Chapter 5: Rural Development

Exercises — Rural Development

Q1 What do you mean by rural development? Bring out the key issues in rural development.

SOLUTION

Rural development is a comprehensive term that essentially focuses on action for the development of areas that are lagging behind in the overall development of the village economy. Since more than two-thirds of India's population depends on agriculture, and one-fourth of rural India still lives in abject poverty, rural development is central to national progress.

Key issues in rural development include:
Development of human resources — covering literacy (especially female literacy), education, skill development, health, sanitation and public health.
Land reforms to redistribute land more equitably.
Development of productive resources of each locality.
Infrastructure development — electricity, irrigation, credit, marketing, transport (village roads and feeder roads to highways), agricultural research and extension, and information dissemination.
Special measures for alleviation of poverty and improving living conditions of weaker sections, with emphasis on productive employment opportunities.

The chapter also highlights that inadequate infrastructure, lack of alternate employment in industry or services, and increasing casualisation of employment further impede rural development.

Answer: Rural development means planned action to develop rural areas that lag in socio-economic progress. Key issues include human resource development, land reforms, infrastructure (credit, marketing, roads, irrigation), and poverty alleviation for weaker sections.

Q2 Discuss the importance of credit in rural development.

SOLUTION

Credit is crucial to rural development because growth of the rural economy depends primarily on infusion of capital from time to time to realise higher productivity in both agriculture and non-agriculture sectors.

Since there is a long gestation period between crop sowing and the realisation of income after production, farmers need to borrow from various sources to meet their initial investment on seeds, fertilisers, implements and other family expenses such as marriage, death and religious ceremonies.

At the time of independence, moneylenders and traders exploited small and marginal farmers and landless labourers by lending at high interest rates and by manipulating accounts to keep

them in a debt-trap. This made institutional credit reforms necessary.

After 1969, India adopted social banking and a multi-agency approach to adequately meet rural credit needs. NABARD was set up in 1982 as an apex body to coordinate all institutions involved in the rural financing system. The Green Revolution further shifted credit portfolios towards production-oriented lending.

Today the institutional structure consists of commercial banks, regional rural banks (RRBs), cooperatives and land development banks. Self-Help Groups (SHGs) have emerged to fill the gap in the formal credit system, providing micro-credit at reasonable interest rates to those who lack collateral. By May 2019, about 6 crore women had become members in 54 lakh women SHGs.

Answer: Credit is vital in rural development as farmers need funds for seeds, fertilisers and other inputs during the long gap before harvest income arrives. Institutional credit through banks, cooperatives and SHGs replaced exploitative moneylenders and supports both farm and non-farm productive activities.

Q3 Explain the role of micro-credit in meeting credit requirements of the poor.

SOLUTION

Micro-credit programmes have emerged as a key mechanism to extend credit to rural poor who are excluded from the formal banking system because they lack collateral. Self-Help Groups (SHGs) are at the centre of these programmes.

SHGs promote thrift in small proportions by requiring a minimum contribution from each member. From the pooled money, credit is given to needy members to be repaid in small instalments at reasonable interest rates. This makes credit accessible to even the poorest households.

By May 2019, nearly 6 crore women in India had become members in 54 lakh women SHGs. In recent years, about Rs. 10,000–15,000 per SHG and another Rs. 2.5 lakhs per SHG as a Community Investment Support Fund (CISF) are provided as renovating funds to help members take up self-employment for income generation.

SHGs have also helped in the empowerment of women by giving them access to savings and credit outside of family or moneylender networks. The Kudumbashree programme in Kerala is one example — started as a thrift and credit society in 1995, it mobilised Rs. 1 crore as thrift savings and has been acclaimed as one of the largest informal banks in Asia in terms of participation and savings mobilised.

However, it is alleged that borrowings through SHGs are mainly confined to consumption purposes rather than productive investment, which limits their development impact.

Answer: Micro-credit through SHGs provides collateral-free loans in small amounts at reasonable interest rates to poor rural households outside the formal banking system. By May 2019, about 6 crore women were members of 54 lakh SHGs, supporting income generation and women's empowerment.

Q4 Explain the steps taken by the government in developing rural markets.

SOLUTION

The government has taken four main steps to develop and improve agricultural markets in rural areas.

First, regulation of markets was introduced to create orderly and transparent marketing conditions. This policy has benefited both farmers and consumers. However, about 27,000 rural periodic markets still need to be developed as regulated market places to realise the full potential of rural markets.

Second, the government has invested in physical infrastructure facilities such as roads, railways, warehouses, godowns, cold storages and processing units. These facilities are still quite inadequate to meet growing demand and need further improvement.

Third, cooperative marketing has been promoted to help farmers realise fair prices for their products. The success of milk cooperatives in transforming the social and economic landscape of Gujarat and other parts of the country is cited as a positive example. However, cooperatives have received a setback recently due to inadequate coverage of farmer members, lack of appropriate links between marketing and processing cooperatives, and inefficient financial management.

Fourth, policy instruments have been used, including: (i) assurance of minimum support prices (MSP) for agricultural products, (ii) maintenance of buffer stocks of wheat and rice by the Food Corporation of India, and (iii) distribution of food grains and sugar through the Public Distribution System (PDS). These instruments aim to protect the income of farmers and provide foodgrains at subsidised rates to the poor.

Answer: The government developed rural markets through four steps: regulation of markets for transparency, development of physical infrastructure (roads, warehouses, cold storage), promotion of cooperative marketing, and policy instruments like MSP, buffer stocks and PDS to protect farmer incomes.

Q5 Why is agricultural diversification essential for sustainable livelihoods?

SOLUTION

Agricultural diversification is essential for sustainable livelihoods for several reasons.

First, depending exclusively on farming carries greater risk, as crop incomes can fluctuate due to weather, pests and market prices. Diversification reduces this risk by spreading income sources across multiple activities.

Second, much of agricultural employment is concentrated in the Kharif season. In areas without adequate irrigation, it becomes difficult to find gainful employment during the Rabi season. Diversification into other sectors provides supplementary employment during lean periods.

Third, since agriculture is already overcrowded, a major proportion of the increasing labour force needs to find alternate employment in non-farm sectors. This is essential to overcome poverty and improve income levels.

Diversification covers two aspects: a change in cropping pattern, and a shift of the workforce from agriculture to allied activities such as livestock, poultry and fisheries, and to non-farm sectors. Allied activities like animal husbandry, fisheries and horticulture provide income, food security and employment without disrupting other food-producing activities.

Non-farm sectors with dynamic linkages include agro-processing industries, food processing, leather industry and tourism. Traditional home-based industries like pottery, crafts and handlooms also have potential but lack adequate infrastructure.

Answer: Agricultural diversification is essential because exclusive dependence on farming is risky; employment is seasonal and limited in lean seasons; and the growing rural workforce needs non-farm options. Diversification into livestock, fisheries, horticulture and non-farm industries provides stable, sustainable livelihoods.

Q6 Critically evaluate the role of the rural banking system in the process of rural development in India.

SOLUTION

The rural banking system has played both a positive and a problematic role in rural development in India.

On the positive side, rapid expansion of the banking system had a positive effect on rural farm and non-farm output, income and employment, especially after the Green Revolution. It helped farmers avail services and credit facilities and a variety of loans for meeting their production needs. Famines have become events of the past, and India has achieved food security reflected in abundant buffer stocks of grains.

The introduction of the Jan-Dhan Yojana in recent years encouraged all adults to open bank accounts. Account holders can receive accidental insurance coverage of Rs. 1–2 lakh, overdraft facilities of Rs. 10,000, wages under government employment schemes (such as VB-GRAM G), and social security payments. More than 50 crore people have opened bank accounts as a result, promoting thrift habits and efficient allocation of financial resources in rural areas. Banks also mobilised funds of more than Rs. 2,00,000 crores through these accounts.

However, critical problems remain. With the possible exception of commercial banks, other formal institutions have failed to develop a culture of deposit mobilisation, lending to worthwhile borrowers and effective loan recovery. Agriculture loan default rates have been chronically

high.

The expansion and promotion of the rural banking sector has taken a backseat after economic reforms. Self-Help Groups have emerged partly to fill this gap, but their borrowings are alleged to be mainly for consumption rather than productive purposes.

Overall, while the rural banking system has made significant contributions, structural weaknesses in non-commercial institutions and chronically high default rates continue to limit its effectiveness as a driver of rural development.

Answer: The rural banking system aided rural development through expanded credit, post-Green Revolution lending and Jan-Dhan account inclusion (50 crore accounts, Rs. 2 lakh crore mobilised). However, it is hampered by high loan defaults, weak deposit culture in non-commercial banks, and inadequate reach to the poorest — limiting its overall effectiveness.

Q7 What do you mean by agricultural marketing?

SOLUTION

Agricultural marketing is a process that involves the assembling, storage, processing, transportation, packaging, grading and distribution of different agricultural commodities across the country.

Prior to independence, farmers suffered from faulty weighing and manipulation of accounts by traders. Farmers who lacked information on prevailing market prices were often forced to sell at low prices. They also lacked proper storage facilities to hold back produce for selling later at better prices. Even today, more than 10 per cent of goods produced in farms are wasted due to lack of storage.

The mechanism through which agricultural goods reach different places depends on market channels. Government intervention became necessary to regulate the activities of private traders and to protect farmer interests.

Answer: Agricultural marketing is the process involving assembling, storage, processing, transportation, packaging, grading and distribution of agricultural commodities. It connects farm producers to consumers across the country through market channels.

Q8 Mention some obstacles that hinder the mechanism of agricultural marketing.

SOLUTION

Several obstacles hinder the effective functioning of agricultural marketing in India.

Prior to independence and even today, faulty weighing and manipulation of accounts by traders disadvantaged farmers. Farmers who lacked information on prices prevailing in markets were often forced to sell at low prices.

Farmers also did not have proper storage facilities to keep back their produce for selling later at a better price. As a result, more than 10 per cent of goods produced in farms are wasted due to

lack of storage.

Physical infrastructure for agricultural marketing such as roads, railways, warehouses, godowns, cold storages and processing units is quite inadequate to meet the growing demand.

Despite government intervention, private trade by moneylenders, rural political elites, big merchants and rich farmers continues to predominate agricultural markets, which can work against small farmers.

About 27,000 rural periodic markets still need to be developed as regulated market places to realise the full potential of rural markets. Cooperatives, another important marketing channel, have suffered from inadequate coverage of farmer members, poor links between marketing and processing cooperatives, and inefficient financial management.

Answer: Key obstacles include faulty weighing and price manipulation by traders, lack of market price information for farmers, inadequate storage causing over 10% produce wastage, poor infrastructure (roads, cold storage, warehouses), dominance of private traders, and insufficient regulated market coverage across rural areas.

Q9 What are the alternative channels available for agricultural marketing? Give some examples.

SOLUTION

Recognising that farmers can earn higher incomes by selling their produce directly to consumers, several alternative channels for agricultural marketing have emerged.

Some examples of these alternative channels are Apni Mandi in Punjab, Haryana and Rajasthan; Hadaspar Mandi in Pune; Rythu Bazars (vegetable and fruit markets) in Andhra Pradesh and Telangana; and Uzhavar Sandies (farmers markets) in Tamil Nadu.

Further, several national and multinational fast food chains have increasingly been entering into contracts and alliances with farmers. These arrangements encourage farmers to cultivate farm products such as vegetables and fruits of the desired quality by providing them with seeds and other inputs, along with assured procurement of the produce at pre-decided prices. It is argued that such arrangements help in reducing the price risks of farmers and expand the markets for farm products.

In 2016, the Union Government also launched the e-National Agriculture Market (e-NAM) portal, a pan-India online portal connecting mandis and regulated market yards (RMYs).

Answer: Alternative marketing channels include direct farmer markets such as Apni Mandi (Punjab, Haryana, Rajasthan), Rythu Bazars (Andhra Pradesh, Telangana), Uzhavar Sandies (Tamil Nadu), Hadaspar Mandi (Pune), and contract farming arrangements with national and multinational food chains that assure procurement at pre-decided prices.

Q10 Distinguish between 'Green Revolution' and 'Golden Revolution'.

SOLUTION

The Green Revolution refers to major changes in agricultural production that occurred through the adoption of High Yielding Variety (HYV) seeds, chemical fertilisers and new farming technologies. The chapter notes that the Green Revolution was a harbinger of major changes in the credit system as well, as it led to the diversification of the portfolio of rural credit towards production-oriented lending. It significantly boosted food grain production and helped India achieve food security reflected in abundant buffer stocks of grains.

The Golden Revolution refers to the rapid growth and development of horticulture — particularly the production of fruits, vegetables, flowers, spices and plantation crops. The chapter describes how India has emerged as a world leader in producing a variety of fruits like mangoes, bananas, coconuts and cashew nuts, and is the second largest producer of fruits and vegetables. Horticulture contributes nearly one-third of the value of agriculture output and about six per cent of India's GDP. The economic condition of many farmers engaged in horticulture has improved and it has become a means of improving livelihoods for many unprivileged classes.

Answer: Green Revolution refers to the transformation in food grain production through HYV seeds, chemical fertilisers and modern technology, which achieved food security and shifted rural credit towards production-oriented lending. Golden Revolution refers to the rapid growth in horticulture (fruits, vegetables, flowers, spices), with India becoming the world's second largest producer of fruits and vegetables.

Q11 Do you think various measures taken by the government to improve agricultural marketing are sufficient? Discuss.

SOLUTION

The government has taken several positive measures to improve agricultural marketing — regulation of markets, investment in physical infrastructure, promotion of cooperative marketing, and policy instruments like MSP, buffer stocks and PDS. However, these measures do not appear sufficient to meet the full needs of rural agricultural marketing.

Despite regulation, about 27,000 rural periodic markets still need to be developed as regulated market places, indicating that the policy has not reached most rural areas.

Physical infrastructure like roads, railways, warehouses, godowns, cold storages and processing units remains quite inadequate to meet growing demand. More than 10 per cent of farm produce is still wasted due to lack of storage.

Cooperative marketing, while successful in some regions like Gujarat's milk cooperatives, has suffered setbacks due to inadequate coverage of farmer members, poor linkages between marketing and processing cooperatives, and inefficient financial management.

Despite government intervention, private trade by moneylenders, rural political elites, big merchants and rich farmers continues to predominate agricultural markets. Some scholars

argue that commercialisation of agriculture offers tremendous scope for farmers to earn higher incomes, provided government intervention is better targeted.

Therefore, while government measures have helped, much more needs to be done in terms of expanding infrastructure, strengthening cooperatives and ensuring markets are accessible to all farmers, particularly small and marginal ones.

Answer: Government measures in agricultural marketing — market regulation, infrastructure, cooperatives and MSP/PDS instruments — have been helpful but insufficient. About 27,000 rural markets remain unregulated, storage and cold chain infrastructure is inadequate, cooperatives face management problems, and private traders still dominate, leaving small farmers vulnerable.

Q12 Explain the role of non-farm employment in promoting rural diversification.

SOLUTION

Non-farm employment plays a critical role in promoting rural diversification because agriculture is already overcrowded and a major proportion of the increasing labour force needs to find alternate employment opportunities in non-farm sectors.

Agricultural employment is concentrated in the Kharif season, and in areas with inadequate irrigation, it is difficult to find gainful employment during the Rabi season. Non-farm employment provides supplementary income during these lean periods, reducing seasonal poverty.

The non-farm economy has several segments. Some possess dynamic linkages that permit healthy growth — these include agro-processing industries, food processing industries, leather industry and tourism. Others, like traditional home-based industries such as pottery, crafts and handlooms, have potential but seriously lack infrastructure and support.

Majority of rural women find employment in agriculture, but in recent times women have also begun looking for non-farm jobs. Programmes like TANWA in Tamil Nadu trained women in latest agricultural techniques and organic farming, and women in farm women groups have taken up activities like mushroom cultivation, soap manufacture, doll making and vermicompost production.

Non-farm employment thus reduces over-dependence on agriculture, provides income during lean seasons, brings women into the workforce, and contributes to sustainable rural livelihoods.

Answer: Non-farm employment promotes rural diversification by providing supplementary income during lean agricultural seasons, absorbing the growing rural labour force, and opening livelihood options for women. Dynamic non-farm segments include agro-processing, food processing, leather and tourism; traditional crafts, handlooms and pottery also have significant potential.

Q13 Bring out the importance of animal husbandry, fisheries and horticulture as a source of diversification.

SOLUTION

Animal Husbandry: In India, the farming community uses a mixed crop-livestock farming system — cattle, goats and fowl are widely held species. Livestock production provides increased stability in income, food security, transport, fuel and nutrition for the family without disrupting other food-producing activities. Today the livestock sector alone provides alternate livelihood options to over 70 million small and marginal farmers including landless labourers, and a significant number of women also find employment in the livestock sector. Milk production in the country increased by about twelve times between 1951 and 2021, largely due to the successful implementation of Operation Flood through milk cooperatives. India had about 303 million cattle including 110 million buffaloes in 2019.

Fisheries: Fish production from inland sources contributes about 75 per cent to the total value of fish production and the remaining 25 per cent comes from the marine sector. Total fish production accounts for about 1.5 per cent of India's GDP. The fisheries sector employs a large workforce, with women accounting for about 60 per cent of the workforce in export marketing and 40 per cent in internal marketing. However, rampant underemployment, low per capita earnings, absence of labour mobility and high illiteracy and indebtedness are major problems the fishing community faces today.

Horticulture: Horticulture contributes nearly one-third of the value of agriculture output and six per cent of India's GDP. India has emerged as a world leader in producing fruits like mangoes, bananas, coconuts and cashew nuts and is the second largest producer of fruits and vegetables. Economic conditions of many farmers engaged in horticulture have improved. Flower harvesting, nursery maintenance, hybrid seed production and food processing are highly remunerative employment options for women in rural areas.

All three sectors reduce over-dependence on crop agriculture, provide employment to marginal and landless farmers and women, and generate income throughout the year, making them vital sources of rural diversification.

Answer: Animal husbandry provides livelihood to over 70 million small/marginal farmers and drove a twelve-fold rise in milk production (1951–2021) via Operation Flood. Fisheries contribute 1.5% of GDP and employ many women. Horticulture contributes one-third of agriculture output and 6% of GDP, with India being the second largest fruit and vegetable producer. All three reduce dependence on seasonal crop farming.

Q14 'Information technology plays a very significant role in achieving sustainable development and food security' — comment.

SOLUTION

Information technology (IT) has revolutionised many sectors in the Indian economy and has an important role to play in rural development and food security.

IT can help governments predict areas of food insecurity and vulnerability using appropriate information and software tools, so that action can be taken to prevent or reduce the likelihood of an emergency.

IT also has a positive impact on the agriculture sector as it can disseminate information regarding emerging technologies and their applications, prices, weather and soil conditions for growing different crops. This helps farmers make better production and marketing decisions.

There is broad consensus that IT can play a critical role in achieving sustainable development and food security in the twenty-first century. Though IT is by itself no catalyst of change, it can act as a tool for releasing the creative potential and knowledge embedded in society.

IT also has the potential for employment generation in rural areas. Experiments with IT and its application to rural development are being carried out in different parts of India.

Thus, IT acts as an enabler — helping farmers access price and weather information, helping governments predict and prevent food shortages, and creating new employment opportunities — making it significant for sustainable rural development and food security.

Answer: IT aids food security and sustainable development by helping governments identify vulnerable regions and prevent emergencies, and by disseminating information on prices, weather, soil conditions and new technologies to farmers. It also has employment generation potential in rural areas, though it acts as a facilitator rather than a catalyst of change by itself.

Q15 What is organic farming and how does it promote sustainable development?

SOLUTION

Organic agriculture is a whole system of farming that restores, maintains and enhances ecological balance. It avoids the use of chemical fertilisers, toxic pesticides and other synthetic inputs that conventional agriculture relies on heavily. Instead it substitutes costlier agricultural inputs such as HYV seeds, chemical fertilisers and pesticides with locally produced organic inputs that are cheaper.

Organic farming promotes sustainable development in several ways. First, it avoids chemical fertilisers and toxic pesticides that enter the food supply, penetrate water sources, harm livestock, deplete the soil and devastate natural eco-systems. By preserving ecological balance, it supports long-term agricultural productivity.

Second, organic agriculture generates income through exports, as the demand for organically grown crops is on the rise globally. Studies across countries have shown that organically grown food has more nutritional value than chemically farmed produce.

Third, since organic farming requires more labour input than conventional farming, it can generate more employment — which is a significant advantage for a labour-surplus country like India.

Fourth, the produce is pesticide-free and produced in an environmentally sustainable way, contributing to better food safety and public health.

India has a clear advantage in producing organic products for both domestic and international markets, making it a promising path for sustainable rural development.

Answer: Organic farming is a whole system that restores and enhances ecological balance by replacing chemical inputs with locally produced organic alternatives. It promotes sustainable development by preserving soil and ecosystems, producing pesticide-free nutritious food, generating employment (more labour-intensive than conventional farming), and earning income through exports of organically grown produce.

Q16 Identify the benefits and limitations of organic farming.

SOLUTION

Benefits of Organic Farming:

Organic agriculture substitutes costlier agricultural inputs such as HYV seeds, chemical fertilisers and pesticides with locally produced organic inputs that are cheaper, thereby generating good returns on investment.

It generates income through exports as the demand for organically grown crops is rising globally.

Studies across countries have shown that organically grown food has more nutritional value than chemically farmed produce, providing healthier food options.

Since organic farming requires more labour input than conventional farming, it provides more employment — an advantage for India.

The produce is pesticide-free and produced in an environmentally sustainable way.

India has a clear advantage in producing organic products for both domestic and international markets.

Limitations of Organic Farming:

Popularising organic farming requires awareness and willingness on the part of farmers to adapt to new technology, which may be slow.

Inadequate infrastructure and the problem of marketing organic products are major concerns that need to be addressed.

It has been observed that yields from organic farming are less than modern agricultural farming in the initial years, making it difficult for small and marginal farmers to adapt to large-scale production.

Organic produce may have more blemishes and a shorter shelf life than sprayed produce.

The choice in production of off-season crops is quite limited in organic farming.

Answer: Benefits: cheaper organic inputs, higher export earnings, more nutritious produce, greater employment generation, pesticide-free output and ecological sustainability. Limitations: lower initial yields making adoption difficult for small farmers, shorter shelf life and more blemishes on produce, limited off-season crop options, inadequate marketing infrastructure, and the need for farmer awareness and supportive policy.

Q17 Enlist some problems faced by farmers during the initial years of organic farming.

SOLUTION

Farmers face several difficulties when transitioning to organic farming, particularly in the initial years.

First, yields from organic farming are less than modern agricultural farming in the initial years. This means farmers earn less during the transition period before the soil and ecosystem restore themselves.

Second, small and marginal farmers may find it difficult to adapt to large-scale organic production because of lower yields, reduced incomes and limited access to the organic inputs and knowledge needed.

Third, organic produce may have more blemishes and a shorter shelf life than sprayed produce, making it harder to sell in markets that value cosmetic appearance.

Fourth, the choice in production of off-season crops is quite limited in organic farming, restricting income opportunities during certain periods.

Fifth, inadequate infrastructure and the problem of marketing organic products are major concerns. Farmers may not have easy access to buyers willing to pay premium prices for organic produce, particularly in rural areas.

Sixth, popularising organic farming requires awareness and willingness on the part of farmers to adapt to new technology, which requires an appropriate agriculture policy to promote organic farming.

Answer: Problems in initial years of organic farming include: lower yields than conventional farming, difficulty for small and marginal farmers to sustain income during transition, more blemishes and shorter shelf life of produce, limited off-season crop choices, inadequate marketing infrastructure, and lack of farmer awareness and policy support.

Q18 'Jan-Dhan-Yojana helps in the rural development.' Do you agree with this statement? Explain.

SOLUTION

Yes, Jan-Dhan Yojana has contributed to rural development in several important ways.

In recent years, all adults were encouraged to open bank accounts as part of this scheme. Account holders receive accidental insurance coverage of Rs. 1–2 lakh and overdraft facilities

of Rs. 10,000. Workers can get their wages credited directly if they are engaged in government-related jobs and works under employment guarantee schemes such as VB-GRAM G (formerly MNREGA). Old age pensions and other social security payments of the government are transferred directly to bank accounts.

There is no requirement to keep a minimum bank balance, which is critical for poor rural households who previously had no incentive or ability to maintain accounts with commercial banks.

As a result, more than 50 crore people have opened bank accounts under this scheme. Indirectly, this has promoted the habit of thrift and efficient allocation of financial resources, particularly in rural areas. Banks have also been able to mobilise funds of more than Rs. 2,00,000 crores through these accounts.

By bringing millions of rural households into the formal banking system, Jan-Dhan Yojana has facilitated direct benefit transfers, reduced dependence on moneylenders, expanded access to insurance and credit, and promoted savings — all of which support rural development.

Answer: Yes, Jan-Dhan Yojana helps rural development. Over 50 crore accounts have been opened, enabling direct transfer of wages (under VB-GRAM G), pensions and social security payments; providing accidental insurance of Rs. 1–2 lakh and overdrafts of Rs. 10,000; promoting thrift; and helping banks mobilise over Rs. 2,00,000 crores — all without requiring minimum balances.