After all these initiatives, the system was successful in parts. Following are some of the obstacles that prevented a successful agricultural marketing system:

1. Farmers do not have a knowledge of market prices and market conditions that leads to sale of produce at a price lower than expected.
2. Insufficient storage spaces making farmers sell their produce at low rates
3. Lack of availability of transportation makes farmers unable to reach new markets
4. Large number of intermediaries are involved which reduces customer interaction and farmers get paid less
5. Farmers become easy targets of false weighing techniques
6. Lack of institutional credit forces farmers to borrow from moneylenders at high interest rate.

12. Explain the role of non-farm employment in promoting rural diversification.

Sol. India as a country is mainly dependent on agriculture produce and most of the population in rural areas are engaged in farming. Due to saturation in agriculture field, the demand for non-farm activities has increased extensively. Agriculture industry is plagued by the problem of disguised unemployment. The non-farm sectors are less risky as compared to agriculture and also provide proper livelihood for the rural people. Industries like agro-processing, leather, food processing, leather and tourism industry are some of the dynamic sub sectors where employment can be generated. There are other sectors which lack infrastructure and support like pottery, handloom and crafts. Therefore, men and women from rural areas are seeking employment opportunities in these industries which is a sign of rural diversification.

13. Bring out the importance of animal husbandry, fisheries and horticulture as a source of diversification.

Sol. Animal Husbandry

Animal husbandry contributes to non-farm employment in a significant way. Rural families opt for rearing and sale of cattle, poultry in addition to farming. The farmers living in semi-arid and arid areas are mostly involved in livestock farming. In India approximately 70 million people are earning their income through livestock farming. The most important products obtained from livestock farming are milk, meat and eggs and also by products like skin which can be used to make leather items.

Fisheries

Fisheries form an important source of income for states in the coastal region such as Maharashtra, Kerala, Gujarat, Andhra Pradesh and Tamil Nadu. Fishing is primarily based on inland water bodies like river, ponds, fisheries and marine water bodies such as sea. Funds have been allotted to this sector for improving the production. Still this segment has not contributed much towards GDP.

Horticulture

Horticulture is also one of the most important source of livelihood in rural India. This includes fruits, vegetables, aromatic plants, flowers and medicinal plants. India is the second largest producer of fruits and vegetables. Rise of income levels have been witnessed in families engaged in horticulture. Horticulture generates around 19% of the total labour force in India.

14. 'Information technology plays a very significant role in achieving sustainable development and food security' — comment.

Sol. Information technology (IT) plays a significant role in agriculture and helps in achieving sustainable development. It enables data storage associated to past and future conditions providing vital inputs for making decision and also for taking various corrective measures necessary for improvement of crop production. Weather and soil conditions can be determined with the help of information technology for improving crop productivity, and as such if there is a chance of crop failure, it can be prevented using the information obtained from IT. It is possible for farmers to connect to Kisan Call Centers for any doubt regarding agriculture, it also helps in generating employment in rural areas in form of kiosks. These kiosks serve as the source of information for improving productivity, better land usage, fertilisers, quality of seeds and other modern techniques that are required for agriculture. Hence, we can say that agriculture plays significant role in achieving sustainable development.

15. What is organic farming and how does it promote sustainable development?

Sol. Organic farming is a form of farming that puts an emphasis on preserving and enhancing the ecological balance. This type of farming uses organic inputs for

cultivating crops. Traditional farming techniques use fertilizers, pesticides which causes damage to ecosystem. In organic farming, toxic free are produced while maintaining the fertility of the soil and contributing towards creating ecological balance.

16. Identify the benefits and limitations of organic farming.

Sol.

Benefits of Organic Farming:

1. Organic farming does not use harmful chemicals so it is not harmful for the environment.
2. Chemical fertilizers cause the soil to lose its fertility after a period, whereas organic farming preserves the soil fertility.
3. Crops that are grown organically have higher nutritional value as compared to standard grown crops.
4. It is an inexpensive mode of farming suitable for the small and marginal farmers.
5. International markets have a higher demand for organically produced crops.

Limitations of Organic Farming:

1. Organic farming has a lesser yield than yield obtained from conventional farming using fertilizers, hence less productivity.
2. As organic farming has low productivity, it is not popular amongst the farmers.
3. Marketing of products and inadequate infrastructure are some concerns that needs to be addressed.
4. Due to low yield, it is not seen as a financially viable option for small and marginal farmers.

17. Enlist some problems faced by farmers during the initial years of organic farming.

Sol. It was observed during the initial years of organic farming that the yield produced was lesser than the modern farming. Due to this reason the farmers were unable to take large scale production. As it was having low yield per hectare, it was not seen as financially viable for small and marginal farmers. The organically produced varieties are perishable having short shelf life and the choice of crops during off season are limited in case of organic farming.