

Revitalising rural economy

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While schemes like PM Adarsh Gram Yojana are in the right direction, there is a need to pool resources to achieve targeted results

Mahatma Gandhi famously said that India lives in its villages. The fact that urban population constituted merely 11% of the total Indian population in the early decades of the 20th century gave power to his grassroots Swadeshi movement. One that envisioned an India which did not merely replace imperialist rule with self-rule, but also energised the national economy and culture by revitalising its villages. From an economic point of view, the Swadeshi philosophy envisaged self-reliance for villages and empowerment so that they could generate their own livelihood, have the skill-sets to manufacture their own products, farm their own lands, and live in harmony with the environment. Gandhi's social movements were as much a call for the freedom of India as for holistic development of the nation—a battle cry against illiteracy and poverty, and everything that shackled the growth of the rural economy.

Gandhi's vision for holistic development of rural India is relevant even today. India still lives in its villages—the ICE 360 Survey 2014 estimates that there are nearly 5.97 million villages and an overwhelming 57% of these have a population size less than 1,000. While urban societies continue to grow and provide tremendous impetus for India's economic growth, the significance of a vibrant and healthy rural economy cannot be undermined. Especially in the context of declining agricultural productivity and distressed rural households, which continue to eke out a livelihood from agriculture. A huge 63% rural households are dependent on the meagre incomes that farm-related activities generate. Growth in rural wages, which averaged 18% in the last few years, dropped sharply to 5% in September last year.

These developments are not just impacting rural Indians, but the economic well-being of the nation as well.

The ICE 360 Survey 2014 covered 300 villages randomly selected from 73 districts distributed in 21 major states, and collected indicators related to village economy and development. Let's consider some of the development indicators from the survey that give a glimpse into the current status of rural India (Bharat) and its ability to address issues of income generation, access to public utilities, ease of mobility, education and health services.

How rural development varies with village size

	Size of village (population)					Total
	<1000	1000-1999	1999-4999	5000-9999	>=10000	
% distribution of Indian villages	56.7	23.3	16.1	3.1	0.8	100
Distribution of villages by major source of irrigation (%)						
Canal	7.3	17.0	28.9	19.9	14.5	13.5
Tube well	28.4	48.8	44.6	65.0	63.9	37.2
Well	46.7	9.7	10.6	6.3	13.8	30.7
Others (such as ponds, tanks, etc)	17.6	24.5	15.8	8.8	7.8	18.6
Total	100	100	100	100	100	100
Distribution of villages by major point of sale of agriculture produce used by majority of farmers (%)						
Retailers	45.6	34.3	24.0	19.9	32.8	38.7
Wholesale traders	15.2	34.7	29.5	40.0	35.5	22.9
Village mandis	22.6	13.5	19.4	22.7	7.8	19.9
Government mandis	6.7	10.2	17.1	2.7	12.0	9.1
Others*	9.8	7.3	10.0	14.8	11.9	9.4
Total	100	100	100	100	100	100
PDS/fair price shop**	29	54	73	70	89	44
Health & education (share of villages' easily access to facilities—within village or within 1 km) (%)						
Govt secondary school	25	53	50	55	63	36
Govt vocational or technical centre	4	23	21	35	47	13
Primary health centre	6	11	13	29	61	10
Medical shop	1	3	12	39	45	5

* Cooperatives, processing units, consumers, etc. ** Share of villages' easily access to facilities, within village or within 1 km.
Source: ICE 360° Survey (October 2014) from People Research on India's Consumer Economy (PRICE)

Road and public transport

Linkages between good road networks and economic development are well-established. Transportation plays a multifaceted role in enhancing incomes and well-being, as it is vital for marketing and efficient distribution of agricultural produce, mobility of people and material resources, and contributes towards access to educational, healthcare and financial services. Therefore, rural areas with low standards of living are most likely to be ones with poor road and transportation linkages.

Small villages, in terms of population size (less than 1,000), are the ones that are relatively poor and backward.

It's not surprising that these are also the ones that have poor road connectivity: only 35% small villages (with population size of 1,000-5,000) have access to pucca roads within a kilometre radius compared to 70% large villages (population size of more than 10,000). A majority of large villages are connected with all-weather roads compared to 64% small villages. The average distance from the village to the nearest railway station is about 15 km for large villages and 35 km for small villages.

Basic amenities

According to the World Bank, rural electrification is fundamental for economic development. It affects the welfare of rural households as it reduces time-consuming household chores. Assured electricity supply leads to the development of local agriculture-based industries such as rice and wheat milling, production of oil from oilseeds, repair and welding of agricultural implements, etc, which can supplement the incomes of families dependent on farm incomes. The quality of energy supply has a major impact on economic activities, a fact that is often ignored by the government in its drive to increase rural electrification without any thought to the quality of power that is being supplied. Even though a majority of the villages surveyed have electric connections, they only receive about 10-12 hours of power and just 44% households are satisfied with the quality/quantity of electricity they receive.

The major source of drinking water across all village-sizes is either hand-pump or tube-well. Only 30% households reported they have access to piped water. Firewood (51%) followed by dung cakes (20%) are major cooking fuel sources across all village types. Only 17% villages use LPG and, of these, 28% are households living in large villages compared to 15% in small ones.

Public services

Since agriculture-based activities form a huge chunk of income for rural households, access to banks and mandis is integral for smooth functioning of the rural economy. The presence of public distribution shops (PDS)—which are the major source of subsidised food items and kerosene—is also a key indicator of a village's status on the welfare continuum.

Where do Indian farmers sell their produce? Significantly, 40% villages sell their farm produce to retailers. A little less than a quarter (23%) of Indian villages can do business with wholesale traders and only 20% sell directly in the mandis. The average distance to the nearest commercial bank is 10 km. About 44% villages have PDS shops; of these, only 30% small villages boast of PDS shops while 89% large villages can access them inside village boundaries.

Education and health

The drive towards increasing literacy has had significant impact on access to educational facilities—particularly at the primary level—in the wake of the Sarva Shiksha Abhiyan. However, the quality of education continues to be a major concern. Most villages have access to middle level school within a radius of 1 kilometre. But access to higher levels of education is more prominent in large villages: nearly 60% of such villages have secondary and higher secondary schools compared to just 20% in small villages.

On the healthcare front, while campaigns such as polio and smallpox eradication have resulted in major successes, and significant progress has been achieved in the areas of infant and maternal mortality, universal healthcare is still out of reach for most rural Indians. Issues about inefficient and poor quality of healthcare services, and the high cost, continue to pose major challenges.

As has been observed with other amenities, large villages benefit from access to better health facilities compared to their cousins in small villages. Nearly 60% large villages have primary health centres against just 6% in small villages. Similarly, nearly half of large villages have a pharmacy or a chemist shop while only 11% in the small ones have them.

Clearly, rural development is a non-linear and highly-contextual process. While various government programmes such as Pradhan Mantri Adarsh Gram Yojana, Sansad Adarsh Gram Yojana, Smart Village (Andhra Pradesh), the Provision of Urban Amenities to Rural Areas (PURA) model and many others are steps in the right direction, there is a need to pool resources and collective wisdom to achieve the targeted results. Corporate and NGO best practices can be garnered to give rural development a much-needed fillip and also achieve Gandhi's vision of an empowered and self-sustaining rural India.

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