

4. Rural Development in India - economy

The Government of India and International Fund for Agricultural Development launched a new eight-year Country Strategic Opportunities Programme for 2026–2033, strengthening rural incomes, improving resilience and expanding sustainable livelihood opportunities across India.

1. Background

Rural India, home to approximately 65% of the country's population, has historically faced development challenges including inadequate infrastructure, limited economic opportunities, poor access to basic services, and vulnerability to agricultural risks and climate shocks. Post-independence development strategies initially focused on agricultural productivity through Green Revolution technologies, rural electrification, and irrigation expansion, achieving significant gains in food security but with uneven regional benefits and persistent rural poverty. The 1990s economic liberalization brought new opportunities but also exposed rural economies to market volatility and global competition, widening urban-rural disparities in income, employment, and access to quality education and healthcare. Recognizing these challenges, successive governments have launched comprehensive rural development programs addressing multiple dimensions—MGNREGA provided employment guarantees, Pradhan Mantri Gram Sadak Yojana improved rural connectivity, Swachh Bharat Mission transformed sanitation, and various housing, electrification, and drinking water schemes enhanced living standards. However, traditional government-led development models often suffered from top-down planning, implementation delays, leakages in benefit delivery, and inadequate community participation in decision-making. Over the past decade, there has been a gradual shift toward more community-driven, decentralized approaches recognizing local governments and grassroots institutions as critical actors in planning, implementation, and monitoring of development initiatives. Women-led Self-Help Groups have emerged as powerful platforms for financial inclusion, entrepreneurship, and social empowerment, mobilizing over 10 crore women across 90 lakh SHGs supported by community cadres providing last-mile service delivery. Digital technologies have revolutionized rural service delivery through Direct Benefit Transfers eliminating intermediaries, digital land records improving transparency in property rights, and mobile-based agricultural advisories empowering farmers with real-time information.

The new Country Strategic Opportunities Programme launched by Government of India and International Fund for Agricultural Development for 2026–2033 builds on these foundations while addressing emerging challenges of climate change, technological disruption, and evolving livelihood patterns in rural India requiring sustained investment, institutional strengthening, and innovative approaches to ensure inclusive and sustainable rural transformation.

2. About the COSOP 2026–2033

Aim and Objectives

1. The programme aims at strengthening rural incomes, improving resilience and expanding sustainable livelihood opportunities across India.
2. It focuses on two major priorities—enhancing the social, economic and climate resilience of rural communities, and strengthening knowledge systems to scale successful development models across India and other countries of the Global South.
3. Major objectives include strengthening grassroots institutions including self-help groups, farmer producer organisations and cooperatives.
4. These institutions are expected to play a key role in linking finance, technology, infrastructure and markets for rural producers.

India-IFAD Partnership

1. India and IFAD have partnered for nearly five decades, during which 35 rural development projects have been implemented across multiple states.
2. The partnership has focused on poverty reduction, agricultural productivity enhancement, rural infrastructure development, and inclusive growth.

3. IFAD brings international expertise in rural development, access to concessional financing, and knowledge sharing platforms.
4. India's experience with large-scale poverty reduction provides valuable lessons for other developing countries.

International Fund for Agricultural Development (IFAD)

1. IFAD was established in 1977 following the 1974 World Food Conference.
2. It was created in response to global concerns about food crises and rural poverty, particularly in developing nations.
3. Headquarters – Rome, Italy.
4. India is a founding member of IFAD.
5. Objectives include reducing rural poverty, enhancing agricultural productivity, improving food and nutritional security, promoting inclusive rural development, and supporting small and marginal farmers, women, and indigenous communities.

3. Rural Development in India – Progress and Achievements

Shift Toward Community-Driven Development

1. There is a gradual shift away from a purely government-led model of development towards more community-driven, decentralized approaches.
2. Local governments and grassroots institutions are increasingly recognised as critical actors in planning, implementation, and monitoring of development initiatives.
3. Panchayati Raj Institutions have been empowered with functions, finances, and functionaries for local governance.
4. Community participation ensures development programs are contextually appropriate and locally owned.

Key Developments

1. Rural Development Budget allocations rose over 211% from ₹87,765 crore in 2016-17 to ₹2.73 lakh crore in 2026-27, reflecting government commitment to rural transformation.
2. Poverty has declined significantly, with extreme poverty at 5.3% in 2022-23, which is less than the global average, and multidimensional poverty reduced to 11.28%.
3. Women-led collectives anchor last-mile delivery, mobilizing 10.05 crore women across 90.09 lakh SHGs, supported by 9 lakh community cadres.
4. Rural connectivity is near-universal, with budgetary allocations for Pradhan Mantri Gram Sadak Yojana increasing by 51% since 2017.

National Panchayati Raj Day

1. India celebrates National Panchayati Raj Day on April 24 every year to mark the foundation of Panchayati Raj System when Constitution 73rd Amendment Act, 1992 came into force.
2. It celebrates the importance of grassroots democracy, strengthens local governance and helps empower rural communities.
3. The 73rd Amendment provided constitutional status to Panchayats, mandated regular elections, reserved seats for women and marginalized communities, and devolved functions, finances, and functionaries to local bodies.

4. Government Initiatives

Swachh Bharat Mission (Grameen)

1. Launched in 2014 to achieve Open Defecation Free status nationwide by October 2019, with all districts declared ODF by 2019-20.
2. As of December 31, 2025, over 96 percent of villages under Swachh Bharat Mission have attained ODF Plus status.
3. An ODF Plus village is defined as one that sustains its ODF Status, ensures solid and liquid waste management, and remains visually clean.

4. The mission transformed rural sanitation creating health benefits, dignity for women, and environmental improvements.

Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

1. Launched in 2017 to achieve universal household electrification by providing electricity connections to all willing un-electrified households in rural areas and all willing poor households in urban areas.
2. Electricity access enables economic activities, improves quality of life, and facilitates access to information through television and internet.
3. Near-universal electrification has been achieved transforming rural energy landscape.

Pradhan Mantri Awaas Yojana-Gramin (PMAY-G)

1. Aims to achieve the objective of Housing for All by 2029 by providing pucca dwellings with basic amenities to eligible rural households.
2. Houses are constructed with beneficiary participation ensuring ownership and maintenance.
3. Provision of toilets, LPG connections, and electricity alongside housing creates comprehensive improvement in living standards.

Pradhan Mantri Gram Sadak Yojana (PMGSY)

1. Launched in 2000, PMGSY-I was designed to provide all-weather road connectivity to eligible unconnected habitations.
2. PMGSY-II focused on consolidating existing rural road networks.
3. PMGSY-III launched in 2019 upgrades rural roads for better connectivity.
4. Improved connectivity facilitates market access, healthcare, education, and integration with urban economies.

SVAMITVA Scheme and Land Reforms

1. Drone survey completed in 3.28 lakh villages, with 2.76 crore property cards issued.
2. Survey of Villages and Mapping with Improved Technology in Village Areas provides rural households with property ownership records.
3. Property cards enable access to formal credit using land as collateral, resolve property disputes, and facilitate property transactions.
4. 99.8% digitization of rural Record of Rights has been achieved improving transparency and reducing corruption.

Deendayal Antyodaya Yojana – National Rural Livelihood Mission (DAY-NRLM)

1. Launched in 2010 by restructuring earlier Swarna Jayanti Gram Swaraj Yojana, renamed in 2016 as DAY-NRLM.
2. Mobilizes rural poor women into Self-Help Groups providing access to credit, livelihood support, skills training, and market linkages.
3. Community Resource Persons including Bank Sakhis, Krishi Sakhis, Pashu Sakhis, and Enterprise Promotion CRPs facilitate smooth functioning of women-led community institutions.
4. Women's economic empowerment through SHGs has transformative social impacts including improved household decision-making, children's education, and community leadership.

Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY)

1. It is a demand-driven skill training linked to assured placements, with quality and industry relevance ensured through mandatory third-party certification by National Skill Development Corporation Sector Skill Councils.
2. Provides residential training for rural youth in market-relevant skills.
3. Post-placement tracking ensures job sustainability and career progression.

Entrepreneurship Pathways for Women

1. Aligning skill development initiatives with emerging sectors such as manufacturing, renewable energy, digital services, and agro-processing broadens economic opportunities for women.
2. Complementary measures including 'Back to Work' and 'Return ship Programmes' facilitate workforce re-entry for women after career breaks.

3. Women entrepreneurs are supported through credit access, business development services, and market linkages.

5.Challenges in Rural Development

Infrastructure Gaps

1. Despite progress, many rural areas still lack adequate healthcare facilities, quality educational institutions, and reliable internet connectivity.
2. Last-mile connectivity to remote habitations remains challenging particularly in hilly and tribal regions.
3. Maintenance of existing infrastructure is often neglected leading to deterioration over time.

Employment and Livelihood

1. Agriculture remains primary livelihood but faces challenges of fragmented landholdings, low productivity, and climate risks.
2. Non-agricultural employment opportunities are limited in many rural areas forcing youth migration to cities.
3. Informal employment predominates with low wages, job insecurity, and absence of social security.

Climate Vulnerability

1. Rural communities are highly vulnerable to climate change impacts including erratic rainfall, extreme weather events, and resource degradation.
2. Dependence on natural resources for livelihoods amplifies climate risks.
3. Adaptation measures require significant investments in climate-resilient infrastructure and practices.

Implementation Challenges

1. Bureaucratic delays, corruption, and inadequate capacity at local levels hinder effective program implementation.
2. Coordination among multiple departments and schemes is often weak leading to duplication and gaps.
3. Monitoring and evaluation systems need strengthening for evidence-based policy making.

6.Way Forward

Strengthen Grassroots Institutions

1. Continued empowerment of Panchayati Raj Institutions, Self-Help Groups, Farmer Producer Organisations, and cooperatives through capacity building, financial resources, and functional autonomy, ensuring these institutions effectively link rural producers to finance, technology, markets, and government schemes, while promoting women's leadership in local governance and community institutions transforming social norms and power structures.

Invest in Rural Infrastructure

1. Sustained investment in rural roads, electricity, internet connectivity, healthcare facilities, and educational institutions improving quality of life and enabling economic opportunities, while ensuring maintenance of existing infrastructure through dedicated funds and community participation, and leveraging public-private partnerships for infrastructure projects where appropriate.

Promote Climate-Resilient Livelihoods

1. Support climate-smart agriculture through drought-resistant crop varieties, water-efficient irrigation, soil conservation, and agroforestry systems reducing vulnerability to climate shocks, while diversifying rural livelihoods beyond agriculture into manufacturing, services, and renewable energy sectors, and providing climate risk insurance and social protection cushioning shocks.

Leverage Digital Technologies

1. Expand digital infrastructure including broadband connectivity and digital literacy enabling access to information, services, and markets, while strengthening digital service delivery through improved interfaces, vernacular content, and offline capabilities, and promoting digital entrepreneurship including e-commerce, digital content creation, and technology-enabled services.

Scale Successful Models

1. Document and scale successful development models across different regions adapting to local contexts, while strengthening knowledge systems for peer learning and South-South cooperation, and investing in impact evaluation generating evidence on what works for informed policy making.

Conclusion

The Government of India and IFAD's new eight-year Country Strategic Opportunities Programme for 2026–2033 builds on nearly five decades of partnership implementing 35 rural development projects, focusing on strengthening rural incomes, improving resilience, and expanding sustainable livelihood opportunities. Rural development in India has witnessed gradual shift away from purely government-led models toward community-driven, decentralized approaches with local governments and grassroots institutions increasingly recognized as critical actors. Key developments include Rural Development Budget allocations rising 211% from ₹87,765 crore in 2016–17 to ₹2.73 lakh crore in 2026–27, poverty declining significantly with extreme poverty at 5.3% and multidimensional poverty at 11.28%, women-led collectives mobilizing 10.05 crore women across 90.09 lakh SHGs, and rural connectivity near-universal. Sustained public investment has broadened access to housing, connectivity, sanitation, digital services, and social protection. Central to transformation has been empowerment of Panchayati Raj Institutions, Self-Help Groups, and community cadres positioning rural India as pivotal driver of inclusive growth.

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