



AN OVERVIEW OF RURAL DEVELOPMENT OF INDIA

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Abstract

Rural India development implies developing the entire basic infrastructure which will help to provide more income generating opportunities to rural poor. Government expenditure directed towards the achievement of this target is always welcomed. However, in India for the time period 1987-88 to 2015-16, it is observed that overall fund allocation to this sector of the economy has increased out of budgeted funds but it is not sufficient. The growing Indian economy and the support given to rural India are not complementary. Though the expenditure on rural development by the union government seems to be increased during the study period, it is not enough to reduce the income inequality which is deepening with every rise in GDP of India.

JEL Classification: H₁₁₀, H₅₀₀, O₁, R₁.

Key Words: Rural Development, Income Inequality, Budget, Role of the Government, Public Expenditure.

Introduction

The role of every Government in India has always been to develop rural India. Almost 65 per cent of the country's population is still residing in rural areas. Development of this major population in terms of quality of life, improved employment opportunities, access to clean drinking water, education, health facilities, electricity, and communication and so on, is always considered as the major sustainable development goals.

Rural area comprised villages and hamlets. The soul of India resides in its several villages as cited by Father of the Nation M. K. Gandhi many times. When the population living in such areas start leaving for better subsistence then due unrest is very obvious along with unequal development of the country.

To impart capacity development and training to rural poor, over a period of time various governments have come up with various programs such as IRDP, Food for Work, Swarn Jayanti Gram Swarozgar Yojana, MGNREGA and so on.

Objective of this paper is to provide an overview regarding fund assistance given to this important section of the Indian economy by the Union Government between 1987-88 and 2015-16

Literature Review

According to Gotwal S. and others (2020), MGNREGA is contributing to regular employment opportunities for rural poor and hence the poverty map of India has started changing.

Chand R. and others (2017) have rightly pointed out that if India wants to develop fast then it has to focus on inclusive growth of rural India, which is still contributing about 46 percent into India's national income.

India's rural population is shifting to non-farm self-employment opportunities rather than switching to urban areas largely, as found by BINSWANGER-MKHIZE H. P. (2013), so it is very important to provide them the required assistance. This can be done with good rural policies and targeted public expenditures.



Research Methodology and Analysis

The researcher has opted for secondary data, obtainable from Union Budgets from 1987-88 to 2015-16 and World Bank. The attended variable in this paper is the central plan outlay for rural development. Tables generated by the researcher, Graphs based on the tables and simple ratio methods have been applied to get an insight about union government expenditure directed towards rural development. Table 1 given below summarizes the central plan outlay in absolute as well as in percentage form for the period under study.

Table 1 Rural Development Fund Allocation:

Year	Central Total Plan Outlay (₹. Cr.)		Percent of Central Total Plan Outlay	
	BE	RE	BE	RE
1987-88	1651	1744	6.70	6.78
1988-89	1762	1759	6.14	5.83
1989-90	1762	2645	5.11	7.40
1990-91	2664	2532	6.77	6.65
1991-92	2702	2356	6.41	5.86
1992-93	2610	3109	5.39	6.25
1993-94	4229	4830	6.61	7.85
1994-95	6036	5637	8.60	8.25
1995-96	6540	5945	8.29	8.29
1996-97	7520	6664	8.63	8.59
1997-98	7691	6949	8.37	8.57
1998-99	8182	7736	7.77	8.74
1999-00	7843	7545	7.57	7.83
2000-01	6895	6403	5.87	5.89
2001-02	6846	8197	5.25	6.41
2002-03	7973	12834	5.53	9.37
2003-04	8181	13238	5.53	9.33
2004-05	9239	11196	5.64	7.42
2005-06	13992	16716	6.62	8.14

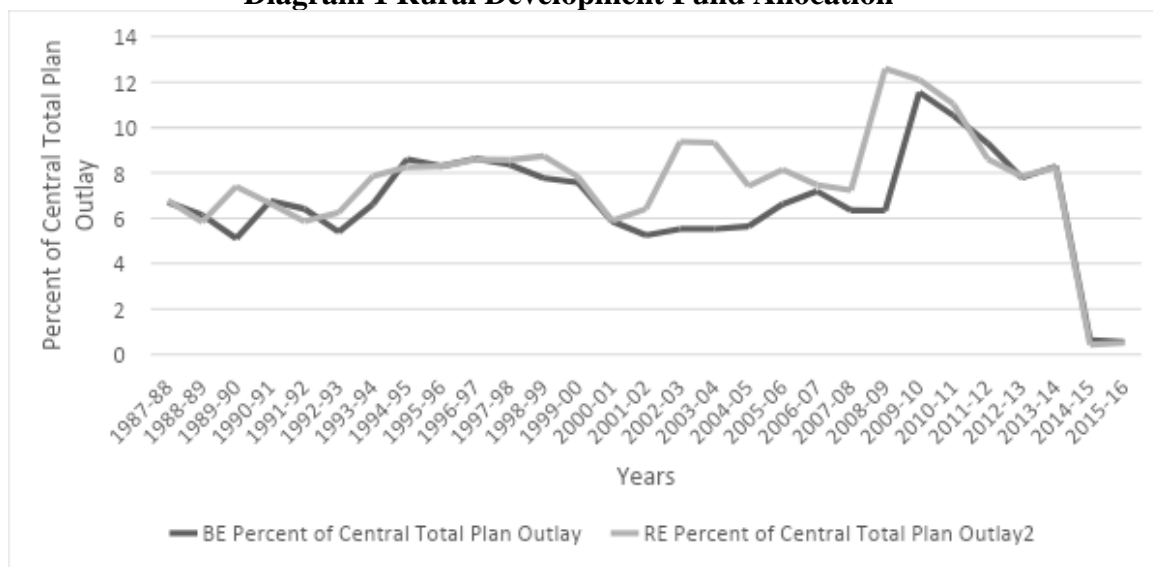


2006-07	18269	18268	7.19	7.47
2007-08	20342	21147	6.35	7.23
2008-09	23831	48884	6.34	12.59
2009-10	51769	51560	11.55	12.11
2010-11	55190	55438	10.52	11.03
2011-12	55288	48128	9.31	8.62
2012-13	50729	43704	7.78	7.85
2013-14	56438	50646	8.29	8.24
2014-15	3082	1877	0.63	0.43
2015-16	3131	3027	0.54	0.51

Source: Compiled from Various Union Budgets.

According to the Table 1 planned fund assistance given to rural development out of the budget was up to the mark to maintain sustainable rural development. However, in the last two years' of the period under study drastic reduction has been witnessed.

Diagram 1 Rural Development Fund Allocation



Source: Derived by the Research Scholar from Table 1

Diagram 1 pertaining to Rural Development shows that the government paid relatively good attention to the rural development aspect over a period, since spending allocated to this segment hovered comparatively high with respect to the Agriculture and Allied Sector.



Various rural development programs consisted of provision of the basic infrastructure facilities in the rural areas e. g. schools, health facilities, drinking water, electrification and roads. However, from the budget 2004-05 the planned fund transfer for rural development has omitted the provision made for rural road development because a separate program was launched on 25th December, 2000 namely Pradhan Mantri Gram Sadak Yojana. World Bank finance of ₹ 3,317 Crore is available from the inception of this program from the year 2004. The Mahatma Gandhi National Rural Employment Guarantee Act 2005, which guarantee the 100 days of wage employment to rural household's unskilled adult in a financial year started covering all the districts of India from 1st April, 2008. This program has benefited 3.78 crore rural households as on 29th September, 2018. Similarly, the Shyama Prasad Mukherji Rurban Mission (SPMRM) scheme was launched by the Government of India in 2016 to have cohesive project-based infrastructure in the rural areas, which will also include development of economic activities and skill development. The Government has approved a fund of ₹ 5142.08 Crores for (SPMRM) in 2016. As a part of rural development the government also promotes the rural industries generating employment. Simultaneously, programs like Deen Dayal Upadhaya Grameen Kaushalya Yojana, (DDU – GKY) 2014, have been launched to train rural youth to meet the growing global demand for skilled workers. This youth employment scheme is being implemented in 21 States and UTs, across 568 districts with the help of 300 partners. It has trained 2.7 Lakh candidates and about 1.34 Lakh candidates have been placed in 2017-18. Ministry of Rural Development (2018).

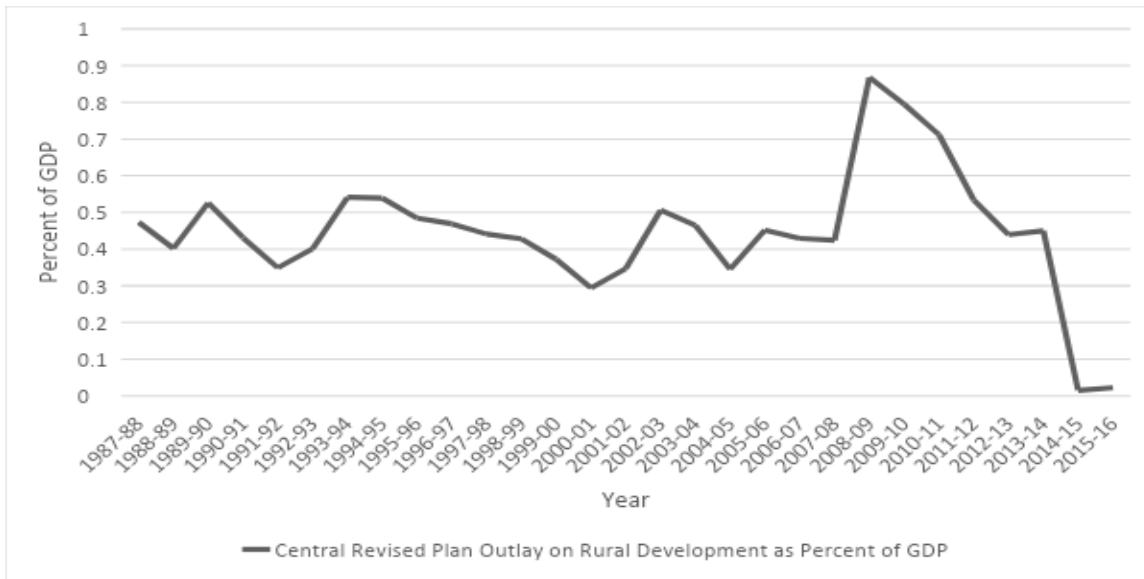
Table 2 Central Revised Plan Outlay on Rural Development as Percent of GDP.

Year	Central Revised Plan Outlay on Rural Development as Percent of GDP	Year	Central Revised Plan Outlay on Rural Development as Percent of GDP	Year	Central Revised Plan Outlay on Rural Development as Percent of GDP
1987-88	0.473	1997-98	0.441	2007-08	0.424
1988-89	0.402	1998-99	0.428	2008-09	0.868
1989-90	0.526	1999-00	0.372	2009-10	0.795
1990-91	0.431	2000-01	0.294	2010-11	0.712
1991-92	0.349	2001-02	0.347	2011-12	0.534
1992-93	0.401	2002-03	0.506	2012-13	0.439
1993-94	0.541	2003-04	0.465	2013-14	0.450
1994-95	0.539	2004-05	0.345	2014-15	0.015
1995-96	0.484	2005-06	0.452	2015-16	0.022
1996-97	0.469	2006-07	0.429		

Source: Estimated by The Research Scholar.



Diagram 2 Central Revised Plan Outlay on Rural Development as Percent of GDP



Source: Derived by the Research Scholar from Table 2

Table 2 and Diagram 2 indicate that this sector is drawing very less with respect to the growth of GDP. Basic infrastructure is still poorly financed. Once this area gets its due share in the development it will help other sectors too with forward and backward channels of the growth.

Conclusion

To keep the engine of India's growth fuelled up, it is very important to encourage the rural consumption level. For this to happen rural infrastructure has to be given the priority in development programmes, as it is going to provide employment and hence the purchasing capacity to the hands of the rural netizens. To reduce the income inequality between the rural and urban population of India, it is very important to have appropriate policies to provide assistance to rural India.

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