The major Rural Development policy of India and their salient features:  
A critical review

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Abstract:
The most common social and political usage of the term “Policy” refers to a course of action or intended course of action conceived of as deliberately adopted after a review of possible alternatives, and pursued or oriented to be pursued. The policy process is the formulation, promulgation, and application of these courses of action. Here, we will concern ourselves with public rural development policy, by which we mean the action taken by the government in the pursuit of certain objectives of rural development because the 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 is an estimated 61.5% dependent on agriculture. This research paper first presents a few basic elements of public policy, including a conceptual framework and rationale of public policy. This is followed by an overview of India’s major public policy related to the rural sector. Finally, we briefly discuss the important implication of globalization and liberalization for rural development.

Keywords: Rural development, National policy, Agricultural income, Marketing, Poverty, Rural Economy.

Introduction:
The incidence of poverty in rural areas is higher than urban areas in India. As per the Rangarajan expert group report, in 2011-12, the poverty ratio was 39.9% in rural areas and 26.4% in urban areas, and the number of people below the poverty was 260.5 million in rural areas and 102.5 million in urban areas. This is in contrast to the corresponding estimates of 216.7 million and 53.1 million for rural and urban areas as per the Tendulkar expert group report (GOI 2014, table 4.7, p.69). The rural-urban gap in poverty is further corroborated by the gap in the average MPCE. As per the household expenditure survey conducted by NSSO in 2011-12, the ratio of urban to rural per capita consumption increased from 1.76 in 1999-2000 to about 2.00 in 2011-12, which suggests that the urban-rural divide is widening. If the comparison is extended to gaps in the availability of other essential services, the chasm is much deeper.

Similarly, the average per capita income in rural areas is also lower than urban areas. The average annual per workers income in the agricultural sector over the period 1998-99 to 2003-2004 was Rs. 11,496 at 1993-94 prices, as against 59,961 in the non-agricultural sector (Radhakrishna, 2008; 45). Thus the material blessings of development in India have been more bountiful for urban people than for the rural masses. This is true for other countries as well. The injustice of the plight of the rural people is reason enough for government intervention to support rural income and improve its distribution through anti-poverty programmes.
Objective of the study:
The main objective of this paper is to familiarize the researcher with the basic elements of public theory and the salient features of India’s rural development policies launched from time to time.

Research methodology:
This study is descriptive in nature and it used the exploratory technique. The data for the study was gathered from secondary sources such as Books, Journals, articles published online and offline on various newspapers and websites.

Need for a rural development policy:
The further away we move from simple, small-scale handicraft industry, and self-contained and subsistence agriculture, a greater need develops for public policy in the economic filed. The individual, as a producer and as a consumer, depends more and more upon the general conditions of the market, of employment, output, and production efficiency of the nation as a whole, and upon the way income is distributed among the people; in short, upon the economy welfare of the country. Some specific reasons favoring government intervention in the rural sector are as follows.

India’s commitment to set up a “Socialist Pattern Society”
India has chosen to establish a “Socialist pattern society”. This means that the basic criterion for determining the lines of development must not be private profit, but social gain, and that the pattern of development and the structure of socio-economic relations should be so planned that they result not only in appreciable increases in national income and employment, but also in greater equality in incomes and wealth (GOI 1961,30). But the experience in India so far has been that the benefits of development have not been equitably shared by all. This has aggravated the problem of poverty, which has manifested itself in various forms, including rising unemployment and anti-social activities, malnutrition, growth of slums, fall in real wages, and impoverishment of marginal and small farmers. The problems of poverty and employment extant in India—even after 68 years of independence-undermine the principal objective of planned development, which is improvement in the standard of living of the masses. It has been acknowledged that a high rate of growth is not a substitute for deliberate policies that seek to ensure equitable distribution of the gains of development. Therefore, there is a need for a public policy to ensure growth with social equity or social justice.

Violent Fluctuations in Agricultural Production, Prices, and Incomes:
Agricultural production, being biological in nature, is more vulnerable to the vagaries of nature than non-farm production and hence, it fluctuates more violently than industrial production in response to such climatic aberrations as erratic rainfall, floods, hailstorms, and so on. Fluctuations in agricultural output lead to still higher fluctuations in agricultural prices and, hence, agricultural incomes. This is because the demand of higher price flexibility of agricultural produce with respect to changes in the supply. This means, in simple words, that 1% increase in the price of a farm produce, say, wheat or rice, is associated with less than 1% decrease in its demand or alternatively, a 1% decline in the price of a farm produce is associated with less than 1% increase in its demand. Most farmers, being small-scale operators and poor, cannot bear the consequences of fluctuations in farm output prices and incomes. They need some protection from the adverse effects of the free market and niggardly nature. Such protection can be provided only by the government in the form of price support, insurance, and credit policies.

Small, Scattered, and Unorganized Rural Enterprises:
Most rural enterprises are small, scattered and unorganized. Due to these characteristics, their owners have very low or practically no bargaining power vis-à-vis those to whom
they sell their produce and from whom they buy their supplies. This results in exploitation on both fronts - selling as well as buying. This heightens the need for government policies aimed at equalizing opportunities, strengthening bargaining power of individuals and groups in rural areas, and restraining the powerful from exploiting the weak.

**Inadequate and Poor Basic Infrastructure in Rural Areas:**
Rural areas are at a great disadvantage in relation to urban areas, as far as the provision of basic infrastructural facilities and services, such as roads, drinking water, electricity, schools, hospitals, police protection, transport and communications, is concerned. Not only are these public facilities and amenities in rural areas inadequate, but they are also very poorly organized, to poor education, poor health care facilities, poor sanitation, unemployment, and poverty. Improvement of their plight requires intensive government intervention. In fact, the government has intervened by launching programmes such as the NRHM, MNP, TPP, and BNP and PURA. (see chapter 11 for details: Katar Singh & Anil Shishodia, Rural Development, Sage publication India)

**Predominant Place of Agriculture in India’s Economy:**
Agriculture is the single largest sector of India’s economy. In 2013-14, agriculture and allied activities contributed about 18% of India’s GDP at current prices and 14% at the 2004-05 prices. It is also the main source of livelihood for about two-thirds of India’s population. Agricultural and rural development is in fact, the sine qua non of national development. Therefore, a meaningful strategy of national development must have agricultural and rural development as one of its major plans.

**Goals of Rural Development Policy:**
Rural development policies are designed to improve the conditions under which the rural people work and live. The goals of policies are governed by what people desire, and the measures of policies by what people think the government can and ought to do to bring about the desired change. It is possible to derive two dominant goals of economic policy: First, increasing the national income and second, improving the distribution of national income among the members of society. These goals are reflected in India’s economic policies that are enunciated in its five year plans. The goals that seek to achieve “growth with equity” need to be seen in the context of the following four important dimensions of state policy:

1. The quality of life of the citizens
2. The generation of productive employment
3. Regional balance
4. Self-reliance

Many rural development policies are complex combinations of various goals, different sets of means or instruments and are limited by various conditions. To understand such policies, we must break them down into several programmes or projects. For each programme, a clearly defined objective may be designated, which a particular government agency should pursue. The programme measures can then be identified and appraised as to whether they are appropriate and efficient in serving the objective, and be adapted to the conditions outside the influence of that particular programme. These conditions are often the decisive factors determining whether or not a certain programme is “administratively” feasible.

**Rural Development Policies in India:**
India has a long history of government intervention in the rural sector of its economy. In the pre-independence era, the British government intervention was aimed at promoting the export of food and raw materials to Great Britain. There was no state policy for the development of resources of India for the welfare of its people. Introduction of a land
tenure system, opening up road and rail communications, and promotion of export trade in certain agricultural commodities were important measures taken by the British government. The other landmarks of that era were the creation of the Forest Department in 1864, and the Department of agriculture in 1871, the appointment of the Royal Commission on Agriculture (RCA) in 1926, and the establishment of the Imperial (now Indian) Council of Agricultural Research in 1929. The report of the RCA was accepted as the basis for future development of agriculture in a conference convened by the Government of India in Shimla in October 1928. The report emphasized, inter alia, the importance of providing a minimum standard of life in villages and the modernization of agriculture through research, extension, and greater coordination of various departments dealing with agriculture and development of cooperative institutions. However, due to the lack of financial resources and the Great Economic Depression (1929-30), many of the recommendations of the RCA could not be implemented.

In January 1946, the Government of India issued a “Statement of Agriculture and Food Policy in India”, which spelt out the objectives to be achieved, the measures to be taken, and the respective roles of the center and the provinces. According to the statement, the all-India policy was to promote the welfare of the people and to secure a progressive improvement of their standard of living (GOI 1976, 127-36).

Now we briefly discuss the salient features of major national level public policies in the field of agriculture and rural development:

1- National Forest Policy: India is one of the few countries in the world that has had a forest policy since 1894. After independence, in recognition of the importance of forests in the national economy and to ensure the best possible use of land, a new forest policy was enunciated in May 1952. The new policy provided, inter alia, that the area under forests should be at least one-third of the total geographical area and that the forest areas should not be brought under cultivation of crops indiscriminately. The National Commission on Agriculture (NCA), 1976, recommended a further revision of the 1952 Forest Policy. The Forest Policy was revised in 1988. The main plank of the revised Forest Policy of 1988 is protection, conservation, and development of forests. The salient features of the revised policy are as follows:

(i) A minimum of one-third of the total land area of the country has to be brought under forest or tree cover.
(ii) Total protection of tropical rain/moist forests.
(iii) The extent of forest use for grazing and extraction will be determined on the basis of the carrying capacity of the forests.
(iv) Involvement of tribal/forest dwellers in protection, regeneration, and development of forest to be encouraged.
(v) Forest-based industries would have to raise their own plantations to meet their requirements and the practice of supplying forest produce to industries at concessional rates would cease.

These principles are necessary to ensure that the forest area can be increased from its present level of 75 mha to 110 mha (33% of the total land area). The revised forest policy has several implications for various sectors of the economy such as energy, industry, and agriculture. Development projects now are carefully examined to ensure that the ecological balance is not destroyed. This is done through an assessment of their impact on the ecosystem.
2- **Land Reforms Policy:** After independence, the Government of India formulated a comprehensive national land reforms policy for the first time five year plan. The main objectives of the policy were to remove such impediments to the modernization of agriculture as were innate in the agrarian economy and rural society. Many glaring gaps have occurred between the objectives of the policy and legislation enacted to achieve them, and between the laws and their enforcement (Singh 1997, 152-155). The programmes, therefore need to be implemented more rigorously than in the past. For optimum results, the programmes of land reforms, the consolidation of fragmented landholdings, land development, irrigation and drainage, and the acquisition of surplus land and its distribution should be integrated and executed properly. Special attention must be directed at the restoration of degraded common property land resources and their proper utilization for the larger benefit of the rural masses. With the establishment of the National Wastelands Development Board (NWDB), it is hoped that some 100 mha of India’s wastelands would be properly developed and utilized.

The National Agriculture Policy 2000 stipulated the following approach to land reforms:

(i) Consolidation of holdings all over the country on the pattern of north western states.
(ii) Redistribution of ceiling surplus lands and waste lands among the landless farmers and unemployed youth with initial startup capital.
(iii) Tenancy reforms to recognize the rights of the tenants and sharecroppers.
(iv) Development of lease markets for increasing the size of the holdings by making legal provisions for giving private lands on lease for cultivation and agro-business.
(v) Update and improvement of land records, computerization and issue of land pass-books to the farmers.
(vi) Recognition of women’s right in land.
(vii) The rural poor will be increasingly involved in the implementation of land reforms with the help of panchayati raj institutions, voluntary groups, social activists, and community leaders.

3- **Land Acquisition Policy:** Land acquisition in India is governed by the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Act, 2013, which came into force from January 1, 2014. Till 2013, land acquisition in India was governed by the Land Acquisition Act of 1894. The National Democratic Alliance (NDA) government led by Narendra Modi introduced a land acquisition amendment bill in Lok Sabha on March 10, 2015. The bill amends the RFCTLARR Act, 2013. The land acquisition (amendment) bill seeks to ratify an ordinance or emergency executive order that was passed on December 29, 2014. The bill faced a tough resistance from the key opposition parties in India who have called the proposed amendments anti-famer and anti-poor. The Proposed amendments removed the requirements for approval from farmers to proceeds with land acquisition under five broad categories of projects. While the bill was passed in Lok Sabha on March 10, 2015 by voice vote, it got stuck up in the Rajya Sabha (upper house), where the NDA government did not have a majority for the proposed amendments to become effective. Consequently,
on May 30, 2015, the president of India promulgated the amendments ordinance for the third time.

**The following were the main criticisms of the Bill:**

- The RFCTLARR Act, 2013 defines “consent” clause as “land can only be acquired with approval of the 70% of the land owners for public private partnership projects and 80% for the private entities. But the proposed amendments by the Narendra Modi government removed the consent clause for industrial corridors, PPP Projects, rural infrastructure, affordable housing, and defense projects.

- The RFCTLARR Act, 2013 says the land unutilized for five years should be returned to the owner, but the amendment proposed by NDA government intends to change it to five years or and period specified at the time of setting up the project.

- The RFCTLARR Act, 2013 allows private companies to acquire land, but the proposed amendment allows any private entity to acquire land.

- According to the proposed amendment if any government official conducted any wrongdoing he or she could not be prosecuted without prior sanction from the government.

- The RFCTLARR Act, 2013 mandated the social assessment before land acquisition, but the NDA government’s proposed bill did away with that requirement.

In India, more than 85% of farmers own land less than 2 hectares and all of them are not economically viable and are poor and in deep debt. Farming for them is losing proposition and keeps them perpetually in poverty. So they would like to quit farming as soon as a suitable opportunity to get out of farming and poverty once and for ever. Even otherwise, they will be forced to sell their land sooner or later to pay back their accumulated debts to money lenders, banks, and others.

**In our opinion, the land acquisition bill is in both farmers and national interests. We do not understand why the opposition political parties call it “anti-farmer”**.

**4- National Water Policy 2012**: The earlier two NWPs, NWP 1987 and NWP 2002, were reviewed and updated in 2012. Considering the fact that India accounts for about 18% of the world population and about 4% of the world’s water resources, the policy advocated that one of the solutions to solve the country’s water problems is to link its rivers taking into account the ecological needs of the rivers. The main emphasis of NWP 2012 is to treat water as an economic good, which requires its conservation and efficient use. This provision, which is intended to permit privatization of water-delivery services, has been criticized by various agencies. The policy also does away with the priorities for water allocation mentioned in NWP 1987 and NWP 2002. The policy was adopted, despite disapproval by many states.

**The major provisions under NWP 2012 are (MoWR 2012):**

(i) Establishing a standardized national information system with a network of data banks and data bases.

(ii) Resource planning and recycling for providing maximum availability.

(iii) Assessment of the impact of projects on human settlements and environment.

(iv) Prescription of guidelines for the safety of storage dams and other water-related structures.
(v) Regulation of exploitation of groundwater.

(vi) Setting water allocation priorities in the following order: drinking water, irrigation, hydropower, navigation, and industrial and other uses.

(vii) Rationalization of water rates for surface water and groundwater with due regard to the interests of small and marginal farmers.

(viii) Evolving a national framework law as an umbrella statement of general principles governing the exercise of legislative and/or executive (or devolved) powers by the centre, the states, and the local governing bodies.

(ix) Conferment of statutory powers upon Water Users Associations (WUAs) to collect and retain a portion of water charges, manage the volumetric quantum of water allotted to them and maintain the distribution system in their jurisdiction. WUAs should be given the freedom to fix rates subject to floor rates determined by Water Regulatory Authorities (WRAs).

(x) Setting up of an independent statutory WRA by each state to fix prices of water for different uses.

(xi) Emphasis on the need for participation of farmers and voluntary agencies, improving water quality, water zoning, conservation of water, flood and drought management, control of erosion, and so on.

A national water board is intended to prepare a plan of action based on the NWP, as approved by the National Water Resources Council and to regularly monitor its implementation. It is also expected state Water Policies would be drafted/revised in accordance with this policy keeping in mind the basic concerns and principles as also a unified national perspective.

**In a nutshell, NWP 2012 is full of several other platitudes but we are afraid that like any other policies, it is also likely to suffer from lax implementation.**

5- **Agriculture Price Policy:** Before independence, there was no semblance of an APP in India. After independence, the government introduced a price policy mainly to protect the interests of consumers, by making available to them food at reasonable prices, that is, the policy was consumer oriented. A broad framework for a price policy was specified for the first time in the terms of reference of the Agricultural Prices Commission (later renamed as the Commission for Agricultural Costs and Prices (CACP), which was set up in 1965 for evolving a balanced and integrated price structure. The commission was required to keep in view the interests of both the producer and the consumer while formulating a price policy. The framework of the policy was reviewed and modified in 1980, and again in 1986. The latest review was done in 1991, after India became a signatory to the new world trade arrangement, which, for the first time, also included agriculture. The new price policy for the agricultural sector aims at setting the prices right and withdrawing the subsidies on inputs, targeting the public distribution system (PDS) to only the poor, abolishing the food management system, and liberalizing trade in agricultural commodities.

**The main objectives of the price policy are:**

a) To assure a remunerative and relatively stable price environment for farmers for inducing them to increase their production and thereby augmenting the availability of food grains.

b) To improve the physical and economic access of the people to food.

c) To evolve a production pattern that is in line with the overall needs of the economy.
Toward this end, MSPs for major agricultural products are announced each year, which are fixed after taking into account the recommendations of the CACP. MSPs have been a cornerstone of the agricultural price since 1965. The MSPs announced by the CACP in the last four years, 2010-11 to 2013-14 are presented in Table 1.

**Table 1: Minimum Support Prices According to Crop Year**  

<table>
<thead>
<tr>
<th>Commodity</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
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<tbody>
<tr>
<td><strong>Kharif crops:</strong></td>
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<td></td>
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<tr>
<td>Paddy:</td>
<td></td>
<td></td>
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<tr>
<td>Common</td>
<td>1000</td>
<td>1080</td>
<td>1250</td>
<td>1310</td>
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<tr>
<td>Grade A</td>
<td>1030</td>
<td>1110</td>
<td>1280</td>
<td>1345</td>
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<tr>
<td>Jowar Hybrid</td>
<td>880</td>
<td>980</td>
<td>1500</td>
<td>1500</td>
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<tr>
<td>Jowar Maldandi</td>
<td>900</td>
<td>1000</td>
<td>1520</td>
<td>1520</td>
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<tr>
<td>Bajra</td>
<td>880</td>
<td>980</td>
<td>1175</td>
<td>1250</td>
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<tr>
<td>Maize</td>
<td>880</td>
<td>950</td>
<td>1175</td>
<td>1310</td>
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<tr>
<td>Arhar/Tur*</td>
<td>3000</td>
<td>3200</td>
<td>3850</td>
<td>4300</td>
</tr>
<tr>
<td>Moong*</td>
<td>3170</td>
<td>3500</td>
<td>4400</td>
<td>4500</td>
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<tr>
<td>Urad*</td>
<td>2900</td>
<td>3300</td>
<td>4300</td>
<td>4300</td>
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<tr>
<td><strong>Cotton:</strong></td>
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<tr>
<td>Staple length-24.5-25.5mm</td>
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<tr>
<td>Wheat</td>
<td>2500</td>
<td>2800</td>
<td>3600</td>
<td>3700</td>
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<tr>
<td>Staple length-29.5-30.5mm</td>
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<tr>
<td>Groundnut in shell</td>
<td>2300</td>
<td>2700</td>
<td>3700</td>
<td>4000</td>
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<tr>
<td>Sesamum</td>
<td>2900</td>
<td>3400</td>
<td>4200</td>
<td>4500</td>
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<td><strong>Rabi corps:</strong></td>
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<td></td>
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<tr>
<td>Wheat</td>
<td>1120**</td>
<td>1285</td>
<td>1350</td>
<td>1400</td>
</tr>
<tr>
<td>Gram</td>
<td>2100</td>
<td>2800</td>
<td>3000</td>
<td>3100</td>
</tr>
<tr>
<td>Rapeseed &amp; Mustard</td>
<td>1850</td>
<td>2500</td>
<td>3000</td>
<td>3050</td>
</tr>
<tr>
<td><strong>Other crops:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Copra</td>
<td>4450</td>
<td>4525</td>
<td>5100</td>
<td>5250</td>
</tr>
<tr>
<td>Sugarcane*</td>
<td>139</td>
<td>145</td>
<td>170</td>
<td>210</td>
</tr>
</tbody>
</table>

Source: MoA (2014, Table 8.1, p. 244-45).  
Notes: *Additional incentive @ of Rs. 500/- per quintal of tur, urad and moong sold to procurement agencies payable during the harvest/arrival period of two months.  
** An additional incentive bonus of Rs. 50/- per quintal is payable over the MSP.  
@ Fair and Remunerative.

Cost of cultivation data of principal crops are collected under a plan scheme to generate state-wise and crop-wise estimates of cost of cultivation/production and made available to the CACP for use in making their recommendation of MSPs. The cost of cultivation/production takes into account all paid out costs such as those incurred on account of hired human labor, bullock energy, and machine energy (both hired and owned) and rent paid for leased-in land besides cash and kind expenses on use of material inputs such as seeds, fertilizers, manures, plant protection chemicals, irrigation charges including cost of diesel or electricity for operation of pump sets, and so on. Besides, cost of production includes imputed values of wages of family labor and rent for owned land. The cost also covers depreciation for form machinery and building, transportation and insurance charges. As such, the cost of production covers not only actual expenses in cash
and kind but also imputed value of owned assets including land and family labor. The CACP, while recommending prices, takes into account all the important factors, such as:

- Cost of production
- Changes in input prices
- Input/output price parity
- Trends in market prices
- Inter-crop price parity
- Demand and supply situation
- Effect on industrial cost structure
- Effect on general price level
- Effect on cost of living
- International market price situation
- Parity between prices paid and prices received by farmers (terms of trade)

The methodology used by the CACP in arriving at estimates of costs of production is periodically reviewed. The price structure of both inputs and outputs are monitored to ensure higher returns to the farmers and cost effectiveness throughout the economy. Domestic market prices are closely monitored to prevent distress sales by the farmers. The government intends to enlarge the coverage of future markets to minimize the wide fluctuations in commodity prices as also for hedging their risks. The endeavor will be to cover all important agricultural products under futures trading in course of time.

6- Agriculture Marketing Policy: Agriculture marketing plays an important role in promoting agriculture development. It adds value to farm produce through processing (form utility), storage (time utility), and transportation and distribution (place utility). In India, rural products, particularly marginal and small farmers, often face immense difficulties in marketing their produce. They have small quantities of marketable surplus and low holding power due to extreme poverty and indebtedness. As a result they have to sell off (distress sale) their produce in local markets at very low prices immediately after the harvest. Cases abound where perishable farm produce such as some of the seasonal fruits and vegetables selling at prices that do not cover even their cost of production and their producers suffer heavy losses and become broke. Duly taking cognizance of these problems, the Central and state governments have intervened from time to time to improve the markets and marketing through various policy and programmes.

In view of this, the Central government moved to remove the monopoly power of stat and to allow private sector participation in agriculture marketing. For this purpose, a new Model State Agricultural Produce Marketing (Development and Regulation) Act was passed by parliament in 2003. The act provides for establishment of private markets/yards, direct purchase centers, consumer/farmers markets for direct sale and promotion of public-private partnership in the management and development of agricultural markets in the country. Most states and UTs have either fully or partially adopted Model Act. Consequently, a large number of private national corporate such as Ballarpur Industries, Jk Papers, and Wimco; and multinational corporation such as Cadbury, Pepsi Co. Unilever, Cargill and ITC have entered into contract farming arrangements with farmers. But except for Karnataka, Tamil Nadu, and Andhra Pradesh where private firms work with small farmers for crops that require careful cultivation, most private firms work with large and medium farmers (Planning Commission 2011; Singh 2012).
Contract farming has been criticized on several grounds including the procurement of only a portion of the farmers produce without a firm commitment, lack of enforceable agreements and lack of provision for risk sharing (Singh 2012).

Impact of Farmers’ markets/Direct marketing:

Producers use different market outlets (commission agents, local traders, and farmers’ markets) at different times of the year as a strategy to get the best price for their produce. Farmer’s markets are especially beneficial for small producers, who have difficulties in selling small volumes during the dry season in conventional market system. Farmers’ markets have influenced producers’ practices in two main ways namely: (a) diversification of production to include a wider variety of vegetables and (b) intensification to maximize the use of water and land resources throughout the year. Farmer’s markets have also stimulated producers’ adoption of marketing strategies through a better understanding of consumers’ needs and preferences based on incomes, dietary habits, and local needs. Factors that affect the producers’ capacity to adapt to changes include access to credit and financial assets and institutional support across the system. These are key factors in ensuring that farmers fully benefit from the farmers’ market initiatives and deserve to be better addressed. Direct marketing enables farmers and processors and other bulk buyers to economize on transportation cost and to considerably improve price realization. This provides incentive to large scale marketing companies to affect their purchases directly from producing areas.

7- Rural Credit Policy: India has a long history of government intervention in the rural credit market. Duly recognizing the need for providing institutional credit to cultivators to protect them from the exploitation of private money lenders and traders, the Government of India started granting loans to the cultivators under: (a) the Improvements Loans Act of 1883 and (b) the Agriculturists’ Loans Act of 1884. Such loans are called taccavi loans. The act of 1883 authorizes the grant of long term loans for effecting permanent improvements on land. Under the act of 1884, short and medium term loans are granted to meet the current agricultural needs. Such as, purchase of seeds, fertilizers, and small tools and implements. The record of taccavi loans has been rather poor. Some of the drawbacks are inadequate amount, inordinate delays in sanctioning the loans, lack of supervision, poor recovery, and lack of coordination.

The RBI and the NABARD have both played a very important role in shaping the rural credit policies of India and in building its rural economy through institutional credit. The rural credit policy has been reviewed by a number of committees from time to time. The following are the major landmarks in the history of the evolution of India’s rural credit policy:

- The Cooperative Credit Societies Act of 1904.
- All-India Rural Credit Survey Committee (1954): Introduction of three-tier cooperative credit structure and state participation in the equity of cooperatives.
- All-India Credit Review Committee (1969): Multi-agency approach with the entry of commercial banks in the field or rural credit.
- Nationalization of 14 commercial banks in 1969.
- Nariman Committee 1971: Priority sector lending and Lead Bank Scheme.
- Introduction of Differential Rate of Interest (DRI) Scheme 1972.
- Narasimham Committee 1975: Regional Rural Banks (RRBs) were set up.
Committee to Review Arrangements for Institutional Credit for Agricultural and Rural Development, 1981 (CRAFICARD): NABARD was set up in 1982.

Agriculture Credit Review Committee 1989: A new credit policy was formulated.

Agriculture and Rural Relief Scheme 1990.

Narasimham Committee 1991: Financial Sector reforms were introduced.

Cooperative credit societies were the first of all types of cooperatives established in India, with the objective of liberating the poor cultivator from the clutches of the moneylender through providing adequate credit on easy terms. The credit cooperatives have played an important role in providing credit to the farmers and they occupy a significant place in India’s rural credit system. In 1999-2000, they accounted for about 40% of the total institutional credit supply in the rural sector; their share has been declining since then and it had gone down to about 17% in 2013-14 (MoA 2014, Table 14.9, p. 343). Besides, their main objective also remains, by and large, unfulfilled even after more than 110 years of their existence in India. They suffer from many financial, organizational, managerial, and legal constraints. Their limited ability to mobilize resources, low levels of recovery, high transaction costs, frequent suspension of recovery, low administered interest rates, government controls, and political interference in their business and management affairs have all taken a heavy toll on their viability and sustainability. There is a need to liberate them from these constraints and revamp the cooperative credit structure to make it viable, vibrant, and robust enough to face the challenge posed by the new economic policy of liberalization and privatization. Otherwise, most of the credit cooperatives will have to die sooner or later.

National Agriculture Policy: The Government of India had announced a national policy on agriculture in July 2000. This could be considered as a formal pronouncement of the Government of India’s latest national agricultural policy. The policy seeks to promote technically sound, economically viable, environmentally non-degrading, and socially acceptable use of country’s natural resources - land, water, and genetic endowment - to promote sustainable development of agriculture. Measures are proposed to be taken to contain biotic pressures on land and to control indiscriminate diversion of agricultural lands for non-agricultural purposes. The unutilized wastelands are to be put to use for agriculture and afforestation.

The policy aims at attaining:

- Growth rate in excess of 4% per annum in the agricultural sector;
- Growth that is based on efficient use of resources and conserves our soil, water and biodiversity;
- Growth with equity, that is, growth that is widespread across regions and farmers;
- Growth that is demand-driven and caters to domestic markets, and maximizes benefits from exports of agricultural products in the face of the challenges arising from economic liberalization and globalization;
- Growth that is sustainable technologically, environmentally and economically.

The highlights of National Agriculture Policy are presented in Table-2 and brief description follows:

<table>
<thead>
<tr>
<th>HIGHLIGHTS OF NATIONAL AGRICULTURAL POLICY 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sustainable Agriculture</td>
</tr>
<tr>
<td>2. Food and Nutritional Security</td>
</tr>
</tbody>
</table>
3. Animal Husbandry and Fisheries Development
4. Generation and Transfer of Technology
5. Inputs Management
6. Incentives in Agriculture
7. Institutional Structure
8. Risk management
9. Management Reforms
10. Investments in Agriculture

Source: GOI (2002).

**National Policy for Farmers (NPF):** The NPF as recommended by the National Commission on Farmers (NCF) has 10 Major goals as summed up in table-3

<table>
<thead>
<tr>
<th>Objectives of National Policy for Farmers</th>
</tr>
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<tbody>
<tr>
<td>1. Improve the economic viability of farming by ensuring that farmers earn a “minimum net income” and ensure that agricultural progress is measured by the advance made in improving that income.</td>
</tr>
<tr>
<td>2. Mainstream the human and gender dimension in all farm policies and programs, and give explicit attention to sustainable rural livelihoods.</td>
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<tr>
<td>3. Complete the unfinished agenda in land reforms.</td>
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<tr>
<td>4. Develop and introduce a social security system and support services for farmers.</td>
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<tr>
<td>5. Protect and improve the land, water, biodiversity and stability of major farming systems by creating an economic stake in conservation.</td>
</tr>
<tr>
<td>6. Foster community-centered food, water, and energy security systems in rural India and to ensure nutrition security at the level of every child, woman and man</td>
</tr>
<tr>
<td>7. Introduce measures which can help attract and retain youth in farming by making it both intellectually stimulating and economically rewarding, by conferring the power and economy of scale to small and marginal farmers both in the production and post-harvest phases of farming.</td>
</tr>
<tr>
<td>8. Strengthen the bio-security of crops, farm animals, fish and forest trees for safeguarding both the work and income security of farmer families, and the health and trade security of the nation.</td>
</tr>
<tr>
<td>9. Restructure agricultural curriculum and pedagogic methodologies for enabling every farm and home-science graduate to become an entrepreneur and to make agricultural education gender sensitive.</td>
</tr>
<tr>
<td>10. Make India a global outsourcing hub in the production and supply of the inputs needed for sustainable agriculture, and products and processes developed through biotechnology, and information and communication technology.</td>
</tr>
</tbody>
</table>

Source: GOI (2006d)

Many of the recommendation made by the NCF are similar to those incorporated in National Agriculture Policy 2004. What is needed most now is the faithful implementation of the recommendations made by the NCF and contained in the National Agriculture Policy. But in the absence of requisite administrative and management reforms in the existing system, there is little hope of any better implementations of these recommendations also.

**Globalization and Rural Development:**

Indian agriculture has been protected from the influence of international market forces, mainly through a system of quantitative restrictions on the import of some 800 agricultural
commodities. Now that India is a member of the World Trade Organization (WTO) and a signatory to the Uruguay Round of General Agreement on Trade and Tariffs (GATT), we are under an obligation to replace non-tariff measures (Quantitative restrictions/quotas) by reasonable levels of tariffs. Consequently, all quantitative controls on the import of merchandise have been done away with and import tariffs on non-agricultural goods have been reduced from 300% in 1991-92 to 125% in 2006-07. There are apprehensions that the liberalization of agricultural imports would hit our farmers and impair the growth prospects of the agricultural sector. According to a study conducted by Chand (1997, 1-6), liberalization of international trade in agricultural commodities may have the following major impacts on producers and consumers:

1. Removal of quantitative restrictions on international trade is expected to promote both imports and exports of agricultural commodities and production inputs. This would speed up the pace of commercialization and specialization on the basis of higher comparative advantage in the agricultural sector. Export orientation of agricultural production could necessitate the use of increased quantities of chemical fertilizers, pesticides and irrigation water, which would adversely affect the quality of the environment, unless adequate safeguards, such as the use of bio-fertilizers and bio-pesticides, provision of recharging of groundwater aquifers in water scarce areas, and of drainage in water-surplus waterlogged areas are taken.

2. Liberalization of international trade in agricultural commodities would pave the way for the entry of private companies and corporations in the import business, which at present is monopolized by government organizations, which are the sole canalizing agencies for imports of many commodities. Agricultural producers and consumers would be affected through changes in prices - producers from higher prices, and consumers from lower and/or better quality - due to increased competition and consequent increased efficiency.

3. Importers would have an advantage over domestic producers if the agricultural sector is not liberated from internal restrictions. Furthermore, government controls and intervention in the sector need to be reduced to encourage greater participation of the private sector in processing, marketing and distribution.

The domestic agricultural market should be liberalized, and all controls and regulations hindering and increase in farmers’ income should be reviewed and abolished to ensure that agriculturists receive prices commensurate with their efforts and investment. Restrictions on the movement of agricultural commodities throughout the country should be progressively dismantled.

Conclusion:
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 is an estimated 61.5% dependent on agriculture. To overcome the problem of backwardness of rural areas, the government of India implemented the national forest policy, land reforms policy, land acquisition policy, agriculture price policy etc. and reformed these policies from time to time, so that rural people can get better life out of poverty. Indian government made the market available to
the all level farmers so that the farmers could sell the goods directly. The private firms/companies make a monopoly with the farmers and try to buy their goods at cheap prices. Due to monopoly, these farmers could not sell remaining goods to others at high price, whereby the farmers bear losses also. Thus we can say that there is not much development in rural sector in India as compared to other developed countries in the world, to make India more powerful, India will have to emphasis separately for rural development and must also formulate a policy. Finally, it is certain that the Government of India honestly makes such a policy for farmers whereby they continue to get minimum income after losses by flood, rain, drought etc. and their children get education, health, employment in agricultural products easily, then rural people will not migrate for employment towards the city and development of rural area rate will increase and India’s GDP will also improve further.

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