



Towards a Vibrant Rural India

This editorial is based on “[Rural revival- Rise of discretionary spend, a positive for growth](#)” which was published in The Hindu Business Line on 19/06/2024. The article highlights the rise in rural demand, as indicated by the Household Consumption Expenditure Survey (HCES) for 2022-23. Key findings show a significant shift in spending patterns, with a decrease in the share of food expenditure and an increase in discretionary spending like conveyance and medical expenses.

For Prelims: [India's rural economy](#), [Household Consumption Expenditure Survey](#), [Article 40 of the Directive Principles of State Policy](#), [73rd Constitutional Amendment Act of 1992](#), [Soil Health Card Scheme](#), [Pradhan Mantri Krishi Sinchayee Yojana](#), [Pradhan Mantri Gram Sadak Yojana](#), [BharatNet](#), [Common Service Centers](#), [ASER Report 2022](#).

For Mains: Major Drivers of Rural India's Growth Recently, Current Major Challenges Related to Rural India.

[India's rural economy](#) is showing promising signs of progress and rising incomes according to the latest [Household Consumption Expenditure Survey \(HCES\) for 2022-23](#). One of the most notable findings is that the share of food expenditure in rural households has dipped below 50% of monthly per capita consumption expenditure for the first time. This significant **shift away from just fulfilling basic food needs points to improved financial capacity among rural Indians** to direct spending toward areas like **conveyance, medical expenses, and consumer services**. The narrowing gap between rural and urban consumption patterns further indicates convergence and an enhanced quality of life in the rural hinterlands.

However, despite the encouraging signs, persistent challenges related to **poverty, infrastructure deficiencies, and access to quality healthcare and education** continue to impede rural India's progress, underscoring the need for focused interventions to address these deep-rooted issues.

“The soul of India resides in its villages. When Bharat becomes strong, India becomes strong.”

What are the Provisions Related to Rural Development in India?

- **Constitutional Provisions:** [Article 40 of the Directive Principles of State Policy](#) It mandates the State to organize village panchayats and equip them with the necessary powers to function as self-governing units.
 - The [73rd Constitutional Amendment Act of 1992](#) established Panchayati Raj Institutions (PRIs) to foster grassroots democracy and drive rural development.
 - The [Eleventh Schedule of the Constitution](#) assigns 29 functions to PRIs, including **agricultural extension, land improvement, and land reforms**.
- **Governance:**

- **Central Government:** The **Ministry of Panchayati Raj** at the central level is responsible for formulating policies and overseeing the implementation of Panchayati Raj institutions (PRIs) in India.
- **State Government:** Each state government has a **Department of Rural Development** that is responsible for planning and implementing rural development programs in the state.
- **Local Government: Panchayati Raj Institutions (PRIs)** are responsible for planning and implementing development programs at the local level.

What have been the Major Drivers of Rural India's Growth Recently?

- **Rising Disposable Income:** The HCES reveals a historic low for the share of food expenditure in rural households (**46%**). This indicates that with basic needs met, there's more money available for discretionary spending.
 - It highlights a **rise in spending on categories like conveyance (7.55%)**, which suggests increased vehicle ownership and potentially **higher rural employment opportunities**.
- **Agricultural Reforms and Technological Advancements:** The implementation of agricultural reforms and the adoption of modern technologies have played a crucial role in boosting rural productivity.
 - For instance, the **promotion of high-yielding seed varieties** and improved irrigation techniques have significantly increased crop yields.
 - The government's initiatives, such as the [Soil Health Card Scheme](#) and the [Pradhan Mantri Krishi Sinchayee Yojana](#), have also contributed to this growth.
- **Rural Infrastructure Development:** Significant investments have been made in developing rural infrastructure, which has facilitated better connectivity, access to markets, and overall economic activities.
 - The [Pradhan Mantri Gram Sadak Yojana \(PMGSY\)](#) has played a pivotal role in constructing all-weather rural roads, connecting remote villages to nearby towns and cities.
 - Additionally, the [Deendayal Antyodaya Yojana-National Rural Livelihoods Mission \(DAY-NRLM\)](#) has focused on developing rural infrastructure, such as community resource centers and production centers.
- **Promotion of Rural Entrepreneurship and Skill Development:** Initiatives aimed at promoting rural entrepreneurship and skill development have empowered rural communities and provided them with opportunities for income generation.
 - The [Startup Village Entrepreneurship Programme \(SVEP\)](#) has also facilitated the establishment of rural startups and enterprises.
- **Financial Inclusion and Access to Credit:** The Indian government has made concerted efforts to promote financial inclusion in rural areas, ensuring access to credit and banking services.
 - The [Pradhan Mantri Jan Dhan Yojana \(PMJDY\)](#) has facilitated the opening of millions of bank accounts for the unbanked population, while the [Mudra Yojana](#) has provided affordable credit to small and micro-enterprises, including those in rural areas.
- **Rural Digital Connectivity and E-governance:** The Indian government has made significant strides in bridging the digital divide between urban and rural areas.
 - Initiatives like [BharatNet](#) (previously known as the **National Optic Fibre Network**) have aimed to provide high-speed broadband connectivity to gram panchayats, facilitating access to e-governance services, online education, and digital marketplaces for rural communities.
 - The [Common Service Centers \(CSCs\)](#) have also played a crucial role in delivering various **government-to-citizen (G2C) services** in rural areas.
- **Promotion of Rural Handicrafts and Artisanal Products:** The Indian government has focused on **promoting and preserving traditional rural handicrafts** and artisanal products through various initiatives.
 - The [Hunar Haat scheme](#), for instance, has provided a platform for artisans and craftsmen from rural areas to showcase and sell their products, while the [Geographical Indications \(GI\) tagging](#) has helped in protecting and promoting unique regional products.
- **Rural Healthcare and Sanitation Initiatives:** Improvements in rural healthcare and sanitation have contributed to the overall growth and well-being of rural communities.
 - The [Ayushman Bharat Yojana](#) has provided affordable healthcare access to millions of rural households, while the [Swachh Bharat Mission \(Gramin\)](#) has focused on improving sanitation

facilities and **promoting open defecation-free (ODF) villages**, leading to better health outcomes and productivity.

What are the Current Major Challenges Related to Rural India?

- **Agricultural Distress and Farmer Indebtedness:** A significant portion of the rural population in India still relies heavily on agriculture for their livelihood.
 - However, factors such as **irregular monsoons, lack of irrigation facilities, inadequate access to credit**, and fluctuating market prices have led to agricultural distress and farmer indebtedness.
 - More than **half of India's agricultural households were in debt**, with an average outstanding of Rs 74,121, according to the latest '**Situation Assessment of Agricultural Households and Land Holdings of Households in Rural India, 2019**'.
- **Lack of FFF Issue with Panchayati Raj Institutions:** The lack of "[Funds, Functions, and Functionaries](#)" (FFF) has been a longstanding challenge for PRIs, hindering their ability to function effectively and deliver on their mandates.
 - **Insufficient devolution of funds**, lack of clear functional responsibilities, and shortages of trained personnel at the grassroots level have often led to inefficiencies and implementation gaps in rural development programs
- **Inadequate Rural Infrastructure:** Despite efforts to improve rural infrastructure, many villages still lack access to basic amenities **like all-weather roads, reliable electricity supply, and clean drinking water**.
 - In 2023, a parliamentary panel highlighted the "**poor quality**" of numerous roads constructed under the Pradhan Mantri Gram Sadak Yojana.
- **Inadequate Access to Quality Healthcare:** Rural areas often **lack access to quality healthcare facilities**, leading to poor health outcomes and increased vulnerability to diseases.
 - Despite 65% of Indians living rurally, these areas have only 25-30% of hospitals within reach.
 - [National Family Health Survey \(NFHS-5\) 2019-21](#) revealed that only **65% of rural households** had access to an improved sanitation facility
 - The shortage of medical personnel, lack of infrastructure, and limited access to affordable medication are major challenges.
- **Educational Challenges:** Rural areas continue to face challenges in providing quality education, with issues such as **inadequate infrastructure, teacher shortages, high dropout rates, and limited access to digital resources**.
 - According to [ASER Report 2022](#), **only 38.5% of class 5 children in government schools** can at least read at Grade II level in rural areas, highlighting the learning gaps.
- **Gender Gap in Land Ownership:** In many rural areas, cultural norms and legal hurdles prevent women from inheriting or owning land.
 - This **disenfranchises them economically** and limits their participation in agricultural decision-making, hindering the overall productivity of farms.
- **Feminization of Agriculture:** With increasing **male migration from rural areas to urban centers** in search of employment opportunities, there has been a growing trend of the "feminization of agriculture."
 - Women are taking on a larger role in **agricultural activities, often managing farms and agricultural operations** single-handedly.

What Measures can be Adopted to Accelerate the Growth of Rural India?

- **Promoting Rural Industrialization and Non-Farm Employment:** Establishing **rural industrial parks and clusters** focused on **agro-processing, handicrafts, and cottage industries**, leveraging local resources and skills.
 - Incentivize the establishment of [micro, small, and medium enterprises \(MSMEs\)](#) in rural areas through tax benefits, subsidies, and access to credit.
 - Developing **skill development programs tailored to rural youth**, equipping them with vocational and entrepreneurial skills aligned with local market demands.
- **Leveraging Emerging Technologies and Digital Transformation:** Expand rural broadband connectivity through innovative solutions like [low-earth orbit \(LEO\) satellite](#) networks and community-driven initiatives.

- Promoting digital literacy through **Tech Mitras in Panchayats** to enable rural communities to leverage digital technologies for education, healthcare, and entrepreneurship.
- **Enhancing Rural Healthcare and Preventive Care:** Implementing a **hub-and-spoke model for rural healthcare**, with primary healthcare centers connected to larger district hospitals through telemedicine and e-healthcare systems.
 - Promoting the **use of mobile medical units and community health workers** to provide preventive care, health education, and early detection of diseases in remote areas.
 - Encouraging the **establishment of rural healthcare startups** and social enterprises focused on affordable and innovative healthcare solutions.
- **Promoting Sustainable Agriculture and Climate-Smart Practices:** Incentivizing the adoption of precision agriculture technologies, such as **remote sensing, soil mapping, and data-driven decision support systems**.
 - Promoting [agroforestry](#), **integrated farming systems**, and the use of renewable energy sources in agriculture to enhance sustainability and resilience.
- **Women-led Farmer Producer Organizations (FPOs):** Encouraging the formation of FPOs led by women farmers.
 - These organizations can **provide women with greater access to credit, inputs, and market linkages**, empowering them to participate more actively in agricultural decision-making and benefit from higher profits.
- **Developing Rural Tourism and Cultural Heritage Preservation:** Identifying and **developing rural tourism circuits** highlighting local cultural heritage, traditions, and natural attractions.
 - Promoting **Pluck-Cook-Eat Restaurant Facilities** in rural areas, where local communities are empowered and benefited from tourism activities.
- **Strengthening Rural Governance and Decentralization:** Empowering **panchayati raj institutions** by providing adequate financial resources, capacity-building, and decision-making authority.
 - Encouraging **participatory rural governance** through the involvement of local communities, self-help groups, and non-governmental organizations in planning and implementation processes.
 - Leveraging technology for transparent and accountable rural governance, such as **e-panchayats**.
- **Promoting Rural-Urban Synergies and Regional Development:** Developing regional development plans that **integrate rural and urban areas**, fostering economic linkages and **symbiotic growth**.
 - Promoting the **development of smart villages and rural clusters**, combining urban amenities with rural settings.
 - Encourage public-private partnerships and **corporate social responsibility initiatives** focused on rural development and infrastructure projects.
- **Promotion of Rural Bioeconomy:** Encouraging the establishment of **decentralized biorefineries** and **waste-to-value chains in rural areas**, utilizing agricultural residues and waste for the **production of biofuels, biochemicals, and bioproducts**.

Drishti Mains Question:

Q. Despite numerous government initiatives and schemes, the development of rural India continues to face significant challenges. Analyze the major impediments and suggest innovative measures to accelerate inclusive and sustainable growth in rural areas.

Prelims

Q1. Which of the following grants/grant direct credit assistance to rural households? (2013)

1. Regional Rural Banks
2. National Bank for Agriculture and Rural Development
3. Land Development Banks

Select the correct answer using the codes given below:

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (c)

Q2. How does the National Rural Livelihood Mission seek to improve livelihood options of rural poor? (2012)

1. By setting up a large number of new manufacturing industries and agribusiness centres in rural areas
2. By strengthening 'self-help groups' and providing skill development
3. By supplying seeds, fertilisers, diesel pump-sets and micro-irrigation equipment free of cost to farmers

Select the correct answer using the codes given below:

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (b)