

Editorial

# Rural India the Real India

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## Editorial

Since the independence and till present, India's economy is still a rural economy. It is rightly said that "rural India is the real India". India cannot transform its economy unless and until rural economy is not developed. Hence, rural economy has to play a significant role in India's growth and development. Unfortunately, the trends are reverse of it.

The Rural India is wholly agriculture based and it is of paramount significance for the country. This is because it has to maintain vital supply and demand links with the other Indian industries. Agriculture is the main stay of the Indian economy, as it constitutes the backbone of rural India which inhabitants more than 60 per cent of total Indian population. The fertility of the soil has been enhanced for bringing economic and social prosperity in rural India in particular and India in general. Added to this, Rural India has been playing a vital and strategic role and contribution towards the overall economic and social growth of the country.

Rural India is so significant for the country that almost all the operations of the country's people bear its stamp. The most vital thing in regard to the rural India is that it is very big in size, contents and nature, having far reaching impact, consequences and implications for the Indian Economy. Rural India accounted for two-thirds of India's more than 125 crore of peoples, living in 6.4 lakh villages and earns nearly 17 per cent of the country's national income (GDP). Rural India contains diversity that cuts across geographic trends to agro-economic, cultural and social existence.

It is an undisputed fact that the rural India is comprised of many and larger variety of economic operations. First, agriculture is the largest segment of India's rural sector. Second, the major crops of rural sector are cereals, pulses, oilseeds fruits, vegetables etc. Third, rural sector is the main supplier of major food and food products, raw materials, and finished and semi-finished goods. Fourth, India's rural sector also includes nature based operations, which broadly consist of a separate sector and is also allied to agriculture, is forests. The main off-shoots are industrial wood and fuel wood of various types used for different purposes and in many ways. The other minor goods of forest are bamboos and canes, bidis leaves, lac etc. Today another segment of rural economy comprises of fishing, covering both inland fish and marine fish. The rural sector further depends upon village or rural industries. This component mostly covered traditional industries and is artisan. The products are quite many and include, khadi, leather etc. If India is to become a developed country then added emphasis has to

be given to the rural sector, and villages have to be transformed into developed villages.

Today, the rural India and its subsequent productivity growth are predicated to a large extent upon the development of its 600-million strong rural population. Therefore, the agricultural policy of the Indian economy is drafted keeping in mind the required needs of rural India since majority of the population lives in about 600,000 small villages. In India, agriculture accounts for almost 19% of Indian Gross Domestic Products (GDP). The rural section of Indian population is primarily engaged with agriculture, directly or indirectly. The Ministry of Agriculture, the Ministry of Rural Infrastructure, and the Planning Commission of India are the main governing bodies that formulate and implements the policy related to rural economy in India and its subsequent development for the overall growth of the Indian economy.

## Salient feature

The salient features of India's rural sector are as under:-

1. Increasing commercialization of agriculture;
2. Rural sector under the impact of urbanism;
3. Increasing institutional participation.

## Harsh facts

Nearly 60 per cent of India's population has been living in rural India and the same has just contributed 17 per cent country's GDP. India is home more than 300 million people living below the poverty line and India placed at 119 among 169 countries in the human development index. 50 per cent of country's population is financially excluded. Since many decades there has been the shortage of doctors in rural India, which constitutes for a population of over 600 million people. In the primary and community health centres, not more than 25,000 doctors are working, with a doctor population ratio for the rural India is 1:30,000 as compared with an all India ratio of 1:1,722, which itself is far too low. India's per capita income stood at US \$ 1,500. In terms of revenue, the share of rural FMCG market in India's total FMCG market accounted for 40 per cent.

India's foremost expert on farm economics and markets, Infosys Chair Professor at New Delhi-based ICRIER (Indian Council for Research on International Economic Relations) [1] estimates that 49 per cent of India's workforce is employed in farming. And since rural families tend to be larger on an average, this would mean anything from 55-60 per cent of our population is farm-dependent. Now reverse the equation: 50 per cent of the total workforce generated just 17 per cent of the GDP and nearly 2/3 of India depending upon it. This means farmer earns less than a fourth of what others earned on an average. Then you add that this population has averaged 1.7 per cent growth for three years against overall economy's 6 per cent. You get the picture of rural distress. It is pertinent to point out here that only 18 per cent total rural India population has computer knowledge.

## Demonetisation

This is most controversial and most burning issue in the context of rural sector/economy in particular and Indian economy in general. Since 8<sup>th</sup> November 2016, the economist in particular and other analysts in general are showing a mix reaction. Some are defending the demonetisation and others are treating it as economic disaster. One of the leading columnists Mr Bhalla is of the opinion that at the time of demonetization the real wages were rising at 2 per cent per annum. Post demonetization, in July 2017, the rate of growth has more than double to near 5 per cent [2]. On the other hand, [3] has opined that the argument in favour of demonetization brought improvement in rural wages on the basis of rise in come of some workers in the rural sector is misleading. According to him, the real wages halted the recovery of rural sector, which had begun after the 2016 monsoon. Added to this, demonetization only acted as a disruptor for the revival of the rural demand.

## Action plan

Indian government has to develop and implement a strategy for speedy growth of rural India which the real India. The following are the pillars of strategy:-

1. To inculcate farm education among villagers,
2. To undertake modernization at the large scale for cultivation operations,
3. To undertake research for providing better inputs to rural India,
4. To bring awareness among the farmers about the benefits and mode of payment for insurance,
5. To create farm market for getting better price for farm produces.

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