

Section I
Policy Issues

I

Policy Issues in Rural Transformation

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Policy plays a significant role in nation building. This paper attempts to highlight the role of policy issues in bringing about rural transformation. India has its own peculiarities in both demographic and economic terms when we closely observe the urban and rural areas and its associated concerns. These peculiarities need to be kept in mind while formulating policies. If we take a snapshot of our history of the last 60 years since independence, we find that many policy initiatives taken by the government have indeed borne good results, albeit largely benefiting the urban population. The paper also highlights another peculiarity of India i.e. the growing disparity in application and use of technology in our day to day lives. The caution is that this growing 'digital divide' is not a healthy sign from sociological perspective. If unchecked, it may lead to social and economic fragmentation of the country. We also bring out few recent policy initiatives of the Government to achieve rural development as also the role played by the corporate sector and NGOs. The political leadership of the country has to rise above the 'names-in-the-foundation-stone' culture and ensure continuity of policies and implementation programmes. Only then, we can hope to go beyond paying 'lip-service' to rural transformation in our country.

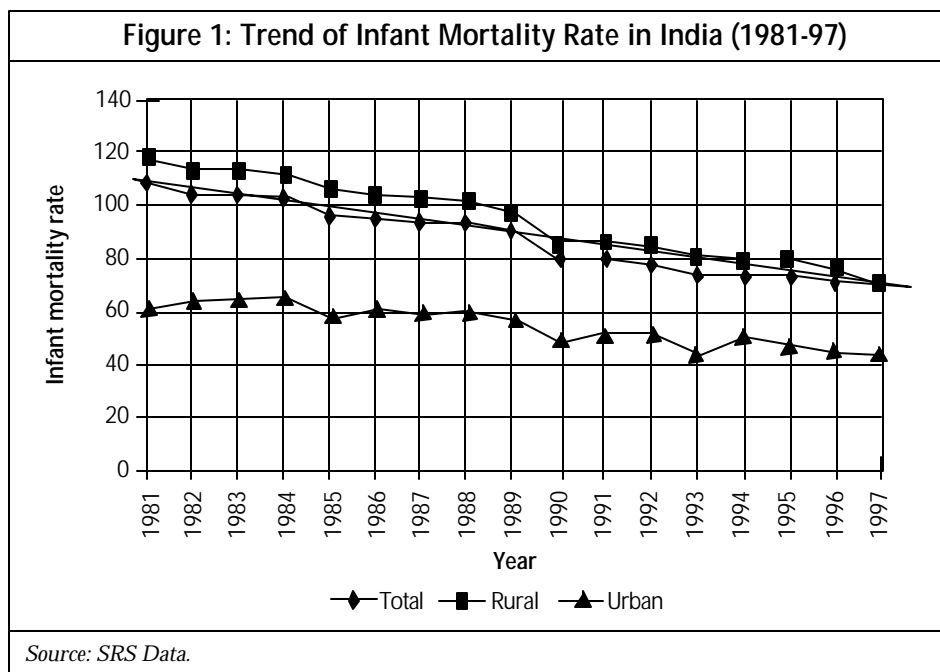
Introduction

Policy plays a significant role in nation building. Working without a policy is like running a global enterprise without a vision. Such a business may be able to operate on a day to day basis but is not expected to achieve any growth or remain competitive in global scenario. Of course, it is one thing to have a policy and quite another to implement it. We need to have a balanced mix of both because policies have a long term impact. Rural India is unique because 67% of the citizens live in villages but contributes only 24% of the GDP. This disparity needs to be addressed if we wish to achieve rural transformation in India. There have been a number of initiatives by the Indian government since independence but very little progress has been achieved in upliftment of the quality of life in rural India. This could be gauged from the existing disparity in indicators like per capita income, health-care, infant mortality rate, education levels etc. For the purpose of illustration, we have included Figure 1 showing the infant mortality rates between 1981 and 1997 from the Census of India¹. It can be seen from the figure that there is a wide disparity between the infant mortality rates in the urban and rural areas of India. Although the difference between the urban and rural infant mortality rates has reduced, a significant disparity continues to exist. Similarly, all other aspects contributing towards better quality of life need to be addressed in the rural sector also. This paper attempts to highlight the role of policy issues in bringing about rural transformation.

India's Peculiarities

India has its own peculiarities in both demographic and economic terms when we consider the urban and rural areas and associated populations. These peculiarities need to be kept in mind while formulating any policies. If we take a snapshot of our history of the last 60 years since independence, we find that many policy initiatives taken by the government have indeed borne good results. We have summarized some of these initiatives and the transformation brought about as a result of implementing these policy initiatives. It can be seen from Table 1 that well-articulated policies and implementation plans do yield results and go a long way in building capacities for a nation as a whole. However, there are many areas where India has lagged behind. For example, on the population front, we have been hesitant in adopting a policy as was

¹ <http://www.censusindia.net/>



done by China successfully over the last three decades or so. Perhaps our overzealous efforts during the 'Emergency' era, have added to this hesitation.

Another observation we can make from Table 1 is that the benefits of most of these policy measures have been restricted to the urban areas. "Farmers and the farm sector are under severe distress today and this is the culmination of continuous policy neglect of the sector", says RS Deshpande of the Institute for Social and Economic Change, Bangalore². The primary reason for why the 'Agricultural Policy Document' prepared by the NDA Government was not implemented by the states was that the document and the policy were not discussed with any stakeholders. This aspect needs to be kept in mind while policy formulation. The policy changes in the agricultural sector must begin with a series of discussions with the state departments of agriculture and farmers groups. Among the many changes that are required, first comes the continuous policy feedback from independent agencies from the states. This system was introduced in the First Plan by the Planning Commission but was not effectively used except in the first few years. Secondly, we have had a number of reports of committees and

² *The Economic Times*, 27th September, 2005 in 'What constrains agricultural growth in India?'

commissions in the country analyzing the problems of the sector, but little has been done in implementing their recommendations. We currently have the Farmer's Commission under the Chairmanship of Professor MS Swaminathan. "We can only hope we do not get another technological solution to solve the problems of market failures", quips Deshpande³.

Sl. No.	Policy Sector	Transformation Achieved
1	Technical Education (1950s/60s)	Setting up of IITs and RECs across the country. Availability of international quality technical education in the country, primarily in urban areas.
2	Medical Education (1960s)	Setting up of medical institutions like AIIMS/ JIPMER/PGI, Chandigarh etc. Availability of international quality medical education in the country, primarily in urban areas.
3	Hydro-electric Projects (1950s/60s)	Construction of major hydro-electric dams like Bhakra-Nangal, Nagarjuna Sagar etc. boosted the availability of electricity supply as well as irrigation facilities in the country.
4	Telecom Policy (1980s)	Availability of telecom facilities in both urban and rural India. Increased telecom density and connectivity throughout the country including the rural areas.
5	Economic Policy Reforms (1991)	Overall economic growth of the country leading to healthy GDP growth rate between 6 and 7%.
6	IT Policy (1990s) leading to the IT Act 2000	Emergence of India as an IT superpower globally. IT sector continues to grow at an unprecedented rate of more than 30% CAGR, primarily in urban areas.

Digital Divide

Another peculiarity of India is the growing disparity in application and use of technology in our day to day lives between the urban and rural areas. For example, the success of IT and ITES/BPO industry is limited to the urban areas and Tier-II cities in the country. However, the penetration of IT in rural areas has been

³ *The Economic Times*, 27th Sept, 2005 in 'What constrains agricultural growth in India?'

insignificant. Although, some small BPOs have been established in the recent past in rural areas, it is yet to grow to the size and scale for matching the urban deployment of technology. This growing 'digital divide' is not a healthy sign from sociological perspective. Instead of dividing the society between haves and have-nots, our endeavour should be to reduce this digital divide. This could be done by using technology to solve the problems of rural India. One such initiative which has been successfully launched in the recent past by the corporate sector is named *e-Choupal*. We need more of such initiatives which will help in reducing the 'digital divide'.

Stages	Period	Examples
Stage I	Pre-independence era (1866-1974)	<ul style="list-style-type: none"> • Mahatma Gandhi's work at Sevagram • Tagore's work at Shantiniketan • Spencer Hatch's effort at Marthandam • India Village Service • Firka Development scheme in Tamil Nadu
Stage II	Post-independence era (1947-53)	<ul style="list-style-type: none"> • Grow more food campaign • Etawah Pilot Project • Community Development Project
Stage III	Community development and national extension service era (1953-60)	<ul style="list-style-type: none"> • National extension service was inaugurated • Self-help groups concept came into the picture • Panchayati Raj system was announced at district, block and village levels • Setting up of Agricultural University
Stage IV	Intensive agricultural development era (1960 onwards)	<ul style="list-style-type: none"> • High yielding varieties programme • Multiple cropping programme • Green Revolution • Cooperatives movement era such as Operation Flood • Integrated Area Development Programme
Compiled from Handbook of Agriculture, pp.no. 684-700, Edition 1997, ICAR.		

Rural Development in India

The Rural Development initiatives in India during last 140 years may be divided into 5 stages as shown in Table 2. We can see from the table that India did focus on the villages and the rural upliftment in the past. However, after Independence, probably the pace of rural development has not matched that of urban India.

Some of the indicators which we can use for assessing the effectiveness of rural development programmes are:

- Drinking water
- Sanitation
- Health care
- Housing
- Education
- Roads
- Electricity
- Communications
- Per capita income
- Livelihood generation
- Technology usage etc.

In this paper and our earlier book⁴, we have addressed some of the above factors. At national level, each of the above issues requires a well articulated policy directive coupled with an implementation plan. Only then can we hope to achieve meaningful rural transformation.

Recent Government Policy and Programmes

Amongst many initiatives of the government for rural development, we have identified the following for a brief discussion here:

- Rural Employment Guarantee Scheme
- *Bharat Nirman*
- Providing Urban Amenities in Rural Areas (PURA)

⁴ *Rural Transformation: Infrastructure and Micro-Finance*, Harsh Bhargava and Deepak Kumar (Editors), ICFAI Books, 2005.

Rural Employment Guarantee Programme

The Rural Employment Guarantee Scheme was announced by the Government in 2005 and later enacted as a bill in the Parliament. National Rural Employment Bill, 2005 empowers the village Panchayats to implement this programme. The salient features of this programme are:

- It is a boon to millions of poor in the rural areas of the country;
- It provides 100 days assured employment every year to one member of every rural household in 200 districts;
- The number of districts would be extended to 600;
- One third of the proposed jobs are reserved for women;
- About Rs.10,000 crores for implementation of the scheme has been sanctioned in the year 2005-06.

Bharat Nirman

The UPA Government has also announced measures to improve the quality of life of the rural poor. For this, there are two important areas i.e. building rural infrastructure and improving the irrigation facilities. It is seen that the farm produce does not reach the '*mandi*' or nearby town because of poor road network. The first emphasis is to build up this road network. Although such efforts have been done by earlier governments as well but minimal results have been achieved. If this is done, the farmers will be able to get the right value for the produce and their purchasing power will go up. *Bharat Nirman* also aims:

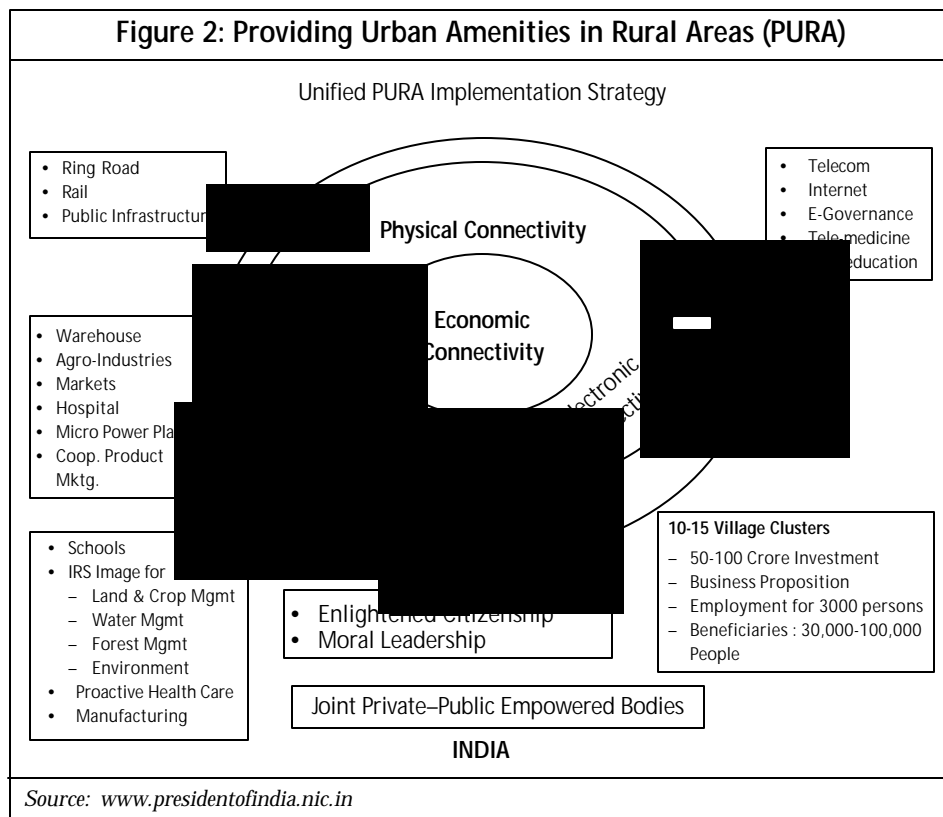
- To provide better irrigation facilities to the farmers;
- To launch National Rural Health Mission to provide better health delivery to rural areas;
- To empower the Panchayati Raj Institutions (PRIs).

The World Bank has also committed to complete the above projects and it has sanctioned over \$1 billion in last two years for projects such as:

- Building of rural roads;
- Supply of drinking water to villages;
- Expansion of irrigation networks.

Providing Urban Amenities in Rural Areas (PURA)

On the Independence Day 2005, the Prime Minister announced the Government's plan to establish 5000 PURA (Providing Urban amenities in Rural Areas) across the country. PURAs is actually one of the visions of our President, Dr APJ Abdul Kalam⁵. Establishing a PURA village is more economical and cost-effective than rebuilding the existing hamlets and villages. A block schematic showing the PURA structure is given in Figure 2. PURA implementation strategy is achieved through five types of connectivity shown in the diagram namely, physical connectivity, economic connectivity, knowledge connectivity, electronic connectivity and spiritual connectivity. The implementation is actually a matter of debate but government is encouraging private investors for the same and private investors are more enthusiastic in this regard.



⁵ www.presidentofindia.com

Initiatives by the Corporate Sector and NGOs

The corporate sector has not lagged behind in contributing its bit for achieving rural development in India. Some of the current initiatives in this regard are *e-Choupal* by ITC, Rural BPOs by Lason India and Byrraju Foundation, GramIT by Byrraju Foundation etc. Similarly, numerous NGOs have made significant contribution for rural development in the country. Notable amongst these are MV Foundation (abolition of child labour), Naandi Foundation (education for girl child etc.), Basix India (Micro-finance), Byrraju Foundation (rural transformation), Sanghamitra (education) etc. Once again, the underlying principle is formulation of suitable policy and pursuing it for successful implementation.

Rural Empowerment

Rural empowerment can be achieved by providing suitable employment to people in rural India. Table 3 depicts the unemployment rate over the period 1993 to 2003.⁶

Year	Unemployment Rate (%)
1993-94	6.0
1999-2000	7.3
2003	9.5

It can be seen that the unemployment rate has increased over the last decade. Another well known fact is that more than 66% of unemployment is in rural areas. The rural people are having marginal land and some are landless farmers. During 1990s, 31 out of every 100 rural families were landless, which has increased to Guarantee Programme will hopefully improve the employment generation and thus empower the rural population qualitatively.

Self Help Groups

Another way to increase the employment and empower the rural population is to provide them resources to organize themselves as self help groups. This concept of Self help groups has really nourished rural India greatly. These self help groups encourage the community to participate and thus become self sustaining. There are many success stories of self help groups in India particularly in the state of Andhra Pradesh. Micro credit and micro finance play a significant role in making

⁶ Government of India, Census of India 2001.

Box 1: Rural Credit in India

The Indian government announcement in 2004 for rural credit: Targets fixed to double agriculture credit flow in 3 years – This is to be increased @ 30% per year.

- ❖ Credit flow
- ❖ Target for 2004-05: Rs.1,05,000 crore;
- ✓ Achievement: Rs.1,08,500 crore
- ✓ Target for 2005-06: Rs.1,41,050 crore
- ❖ Financing new farmers
 - ▶ Target – 50 lakh; Achievement (Jan., '05) : 58.20 lakh
- ❖ Restructuring of loans – as on Jan., '05
 - Farmers in distress: Rs.6036.56 crore
 - Farmers in arrears: Rs.1436.97 crore
 - One Time settlement: Rs.475.61 crore
- ❖ Financing Agri Clinics
 - Target @ 10 per district: ~ 5000
 - Achievement (Jan., 05): 490

Source: agricoop.nic.in/KHARIF%202005/JSCredit&Coop.ppt

the self help groups work. The Government of India had targeted a rural credit flow of Rs.1,05,000 crores for the year 2004-05 (Box 1) and it is pertinent to note that the target has been fulfilled although the private banks must come forward for the same.

In August 2005, the World Bank President Paul D Wolfowitz visited the villages of Mahabubnagar district of Andhra Pradesh and praised the way the villagers out there are working on self help group basis and have created a movement in the lives of women in rural areas. He said that it should be the model for other states in India. Because of the self help groups, women have gained a sense of confidence and achieved overall growth of the society. This has become possible because of bank linkages to self help groups. This is undoubtedly one of the success stories in India.

Name-in-the-Foundation-Stone Culture

Although the policies and programmes are already there but it is seen that whenever a new government comes into power, the focus shifts. There must be a long-term focus, which can be ensured by involving the opposition parties to act in a cohesive manner to tackle the genuine problems of rural India.

One of the recent examples of wasting the tax payer's money is removing the name and posters of Mr Atal Bihari Vajpayee from Pradhan Mantri Gramin Sadak Yojana. Lakhs of rupees were wasted in this act. To avoid such occurrences, the policy should be such that the programme should be named and promoted as the initiatives of GOI (and not a political party); otherwise the story may be repeated by removing names of say, Rajiv Gandhi from Rajiv Gandhi Viduthikaran Yojana. Instead of using the name of a particular leader for any programme, all programmes should be launched as National Programmes. This will prevent such recurrences and provide continuity in programme implementation.

Conclusion

India's prosperity lies in the prosperity and well being of the rural population. Although numerous initiatives have been taken in this respect since Independence, yet the progress on ground appears to be dismal. We, as a nation, need to accord suitable priority for all sectors of rural development as highlighted in this paper. Well articulated policy after due discussions with the agencies responsible for its implementation, need to be converted into workable programs. These programs can be successful only if community participation is ensured. We have highlighted the role of policy in nation building and seen many examples of successful implementation, albeit largely in urban areas. We have to replicate similar models for achieving sustainable rural transformation for improving the quality of life of rural people in India.

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