



I. Multiple Choice Questions:

1. The apex funding agency for providing rural credit is
 - a) Regional Rural Bank
 - b) NABARD
 - c) SBI
 - d) None of these
2. Institutional source of rural credit includes
 - a) Money lenders
 - b) Landlords
 - c) Regional Rural banks
 - d) None of these
3. Emerging Challenges of rural development includes:
 - a) Diversification of production activities
 - b) Organic farming
 - c) Both a and b
 - d) None of these
4. Non-institutional source of rural credit includes
 - a) Money lenders
 - b) Commercial banks
 - c) Regional Rural banks
 - d) None of these
5. Arrange the marketing process in order
 - (1) Grading the produce as per quality
 - (2) Gathering the produce after harvesting
 - (3) Processing the produce
 - (4) Packing the produce
 - (a) 1,2,3,4
 - (b) 2,3,1,4
 - (c) 1,3,2,4
 - (d) 3,1,2,4
6. The reason of Distress sale is
 - a) Farmers need cash immediately for paying debts
 - b) High Storage cost
 - c) Lack of Storage facilities
 - d) All of these
7. _____ is an initiative taken up by the government to improve marketing system.
 - a) Intermediaries
 - b) Whole sale markets
 - c) Regulated Market
 - d) None of these
8. _____ includes all these processes between harvesting and final sale of the produce by the farmers.
 - a) Agricultural Marketing
 - b) Rural Marketing

- c) Rural Agriculture
- d) All of these

9. _____ means giving small loans to individuals for establishing self-employment.

- a) Macro credit
- b) Micro credit
- c) Both a and b
- d) None of these

10. _____ is a women-oriented community based poverty reduction program implemented in Kerala. (Fill in the blank with correct alternative)

- a) Self help group
- b) Kudumbashree
- c) AGMARK
- d) All of the above

II. Answer the following questions:

1. What is micro finance?
2. What is Cooperative marketing?
3. What do you mean by operation flood?
4. What is micro finance?
5. What is buffer stock?
6. What are regulated markets? Explain the features of a regulated market.
7. How is green revolution different from golden reveloution?
8. What is subsistence farming?
9. State the examples for non- institutional source of agricultural credit.
10. What is meant by agricultural diversification?
11. What do you mean by rural development? Bring out the key issues in rural development.
12. Discuss the different policy instruments initiated by the government to improve agricultural marketing.
13. What are the alternative channels available for agricultural marketing? Give some examples.
14. ' Information Technology plays a very significant role in achieving sustainable development and food security' -comment
15. State and elobrate, whether the following statements are true or false, with valid arguments.
 - (a) Under the Golden revolution there was tremendous growth in horticulture, making India the world leader in this field.
 - (b) Small and marginal farmers are given preference in getting credit from non- institutional sources like Regional Rural Banks, Cooperative Banks, etc.

CASE BASED QUESTIONS:

1. *The Amul trinity: Tribhuvan Das Patel flanked by Verghese Kurien and H.M. Dalaya.* |

Photo Credit: The Hindu Archives

The National Dairy Development Board was formed in 1965 to start farmer-run milk cooperatives across the country on the lines of the Kaira Cooperative Milk Producers' Union, popular as Brand Amul, at Anand in Gujarat's Kheda district. The Kaira union, set up in 1946, was the product of one man's fight against traders who exploited farmers. That man, Tribhuvan Das Kishi Bhai Patel, was instrumental in picking, in 1950, Verghese Kurien who would take forward his mission of bringing about a milk revolution in India.

Kurien began Operation Flood in 1970, and by the time the "milk man of India" retired as the Chairman of NDDDB in 1998, India had 81,000 dairy cooperatives similar to Amul. From a position of stagnant milk production in the 1950s and 1960s, India today contributes 23 per cent of global production (global: 906 million tonnes in 2020; India: 209.96 million tonnes, 2020-21).

i) Operation Flood is related to _____.

- (a) Flood control
- (b) Milk production
- (c) Arrangements of drinking water
- (d) None of these

ii) Operation Flood is an example of. _____ of productive activity in the rural areas.

- (a) Centralization
- (b) Diversification
- (c) Both (a) and (b)
- (d) None of these

iii) Who is known as the father of white revolution?

- (a) Dr. Varghese Kurien
- (b) Tribhuvandas Kishibhai Patel
- (c) H.M. Dalaya
- (d) Dr. M S Swaminathan

iv) "Milk cooperatives help in rural development." Justify.

v) Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternative.

Assertion (A): India ranks first in the world in milk production.

Reason (R): India's milk production increased due to Operation Flood.

- A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- B) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
- C) Assertion (A) is true but Reason (R) is false.
- D) Assertion (A) is false but Reason (R) is true.

2. Access to adequate and timely credit at affordable rates is critical for the rural poor to alleviate high-cost debt and invest in livelihood opportunities. Despite the Government of India's best efforts, financial inclusion of the rural poor has been beset with multiple challenges. Lack of adequate banking infrastructure and human resources in rural areas, unplanned expansion leading to unviable bank branches, and low levels of financial literacy amongst the rural populace have been some of the key challenges. The most vulnerable communities, who often had no formal credit history or ability to provide collateral, have often been the worst affected. The inability to access loans from banks meant that the poorest had to resort to moneylenders for loans at unreasonably high rates of interest which

invariably led them into a toxic debt trap. In this context, the SHG-Bank Linkage programme, formalized by the National Bank for Agriculture and Rural Development (NABARD) in 1995, synthesizes 'formal financial systems' (in terms of a formal institution providing credit) with the 'informal sector' (comprising of rural poor with no formal credit history), has emerged as a preferred vehicle for providing financial services to the hitherto unbanked poor. Community-Based Repayment Mechanisms (CBRMs) have been institutionalized at branches involved in financing SHGs to monitor and ensure the timely repayment of loans by SHGs. The number of SHGs with outstanding bank loans stands at nearly 5 million today, implying that the program has brought formal banking services to over 50 million women.

Source (edited): Kumar, Shantanu; Pinto, Alreena Renita; Arora, Amit; Roy, Sourav. 2020. SHG-Bank Linkage: A Success Story. South Asia Agriculture and Rural Growth Discussion Note Series; No. 3. World Bank, Washington, DC. <https://openknowledge.worldbank.org/handle/10986/34725>

i. Why is it important to ensure access to cheap formal sector credit for the rural poor?

- a. to create a culture of savings and investment
- b. to increase the earnings of the regional rural banks
- c. to protect them from predatory lending and debt traps
- d. to promote collectivization and organization among them

ii. Which of the following is a crucial area of improvement for rural banking?

- a. risk protection for small businesses
- b. profitability of non-farm activities
- c. a culture of deposit mobilization
- d. sustainable development

iii. There are two statements given below, marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.

Assertion (A): Micro-credit can help empower women and make them financially independent.

Reason (R): Micro-credit involves small loans provided at reasonable interest rates that can help people start their own ventures.

- a. A is true but R is false.
- b. A is false but R is true.
- c. A and R are true and R explains A.
- d. A and R are true and R does not explain A.

iv. This programme would be successful if it can support a large number of people. What would the number of beneficiaries depend on?

- a. community support among them
- b. their level of average income
- c. their level of financial literacy
- d. a culture of saving money

v. What could be the main reason for the institutionalization of Community-Based Repayment Mechanisms (CBRMs)?

- a. Rural people should play an active role in the bank's day-to-day functions.
- b. If the repayment rate is low, banks would be reluctant to sanction fresh loans.
- c. High number of default loans is a burden on the government budget.
- d. Rural people deliberately refuse to pay back loans to banks.

vi. Which of the following is likely to be the MAIN objective of this programme?

- a. providing livelihood to women
- b. financial literacy for rural people
- c. building community-bank partnerships
- d. enabling credit access for the rural poor
