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## UNIT 2 RURAL DEVELOPMENT— CONCEPTS AND STRATEGIES

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## 2.0 OBJECTIVES

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After going through this unit you should be able to:

- Describe the background in which rural development as a subject has gained importance;
- Identify the important concepts of rural development;
- Assess the importance of evolving rural development strategies;
- Enumerate the different rural development strategies advocated by different schools of thought; and
- Explain the importance of planning rural development strategies.

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## 2.1 INTRODUCTION

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The subject of rural development has gained widespread appeal in recent years. This is largely a result of the way issues regarding development themselves began to be perceived. In the preceding unit we discussed at some length issues relating to concepts of development. As we saw, during the post-World War II era, development theorists became increasingly dissatisfied with the way traditional concepts of development emphasized growth and neglected important issues related to distributive justice and other dimensions of development. The interest in rural development is partly an offshoot of such a disenchantment and also on account of the growing realization of the centrality of rural development in facilitating the process of overall development. In this unit you will get a better feel of this argument.

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## 2.2 THE BACKGROUND

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Rural development became a planning concern as it became clear that the strategies adopted in developing countries remained largely ineffective in alleviating poverty and

inequalities in rural areas. It became increasingly clear that apart from an effort to increase agricultural and industrial production, it was also necessary to address directly the problems of education, health services and employment and to attack the problem of poverty in rural area. *The increasing interest in rural development is a result of the realization that a systematic effort is necessary to create better living conditions in the rural areas where the vast majority of populations of developing countries reside.*

During the 1950s and 1960s, development policy makers sought to increase productivity and per capita incomes through advances in the manufacturing sector. In the realm of agricultural production, growth in output during the first two decades after independence was achieved mainly by increasing the area under cultivation, supported by expansion in public investment in supporting infrastructure. It was soon realized, however, that the gains from these methods reached, to a large extent, only a small minority – mainly those who were already better off and privileged. In fact, the gains made as a result of these efforts are believed to have further accentuated inequality in incomes in rural areas. By the 1970s it became clear that there were serious problems in the way the issues and problems of development were being tackled. In particular, the hope that the problems of unemployment and poverty in rural areas would get addressed adequately was certainly not realized.

Later, in this Block, we will also examine in some detail the *Green Revolution* strategy to increase agricultural productivity in the country. We will see how these methods did not succeed in providing widespread gains. Most importantly, they did not bring about any significant changes in the conditions of the labouring classes in rural areas.

Historically, it has been observed that industrialization and the advancement of economies in western societies was linked to major economic changes in the rural society. You may be aware that the industrial revolution in England, as also in many other countries in Europe, and the maturing of Japanese industry among others, were all preceded by far reaching changes in agrarian societies. Land reforms and other legislative reforms were instrumental in bringing about a change in rural economies in many of these countries. Industrial growth and modernization were accompanied by increased productivity in the agricultural sector and urbanization. In many cases, access to colonies was a critical input in their economic advancement. Also, large male migration from Europe was very helpful in relocating surplus labour. For instance, it is well documented that over 40 million people emigrated from Europe during 1870 to 1914 alone. As a result of all these factors these societies were able to reduce poverty and increase the role of non-agricultural activities in their economies.

On the other hand, in large parts of the developing world, these conditions have not been brought about. The impact that rural development strategies can have in these countries, in the absence of those prerequisite changes, cannot be underestimated. It is also clear that the patterns of economic transformation in developed countries cannot be replicated as the historical circumstances in the developing countries are quite different from those prevailing then in the former cases. The upshot of all this is that well formulated and clearly focused strategies of rural development are a must in the developing world.

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### **2.3 CONCEPT OF RURAL DEVELOPMENT**

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The notion of rural development has been conceived in diverse ways by researchers, ranging from thinking of it as a set of goals and programmes to a well-knit strategy, approach or even an ideology. If you wade through the relevant literature, you will realize that its scope and content are nebulous and do not have well-accepted analytical

boundaries. As has often been noted, however, this may be viewed both as a weakness as well as a strength. A weakness because, apart from the issue conceptual clarity, it also means that the very operation of this idea is in a grey zone. A strength because such a situation allows considerable flexibility for policy makers to take into account different ground realities.

Whatever be the differences in conceptualizing the notion of rural development, there is a widely shared view that its essence should be poverty alleviation and distributive justice oriented economic transformation. Given such a view, you may have the following as primary objectives of rural development.

- a) To improve the living standards by providing food, shelter, clothing, employment and education;
- b) To increase productivity in rural areas and reduce poverty;
- c) To involve people in planning and development through their participation in decision making and through decentralization of administration;
- d) To ensure distributive justice and equalization of opportunities in the society.

In the preceding unit on development, we saw that there is no single universally acceptable approach towards development. We also saw that strategies are necessary to progress towards development since it is a long-term process. Similarly, there are various approaches to the problem of rural development. Various schools of thought perceive the problem of rural development differently and emphasize different sets of factors in their theories.

### **2.3.1 Rural Development Projects and Programmes**

It is important to distinguish between rural development projects and programmes. Rural development projects are micro level efforts to bring about change in rural areas. These changes can take many forms ranging from efforts to increase literacy to attempts to increase agricultural productivity. The effects of these projects are not generally widespread in the sense that they concern only a small number of people.

Rural development programmes involve a number of projects each, which are aligned to one another so that they influence the various facets of rural economic and social life. Therefore, rural development programmes attempt to bring about changes in a wider area impacting a greater number of people. Rural development programmes are more difficult to implement because of the problem of scale. This is particularly so in the case of a country like India where the rural population is large, widely dispersed and with varied socio-economic and natural endowments.

Because of these problems, adequate planning in launching and completing rural development programmes is of great significance. Also, appropriate monitoring and evaluation agencies and mechanisms are important in order to ensure that these programmes meet their objectives in cost-effective ways. India's experience in these respects is quite instructive as we will discuss in the last unit of this block.

### **2.3.2 Community Development**

The Community Development Programme (CDP) initiated in the 1950s intended to involve popular participation in rural development. It laid emphasis on the building of infrastructure in rural areas with the participation of rural communities.

The CDP sought to promote rural development in a phased manner in different parts of the country. A block of villages was identified as the development unit and an infrastructure of technical and administrative staff provided to implement development programmes in different sectors. You will read about the CDP in Unit 4, which gives

an assessment of the Indian experiences with this programme. But we may note here that the CDP, however, did not lead to a noticeable impact on rural poverty because those who were powerful in these rural communities were able to corner much of the gains derived from this programme.

### **2.3.3 Integrated Rural Development**

As a concept, the term “*integrated rural development*” has gained widespread acceptance in spite of the fair amount of disagreement among rural development experts in defining the concept. In spite of the disagreement, however, most schools of thought emphasize certain basic elements of rural development. The rural economy and social structure in most developing countries is *characterized by widespread poverty, poor health conditions, illiteracy, exploitation, inequitable distribution of land and other assets, and lack of rural infrastructure and public utilities (roads, communications, etc.)*. Clearly, this means that the problem requires an approach that will take into account all these factors in devising a comprehensive strategy to further rural development.

The concept of “integrated rural development” came into vogue with the need for a multipurpose thrust to rural planning. It stresses that various facets of rural development, which have an impact on rural life, are interrelated and cannot be looked at in isolation. Thus, an integrated approach towards rural development is essential. *The various dimensions of rural life – growth of agriculture and allied activities, rural industrialization, education, health, public works, poverty alleviation and rural employment programmes – all form a part of an integrated approach to the problem of rural development.*

### **2.3.4 Local Level Participation in Rural Development**

Since the late 1980s, local level participation has been given a new thrust in India. The 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendments in the early 1990s were of particular significance in this regard. Also, many non-governmental organizations (NGOs) in many parts of *the developing world* including India, are now working towards promoting participatory development. The following are the main objectives of these efforts:

- a) Suppression of elitist elements in rural areas so that the process of development is shaped actively by the poor;
- b) Stressing the importance of the felt needs of people at the local level, and harnessing their energy and vision in designing appropriate programmes;
- c) The use of education as a tool in people’s perception towards change in rural societies. Education is used so that it enables people to organize themselves to change society.

#### **Check Your Progress I**

**Note:** a) Use the space provided for your answers.

b) Check your answers with the possible answers provided at the end of this unit.

- 1) What are the primary objectives of rural development?

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2) Distinguish between rural development projects and rural development programmes.

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## 2.4 RURAL DEVELOPMENT STRATEGIES

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In order to foster sustained development in rural areas, different schools of thought advocate different paths. It must be borne in mind that there is no single universal means by which this can be universally attained. Different economic and social systems have to take into account their own specificities in order to further rural development.

### 2.4.1 Rural Development Policies

Each rural development strategy also has its own ideological roots upon which the elements of the strategy have been based. A strategy consists of an ordering of various policy parameters to attain the desired goals. Different strategies emphasize different sets of policies in order to achieve their goals. However, there are certain important policies that are common to most rural development strategies. These policies are related to: land, technology, agriculture, employment, education, research and extension, rural institutions and agricultural pricing.

Activities in rural societies, as you are aware, mostly relate to agricultural and other allied activities. Needless to say, land is a very important question in this matter. As is well-known distribution of land and other assets is very skewed in India, as the large majority have small land holdings. This has a direct impact on the ability to earn incomes in rural areas. Land reforms including the protection of the rights of tenants is one of the primary means of transforming rural societies. It has also been contended that productivity levels of small farms are often greater than those of large farms. This is attributed to the fact that the small peasant puts in more intensive labour on the small plot that belongs to him. Thus land reforms and a land policy that seeks to provide distributive justice may also result in greater agricultural productivity. Therefore, land policy is a crucial element in a rural development strategy.

Improvements in technologies available to rural societies can have a big impact on them. On the one hand, it is essential that newer technologies are adapted to rural societies and, on the other, it is necessary that existing technologies are extended to rural areas. Technological planning, research and development are very vital ingredients of rural development. In India, the agricultural sector is particularly vulnerable to the ravage of the weather. Technological improvements can play a vital role in insulating agriculture from the effects of the weather. Rural societies are also characterized by large-scale unemployment on the one hand, and low productivity, on the other. Therefore, care has to be taken when new technologies are introduced in rural areas. Technologies appropriate to rural societies have to be chosen so that there is no large-scale displacement of labour. A judicious balance between achieving higher productivity and increasing employment opportunities to rural communities has to be struck. Rural development strategies have to take this into account in formulating their programmes.

Given the extent of unemployment problem in rural India, the need for well-formulated employment programmes can hardly be over stated. Such programmes can insulate fluctuations in rural incomes on account of poor weather conditions as is the case when the monsoon fails. As you are aware, agriculture employment is often seasonal. Under these conditions, rural employment programmes can ensure a better spread of employment through the year. The growth of non-agricultural activity within the village economy can also relieve the pressure of population on the land.

Agriculture remains the main avenue for providing incomes and employment in rural areas. Needless to say, agricultural planning is vital for rural development strategies. The balanced growth of the agricultural sector can play an important role in creating better conditions for those depending on this sector.

In India, the problem of illiteracy is particularly acute in rural areas. The lack of education can act as a constraint in furthering rural development. Rural societies, as you are aware, are also characterized by widespread inequalities in the distribution of incomes and assets. The lack of education creates a situation in which this problem is perpetuated. The spread of education, on the one hand, can enable the rural poor to ensure distributive justice and, on the other, help them in actively participating in rural development programmes.

Research and extension is a very important ingredient of rural development strategies. Research enables furthering knowledge which is appropriate to rural cultures and extension ensures that the gains are actually delivered to the target groups. Trained staff are very important for any rural development programme since they actually interact with the community for whom the programmes are meant.

Rural institutions need to be reformed and utilized for successfully carrying out rural development. The institutional aspects of rural societies are often ignored when strategies are formulated. The institutional structures such as *panchayats* need to be nurtured so that there is popular participation in rural development. These structures can act as powerful agents in actually implementing the development strategies. Since rural settlements are spread out and are often isolated, they cannot be monitored successfully from outside. Contrarily, local monitoring by institutions such as *panchayats* can actually ensure that programmes are successfully implemented and that the target group actually benefits from such programmes. You may be aware that, during the last decade several states have taken significant steps in this regard. Rural institutions such as banks and cooperatives can also play a vital role in rural development. Unfortunately, during the period of economic reforms since the early 1990, these institutions have suffered significant setbacks.

The use of a price policy is also a crucial element in a rural development policy. First, agricultural produce has to be priced in such a manner that the farmers enjoy adequate returns. Secondly, the price policy through the use of subsidies can act as a means of providing essential items of mass consumption to people residing in rural areas. This is particularly essential for those below the poverty line. The spread of the public distribution system through its network of ration shops in rural areas can be used to solve this problem. This is particularly important during periods of poor rainfall when rural incomes are adversely affected, which in turn has a negative effect on consumption. Subsidies may have other forms—the form of input subsidies to the agricultural sector, for example. This is particularly important in the case of fertilizers, pesticides and seeds. Thus, the price policy can act as a useful means of achieving rural development objectives. The recent thinking along the neo-liberal lines has led to significant changes in the various aspects of the price policy, and it is quite clear that rural India has been subjected to tremendous stress during the liberalization era; some of it is on account of changes in some aspects of the price policy.

## 2.4.2 Types of Rural Development Strategies

Different strategies emphasize and give importance to different mixes of agrarian relations, techniques of production and state policies in order to achieve the goals of rural development. To illustrate some of the relevant issues, we may briefly discuss the following rural development strategies, giving central importance to agrarian relations for purpose of classification. These are:

- i) A strategy based on collectivization of resources;
- ii) A strategy based on regulated capitalist perspective;
- iii) A strategy based on peasant agrarian perspective;
- iv) A strategy based on Laissez-Faire or unregulated free-market capitalist perspective.

Of course, these four do not constitute an exhaustive list and are simply illustrative. Also, one can think of typologies that are different from the one mentioned here. With these qualifications, let us briefly sketch the contours of these strategies.

*Collectivization of rural assets* (particularly land) is given utmost importance in the first strategy. Private ownership of land is abolished so that not only are inequalities in the ownership of land eliminated but also land use can be made more productive. The latter is achieved because small plots of land can be consolidated so that large-scale cultivation can bring about economies of scale in agricultural production. Large-scale cultivation also raises productivity by creating possibilities for the use of modern technology in the shape of tractors, harvesters, etc. This strategy was followed with fairly good success in the Soviet Union, China and the East-European countries. These countries were able to make sharp increases in production soon after they initiated this strategy. However, for a variety of reasons, which are too complex to be recalled here, the erstwhile socialist regimes have collapsed or changed course dramatically and this strategy is not in operation anywhere currently.

The second strategy envisions a co-existence of a capitalist sector and a peasant sector that gets some support and protection from the state. Any large-scale redistribution of land or reconfiguration of land relations are ruled out. It is hoped that the objective of rapid growth would be taken care of by the capitalist sector while the peasant sector would address the problem of unemployment till the time the nonagricultural sectors start growing at a rapid pace.

This approach to rural development has been criticized for not being able to reckon with the fundamental contradictions in rural areas. It is pointed out that without meaningful land reforms, this strategy can only have limited success, as rural inequalities are ignored in this strategy. Rural elites, on the one hand, exercise control and prevent changes that will bring about a change in the unequal distribution of assets (particularly land), and on the other, corner a large part of whatever resources are pumped in from “outside” to better the lives of the poor. An example of this is provided by the way banking cooperatives have operated in India. A great portion of rural credit disbursed through cooperative institutions has gone into the hands of those who are better off and have the capacity to mobilize their own resources. Thus, it is pointed out that this strategy avoids taking hard decisions to make a breakthrough in rural development that can create conditions for the rapid development of rural areas.

The strategy based on the peasant agrarian perspective argues for thorough-going redistribution of land and overhaul of land relations. It envisages strong support for small peasant units, which are supposed to take care of the twin-objectives of growth and employment. An extensive network of cooperative institutions, marketing facilities etc is accorded critical importance in this strategy.

Both in the second and the third strategies, it is envisaged that the state will play important roles in promoting and strengthening the non-agricultural economic activities in the rural areas, so as to ease the pressure of surplus labour on agriculture and to facilitate the creation of decent livelihood options elsewhere in the long-run. Sure enough, it is expected that a vibrant agricultural sector will itself generate strong impulses for the creation of non-agricultural opportunities, but to harness such impulses the State is expected to perform a whole range of important functions. Furthermore, it is assumed that the problem of adequate infrastructure in rural areas will be addressed by the state and also the investments in social sectors such as education, health, etc.

Finally, we have what can be called a strategy based on unregulated capitalist perspective. Such a strategy presumes that rich landowners will play the vanguard role in rapid increase in agricultural output, by taking advantage of the economies of scale and gradually the small cultivation units will disappear. It is suggested that the state should not intervene in the expansion of the capitalist sector and there should be no ceiling on ownership. Unfettered expansion of this sector is supposed to provide a dynamism that will overall rural economy and the benefits from it, through employment and increasing incomes, are supposed to percolate even to the lowest strata. The issues of inequality and distributive justice are considered non-issues in such a strategy. To the extent the state has a role, it is with respect to infrastructure, but there too it is not viewed as the major actor necessarily.

This is so, not only because it ignores a number of development concerns, but also due to its excessive and unwarranted optimism as regards growth and its percolation. It should be obvious that whichever strategy of rural development one may opt for, the core of it is an agricultural development strategy. If such a strategy has to address the concerns of development highlighted earlier, it has to be broad-based. For this a restructuring of land relations is obviously the key factor. We have already referred to some of the other important elements earlier, but the core concerns of a rural development strategy may be listed here as follows:

- a) Agricultural research, extension, rural education and training programmes for farmers form a part of institution building activities;
- b) Infrastructure building activity related to the growth of irrigation, transport, communications and health facilities;
- c) Programmes to improve marketing facilities for the distribution of agricultural inputs and implements;
- d) Policies related to land tenure, agricultural output prices and taxation of agricultural incomes.

Based on the experience of market economies as regards the approach towards distribution of land, types of strategies for fostering the growth of the agricultural sector can also be classified as “uni-modal” and “bi-modal” strategies. A *uni-modal strategy* is one in which land holdings are equitably distributed. This strategy was followed with tremendous success in the case of Japan, Taiwan and Korea. It seeks to promote rural development through the use of thorough-going reforms in the agricultural sector. Thus, because of the land reforms and the consequent even distribution of rural assets, resources meant for the agricultural sector are also spread evenly. This type of agricultural strategy creates a situation that enables rapid growth of agricultural production with equitable distribution of incomes. This in turn not only results in rapid rural development, but also provides an important basis for overall economic development.

**The bi-modal strategy** for the growth of the agricultural sector attempts to increase agricultural production without making attempts to drastically change the skewed distribution of incomes and assets in rural areas. Many countries in Latin America



are examples of this type of strategy. In the case of this type of strategy there is no attempt to bring about land reforms. A large number of small farms coexist with a small number of large size holdings. The idea is to concentrate modern technology and inputs to the latter and thereby achieve agricultural growth. Such a growth pattern clearly ignores a whole range of developmental concerns and is also unable to provide strong foundation for overall economic development.

### 2.4.3 Rural Development Planning

In a vast country like ours where the diversity in socio-economic features is very great, one of the major problems facing rural development planners is the question of aligning micro level needs to the overall planning process of the economy. The needs and problems of various regions have to be taken into account when planning for rural development. Since the area that is to be covered is vast, there are difficulties in planning and monitoring rural development from the top. Consequently, the need for evolving a system of multi-level planning came into being.

Planning came to acquire added significance with the realization that direct measures to eradicate poverty can result only in limited gains. Subsidies, assistance and special efforts for the uplift of the poor and under-privileged are obviously important, but they must not be uncoordinated add-ons. In order to add to the productive base of the economy over a long period, planning is absolutely essential.

Local area planning through *panchayats* can be a powerful means of bringing about rural development. In a monolithic planning structure, those at the top often fail to understand the specific requirements at the local level. Local planning also makes accountability more immediate and identifiable. This can act as a means of preventing leakages from the system.

Unfortunately, keeping in line with the sharp shift to neo-liberal thinking in policy making since the early 1990s, the idea of planning itself has suffered a serious setback. Sure enough, there were many problems with the policy regimes prior to this shift, but the dilution of planning and leaving things to the market can hardly be thought of as credible solutions.

#### Check Your Progress II

**Note:** a) Use the space provided for your answers.

b) Check your answers with the possible answers provided at the end of this unit.

1) List the major policies that are vital for most rural development strategies.

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2) Distinguish between collectivist, reformist and market oriented rural development strategies.

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3) What is the role of planning in rural development?

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## 2.5 LET US SUM UP

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The development experience of the 1960s and the 1970s showed that mere economic growth will not result in better living standards in the developing countries. It was realized that economic growth has to be accompanied by distributive justice. It was also clear that a multi-dimensional approach was needed to solve the problem of poverty in the developing countries, particularly in the rural areas where a large part of the population resides.

As we discussed in the foregoing, rural development therefore takes into account factors other than economic growth. These are education, health facilities, better infrastructural facilities in rural areas, employment generation and an attack on poverty. In order to achieve these objectives it becomes necessary to take into account all these factors and formulate strategies to develop rural societies.

Strategies and planning, you will appreciate, play an important role in furthering rural development since it is a long-term process. Since conditions vary substantially between one country and another, it is difficult to formulate a single strategy suited to every developing country.

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## 2.6 KEY WORDS

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- Bi-modal Strategy** : An agricultural strategy in which both large and small sized landholdings coexist for mutual growth and development.
- Technocratic Approach** : An approach, which emphasizes the technical aspects rather than the socio-economic and/or the political factors.
- Uni-modal Strategy** : A strategy to increase agricultural production and productivity in which comprehensive land reforms are a major feature.

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## 2.7 REFERENCES AND SUGGESTED READINGS

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