

### **Rural India Revival: SKOCH Report**

- Rural wages up by 7.3 per cent in 2016-17 over the previous year
- Growing employment in non-farm agriculture
- Some of poorest states such as Assam and Bihar doing well
- PMGSY: more than two-third of the total length constructed is in poorer states

**New Delhi:** Rural economy is going through a turnaround despite fall in the growth rate of India's GDP. Positive and long-term improvement can be seen in foodgrains production, horticulture, dairy, poultry and fisheries, access to physical infrastructure such as roads, per-capita income of poorer states, wages of unskilled labour and growing employment in non-farm occupants due to programmes such as MUDRA, says a report entitled "*Has Rural India Seen a Turnaround Lately?*" by SKOCH Development Foundation. Authored by N C Saxena, Distinguished Fellow, SKOCH Development Foundation, the report says, "Thanks to good monsoon, India had a record foodgrain production of 273 million tonnes (MT) in 2016-17, which was a good 17 million tonnes more than the annual average of the previous three years. The long-term trend in foodgrain production after 2003-04 has also been encouraging. Foodgrain production in 1990-91 was 176 MT, which increased by less than 11 per cent to 195 MT in 2003-04 but jumped in the next 13 years by 40 per cent to 273 MT in 2016-17."

As opposed to crop agriculture, India has seen far better progress in non-crop agriculture, i.e., in horticulture, dairy, poultry and fisheries. Whereas foodgrain production rose by 40 per cent between 2003-04 and 2016-17, production of horticulture crops almost doubled during the same period from 153 to 287 MT. The vegetable and fruit segments of the horticulture sector can be key drivers of agricultural growth and can be further developed by appropriate investments in harvesting, low-cost storage facilities and processing technologies along with development of marketing infrastructure.

India continues to be the largest producer of milk in the world. During the years 2014-15 and 2015-16 the milk production registered an annual growth rate of 6.27 per cent. Poultry and fisheries have also recorded an annual growth rate of more than 5 per cent since 2010-11. Production of milk and fish is now almost three times what it used to be in 1990-91, whereas egg production has shown even better progress.

The Report says, higher agricultural growth, especially in foodgrains and non-crop agriculture and greater opportunities for wage labour in the non-farm sector, such as construction, has increased the demand for labour and led to a rise in real wages. During 2007-12, rural wages soared by an unprecedented growth rate of 8.3 per cent per annum in real terms, thanks to increased non-farm employment opportunities in a booming economy aided by improved road and telecom connectivity. This was further enabled by rising crop prices

that made it possible for farmers to absorb the wage increases. MGNREGA was not the sole factor responsible for this uptrend. Factors such as agricultural productivity, construction sector growth, migration to cities and literacy also majorly contributed to the rise in rural wages, benefitting more than 40 per cent of rural population dependent on casual labour.

Rural wages began rising in 2016 after stagnating for two years, indicating that the slowdown in rural demand was temporary. Despite demonetisation, rural wages rose by 7.3 per cent in 2016-17 over the previous year. Expenditure on wages in MGNREGA has also picked up, from Rs 24,209 crore in 2014-15 to Rs 40,836 crore in 2016-17. The figures show that some of the poorest states such as Assam and Bihar have shown remarkable progress in the last two years.

Rural consumption has been positively influenced by satisfactory growth in poorer states that have a significant rural population in the last four years.

Building infrastructure, while creating jobs, can also have a lasting positive impact on human productivity and incomes. NFHS-4 and census data shows that the number of households having electricity has shown excellent progress after 2011 even in poorer states, adds report.

Similar progress has been achieved in construction of new rural roads under PMGSY. A total of 1,78,184 habitations have been identified state-wise to be targeted for providing road connectivity. States have so far provided connectivity to 1,27,427 habitations. It is significant that more than two-third of the total length constructed is in poorer states. In many cases it was seen that road construction attracted investments made by people in tempos, shops, and real estate. Many new income opportunities and small enterprises have thus flourished simply due to the rural roads.

#### Report Highlights:

- India had a record foodgrain production of 273 million tonnes (MT) in 2016-17, which was a good 17 million tonnes more than the annual average of the previous three years.
- Foodgrain production of 195 MT in 2003-04 jumped in the next 13 years by 40 per cent to 273 MT in 2016-17.
- production of horticulture crops almost doubled during the same period from 153 to 287 MT.
- India continues to be the largest producer of milk in the world.
- During the years 2014-15 and 2015-16 the milk production registered an annual growth rate of 6.27 per cent.
- Poultry and fisheries have also recorded an annual growth rate of more than 5 per cent since 2010-11.
- Factors such as agricultural productivity, construction sector growth, migration to cities, and literacy also majorly contributed to the rise in rural wages, benefitting more than 40 per cent of rural population dependent on casual labour.
- The largest increase in non-agricultural employment has been in the construction sector, where the share of employment in rural areas increased from 14.4 per cent (1999-00) to 30.1 per cent (2011-12).

- Despite demonetisation, rural wages rose by 7.3 per cent in 2016-17 over the previous year.
- Expenditure on wages in MGNREGA has also picked up, from Rs 24,209 crores in 2014-15 to Rs 40,836 crores in 2016-17.
- That consumption growth in rural India was in double digits for the first time in two years and outpaced the rate of expansion in cities.
- The number of households having electricity has shown excellent progress after 2011 rise from 55.8 per cent to 88.2 per cent.
- States have so far provided connectivity to 1,27,427 habitations. It is significant that more than two-third of the total length constructed is in poorer states.

#### **ABOUT SKOCH GROUP**

*Skoch Group is a Gurgaon based think tank dealing with socio-economic issues with a focus on inclusive growth since 1997. The group companies include a consulting wing, a media wing and a charitable foundation. Skoch Group is able to bring an Indian felt-needs context to strategies and engages with fortune-500 companies, state owned enterprises, government to SMEs and community-based organisations with equal ease. The repertoire of services include field interventions, consultancy, research reports, impact assessments, policy briefs, books, journals, workshops and conferences. Skoch Group has instituted India's highest independent civilian honours in the field of governance, finance, technology, economics and social sector.*

#### **ABOUT N C SAXENA**

*N C Saxena is Distinguished Fellow, SKOCH Development Foundation, New Delhi. A Rockefeller Foundation Fellow, he obtained his PhD from University of Oxford, UK. He specialises in rural development, natural resource management, rural livelihoods, poverty alleviation, watershed and drinking water, governance, decentralization and people's participation. A member of Indian Administrative services (IAS), Dr Saxena retired as Secretary, Planning Commission, Government of India. He was earlier, Secretary, Rural Development and Director, Shastri National Academy of Administration, Musoorie. Author of repute, he has contributed to several research papers to various international journals, and has written several widely acclaimed books. He is currently engaged as Consultant with UNICEF, World Bank, UNDP, European Union, GTZ, ADB, and DFID working on projects ranging from village planning, evaluation of urban poverty programmes, reforms in public distribution system, water and sanitation, land management and so on.*

#### **ABOUT SAMEER KOCHHAR**

*Reforms historian, Sameer Kochhar is Chairman, SKOCH Group. He is a passionate advocate of social, financial and digital inclusion. In 1997, after spending 15 years in the corporate world, he decided to follow his inner calling and become a development thinker. Ever since, he single-mindedly applied himself to the rigours of self-education, academic research and field tours. The SKOCH Group – which has think tank, media and consultancy arms – was established as part of this endeavour. His expert opinion is sought by the government. In Kochhar's thinking, writings and activities, his profound admiration for India's economic reforms—and in extension, those outstanding personalities who strive to make these reforms more meaningful and broad-based—comes out clear and unambiguous.*

*He has published several books, notable amongst these are:*

1. *Untold History of Indian Reforms (2016)*
2. *Modi's Odyssey: Digital India, Developed India (2015)*
3. *Defeating Poverty: Jan Dhan and Beyond (2015)*

4. *ModiNomics: Inclusive Economics, Inclusive Governance (2014)*
5. *An Agenda for India's Growth: Essays in Honour of P Chidambaram (2013)*
6. *Policymaking for Indian Planning: Essays in Honour of Montek Singh Ahluwalia (2012)*
7. *Growth and Finance: Essays in Honour of C. Rangarajan (2011)*
8. *India on the Growth Turnpike: Essays in Honour of Vijay L Kelkar (2010)*
9. *Building from the Bottom: Infrastructure and Poverty Alleviation (2010)*
10. *Urban Renewal: Policy and Response (2009)*
11. *Financial Inclusion (2009)*
12. *Speeding Financial Inclusion (2009)*
13. *Infrastructure and Governance (2008)*

**For further details, please contact:**

SKOCH Group  
[skoch@skoch.in](mailto:skoch@skoch.in), +91 124 4777401