



# AN ECONOMIC ANALYSIS OF GOVERNMENT INITIATIVES FOR THE INFRASTRUCTURE DEVELOPMENT OF RURAL AREAS AND ITS IMPACT ON RURAL DEVELOPMENT IN INDIA

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## ABSTRACT

### KEYWORDS:

modernisation of  
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roads.

Rural development is nothing but a process of improving the quality of life and economic well-being of people living in rural and interior places, often relatively isolated and sparsely populated areas. Because of this reason usually rural areas are lacking development. It essentially focuses on action for the development of areas outside the mainstream urban economic system. In the modern era it is necessary to think of what type of rural development is needed because modernization of village leads to urbanization and village environment disappears. Rural development actions are important for the social and economic development of rural communities. The overall objective of the study: To examine the recent issues of rural development in India, The Specific objectives of the study: to examine the rural development agencies, to examine the government initiatives for the infrastructure development of rural India, to examine the major investments and developments in the Indian rural sector. Nature and source of data: With the help of secondary data the present study conducted, the data obtained through various issues of economic survey, census reports, kurukshetra- A journal of rural development, yojana RBI Report, Centre for Monitoring Indian Economy and internet. Significance of the study: With the help of this study it is possible to get the information about performance of Indian rural segment, and also it is possible to get the adequate information about the impact of rural development on the overall development of Indian economy. Central and State governments should take proper initiation for the development of infrastructure in rural areas in Indian economy. Then only it is possible to expect faster rate of development in Indian economy and Indian economy will be in the list of developed nation by 2020 which is urgent need of the day.

## INTRODUCTION

Rural development is the process of improving the quality of life and economic well-being of people living in rural areas, often relatively isolated and sparsely populated areas. Rural development is a comprehensive term. It essentially focuses on action for the development of areas outside the mainstream urban economic system. we should think of what type of rural development is needed because modernization of village leads to urbanization and village environment disappears. Rural development actions are intended to further the social and economic development of rural communities.

Rural development aims at finding ways to improve the living conditions of the rural people with participation of rural area people themselves, so as to meet the required needs of rural communities. The people who are living in urban area may not understand the setting, culture, language and other things prevalent in the rural area. As such, rural people themselves have to participate in their sustainable

rural development programmes. In developing countries like Nepal, Pakistan, India, Bangladesh, integrated development approaches are being worked out. In this context, many approaches and ideas have been developed and implemented, for instance, bottom-up approach, PRA- Participatory Rural Appraisal, RRA- Rapid Rural Appraisal, etc.

The definition of rural development may be centered around income criterion in which the concept is made to address the problem of rural poverty. □ The rural poor represents a reservoir of untapped talent a target group that should be given the opportunity to enjoy the benefits of development through improved education, health and nutrition.

The main objective of the Rural Development is improving the living standards of rural people by utilizing the easily available natural and human resources. The other objectives of rural development programmers are as follow:

1. Development of agriculture and allied activities.
2. Development of village and cottage industries and handicrafts.
3. Development of socio-economic infrastructure which includes setting up of rural banks, co-operatives, schools etc.
4. Development of community services and facilities i.e. drinking water, electricity, rural roads, health services etc.
5. Development of Human resource mobilization.

Improvement in the quality of life of rural people is the important agenda of rural development programme. In India – a country where the number of people living in rural areas, rural development programme is necessary aspect. Rural development implies both the economic betterment of people as well as greater social transformation. The basic objective of all rural development endeavors / programmes has been the welfare of the millions.

With time and experience, it is realized that accelerated and meaningful development can be achieved only if people of the grass root are involved, “people’s participation” has become the keyword in rural development programmes. To provide the rural people with better prospects for economic development.

The Research Methodology:

The overall objective of the study:

To examine the successfully implemented welfare programmes of Government of India.

The Specific objectives of the study:

To examine the rural development agencies.

To examine the government initiatives for the infrastructure development of rural India.

To examine the major investments and developments in the Indian rural sector.

## NATURE AND SOURCE OF DATA

With the help of secondary data the present study conducted, the data obtained through various issues of economic survey, census reports, kurukshetra- A journal of rural development, yojana RBI Report, Centre for Monitoring Indian Economy and internet.

## SIGNIFICANCE OF THE STUDY

With the help of this study it is possible to get the information about performance of Indian rural segment, and also it is possible to get the adequate information about the impact of rural development on the overall development of Indian economy.

### Rural development agencies are as follows:

- Technical Centre for Agricultural and Rural Cooperation ACP-EU (CTA) Agricultural and rural information provider
- USDA Rural Development, an agency of the United States Department of Agriculture
- European Network for Rural Development {Amaram M. C., FaithGem.
- England Rural Development Programme by DEFRA
- Agricultural Development & Training Society, India
- Tipperary Institute, Ireland
- Azerbaijan Rural Investment Project in Azerbaijan
- Nimbkar Agricultural Research Institute, Indi
- **Ministry of Rural Development (India):**

The Ministry of Rural Development, is a branch of the Government of India, is entrusted with the task of accelerating

the socio-economic development of rural India. Its focus is on health, education, drinking water, housing and roads.

### • Department of Rural Development:

The department run three national-level schemes: Pradhan Mantri Gram Sadak Yojana (PMGSY) for rural roads development, Swarnajayanti Gram Swarozgar Yojana (SGSY) rural employment and for rural housing, Indira Awaas Yojana (IAY). It handles the administration of District Rural Development Agency (DRDA), and has three autonomous organisations under it.

- Council of Advancement of People’s Action and Rural Technology (CAPART)
- National Institute of Rural Development (NIRD)
- National Rural Road Development Agency (NRRDA)

The Minister of Rural Development is the Chairman of these three organisations and the Secretary of the Ministry is the Vice Chairman. The Minister is currently Mr Chaudhary Birender Singh, and the Secretary is Subrahmanyam Vijay Kumar.

## RURAL DEVELOPMENT MEANING, DEFINITION AND CONCEPTS

- As a concept, it connotes overall development of rural areas with a view to improve the quality of life rural people. As a discipline, it is multi-disciplinary in nature representing an intersection of agricultural, social, behavioural and management of sciences. In short, rural development is a process that aims at improving the standard of living of the people living in the rural areas.
- Rural development can be defined as, helping rural people set the priorities in their own communities through effective and democratic bodies, by providing the local capacity; investment in basic infrastructure and social services, justice, equity and security, dealing with the injustices of the past and ensuring safety and security of the rural population, especially that of women.
- According to Robert chambers, rural development is a strategy to enable a specific group of people, poor rural women and men, to gain for themselves and their children more of what they want and need. It involves helping the poorest among those who seek a livelihood in the rural areas to demand and control more of the benefits of rural development. The group includes small scale farmers, tenants and the landless.
- Thus rural development is a process leading to sustainable improvement in the quality of life of rural people, specially the poor.
- Rural development may also be seen as an ideology and a practice. It may mean planned change by public agencies based outside the rural areas such as the national Government and International organization. Rural development as the improvement in the living standard of the rural dwellers by engaging them in productive activities such as the establishment of rural industries that will increase their income.
- In essence Rural Development may imply a broad based re-organization and mobilization of rural masses in order to enhance their capacity to cope effectively with the daily task of their lives and

with changes consequent upon this. According to the World Bank Rural Development must be clearly designed to increase production. It recognizes that improved food supplies and nutrition, together with basic services, such as health and education, not only directly improve the physical well-being and quality of life of the rural poor, but can also indirectly enhance their productivity and their ability to contribute to the national economy.

- In order to encourage increased production rural development may offer a package of inputs and welfare services for the rural masses. Such inputs and welfare services include physical inputs (such as the provision of feeder roads, water and electrification), social inputs—(namely health and educational facilities) and institutional inputs such as credit facilities, agricultural research facilities, rural expansion services among others.

### **INDIAN RURAL MARKET: RECENT DEVELOPMENTS OF RURAL SEGMENT**

- The Fast Moving Consumer Goods (FMCG) sector in rural and semi-urban India is estimated to cross US\$ 100 billion by 2025
- The rural FMCG market is anticipated to expand at a CAGR of 17.41 per cent to US\$ 100 billion during 2009–25
- Rural FMCG market accounts for 40 per cent of the overall FMCG market in India, in revenue terms
- Amongst the leading retailers, Dabur generates over 40-45 per cent of its domestic revenue from rural sales. HUL rural revenue accounts for 45 per cent of its overall sales while other companies earn 30-35 per cent of their revenues from rural areas

According to the third annual edition of Accenture Research, “Masters of Rural Markets: From Touchpoints to Trustpoints - Winning over India’s Aspiring Rural Consumers,” rural consumers are particularly aspiring or striving to purchase branded, high quality products. Consequently, businesses in India are optimistic about growth of the country’s rural consumer markets, which is expected to be faster than urban consumer markets. Moreover the report highlights the better networking among rural consumers and their tendency to proactively seek information via multitude sources to be better informed while making purchase decisions. Importantly, the wider reach of media and telecommunication services has provided information to India’s rural consumers and is influencing their purchase decisions. In line with general trend, rural consumers are evolving towards a broader notion of value provided by products and services which involves aspects of price combined with utility, aesthetics and features, and not just low prices.

The hinterlands in India consist of about 650,000 villages. These villages are inhabited by about 850 million consumers making up for about 70 per cent of population and contributing around half of the country’s Gross Domestic Product (GDP). Consumption patterns in these rural areas are gradually changing to increasingly resemble the consumption patterns of urban areas. Some of India’s largest consumer companies serve one-third of their consumers from rural India. Owing to a favourable changing consumption trend as well as the potential size of the market, rural India provides a large and attractive investment opportunity for private companies.

### **IMPROVEMENT IN THE SIZE OF THE MARKET**

India’s per capita GDP in rural regions has grown at a Compound Annual Growth Rate (CAGR) of 6.2 per cent since 2000. The Fast Moving Consumer Goods (FMCG) sector in rural and semi-urban India is expected to cross US\$ 20 billion mark by 2018 and reach US\$ 100 billion by 2025.

### **RECENT DEVELOPMENTS RELATED TO MAJOR INVESTMENTS IN THE INDIAN RURAL SECTOR**

- India’s unemployment rate has declined to 4.8 per cent in February 2017 compared to 9.5 per cent in August 2016, as a result of the Government’s increased focus towards rural jobs and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme.
- The Ministry of Rural Development is expecting to achieve its annual targeted length of 48,812 kilometers of rural roads by March 31, 2017 under the Pradhan Mantri Gram Sadak Yojana (PMGSY), which has reached a completion stage of 67.53 per cent (32,963 kms) as on January 27, 2017.
- The National Bank for Agriculture and Rural Development (NABARD) plans to provide around 200,000 point-of-sale (PoS) machines in 100,000 villages and distribute RuPay cards to over 34 million farmers across India, to enable farmers to undertake cashless transactions.
- Magma Fincorp, a Kolkata-based non-banking finance company (NBFC) plans to expand its operations in South India, with specific focus on rural and semi-urban markets to help the company grow rapidly.
- Bharti Airtel is applying for a payments bank licence and has involved Kotak Mahindra Bank as a potential investor in the venture, in a bid to tap significant revenue opportunities from the Reserve Bank of India’s financial inclusion initiative. Payments banks are meant to fan out into the rural, remote areas of the country, offering limited but critical services such as money transfers, loans and deposit collection.

### **GOVERNMENT INITIATIVES**

The Government of India has planned various initiatives to provide and improve the infrastructure in rural areas which can have a multiplier effect in increasing movements of goods, services and thereby improve earnings potential of rural areas subsequently improving consumption.

- The Government of India has approved the proposal to construct 10 million houses for the rural population, which will require an investment outlay of Rs 81,975 crore (US\$ 12.7 billion) for the period from 2016-17 to 2018-19.
- The Government of India aims to provide tap water regularly to every household by 2030 in line with United Nations Sustainable Development Goals, requiring a funding of Rs 23,000 crore (US\$ 3.57 billion) each year until the target is met.
- The Government has introduced various reforms in the Union Budget 2017-18 to uplift the rural markets. Some of the key highlights of the Budget are as follows:

- Rs 187,223 crore (US\$ 28.08 billion) has been allocated towards rural, agriculture and allied sectors.
- The Allocation for Pradhan Mantri Aawas Yojana-Gramin has been increased from Rs 15,000 crore (US\$ 2.25 billion) to Rs 23,000 crore (US\$ 3.45 billion) in the year 2017-18 with a target to complete 10 million houses for the houseless by the year 2019.
- The pace of roads construction under Pradhan Mantri Gram Sadak Yojana (PMGSY) has been accelerated to 133 kms per day as against an average of 73 kms per day during the years 2011-14.
- The allocation to the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been Rs 48,000 crore (US\$ 7.2 billion) in the year 2017-18, which is the highest ever allocated amount.
- The Government of India is looking to install Wi-Fi hotspots at more than 1,000 gram panchayats across India, under its ambitious project called Digital Village, in order to provide internet connectivity for mass use, as well as to enable delivery of services like health and education in far-flung areas.
- In the Union Budget 2017-18, the Government of India mentioned that it is on course to achieve 100 per cent village electrification by May 1, 2018.
- The Government of India has sought Parliament's approval for an additional expenditure of Rs 59,978.29 crore (US\$ 8.9 billion), which will be used to support the government's rural jobs scheme, building rural infrastructure, urban development and farm insurance.

## ROAD AHEAD

As is the trend with urban India, consumers in the rural regions are also expected to embrace online purchases over time and drive consumption digitally. The rural regions are already well covered by basic telecommunication services and are now witnessing increasing penetration of computers and smartphones. Taking advantage of these developments, online portals are being viewed as key channels for companies trying to enter and establish themselves in the rural market. The Internet has become a cost-effective means for a company looking to overcome geographical barriers and broaden its reach.

Market research firm Nielsen expects India's rural FMCG market to reach a size of US\$ 100 billion by 2025. Another report by McKinsey Global Institute forecasts the annual real income per household in rural India to rise to 3.6 per cent 2025, from 2.8 per cent in the last 20 years.

## CONCLUSION

As we know the 60-70% of rural population in India lives in primitive conditions. There are many obstacles in the rural development programmes which are as under: 1. In 21st Century, there is no electricity supply in many villages. 2. Now also many rural peoples using primitive methods of cooking, living and farming and they have trust on these methods. 3. By using primitive cook stoves, around 300,000 death/year takes place due to pollution. 4. 54% of India's population is below 25 years and most of them live in rural areas with very little employment opportunities. 5. Literacy is the major problem in rural development programme.

The poor extension linkage causes slow growth of rural development. cannot provide satisfactory help to rural peoples. Untrained, unskilled, inexperienced staff in extension linkage. Every one want to go to the cities, so that rural people's remains as ignores part by the policy makers also. Privatization concept is useful for rural development but, government not paying much attention to this aspect. Policy makes prepared policies, programmes for betterment of rural people but, if these programmes are not implemented very well then have no used.

Central and State governments should take proper initiation for the development of infrastructure in rural areas in Indian economy. Then only it is possible to expect faster rate of development in Indian economy and Indian economy will be in the list of developed nation by 2020 which is urgent need of the day.

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