

Developing of Human Capital in Rural Areas: An Indian Experience

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Presented at OECD Annual Conference on
'Innovative Rural Regions: The Role of Human Capital and Technology'
Cacers, Extremadura, Spain
(March 21-23, 2007)

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Seventy per cent of India's over one billion rural population lives in seven hundred thousand (700,000) villages while the remaining thirty per cent in urban and semi-urban towns.

Although, the importance of developing human capital in rural India had been fully recognized yet some notable initiatives taken in the recent years to develop the human capital started with the amending of the Indian Constitution, and introducing a number of developmental programmes as mentioned below, which underline the importance of improving rural infrastructure to transform the low productive economy into a fast growing agro-industrial economy.

The importance of developing human capital in rural areas could be judged from the statement made by the then Prime Minister Rajiv Gandhi in Indian Parliament, *“There is a vast uncultivated field of talent lying fallow in rural areas, it is that fallow field which India is now seeding through various programmes initiated in rural areas”*

Recently, Prime Minister Manmohan Singh, addressing the Chief Executive Officers of the Public Sector Undertakings said, *“We must recognize that today skilled labour as well as capital is internationally fully mobile. Therefore, our system of incentives has to be competitive enough to attract more capital both domestic and foreign.”*

73rd Amendment to the Indian Constitution

The 73rd Amendment to the Indian Constitution in 1991-1992 made rural democracy mandatory in creating the three tier grassroot democracy at the village, block and district levels, and transferring 29 subjects to the grassroot democracy to be managed by the elected representatives and by the electorate from the age of 18 years and above.

Total number of elected representatives to manage the *Gram Panchayats* (village assembly) in India. The election of 30 per cent women representatives is mandatory.

Total Number of *Gram Panchayats* (village assemblies) – 234676

- Number of elected Women Representatives – 838227
- Number of elected Men Representatives – 2065882
- Total Number of Elected Representatives – 2904109

Total Number of *Blocks* (Cluster of Gram Panchayats) – 6097

- Number of elected Women Representatives – 47455
- Number of elected Men Representatives – 109324
- Total Number of Elected Representatives – 157779

Total Number of *Districts* (Constituted of Blocks) – 537

- Number of elected Women Representatives – 4923
- Number of elected Men Representatives – 11708
- Total Number of Elected Representatives – 16631

The 73rd Amendment to the Indian Constitution made it mandatory for holding of elections after every five years as in the case of the Parliament and state assemblies. Prior to the enactment of the 73rd Amendment to the Indian Constitution, the election were held at the discretion of the state governments and in case of many states in India, they were not held for many years. This system left the management of rural India in the hands of a few officials appointed by the state governments. This created a wedge between the community and the functionaries of the government. It may be pertinent to mention here that the Panchayati Raj Institutions (PRIs) had a decisive place and role to play in ancient India and thereafter, with the invasion of outsiders and their rule over the country, it brought discontinuity in the system, which had the largest participation of the people.

India with a large and a heterogeneous geographical area having a multi-cultural and multi-lingual history, could not possibly continue to be governed by the bureaucratic system especially when there has been an explosion of human consciousness with rising aspirations of the people. In other words, the elitist system came to be replaced by the community participatory system established through the Panchayati Raj Institutions (PRIs), having three tier grassroot democracy. There has been a tension brewing with introduction of grassroot democracy due to delayed devolution of powers to the Panchayati Raj Institutions (PRIs). Notwithstanding, the State is committed to ensuring success by building human capital through well-designed programmes of research education and training at all India levels. Our own institute has been engaged in imparting education and training to the elected representatives of the grassroot democracy (Panchayati Raj Institutions) since 1992.

Though the process is slow in moving the rural society from social, economic and political transition to social, economic and political transformation, yet it is irreversible. Certain states in India tried to temper with grassroots democracy in creating a parallel system but failed miserably and were defeated by the electorate in the State Assembly elections. The grassroots democracy has made notable success in Communist party led states of West Bengal and Kerala and also in non-Communist led states in south-west India comprising Karnataka, Tamil Nadu, Andhra Pradesh, Maharashtra and Gujarat. The northern states comprising Bihar, Uttar Pradesh, Madhya Pradesh and Rajasthan, which are the largest states in India, are rather slow in moving forward to speed-up the functioning of the Panchayati Raj Institutions.

The subjects which have been transferred under the above mentioned Constitutional Amendment, to be managed by grassroot democracy are as follows:

1. Agriculture, including agricultural extension.
2. Land improvement, implementation of land reforms, land consolidation and soil conservation.
3. Minor irrigation, water management and watershed development.
4. Animal husbandry, dairying and poultry.
5. Fisheries.
6. Social forestry and farm forestry.
7. Minor forest produce.
8. Small scale industries, including food processing industries.
9. Khadi, village and cottage industries.
10. Rural housing.
11. Drinking water.
12. Fuel and fodder.
13. Roads, culverts, bridges, ferries, waterways and other means of communication.

14. Rural electrification, including distribution of electricity
15. Non-conventional energy sources.
16. Poverty alleviation programme.
17. Education including primary and secondary schools.
18. Technical training and vocational education.
19. Adult and non-formal education.
20. Libraries.
21. Cultural activities.
22. Market and fairs.
23. Health and sanitation, including hospitals, primary health centers and dispensaries.
24. Family welfare.
25. Women and child development.
26. Social welfare including welfare of the handicapped and mentally retarded.
27. Welfare of the weaker sections, and in particular of the Scheduled Castes and the Scheduled Tribes.
28. Public distribution system.
29. Maintenance of community assets.

The Federal Government has placed huge amount of funds annually at the disposal of the state governments through a number of programmes for poverty alleviation, employment generation, infrastructure development and social security. Some of these are mentioned below:

1. National Rural Employment Guarantee Scheme (NREGS)
2. Sampoorna Grameen Rozgar Yojana (SGRY)
3. Swaranjayanti Gram Swarozgar Yojana (SGSY)
4. Rural Housing (RH) – Indira Awaas Yojana
5. Drought Prone Area Programme (DPAP)
6. Desert Development Programme (DDP)
7. Integrated Wasteland Development Programme (IWDP)
8. Accelerated Rural Water Supply Programme (ARWSP)
9. Total Sanitation Campaign (TSC)
10. Swajaldhara
11. Pradhan Mantri Gram Sadak Yojana (PMGSY)
12. National Food For Work Programme (NFFWP)

Conclusively, the grassroot democracy (Panchayati Raj Institutions) in India provides a massive scope and opportunity to develop human resource or human capital through research education and training of the elected representatives on the one hand, and educating more than 400 million adults in rural India as members of the village councils (Gram Sabhas) on the other. It is envisaged that in the next 10 years, India shall be the largest functional grassroot democracy. Until, recently the Western scholars were either not informed of this revolutionary measure or were apprehensive. Of late, the scenario is changing with the scholars, institutions, such as the European Commission coming forward to collaborate and also sponsor studies and programmes to strengthen the grassroot democracy. This is equally true of scholars, institutions and universities in United States of America moving forward in the same direction.

Special Economic Zones (SEZs)

The second most important development that has taken place is building up of the infrastructure combined with the setting up of the Special Economic Zones (SEZs) in rural areas.

The Ministry of Commerce and Industry, Government of India, on 10th February 2006 announced the decision of the Central Government in defining the roles, rules and functions of the Special Economic Zones (SEZs). This was another revolutionary initiative taken by the Central Government. As a consequence, a major paradigm shift has taken place to boost the infrastructure development in the rural areas on the one hand and generation of employment, human capital and investment on the other. The SEZs have managed to attract a whopping US\$ 2.70 billion (Rs.11,900 crore) investment in the 11 months since the SEZ rules were notified in February 2006.

According to the estimates of the Ministry of Commerce and Industry, Government of India, the total investment in SEZs by 2009 is likely to go up to Rs 58000 crore (US\$ 12.88 billion) and employment will go up to one million skilled human resource. About 60 per cent of the notified SEZs are in IT or in IT enabled services sectors. However, a number of multi-product SEZs and sector specific SEZs in the areas of pharmaceuticals, biotechnology, chemicals and petrochemicals, textiles, automobiles and components, electronics and engineering products have also been notified.

Most of these SEZs are located outside the urban areas, touching either the boundary of the village or on the village land. The Government of India has already granted formal approval to 237 developers for setting up SEZs after the SEZs rules came into force in February 2006.

In addition to this, the Government of India, in principle, gave the approval to the developers for setting up 164 SEZs.

As on January 2007, 63 SEZs have been notified after coming into force of the SEZ Act. For more information, please visit the website www.sezindia.nic.in

As on 31st March 2005, there were 811 units in operation in the eight functional SEZs. Investment by the units in these zones are of the order of Rs. 18,309 million (US\$ 0.4 billion). These SEZs units provide employment to about 1,00,650 persons including 32185 women. The export performance of SEZs in year 2003-2004 was Rs 13,854 crores (US\$ 3.07 billion) and in 2004-2005 it was Rs 18,309 crores (US\$ 4.06 billion). These were the practical programmes, that were operationalised. The programmes have made a substantial contribution in developing human resource and capital investment, mostly outside the urban habitat.

Besides developing human resource and capital investment, the setting up of roads, railways, tele-communication and upgradation of airports is an example of public-private partnership. (For further details please read 'India Infrastructure Report 2007', published by Oxford University Press).

Finally, the human capital in rural areas is going to develop fast with the implementation of the following programmes.

1. Vocational and Universalization of Elementary Education (Education for All) (VUEE) introduced in the nineties aimed to achieve the goal of VUEE. The Tenth Five Year Plan (India is shortly commencing the Eleventh Five Year Plan) of the Government of India emphasized on universal access, enrollment, retention and achieving high quality in education.

2. Second, the nationally important programme pertains to setting up of 10 million Information and Communication Technology (ICT) service centers across rural India. This programme has already begun and is a part of the national programme for bringing information and services to the doorstep of the citizens by providing access to information backed with relevant infrastructure and services. It shall not only provide rural villagers an opportunity to improve their quality of life, but also support and supplement their existing income in a sustainable way. The goal of the Common Service Centres (CSC) programme is to empower the rural community and catalyze social change through modern technologies. With a large and heterogeneous geographical area, the private and civil society sectors are expected to play an active role in the development and implementation of the ICT enabled CSC across rural areas. The successful implementation of this scheme will offer economical and instantaneous access to key information and services to rural villagers across India. The information shall be available in the form of agricultural inputs, weather, commodity prices, health, tele-medicine, bill payments and bookings, data entry, digital pictures, entertainment, education, e-learning and micro-finance. (This is only an illustrative list). It has been established through the launching of pilot projects that the successful implementation of this programme shall contribute substantially in improving the quality of life in rural India. These programmes are going to be run and are currently being run by highly educated, skilled and trained human resource who are being trained through the vast network of industrial training, technological engineering and management institutions spread all over India.

3. The Federal and provincial governments have placed huge funds at the disposal of the concerned agencies, institutions including non-government organizations to facilitate the implementation of these programmes.

The implementation of some of the programmes and schemes mentioned above is bound to reverse the process of migration of highly skilled and semi-skilled workforce to rural India to meet its growing need.

4. The Centre for Research in Rural and Industrial Development (CRRID), set up in 1979, is an institute of 'National Status' having a 'Special Consultative Status' with the Social and Economic Council of the United Nations. The Institute has been engaged in research education and training of elected representatives, officials, trainers and professionals from public and private sectors who are being imparted the multi-disciplinary research education and training programmes to meet the growing need of rural society. The research education and training programmes carried out by CRRID have of late been recognized and sponsored by the European Commission thereby providing the opportunity for close interaction and sharing of information, knowledge and experience between CRRID and the well-established Institutions in European Union. CRRID has so far trained 36,800 participants and exposed them to the changing environment at home and abroad.

THANKS