

India Rural Development Report 2013–14

IDFC Rural Development Network, 2014, Orient BlackSwan, Delhi, India

Priyanshu Gupta

Published online: 2 February 2016
© Indian Institute of Management Calcutta 2016

In this annual series, IDFC Rural Development Network attempts to bring issues of “Rural” India to the fore amidst a general condition of the decline of the rural from the mainstream discourse (Gupta 2005). It is indeed a timely and commendable endeavor strengthened by the support of four key academic and professional institutions viz. Centre for Economic and Social Studies (CESS), Institute of Rural Management Anand (IRMA), Indira Gandhi Institute of Development Research (IGIDR) and IDFC Foundation. The report rightly identifies the shift in focus of “rural development” from an agriculture-centered framework to the increased urban–rural integration and economic interlinkages. Amidst this backdrop, the report attempts to explore several key aspects of the ongoing “rural transformation” with a special focus on regional differences and variations. In a welcome development, the report firmly puts the spotlight on inter-regional differences highlighting that “while rural India is transforming, the pace of transformation is uneven across regions, and the same factor could produce different results, depending upon ‘initial conditions’” (IDFC Rural Development Network 2014, Preface). The report itself comprises two parts with the first one comprising a set of perspective essays that discuss specific issues and themes at depth.

In the second part, the report provides a compendium of relevant rural development statistics acting as a ready reckoner for administrators, policy makers, academics, development professionals or readers interested in rural development.

The report embarks on an ambitious task of highlighting the complexity of regions and exploring sub-regional differences across multiple dimensions. It commendably achieves this task across select themes such as (1) sub-regional backwardness and intra-district inequalities, (2) groundwater utilization and dependence along with implications on socio-ecologies, (3) agricultural market structures and dynamics of public procurement, and (4) rural non-farm employment trends. It also firmly embeds the discussion in the context of socio-economic inequalities by highlighting the regional dimensions of caste inequalities and investigating the economic integration of the economically deprived classes like SCs and STs. The report’s attempt at investigating social movements and their implications for rural development is also quite refreshing. At the end of the review, however, one is left asking for more, including exploration of other dimensions like village entrepreneurship, regional inequalities in education, health, and other basic social services, or assessment of the impact of flagship government rural development schemes. It, however, could merely be a reflection of the enormity of the challenge before the authors given the challenges of covering a wide span of rural development and transformation activities within the limitations of a

P. Gupta (✉)
Kolkata, India
e-mail: priyanshug15@iimcal.ac.in

short report. While one would have welcomed some perspective essays on these areas, thankfully, some of these aspects are covered in detail in part 2 of the report. This part contains updated statistical tables compiling vital data from NSSO, Census of India 2011, Health and Family Welfare Statistics in India 2013, Rural Health Statistics 2014, Annual Status of Education Report (ASER) 2014, and some other statistics from the Government of India.

The report's focus on micro and sub-regional trends, however, takes the focus away from some of the macro trends afflicting India. One would have expected an annual report focused exclusively on "rural" development to at least comment on some of the main "national" or countrywide themes like agrarian distress and rural–urban migration. Although the report admits that "Rural development was historically centred on the development of agriculture and related activities, non-farm activities have emerged as dominant economic drivers over time." (IDFC Rural Development Network 2014, Preface), it fails to investigate or comment on how this change has taken place and its wide-ranging implications given that it still provides livelihoods to 64 % of rural households (ibid, 183). A recent study by CSDS highlighted that 76 % of the farmers wish to quit farming to take up some other work. Meanwhile, farm suicides continue unabated pointing to the deep agrarian distress (Sainath 2014; The Hindu 2015). This gradual decline in rural economy and agriculture has led the rural population to accept largely that "their future lies elsewhere in towns and cities" (Gupta 2015). The results of the declining significance of the villages have manifested not only in growing agrarian distress and farm suicides but also in large-scale rural–urban migration. The decade between 2001 and 2011 saw one of the largest ever 'urban–rural growth differential' (the difference between the rates at which rural and urban populations expanded in each decade) of 19.8 %. This growth differential could potentially be attributed to the largest rural–urban migration since the 1920s driven by agrarian crisis and deep distress in the rural economy (Sainath 2011).

Rural in the regional context

The first chapter attempts to lay out the context for subsequent discussion by defining the 'rural' not as a

macro-national category but in a specific 'regional context', as is the general theme of the report. The authors argue that the conventional wisdom among demographers, bureaucrats, and even mainstream social scientists have been around a linear evolutionary scale of development from "rural" to "urban". The authors argue that this unilinear development underscores the idea of rural development, as highlighted by Thakur, who also spoke about the discursive implications of rural development programs and policies (Thakur 2007). In any case, the authors highlight that rural and urban settlements can be seen as part of a continuum intricately linked by "commodity flows, labor circulation, market linkages and the growing service economy" (IDFC Rural Development Network 2014, 4). Expanding the underlying dimensions of regional rural variations, the authors argue that rural societies are "shaped not only by demographics and the occupational profiles of their working populations but also by ecological specificities, economic endowments, regional histories, social and cultural movements and political trajectories" (ibid.). Thus, the authors articulate three key dimensions of visualizing a region: ecological or biological and agro-climatic attributes, cultural and psychological variations, and administrative–developmental. In the authors' conception, regions are fluid and evolving, and it is imperative to look at processes through which "regional diversities are dynamically constructed and reproduced".

The key point highlighted by the author is the nature of regional differences, which earlier manifested as social and cultural differences, are increasingly getting articulated in terms of development aspirations. The outcome of development processes regarding inclusion and exclusion is giving rise to a new typology of regions and rural transformations. The authors highlight two aspects of the developmental nature of regional variations. Firstly, regional identities tend to survive homogenizing nature of development policies leading to assertions and reassertions of varied geopolitical identities. Secondly, the pace of rural transformation varies across regions and depending on specific "initial conditions", the rural development programs end up producing varying results. These have wide-ranging implications for the state of development across regions giving rise to the processes of dissolution and creation of newer regional identities, especially

those manifested in the form of development aspirations, e.g., LWE districts or drought prone area.

While acknowledging the possibilities of looking at “rural” and “regional variations” from multiple lenses viz. socio-cultural, political, ecological, among others, the authors establish that this report views these through the lens of “development processes” and their implications. This perspective helps further the effort at focusing the various government policies and programs. However, by doing so, the report does seem to fall into the trap of furthering the discourse of rural as “backward” and as a region in dire “need of development”. Rather than celebrate regional diversity and “rural” life and culture, the report tends to focus on the elements of backwardness that characterize different regions. This approach recognizes the pre-eminence of state in shaping regional identities by arguing that the “process of development has the potential for undermining regions and bridging regional differences, it could also accentuate them and give rise to newer kinds of regional differences” (IDFC Rural Development Network 2014, 14). While this approach may tend to give more agencies to state and its development processes to undermine the historical socio-cultural processes, it nevertheless highlights the need for state policies to be cautious and cognizant of their unintended consequences in shaping and destroying existing identities. This regional dimension is the key feature of the report that helps understand limits of the feasibility of development in a given geographical context, as well as recommends sensitivity to the inhabitants’ specific requirements.

Groundwater typology and development implications

The second chapter highlights the importance of natural resource endowments like groundwater resources in facilitating economic development as well as socio-economic implications of depletion of such resources. It highlights how groundwater resources continue to be the mainstay of India’s irrigated agriculture lifting large parts of the population out of poverty. However, overexploitation has pushed these resources towards depletion leading to reduced drinking water security, decreased agricultural productivity, and increased energy demand. The overexploitation, in turn, raises issues of access, rights and justice within communities. The report highlights that nearly a third of groundwater

units in India are under stress. The proportion is significantly higher in the key agricultural states like Punjab (77 %), Rajasthan (73 %), Haryana (59 %), Tamil Nadu (59 %), Gujarat (46 %) and Karnataka (45 %). It highlights that differences in hydrogeological settings present a further layer of complexity which is largely ignored by official statistics that rely on a generic SGD mapping. There are substantial differences between alluvial aquifers situated in northwest Indus–Gangetic plains, and the crystalline hard rock aquifers of peninsular India in the Godavari, Krishna, and Cauvery river basins. Depletion of alluvial aquifers becomes evident only gradually over a longer time frame owing to the regional nature, but once depleted get extremely difficult to recharge as this requires efforts at a regional scale. In contrast, in hard rock crystalline aquifers, the depletion in groundwater levels and quality get manifested early followed by rapid contamination but are relatively easy to recharge due to the essentially local nature of such aquifers.

This chapter presents an excellent graphical analysis to highlight that 163 districts are already unsafe regarding groundwater development while 137 other districts are likely to move to danger zone soon. At the same time, much of eastern India is underutilized and can do with greater exploitation to support agricultural activity. Part of the problem of overexploitation has been owing to energy and agricultural subsidies that may have enabled rural households to access groundwater but have pushed groundwater overuse and unsustainable cropping patterns. The report goes on to discuss the socio-economic implications of groundwater use highlighting how it has perpetuated and reinforced existing inequalities by the creation of water markets dominated by the large and rich farmers.

Overall, this chapter brings excellent analysis and insights with strong policy implications reinforcing the importance of natural resource endowments and of developmental policy actions to take cognizance of natural resources. It also highlights how uneven distribution and exploitation of such resources could have socio-economic implications in strengthening or weakening existing inequalities.

Inter-regional inequalities

In the third chapter, the issue of regional inequality and backwardness is analyzed in-depth with the

backwardness frontier pushed to not just a state or district level but a sub-district level. In an important and timely exercise, all the 640 districts and 5955 sub-districts are arranged in descending order of backwardness. While there could be some questions on the variables used in developing the criteria for assessing the backwardness, the exercise was challenged by data availability at the level of analysis carried out by the authors. For instance, one would have preferred to capture variables like per capita income, access to education and healthcare facilities, or life expectancy indicators. However, utilizing Census 2011 data, the authors have done a commendable job in working with the limited data to arrive at interesting insights with strong policy implications. This exercise helps in challenging the conventional wisdom of backwardness being endemic to BIMAROU state or a few backward districts in some of the most prosperous states. It highlights that pockets of extreme backwardness exist even in well-developed and prosperous districts. In an interesting revelation, the authors conclude that 27 districts have sub-districts within the top 10 % as well as bottom 10 % of the sub-districts ranked in order of backwardness. This number shoots up to 92 if we look at the top and bottom 20 % sub-districts, and 166 at the 30 % level. It only reinforces the extremely regional nature of inequalities and extreme polarization of backwardness within select pockets.

The authors also do well to analyze some of the drivers of extreme backwardness, attributing it to the concentration of Adivasi population. Given that Scheduled Tribes trail the rest of the society in almost all the Human Development Indicators, it is not surprising to find this result but the value of the authors' work lies in demystifying the regional dimension of inequality and identifying that ecological continuity relates more closely to economic backwardness rather than mere political-administrative boundaries. This insight would help recognize the limits of politico-administrative actions and related strategies. It could also throw up a strong rationale for regional identity and development politics, especially given the "process of 'internal colonisation' and resource emasculation that tribal areas have often been subject to" (IDFC Rural Development Network 2014, 56). This insight comes at the right time given the recent report of the Xaxa Committee on socio-economic, health, and educational status of tribal

communities of India (Ministry of Tribal Affairs 2014). It also underscores a need to move beyond conventional "growth-pole" strategy that assumes favorable spin-off effects for the entire region. It calls for a rethink of regional development strategies to take care of particular vulnerabilities of Adivasi population as well as accounting for ecological and natural resource endowments in devising regional strategies.

Political economy of agricultural markets

In the fourth chapter, the focus returns to the agricultural sector where Mekhala Krishnamurthy discusses the problems of agricultural markets and the role of state procurement in addressing some of the challenges faced by farmers in marketing their produce. This chapter focuses on the terms of exchange in agricultural markets and APMC Acts and highlights regional variations in "terms of diversity, complexity and dynamism that define agricultural markets on the ground" (IDFC Rural Development Network 2014, 61). The basic issue with APMC Acts is the lack of participation by primary producers, mainly small and marginal producers, who are forced to resort to intermediaries that consolidate all gains resultant from APMC Acts. The author presents multiple case studies to highlight regional trends in agricultural marketing.

The deep interlinkages of credit and marketing relations ensure control of produce by rice milling capitalists in West Bengal, which replaced traditional moneylender-landlords post the land reforms. This unique structure of agricultural economy explains why improvements in agricultural production did not translate into improvement in lives of producers as the agricultural market structure ensured that the rice milling capitalists accumulated much of the surplus. A similar situation exists in Bihar, which having repealed the APMC Act has not seen any direct visible impact on the primary producers. Here again, the market is dominated by local traders and intermediaries, albeit without any strong credit interlinkages. The reason for domination of markets by intermediaries stems more from informal rules that govern market exchanges that allow only secondary trader-to-trader transactions. The author, however, does not discuss the fundamental drivers of such a skewed market structure or the implications of such rules in the

presence or absence of the APMC Act. While both West Bengal and Bihar offer examples where APMC Act failed to ensure participation by primary producers, the exact causes seem to be different.

The linkage of credit and agricultural markets is also evident from the case study from Punjab and Haryana, which unlike West Bengal have well-functioning primary agricultural markets. However, in Punjab and Haryana, the dependence on informal credit makes the mandi-based commission agents and arhatiyas the most powerful entity in the agricultural value chain. Most large farmers have set up their commission agencies and now hold considerable political clout. They also benefit from the MSP and public procurement policies. The author indicates that the inconsistency and negligible procurement by FCI from other regions has meant that MSP has remained notional and meaningless for much of the remaining agricultural regions of the country. However, in recent times, Chhattisgarh and Madhya Pradesh have expanded their public procurement programs, while also ensuring the markets do not get controlled by commission agents and arhatiyas. State agencies route the public procurement here through primary agricultural credit societies (PACS) comprising directly of small and marginal farmers. It is largely a result of breaking of credit interlinkages resultant from strong political leadership and considerable administrative support. This support took the shape of simultaneous state intervention in marketing reforms, together with “improvements in agricultural production (especially the expansion of irrigation), changes in the cropping pattern (particularly the advent of soya bean as a new cash crop), and the availability of alternative sources of rural credit (both formal and informal) that farmers could turn to outside the mandi yard” (ibid., 70).

These examples highlight the possibility of changing local market dynamics in favor of primary producers, as a result of strong political and administrative action in designing a holistic, integrated strategy at production, credit and, marketing reforms. The author further discusses the impact of alternate channels that have only come up in regions of well-developed markets and supported existing markets by offering a consistent alternative offering better processes. The impact has been limited owing to the challenges of operation mainly during post-harvest peak season, stringent quality criteria, and price pegged to wholesale price from the markets.

Therefore, they have had limited impact in emerging as a replacement to traditional markets. They have brought about process improvements in the mandis. Further, the authors move on to explain the nature of contract farming tie-ups and Farmer Producer Organizations (FPOs) in improving the condition of primary producers, particularly in Tamil Nadu, Gujarat, and Maharashtra.

On the whole, this chapter serves to highlight the local challenges arising out of particular market structures that need to guide policy action and APMC reforms. It provides case studies and success stories for potential replication across the country, with a strong role for the Government in influencing and reforming the existing market structures.

Trends in rural non-farm employment

In the fifth chapter, Himanshu discusses some of the key trends in rural non-farm employment and their implications for rural poverty. The author presents an in-depth analysis of employment and job creation data from the NSSO sample surveys to highlight the slow rate of job creation in non-farm sectors and its consequent impact on the shift in the workforce from agricultural to other sectors. Most of the new jobs are in casual employment, primarily in the construction sector, with poorer states with low agricultural productivity driving the bulk of new jobs. While this has supported decline in poverty, most of it seems to be a result not of a major shift from farm to non-farm jobs but merely a result of additional income diversification for rural households. This article presents conclusive data to question some of the existing assumptions regarding the nature and quality of job creation in the non-agricultural economy, and highlights how such processes while improving rural incomes are unsustainable to provide alternate livelihood opportunities. The author also consolidates field data from village surveys to complement his insights and data analysis. Interestingly, the preface and introduction to the report allude only to improvement in the poverty levels as a result of non-farm employment but miss the essence of this chapter that conveys a more depressing and challenging state of the economy.

The author highlights that the period between the years 1999 and 2005 was one of rapid employment

growth, largely arising out of large-scale rural distress. A period of jobless growth, however, followed the period of increased employment. An improvement in agriculture, fortunately, balanced it. It was a result of improved terms of trade, increased agricultural output, and increased MSPs. The rural distress was further ameliorated by the impact of MNREGS scheme, step up in public sector construction activity and debt relief for farmers. During the same time, however, non-farm employment grew while agricultural employment fell. But, most of this growth was dominated by low-income casual construction sector jobs. It is largely likely to be driven by “absence of agricultural employment opportunities and was probably residual in nature” (ibid, 91).

Thus, the ongoing changes in employment structure towards non-farm sector are driven mainly from distress diversification rather than any general buoyancy in the non-farm sector or from positive linkages arising out of increased agricultural productivity. While these may have contributed to some decline in poverty, these do not seem to be sustainable. This insight comes handy at a time when there is a general upswing in sentiment towards industry at the expense of agriculture and a general disinclination towards any rural subsidies or social welfare programs. The clear celebration of “Make in India” model, together with increased emphasis on informal labor in organized sector (Gupta 2015, 41), and recent anti-labor reforms (Jha 2015), indicates the government priorities favoring corporate capital. Such priorities may not help revive rural livelihoods. While the recently launched “Skill India” mission (Firstpost 2015) may seem to suggest some promise stemming from skill enhancement, this may remain shallow if the job elasticity of economic growth remains low (Dev 2014).

Dalit and Adivasi participation in business economy

In the sixth chapter, Kaushal Vidyarthi discusses the specific dimension of exclusionary economic processes resulting from India’s unique social structure. It analyzes participation of SCs and STs in the business economy, analyzing the growth of own account enterprises (OAEs). It establishes that Dalits (SCs) and Adivasis (STs) have much lower level of participation in business economy in proportion to their

population compared to OBCs and other social groups. It seems to stem from “the twin problems of restricted business opportunities and limited access to business resources such as credit, inputs, and training due to discriminatory and exclusionary practices” (IDFC Rural Development Network 2014, 109). Most Dalits and Adivasis are self-employed or gain access to casual employment, reflecting the low economic opportunities and lack of stable salaried jobs. The author also analyzes regional trends indicating that Dalits in southern areas and Adivasis across the entire country except select Northeastern regions face systemic exclusion in business activity.

The author also attempts to provide tentative explanations for lower rates of participation by Dalits and Adivasis. While liberalization processes have broken down old social caste barriers and social empowerment, they may have also accentuated their existing social disabilities that get reinforced through economic deprivation. They suffer from structural disadvantages like low education levels, lack of entrepreneurial culture, poor level of social networks, the fewer number of assets, and a higher level of landlessness in comparison to other social groups. There needs to be more empirical work to identify and conclusively prove some of these potential hypotheses in a bid to understand the nature of exclusionary processes. For instance, Ashutosh Varshney highlights that patterns of entrepreneurship not strongly related to broad measures of educational attainment (literacy rate), access to land or transition away from farming (Varshney 2014, 255).

Overall, this chapter puts forth the issues of economic exclusion of SCs and STs. The author also provides some useful policy suggestions for targeted help to SCs and STs. Some of the suggestions include helping create markets for MSMEs, enhancing credit support, and capacity building initiatives. There need to be more systemic efforts to ensure mainstreaming of Dalit and Adivasi businesses into the Indian business economy.

Regional social movements

In a refreshing article, chapter seven of the report presents the two-way relationship between social movements and social contours of regions. It explores how social movements are rooted in specific socio-

geographical context, particularly factors like land and natural resources. This aspect is explored through the example of various land and forest rights' movements. It also analyzes the influence of regional social institutions and processes like inequality and discrimination. This dimension is analyzed through various Dalit movements across Maharashtra and Uttar Pradesh. It further explores the role of social movements in forming and reinforcing regional identities and their metamorphosis into political entities. This dimension is explored through various statehood demands like Jharkhand, Telangana or Nagalim. The author also discusses certain cross-regional movements like farmers' movements that sought to defend agrarian livelihoods. At the same time, recent movements have sought to build national and cross-national boundaries and shifted frontier from public campaigns to political negotiations. While the author herself admits the limited policy prescriptions arising out of this chapter, however, this serves to highlight various regional dimensions to socio-political processes that influence regional development agenda and policies.

Conclusion

Overall, the report presents seven in-depth perspective essays comprising multiple themes of rural development policies and implications. All of these argue for a more regional rather than a national perspective to development policies. Each of the perspective essays presents detailed analysis and refreshing insights that directly influence specific policies. As such, the report has high relevance to contemporary policy making in the rural context. The part 2 of the report also contains an excellent compilation of data on various indices and relevant parameters for rural development. These would serve as a ready reckoner for any serious study into any major aspect of rural development policy. On the whole, this report will be of tremendous help to policy makers, administrators, academicians and

researchers, NGOs and civil society organizations, or general public interested in understanding the nuances of rural development.

References

- Dev M (2014) Expanding productive employment in India. January 20. http://www.ideasforindia.in/article.aspx?article_id=242. Accessed 16 Aug 2015
- Firstpost (2015) Scaling down UPA target: National Policy for Skill Development aims to skill 40.2 crore people by 2022. July 10. <http://www.firstpost.com/politics/scaling-upa-target-national-policy-skill-development-aims-skill-40-2-crore-people-2022-2337160.html>. Accessed 16 Aug 2015
- Gupta D (2005) Whither the Indian village: culture and agriculture in 'rural' India. *Econ Political Wkly* 40:751–758
- Gupta D (2015) The importance of being 'rurban': tracking changes in a traditional setting. *Econ Political Wkly* 50(24):37–43
- IDFC Rural Development Network (2014) India Rural Development Report 2013–14. Orient BlackSwan Private Limited, Delhi
- Jha S (2015) Govt's labour reforms remove shield for workers: ILO. June 17. http://www.business-standard.com/article/economy-policy/govt-s-labour-reforms-remove-shield-for-workers-ilo-115061700045_1.html. Accessed 16 Aug 2015
- Ministry of Tribal Affairs (2014) Report of the high level committee on socio-economic, health and educational status of tribal communities of India. Committee report, Ministry of Tribal Affairs, Government of India
- Sainath P (2011) Census findings point to decade of rural distress. September 26. <http://www.thehindu.com/opinion/columns/sainath/census-findings-point-to-decade-of-rural-distress/article2484996.ece>. Accessed 15 Dec 2015
- Sainath P (2014) Have India's farm suicides really declined? <http://www.bbc.com/news/world-asia-india-28205741>
- Thakur MK (2007) Representing village: texts and context of rural development programmes in India. *Int J Rural Manag* 3(2):229–243
- The Hindu (2015) Over 3,000 farmers committed suicide in the last 3 years. <http://www.thehindu.com/data/over-3000-farmers-committed-suicide-in-the-last-3-years/article7130686.ece>
- Varshney A (2014) *Battles half won: India's improbable democracy*. Penguin, UK

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.