

≈ Rural ≈

Industrialisation

Stepping stone for an Atmanirbhar Bharat



Introduction

Rural industries today represent India's diverse variety of culture, heritage, unique craft skills as well as artisans. These industries not only contribute in generating the much needed rural non-farm employment but also hold the potential to showcase India's rich heritage globally.

Recognising the weight of rural industries, Indian government is on a mission mode to promote rural industrialisation. While significant achievements have been witnessed, be it the unprecedented growth registered by Khadi and Village Industries Commission (KVIC) in establishing manufacturing and service units or the recent push for digitisation of agro industries, the sector is not devoid of the roadblocks in realising its full potential.

In this backdrop, it is important to understand what are rural industries and how significant they are for national development, how the government's policy framework for rural industries has evolved post-independence, what measures have been taken to support and promote these industries, what challenges do these industries face in the path of their growth and development and what needs to be done to fast-track the process of rural industrialisation so as to strengthen rural economy and to achieve the vision of AatmaNirbhar Bharat.

What are Rural Industries and how can they be characterised?

- Rural industries are **non-farm activities that depend on rural resources**, and are primarily meant for **employment generation** through effective utilization of locally available resources, human power and technologies that are native or home-grown.
- Rural industries usually work with the **philosophy of production by masses**-as opposed to mainstream industries where goods are mass produced.
- They are popularly addressed as **small-scale industries, village industries or artisan industries**.
- Rural Industrialisation** is therefore a concept that encompasses **facilitating avenues of employment in non-farm activities** on a widely dispersed basis nearer to the place of living of the poor.



Types of rural industries



Traditional Village Industries

Khadi, cottage, leather tanning, wood work, artisan industries, etc.



Light industries

Animal feed and fodder industries, construction programme to meet the local demands etc.



Medium Group Industries

Mini-cement plant using molasses or coal as energy, minor paper plant, etc.



Heavy industries

Bio-fertilizer plants, Bio-pesticides plants, Mini-steel plants, etc.



Sunrise sectors

Agribusinesses including food processing, rural tourism, etc.

What role does rural industrialisation play in supporting the cause of National Development?

- ❖ **Crucial for growth of rural economy:** Rural industrialisation increases skilled as well as non-skilled employment opportunities, diversifies rural occupations, raises income and living standards, reduces exodus to urban areas and ensures social justice.
- ❖ **Addressing the problems of agricultural labourers:** These industries can solve the problem of small, marginal and tenant farmers (that constitute more than 80% of agricultural workforce) by providing additional and off-season employment thereby **servicing as a good alternative to their meagre agricultural income.**
- ❖ **Inclusive national development:** Rural industrialisation can facilitate the transition from agrarian economy to an industrialised economy with the potential for **equitable distribution of national income.**
- ❖ **Balanced industrialisation:** Rural industrialisation prevents concentration of economic development in already developed urban areas and channels investment to rural areas. It thereby helps **reduce regional economic imbalance.**
- ❖ **Preservation of India's rich culture:** Rural industrialisation would help preserving the craftsmanship and art heritage of the country that have been inherited through many generations.
 - ❖ Pashmina shawls of Kashmir, Blue Pottery of Jaipur, Bangles of Faizabad, Etikoppaka toys of Andhra Pradesh, etc. are some of the important examples of traditional industrial activities surviving today in the villages.
- ❖ **Promoting Micro and Small Enterprises:** Presently, around 20% Micro and small-scale enterprises (MSEs) units are located in rural areas that act as ancillary industries for large scale industries.
 - ❖ Rural industrialisation could attract investment for these enterprises for placing them in profitable business propositions.
- ❖ **Women empowerment:** Rural industrialisation could provide **alternative livelihood sources** to the rural women workforce whose number is rising due to feminisation of agriculture and decreasing possibilities of expansion of agriculture land.
- ❖ **Achieving Sustainable Development Goals (SDGs):** With locally available raw materials and local consumption, rural industries not only **promote economising of resource utilisation and resource conservation** but also have **less carbon footprint.** Increase in rural income on the other hand could **reduce inequality and promote health and education.** At the same time, absorption of the rural workforce in rural areas potentially **deals with the rising issues of unsustainable urban development.**

Rural industrialisation: Key to eradicate poverty

- ❖ **Industrialisation in rural economy can generate high, productive employment which could lift a majority of families from poverty.**
 - ❖ As per RBI data, states with higher reduction in rural unemployment (Goa, Himachal Pradesh, Tripura, Kerala and Punjab) **excelled in poverty reduction between 2004-05 to 2011-12.**
- ❖ **Case study: Rural transformation model of Kerala:**
 - ❖ Historically, Kerala was characterised by a **high incidence of rural non-agricultural employment**, particularly rural manufacturing, given its rich natural resource base.
 - ❖ Some of these **resources were processed into industrial goods**, largely linked to external markets.
 - ❖ Due to the **economic diversification in rural areas** more than 100 **villages were transformed into urban areas** during 1971-91.

Case Study: Women empowerment through dairy enterprises

- ❖ **India is the largest producer** accounting for about 23% of global milk production. Milk is our **biggest agri-commodity** in terms of value contributing 5% of the national economy.
- ❖ The credit for this feat goes largely to **women dairy farmers who represent 70% of workforce** in India's dairy sector and **more than a third of the members of dairy cooperatives.**
- ❖ Involvement of women in dairy business has enabled them to **become financially independent and self-driven micro-entrepreneur.**



Rural Industrialisation amid changing climate: What is needed to sustain the sustainability of rural industries?

Although traditional rural industries have less carbon footprint, **their nature of sustainability depends on economic and rural development policies.**

- ❖ **Vietnam is a case in point** where progressive but unchecked industrialisation in rural areas generated environmental challenges.
 - ⊕ The renovation policy in Vietnam led to an **accelerating growth of craft villages and industrial clusters in rural areas increasing rural income, significant reduction in poverty, etc.**
 - ⊕ However, the rapid expansion of craft villages and intense market competition **without a sound environmental policies** has led to **environmental pollution and resource depletion** like deforestation particularly around the Red River Delta. This has significant negative impact on climate change mitigation efforts.
- ❖ The above case is a reminder of the need for climate friendly industrialisation in rural areas in India as well. But **what prevents rural industries to become climate friendly?**
 - ⊕ Rural policies on climate change tend to have **disproportionate focus on agriculture** neglecting other industries.
 - ⊕ **Smaller administrations** often lack knowledge, ability, skills, and funds to manage clean energy transitions.
 - ⊕ **Limited economic resources and remoteness** reduces the choices for clean energy adoption.
 - ⊕ **Low quality physical and digital infrastructure**
- ❖ Therefore, **rural industrialisation policy must strive for:**
 - ⊕ Building local capacity for net zero emission
 - ⊕ Fostering renewable energy
 - ⊕ Promoting sustainable land management
 - ⊕ Higher valorisation of ecosystem services
 - ⊕ Accelerating the circular and bio-economy
 - ⊕ Decarbonising transport

Rural industries existed in India since the ancient times. However, despite the attached significance, these industries have faced a period of decline particularly during the British era. This has significantly shaped the government's policy framework for these industries after independence.

How has the policy framework for rural industries evolved post-independence?

The policy makers in India have always put rural industrialisation at the centre of planning but over the years the **policy shifted from protection of rural industries to development and finally their promotion.**

- ❖ **Protection of rural industries:**
 - ⊕ **Industrial Policy Resolution (IPR), 1948** emphasised on **protection of small entrepreneurs against competition** from large industries.
 - ⊕ **First Five Year Plan or FYP (1951-56)** reserved certain classes of stores exclusively for purchase from village and small industries and some **price differentials were allowed** to them over large scale industries.
- ❖ **Development of rural industries:**
 - ⊕ **Karve committee report, 1955** and **IPR, 1956** highlighted the need for sufficient viability in this sector to be self-supporting and its integrated development with that of large scale industries.
 - ⊕ Accordingly, **various challenges were identified and incentives** such as extension of rural electrification, organisation of industrial cooperatives and skill development were emphasised for the development of rural and traditional industries.

Changing face of rural industrialisation before independence



Before British era

Since ancient times the artisanal industries had been organised on the basis of caste where descendants inherited the required skills. The traditional village economy was characterised by the **"blending of agriculture and handicrafts"**



During British era

Due to the onset of the British era the balance between agriculture and handicrafts was disturbed and from the 18th century onwards the decline of rural industries began. This process came to be known as **'deindustrialisation'**.

❖ Promotion of rural industries:

- ❖ **Third and Fourth FYP** focussed on providing assistance and incentives for improving the competitiveness of rural industries.
- ❖ **IPR, 1977** focussed on promotion of **cottage and small scale industries (SSIs)** and subsequent IPRs in 1980 and 1990 increased the investment limits to support their growth.
 - ❑ Consequently, **SIDBI was launched** to support their credit flow and marketing .
- ❖ Monumental shift was provided by the **MSMEs Act, 2006** which provided enabling policy environment for promotion and development of the MSMEs functioning in rural areas.

Did you know?

- ❖ **Traditional Industries in India** were a key player in exports in the ancient and medieval times.
- ❖ **Atharva Veda** indicates that a kind of woollen cloth called **dursha** formed an article of trade.
- ❖ During medieval India **muslins of Dacca, the silks of Murshidabad, the ivory carving of Sylhet and the filigree work of Cuttack** commanded the admiration of ancient Persians, Greeks and Romans.



Cottage Industries vs Small Scale Industries (SSI)

- ❖ **Cottage Industries** are usually established in cottages or dwelling places, uses family labour and depend on traditional techniques of production.
- ❖ **Small Scale Industries (SSI)** are industries in which manufacturing, production and rendering of services are done on a small or micro scale. The investment limit is up to Rs.10 crore and annual turnover is up to Rs.50 crore and SSIs use both modern and traditional techniques.
- ❖ **Development of cottage and small industries is primarily the responsibility of State Governments.** However, the Ministry of Micro, Small and Medium Enterprises (MSME) supplements the efforts of State Governments by implementing a number of schemes.

Rural Industrialisation in action

With the above policy support and enabling environment, SSIs functioning in non-farm activities are today an engine of growth in rural economy.

❖ Economic contribution

- ❖ **Share in GDP:** Of the total net value added (NVA) in the economy, **47.7% comes from rural India.**
- ❖ **Rural Income:** About **two third of rural income is generated** in non-agricultural activities.
- ❖ **Share in employment generation:** According to the 38th round of NSS and PLFS (2018-19) reports:
 - ❑ Contribution of rural non-agricultural employment is **42% now** (up from 19% in 1983).

❖ Resilience from outer shocks:

According to the Rural Business Confidence Index by the Confederation of Indian Industry, despite COVID-19 pandemic during FY 2018-19 to FY 2020-21:

- ❖ **Disbursement of retail and commercial loans in rural India witnessed a growth of 30% and 100% by volume respectively.**

Despite the registered growth and development of rural industries in the country, there are some persistent and some emerging challenges that hinders their further growth and inhibits them to realise their true potential.

What are the major hurdles in the path of Rural Industries to flourish?

- ❖ **The Protection Syndrome:** After the economic reforms in 1990s, the items reserved for SSIs had to compete in the domestic market with the imported products. However, due to the protective policies, most of the SSIs had not upgraded themselves to catch-up with the changing demands.
- ❖ **Access to Credit:** Availability of credit has always been a major constraint but with changing economic context, **credit need is becoming more compelling** because of the necessity to adopt improved technology, increased difficulties in procuring inputs and in marketing the end products.
 - ❖ For instance, against the total estimated credit requirements of Rs.9,750 crore, hardly Rs.100 crore have reached rural artisans.
- ❖ **Inadequate marketing infrastructure:** Poor transportation infrastructure, constraints in marketing communication like limited literacy rate, lack of adequate and scientific storage facilities, scattered nature of the villages, etc. reduces accessibility of rural markets and **prevents generation of demand for traditional products from urban areas.**
- ❖ **Procuring Raw Materials:** Increased commercialisation of the economy, growth of high technology urban industries based on rural raw materials (for example, leather, splints and veneers, bamboo, non-edible oils and wool) have caused the local artisans and entrepreneurs to lose their input market to the urban industries.
- ❖ **Technological barriers:** Most of these industry suffer from **lack of appropriate technology while inability of adoption of available technologies due to lack of skills and knowledge of know how** is another challenge.
 - ❖ For example, **Firozabad** has been producing glass **bangles** for more than 200 years now and is the biggest manufacturer of glass bangles in the world. However, **labours** working in these factories **generally do not use any protective gears**, while melting glasses, **as they are not adept to them.**
- ❖ **Human resource challenges:** Due to factors like lack of basic facilities and rural-urban wage disparities, rural areas are unable to retain local talent or even to attract talent from outside. Thus, rural enterprises often suffer from low or no skilled labour force, lack of experienced and capable administrative as well as managerial staff.

Sambalpur sarees of Odisha: India's glory, weavers ordeal

- ❖ Sambalpur sarees are woven on handlooms typically featuring motifs like the conch shell, the spinning wheel and flowers created with the complex Ikat technique.
- ❖ It takes at least 4-5 days of weaving for 2-3 weavers to complete one Sambalpuri saree.
- ❖ The saree was given the Geographical Indication (GI) tag in 2010, yet handloom weavers are struggling to make ends meet as cheaper fake replicas flood the market and pose a threat to their livelihood.
- ❖ Additionally, these weavers face lack of adequate remuneration, skill development training and an absence of patronage for their customised products.
- ❖ Few decades ago, there were around 100 families in the area who were weaving the Sambalpuri saree but today there are only a few left.



What initiatives have been taken by the government to overcome the challenges and promote Rural Industrialisation?

<p>Formal Institutional Arrangements</p>	<ul style="list-style-type: none"> ❖ Khadi and Village Industries Commission (KVIC): It was established as a statutory body under the Parliament Act in 1956. It aims to plan, promote, facilitate, organize, and assist in the establishment and development of Khadi and Village industries in the rural areas. <ul style="list-style-type: none"> ⊗ It is the nodal agency for programmes and schemes like Prime Minister's Employment Generation Programme (PMEGP), Scheme of Fund for Regeneration of Traditional Industries(SFURTI), Market Promotion Development Assistance (MPDA), Bee Keeping, Pottery programme, etc. ❖ National Small Industries Corporation (NSIC) Limited: It was established in 1955, for facilitating small enterprises. <ul style="list-style-type: none"> ⊗ It is involved in Bank credit facilitation, Raw Material assistance, Export assistance , Organising Exhibitions (both domestic and international), Providing Informediary Service, etc.
<p>Promotion of Traditional industries</p>	<ul style="list-style-type: none"> ❖ Scheme of Fund for Regeneration of Traditional Industries (SFURTI) ❖ Upgrading the Skills and Training in Traditional Arts/Crafts for Development (USTAD) scheme.
<p>Facilitating Credit needs of small enterprises</p>	<ul style="list-style-type: none"> ❖ National Bank for Agriculture and Rural Development (NABARD) provides and regulates credit and other facilities for the promotion and development of SSIs, cottage and village industries, handicrafts and other rural crafts. <ul style="list-style-type: none"> ⊗ SHG Bank linkage programme under NABARD has now become the largest microfinance programme in the world, in terms of the client base and outreach. ❖ Small Industries Development Bank of India (SIDBI) was established to ensure timely, adequate and affordable credit flow to SSIs. ❖ Promoting formation of Cooperative Societies to provide financial assistance to its members mainly weaker sections of rural communities. <ul style="list-style-type: none"> ⊗ Presently, 8.54 lakh cooperative units are operating in the country in sectors like dairy, fertilisers, sugar mills, etc.
<p>Imparting training and development of skills</p>	<ul style="list-style-type: none"> ❖ Micro Enterprise Development Programme (MEDPs) and Livelihood and Enterprise Development Programmes (LEDPs) under NABARD. ❖ Rural Self Employment and Training Institutes (RSETIs) under Ministry of Rural Development (MoRD). ❖ Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) ❖ Industrial Training Institutes (ITIs)/ Craftsmen Training Scheme (CTS) for providing long-term training through ITIs operational across the country.
<p>Development of Agro-based industries</p>	<ul style="list-style-type: none"> ❖ A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE) provides financial support to set up Livelihood Business Incubators (LBI) or Technology Business Incubator (TBI) for agro-based industry. ❖ Agriculture Infrastructure Fund (AIF) to provide medium-long term credit facility for creation of post-harvest management infrastructure and community farming assets. ❖ Farmer Produce Organizations (FPOs) to produce clusters for leveraging economies of scale and improving market access for members. ❖ Agro Processing cluster scheme for development of modern infrastructure and common facilities.
<p>Stimulating food processing industries</p>	<ul style="list-style-type: none"> ❖ Pradhan Mantri Kisan Sampada Yojana (PM SAMPADA) to supplement agriculture, modernize processing and decrease agri-waste. ❖ Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME) Scheme for upgradation of existing micro food processing enterprises. ❖ Production Linked Incentive Scheme for Food Processing Industry (PLISFPI) to support food manufacturing entities for expansion of processing capacity and Branding abroad.

Promoting Entrepreneurship & Innovation	<ul style="list-style-type: none"> ❖ Decentralising incubation Centre: Under the Atal Innovation Mission (AIM), Atal Community Innovation Centre (AICC) are set up to serve the unserved or underserved areas with respect to the startup and innovation ecosystem. ❖ Start-Up India scheme under which micro enterprises are recognised as start ups and associated benefits are provided to them. ❖ Innovation and Agri-entrepreneurship development programme and National Agriculture Innovation Fund.
Empowering Rural Women	<ul style="list-style-type: none"> ❖ Stand-Up India Scheme ❖ Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY – NRLM) to ensure at least one woman member from each identified rural poor household is brought under the Self Help Group (SHG) network in a time bound manner.
Infrastructure Creation	<ul style="list-style-type: none"> ❖ Pradhan Mantri Gram Sadak Yojana, National Jal Jeevan Mission-Rural, etc. ❖ Rural Industry Service Centre (RISC) to provide infrastructural support and necessary services to the local units to upgrade their production capacity, skill upgradation and market promotion.
Initiatives for Digital empowerment	<ul style="list-style-type: none"> ❖ Pradhan Mantri Gramin Digital Saksharta Abhiyan ❖ BharatNet for broadband internet connectivity to Gram Panchayats ❖ National Agriculture Market (eNAM) linking the Agricultural Produce Market Committee (APMC) mandis to create a unified national market for agricultural commodities.

Emerging technologies in rural areas: A support to rural industries or an added challenge?

While emerging technologies are being increasingly used in rural economy, they surely have the potential to take the rural business to a new level. Following developments are worth mentioning:

- ❖ **Digital agriculture:** Digital Agriculture is using ICT and data ecosystems to support the development and delivery of timely, targeted information and services to make farming profitable and sustainable while delivering safe nutritious and affordable food for all. All these technology facilitate precision farming which results in sustainable utilisation of resources, enhanced productivity, etc.

❖ Digital Agriculture Initiatives in India:

- ❑ **Digital Agriculture Mission 2021–2025** to support and accelerate projects based on **new technologies, like AI, block chain, remote sensing and GIS technology** and use of drones and robots.
- ❑ **Agricultural Digital Infrastructure (ADI) solution** to enhance farming and knowledge sharing.
- ❑ **Proposed National Agri Stack** to help farmers choose best inputs (like seed varieties), best practices, updates on weather, agricultural credit, insurance, etc.
- ❑ **PM Fasal Bima Yojana (PMFBY)** encourages the use of modern technology, such as **satellite imagery, remote-sensing technology, drones, artificial intelligence, and machine learning**, to accelerate crop loss assessments.

- ❖ **Fintech:** Several fintech companies are promoting **financial penetration in rural areas** through easy and swift banking services and digital payment. It not only enhances the credit availability in rural areas but also **generates job opportunities for youth**.

- ❖ **Trace Maps:** It has been prepared by the National Rural Infrastructure Development Agency (NRIDA) under PMGSY-III. It **simulates the traffic** from habitations to nearby facilities to identify and calculate road usage in rural areas. This information is then used to **suggest important routes and major rural links** to field engineers to help them with planning.

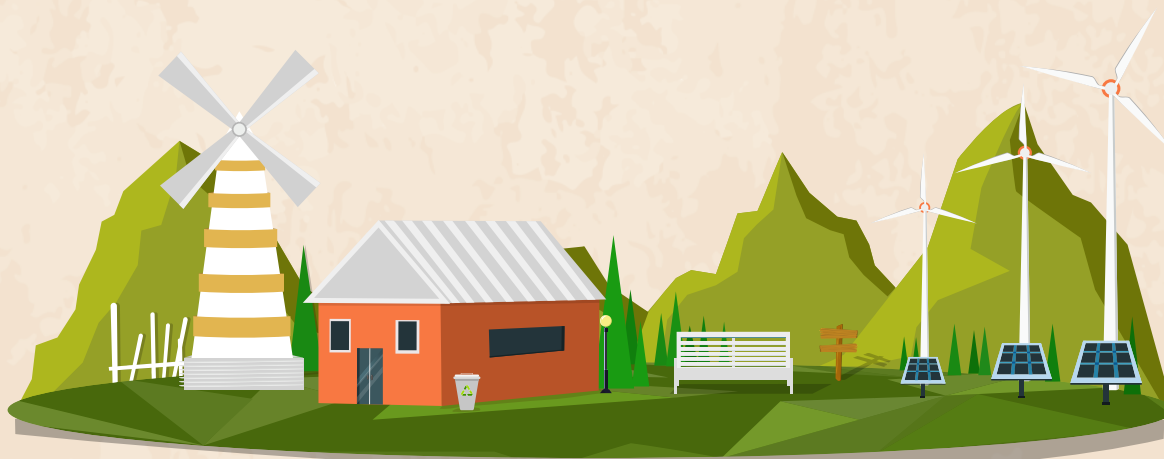
- ❖ **Geo-Tagging:** Geotagging helps in better monitoring of various projects which in turn reduces corruption. Under PMGSY-III, more than 7.70 lakh rural facilities such as medical, educational and markets have been geo-tagged assets, like water harvesting, drought relief, flood control activities, created under MGNREGS are also being geotagged.

»» Challenges that inhibit the large scale application and adoption of technologies:

- ❖ High cost of technology adoption
- ❖ Lack of technical expertise and knowledge
- ❖ Difficulty in application of digital agriculture due to small land holdings, heterogeneity of cropping systems and market imperfections

What needs to be done to revitalise and fast track the process of rural industrialisation?

- ❖ **Formulation of Rural Industrial Policy:** A cohesive strategy with short term targets, and long term visions, must be drawn up.
- ❖ **Defining rural industries-** The classification of cottage and small scale industries as given in 1977 IPR is not appropriate for present time. Defining rural industries in general in the context of globalization is the need of the hour.
- ❖ **Technological upgradation:** Upgrading the techniques of production will provide the much-needed improvements in the productive efficiency and product quality of rural enterprises.
- ❖ **Integrated approach to rural skills development: New Education Policy 2020** which integrates vocational education into school and higher education institutions is the step in the right direction. In short term, following initiatives need to be taken for effectively imparting skills to rural workforce:
 - ❖ **Collect and analyse data disaggregated** by gender, age, ethnicity, disability and other relevant dimensions to be able to design appropriate services and programmes.
 - ❖ **Enhance awareness** around the opportunities, and numerous government skilling initiatives.
 - ❖ **Strengthen coordination and collaboration with the private sector.**
 - ❖ **Assess labour market needs** and economic opportunities, and link training to the skills requirements in the particular rural context.
- ❖ **Harnessing the potential of rural women:** The Indian government is implementing a series of flagship programmes that focus on significantly expanding financial inclusion, healthcare, safety and security, education, employment, economic welfare aspects for women. All these efforts should be given specific boost while implementing in rural areas to enhance rural women's collective bargaining and social dialogue.
- ❖ **Fulfilling the gaps in Infrastructure:**
 - ❖ **Robust backward and forward linkages:** A seamless supply chain for inputs, and widening marketing opportunities for the products is needed.
 - ❖ **Rural-urban linkage:** Strengthening rural-urban linkages, from farm to small towns to megacities, will benefit rural labour production, distribution, markets, services, consumption, etc.
- ❖ **Cooperative federalism:** Various initiatives taken by the Centre under Centrally Sponsored Schemes for promoting rural industrialisation as well as rural development are executed by the states. Therefore, an effective cooperation between the Centre and States is a prerequisite for the success of the initiatives.
- ❖ **Strengthening the role of MSMEs:** Huge investment to create necessary infrastructure; effective solutions for enabling MSMEs to have access to technologies, finance and markets; and vocational education and skill development in manufacturing and business planning are required.
- ❖ **Harnessing export potential of rural Industries:** India's traditional khadi and handicraft, handlooms, coir industries along with processed food industry has huge potential for export which could be tapped by identifying demand in the potential markets abroad, marketing through participation in international exhibitions and capacity building for ensuring high quality of products.
- ❖ **Banking on opportunities created by COVID-19:** Integrating the rural migrant workers into the rural economy by providing them credit, technical know-how and market support and leveraging them to set up MSME units.



In Conversation Tourism Industry in Rural Areas



Vinay: Hi Vini. How was your trip to Kerala?

Vini: Hey Vinay! It was fantastic. I went to Ernakulam and stayed in a local village there known as Kumbalangi.

Vinay: Oh wow! That's India's first eco-tourism village right?

Vini: Yes Vinay! The village has come a long way in transforming itself from a tiny island to a model fishing village and thereby a popular tourist spot.

Vinay: What is so unique about this village?

Vini: It offers exemplary **model for sustainable rural tourism**. Plastic is banned and there are no artificially-built tourist structures like resorts or cottages. Mangroves, Poomeen Chattam, the movement of a group of fish in half circle during high tide and Sea sparkle locally known as 'kavaru' are some of the visual delights along the backwaters of Kumbalangi.

Vinay: Wow, this sounds fascinating Vini! Can't believe an Indian village has so much to offer.

Vini: Absolutely! I also met a traveller there, who told me some other potential villages of India like Jyotisar (Haryana) which is the birth place of Gita, and Hodka (Gujarat) which is known for traditional craft and embroidery that can offer a range of tourism opportunities if properly developed.

Vinay: Well! Replicating the Kerala model across the country is not easy as in most of the villages, tourism supporting infrastructure is either inadequate or completely absent.

Vini: Aren't you aware about **National Strategy and Roadmap for Development of Rural Tourism** in India? I believe that it will kickstart rural tourism in India.

Vinay: Is it so? Can you tell me a bit more about this initiative?

Vini: It outlines strategy to promote rural tourism through key pillars including: Model policies and best practices for rural tourism, Digital technologies and platforms, Developing clusters, Marketing support, Capacity building of stakeholders, Governance and institutional framework.

Vinay: This is such a great initiative. But people's participation and support is also necessary to make such initiative a success.

Vini: That's true. Let's hope that we get to explore more of rural India in times to come.



Conclusion

It is a well-known fact that agriculture alone is unable to sustain the large swathes of population in India, and more non-farm employment opportunities need to be harnessed. Rural industrial sector has big potential as it holds the key for sustaining not only the existing set of millions of existing artisans but also for an increasingly large number of new entrants. Rural Industrialisation through thoughtful policy interventions, close economic integration with neighbouring urban areas, supporting innovations, incentivising start-ups and digitalisation can create employment opportunities in rural India and can also narrow rural-urban disparities. It will be a good step in the direction towards realising Aatmanirbhar Bharat.

Topic At a Glance

Rural industries are non-farm activities that depend on rural resource. They usually work with the philosophy of production by masses-as opposed to mainstream industries where goods are mass produced.

Various types of rural industries include Traditional Industries like Khadi, Light Industries like light animal feed, Medium group industries like mini cement plant, Heavy industries like bio-fertilizer plants and Sunrise sectors like rural tourism.



Role of rural industrialisation in National Development

- ❖ Crucial for growth of rural economy
- ❖ Provides additional and offseason employment and supplements agricultural income of farmers
- ❖ Inclusive national development
- ❖ Balanced industrialisation
- ❖ Preservation of India's rich culture
- ❖ Promoting Micro and Small Enterprises (MSMEs)
- ❖ Women empowerment
- ❖ Achieving sustainable development goals



Major hurdles in the path of Rural Industries to flourish

- ❖ The Protection Syndrome wherein the items reserved for SSIs were unable to compete with the imported products after economic reforms in 1990s
- ❖ Inability to access adequate credit on time
- ❖ Inadequate infrastructure for marketing, transportation, scientific storage facilities, etc.
- ❖ Competition for procuring raw materials from urban industries
- ❖ Lack of appropriate technology and inability of adoption of available technologies
- ❖ Inability to retain local talent or to attract talent from outside

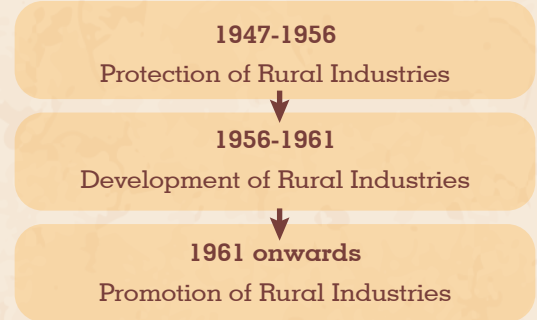


Way ahead to revitalise and fast track the process of rural industrialisation

- ❖ Formulation of Rural Industrial Policy
- ❖ Defining rural industries
- ❖ Upgrading the techniques of production
- ❖ Integrated approach for Skills development
- ❖ Harnessing the potential of rural women
- ❖ Fulfilling the gaps in Infrastructure
- ❖ Other initiatives like Cooperative federalism, strengthening the role of MSMEs, Harnessing export potential of rural Industries, banking on opportunities created by COVID-19 induced reverse migration



Evolution of policy framework for rural industries post-independence



Key Initiatives to overcome the challenges and promote Rural Industrialisation

- ❖ Formal Institutional Arrangements: KVIC and NSIC Limited
- ❖ Promotion of Traditional industries: SFURTI and USTAD scheme
- ❖ Facilitating Credit needs of small enterprises: Establishing NABARD and SIDBI, Promoting formation of Cooperative Societies
- ❖ Imparting training and development of skills: Micro Enterprise Development Programme (MEDPs), Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), etc.
- ❖ Schemes for agro based industries: ASPIRE scheme for agro based industries, PM SAMPADA for food processing, etc.
- ❖ Promoting Entrepreneurship & Innovation: Decentralising incubation Centre through the Atal Innovation Mission (AIM), Start-Up India scheme, etc.
- ❖ Other initiatives for empowering rural women, infrastructure creation, digital empowerment, etc.

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