

RURAL — Rural Banking

Complete Book | Table of Contents | 20 chapters + 4 sections

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CH-1 Demographic Features

Topic 1 — Population and Its Distribution

- **Most populous** — India has about **17.8%** of world population (UN estimate).
- **Land share** — This population lives on only **2.4%** of the world's land area.
- **Caution** — Comparisons need the same reference period and area; a UN estimate is not a census count.
- **Census 2011** — It is the latest completed census, with population of **121.09 crore**.
- **Rural / urban split** — **68.84% rural** and **31.16% urban**.
- **Census 2027** — India's first **digital census**, with **self-enumeration** allowed.
- **House-listing** — Conducted during April–September 2026.
- **Population enumeration** — Follows in **February 2027**; reference date is 1 March 2027.

State (Census 2011)	Population	Share of India
Uttar Pradesh (most populous)	≈ 20 crore (199.8 million)	16.5%
Maharashtra	11.24 crore	9.3%
Bihar	10.41 crore	8.6%

Maharashtra and Bihar each crossed **10 crore (100 million)**. In 2011, **twenty States/UTs** had a population of over **1 crore (10 million)**.

Topic 2 — Literacy and Its Measurement

Literacy is the ability to read, write and comprehend for effective communication. It empowers individuals, fuels social and human development and is the foundation of basic education.

Measure	Age group
Census literacy (effective literacy)	7 years and above
Adult literacy	15 years and above
Youth literacy	15–24 years

$$\text{Literacy rate} = \frac{\text{Number of literates in age group}}{\text{Population of that age group}} \times 100$$

Indicator	Census 2011 (final)	PLFS 2025 (age 7+)
Overall literacy	72.98% (74.04% provisional); up from 64.80% in 2001	81.1%
Female literacy	64.63% (53.7% in 2001)	Rural female 70.3%
Rural / Urban	—	77.4% / 89.0% (gap 11.6 points)
Highest / lowest State	Kerala 94.00% / Bihar 61.80%	—

A survey estimate (PLFS) and a census count are **not identical measures**. Several States/UTs (e.g., Mizoram, Goa, Tripura, Himachal Pradesh, Ladakh) have been declared **fully literate (95%+)**.

Topic 3 — Constitutional Provisions for Education

Article	Provision
21A	Fundamental right to free and compulsory education for children aged 6–14 years , in the manner determined by law (inserted by the 86th Amendment ; operationalised by the RTE Act)
41 (DPSP)	Right to work, education and public assistance within the State's economic capacity
45 (DPSP)	Early childhood care and education for children below 6 years
46 (DPSP)	Promotion of educational and economic interests of weaker sections, especially SCs and STs
30	Right of religious and linguistic minorities to establish and administer educational institutions of their choice
15 and 17	Equality/non-discrimination (with permitted special measures) and abolition of untouchability — protect educational interests of disadvantaged sections

These provisions do **not** create an unrestricted free-education guarantee for every adult; equality provisions, special measures and institutional exceptions are read together.

Topic 4 — Sixth Economic Census — Establishments

- **Conducted by** — The **Central Statistics Office** (now part of the **National Statistics Office, MoSPI**), with State/UT governments.
- **Coverage** — All economic activities were covered, with a few exclusions.
- **Excluded** — **Crop production, plantation, public administration, defence and compulsory social security**.
- **Status** — The **Sixth Economic Census** is still the latest with published all-India results.

Item	Result
Total establishments	58.50 million
Rural / Urban	59.48% (34.80 million) / 40.52% (23.70 million)
Top 5 States (≈ 50%)	Uttar Pradesh, Maharashtra, West Bengal, Tamil Nadu, Andhra Pradesh
Non-agricultural / Agricultural	77.55% (45.37 million) / 22.45% (13.13 million; excludes crop production and plantation)
Ownership	89% proprietary; 15.4% of these owned by women

Topic 5 — Employment in Establishments

Item	Result
Total employment	131.29 million persons
Rural / Urban	51.71% / 48.29%
Top 5 States (≈ 50%)	Maharashtra, Uttar Pradesh, West Bengal, Tamil Nadu, Gujarat
Non-agricultural / Agricultural	82.57% (108.41 million) / 17.42% (22.88 million)
Female employment	25.17% of total; 61.90% of it in rural areas



Segment	Establishments	Employment
Agriculture	13.13 million (22.45%); 92% rural (12.09 million)	22.88 million ; 92% rural; women 38.85%
Handicraft / handloom	18.73 lakh ; 59.6% rural. Top: West Bengal 17.6%, Uttar Pradesh 16.5%, Odisha 7.8%, Andhra Pradesh 7.5%, Tamil Nadu 6.8%	About 42 lakh ; 52.67% in rural establishments

Topic 6 — Women Entrepreneurs

Indicator	Value
Female-headed households (NSS 68th round)	Rural 11.5% , Urban 12.4%
Female work participation rate (Census 2011)	25.51%
Establishments run by women	8.05 million (13.76% of total); 65% rural
Employment in women-owned establishments	13.48 million (10.24% of workers)
Leading States	Tamil Nadu, Kerala, Andhra Pradesh, West Bengal, Maharashtra

Topic 7 — Agriculture Census

- **Origin** — Recommended by the **National Commission on Agriculture**.
- **Frequency** — Conducted **quinquennially** (every 5 years).
- **Data collected** — The **number and area of operational holdings**.
- **Method** — **Complete enumeration** in States with comprehensive land records.
- **Data used below** — Figures are from the **Agriculture Census 2015–16**.
- **Latest round** — The 11th Agriculture Census (2021–22) used digital data capture.

Size class	Land operated	Share of holdings	Share of area
Marginal	Below 1 ha	68.5%	24.0%
Small	1–2 ha	17.6%	22.9%
Semi-medium	2–4 ha	9.6%	23.8%
Medium	4–10 ha	3.8%	20.2%
Large	10 ha and above	0.6%	9.1%

Indicator	2015–16 position
Operational holdings	146.45 million (up 5.86% from 138.35 million)
Operated area	157.82 million ha (down 1.11% from 159.59 million ha)
Female operational holders	13.96% (from 12.79%); 72% of them marginal
Wholly owned and self-operated	About 98%
Wholly leased-in holdings	5.31 lakh (0.36%); marginal category 4.54 lakh

Remember this

- Marginal farmers: about two-thirds of holdings but under one-fourth of area.

Topic 8 — Human Development Index

The **HDI** is a composite index of the **UNDP** (first in the Human Development Report **1990**) that compares development beyond income. It is the **geometric mean** of normalised indices of three dimensions.

Dimension	Indicator
Health	Life expectancy at birth
Education	Mean years of schooling (adults aged 25+) and Expected years of schooling (child entering school)
Standard of living	GNI per capita (PPP)

HDR 2025 (2023 data): India's HDI **0.685**, rank **130 of 193** — **medium human development**. HDI does not capture every inequality; use complementary and local indicators.

Topic 9 — Gender Development Index

The **GDI** measures gender disparity in human development. It is the **ratio of female HDI to male HDI**, using the same three dimensions computed separately for each sex.

$$GDI = \frac{HDI_{\text{female}}}{HDI_{\text{male}}}$$

Dimension	Measured by (separately for females and males)
Health	Life expectancy at birth
Education	Mean and expected years of schooling
Standard of living	Estimated earned income — not a simple split of national income

Topic 10 — Health Status and Challenges

Indicator	Position
Life expectancy	Rose from 49.7 years (1970–75) to 68.7 years (2012–16): females 70.2 , males 67.4
Infant mortality rate	24 per 1,000 live births (SRS 2024)
Government health expenditure	1.43% of GDP (National Health Accounts 2022–23, old series; 1.48% on new base) — government spending only, not total health expenditure

Challenge	Issue
Lack of primary healthcare	Gaps in public primary access, staff and facilities; comprehensive care must cover maternal-child care, preventive care and non-communicable diseases
Supply-side deficiencies	Poor health management skills, lack of training and supportive supervision lower service quality
Inadequate funding	Low public spending relative to GDP
Overlapping jurisdiction	Shared Centre-State responsibilities for public health standards and enforcement

Topic 11 — Government Health Initiatives

Programme	Key features
RMNCH+A	Tackles major causes of mortality in women and children; reduces delays in care; Score Cards to track performance; National Iron+ Initiative against anaemia; screening and early intervention for children and adolescents
Rashtriya Bal Swasthya Karyakram (RBSK)	Screens children from birth to 18 years for 4 Ds — Defects at birth, Diseases, Deficiencies, Development delays — covering 32 conditions (incl. TB and leprosy), with free treatment including tertiary surgery
Rashtriya Kishor Swasthya Karyakram	Adolescents (10–19 years); participation and leadership, equity and inclusion, gender equity, strategic partnerships; informed health decisions
Janani Shishu Suraksha Karyakram	Promotes institutional deliveries ; free entitlements to every pregnant woman (and sick infants) at government facilities
Mission Indradhanush	Raises full immunisation coverage to at least 90% for unvaccinated and partially vaccinated children
National Mental Health Programme	Minimum mental healthcare for all; addresses shortage of professionals
Pulse Polio	Vaccinates all children under 5 years against polio
Rashtriya Arogya Nidhi	One-time financial assistance up to ₹15 lakh to BPL patients with life-threatening diseases, for treatment at government super-speciality hospitals/institutes
National Tobacco Control Programme	Awareness of harms of tobacco; enforcement of tobacco-control laws
ICDS	Nutrition and health of children aged 0–6 years ; psychological, physical and social development; mothers' capacity for child care — now delivered under Saksham Anganwadi and POSHAN 2.0

Topic 12 — Nutrition

India is one of the world's largest producers of **milk and pulses**, and a major producer of rice, wheat and sugarcane (rankings vary by crop and period). Yet undernutrition persists.

Source	Position
SOFI 2025 (FAO and partners)	About 12% of population undernourished — about 172 million people
NFHS-6 (2023–24)	Under-five stunting 29.3% , severe wasting 5.2% , underweight 31.8% ; institutional births 90.6% ; full immunisation (12–23 months) 87.1% ; women using own bank/savings account 89.0%
NFHS-4 (2015–16)	Anaemic children 58.6% (69.4% earlier); severe wasting 7.5% (6.4% earlier); stunting 38.4% (48% earlier)
Global Hunger Index 2025	India 102 of 123 ; score 25.8 — ' serious ' category

Stunting (low height-for-age), wasting (low weight-for-height) and underweight are **distinct conditions**; survey rounds must not be mixed as if they measured the same population at the same time.

Topic 13 — Education System and Reservation

Structure of the education system

- **Levels** — Primary, secondary, senior secondary and higher education.
- **Premier institutions** — IITs, IIMs, IISc, National Law Schools and JNU.
- **Types of universities** — Central, state, deemed, private and institutes of national importance.
- **Regulator** — The **University Grants Commission** regulates and promotes higher education.
- **Legal basis** — UGC is a statutory body under the **UGC Act, 1956**.

Category	Reservation in central educational institutions
Scheduled Castes	15%
Scheduled Tribes	7.5%
OBC (non-creamy layer)	27%
EWS	10% (103rd Amendment)

- **Law** — Reservation came through the **Central Educational Institutions (Reservation in Admission) Act, 2006**.
- **State variation** — States adjust percentages to their local population mix.
- **Example** — **Tamil Nadu** reserves **18% for SCs** and **1% for STs**.
- **Caution** — State-specific rules must not be generalised.

Topic 14 — Rural-Urban Migration and Urbanisation

Type	Feature
Traditional rural-urban	Villagers move to towns for better opportunities and lifestyle
Seasonal	Rural people move to urban areas for a season or part of the year
Other forms	Rural-to-rural, permanent, and displacement-led migration

- **Drivers** — Industrialisation, services growth, reclassification of settlements, migration and natural increase.
- **Urban share trend** — About **11%** in 1901, **27.81%** in 2001 and **31.16%** in 2011.
- **Current estimate** — UN estimates now place the urban share near **37%**.
- **Projection** — A 2007 UN forecast of **40.76% by 2030** is not an observed count.

Cause	Explanation
Marriage	Major social factor, especially for women moving to in-laws' place
Employment	Insufficient rural, especially agricultural, jobs
Education	Higher education in cities; many settle there for work
Lack of security	Political disturbance and ethnic conflict (e.g., Jammu and Kashmir, North-East)

- **Use of data** — Rural banks use population, literacy, livelihood and migration data.
- **Purpose** — To plan accessible services and suitable credit products.



- Needs to meet — Mobility, seasonal earnings, language, digital access and women's independent use of accounts.

RURAL | Module A | CH-1 | MCQs

Q1. A village has 4,800 persons, of whom 800 are below age 7. If 3,000 persons aged 7+ can read and write with understanding, the Census-method literacy rate is: [Ref: Topic 2, p. 2]

- (a) 75.0% (b) 62.5% (c) 83.3% (d) 70.0%

Q2. A bank wants to compare youth literacy across districts. The age group it should use is: [Ref: Topic 2, p. 2]

- (a) 7 years and above (b) 15–24 years
(c) 15 years and above (d) 6–14 years

Q3. A linguistic minority trust wants to set up and administer its own school. Its right flows from: [Ref: Topic 3, p. 2]

- (a) Article 46 (b) Article 17 (c) Article 21A (d) Article 30

Q4. Which activity was NOT covered in the Sixth Economic Census? [Ref: Topic 4, p. 2]

- (a) Handloom weaving
(b) Crop production and plantation
(c) Retail trade
(d) Dairy and livestock establishments

Q5. Women-run establishments in the Sixth Economic Census numbered about 8.05 million. Their share of total establishments was: [Ref: Topic 6, p. 3]

- (a) 10.24% (b) 25.17% (c) 15.40% (d) 13.76%

Q6. A farmer operates 1.5 hectares. In Agriculture Census classification, the holding is: [Ref: Topic 7, p. 3]

- (a) Small (b) Marginal (c) Semi-medium (d) Medium

Q7. Large holdings (10 ha and above) were 0.6% of holdings. Their share of operated area was: [Ref: Topic 7, p. 3]

- (a) 0.6% (b) 20.2% (c) 9.1% (d) 24.0%

Q8. Which indicator is used for the 'standard of living' dimension of the HDI? [Ref: Topic 8, p. 3]

- (a) GDP growth rate
(b) Per capita consumption expenditure
(c) Estimated earned income of males
(d) Gross National Income per capita (PPP)

Q9. The Gender Development Index is computed as: [Ref: Topic 9, p. 3]

- (a) Female HDI minus male HDI
(b) Ratio of female HDI to male HDI
(c) Female share of national income
(d) Average of female and male literacy

Q10. Under RBSK, children are screened for the '4 Ds'. Which is NOT one of them? [Ref: Topic 11, p. 4]

- (a) Defects at birth (b) Deficiencies
(c) Dehydration (d) Development delays

Q11. A BPL patient needs treatment for a life-threatening disease at a government super-speciality hospital. Under Rashtriya Arogya Nidhi, the maximum one-time assistance is: [Ref: Topic 11, p. 4]

- (a) ₹5 lakh (b) ₹2 lakh (c) ₹10 lakh (d) ₹15 lakh

Q12. Per NFHS-6 (2023–24), the share of under-five children who are stunted is: [Ref: Topic 12, p. 4]

- (a) 29.3% (b) 38.4% (c) 31.8% (d) 5.2%

Q13. In central educational institutions, reservation for Scheduled Tribes is: [Ref: Topic 13, p. 4]

- (a) 15% (b) 7.5% (c) 27% (d) 10%

Q14. Per PLFS 2025, rural and urban literacy rates (age 7+) are: [Ref: Topic 2, p. 2]

- (a) 72.98% and 84.1% (b) 70.3% and 89.0%
(c) 77.4% and 89.0% (d) 81.1% and 77.4%

Q15. A rural branch sees deposits dip for four months each year as workers move to cities for construction work. This reflects: [Ref: Topic 14, p. 4]

- (a) Marriage migration
(b) Reclassification of settlements
(c) Permanent rural-rural migration
(d) Seasonal migration

Answer key

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	a	4	b	7	c	10	c	13	b
2	b	5	d	8	d	11	d	14	c
3	d	6	a	9	b	12	a	15	d

CH-2

Characteristics of Rural Society

Topic 1 — Rural Society and the Banker

- Banking network** — Rural areas are served by commercial banks, Regional Rural Banks, co-operative banks and small finance banks.
- Need to understand** — Bankers, especially from urban backgrounds, must know the structure and dynamics of rural society.
- Benefit** — This helps them serve clients well and support rural development.
- Not self-contained** — Traditional Indian villages are linked with other villages.
- Links** — Markets, fairs, religious activities, travel and marriages connect villages.
- Building blocks** — Rural structure rests on family, kinship, caste, stratification, power and religion.

Feature	Position
Village as unit of development	Has its own identity, boundaries, resources and social structure, with formal and statutory institutions
Political presence	Political parties are active in many villages; larger villages may have party offices
Places of worship	Villages may have diverse places of worship; access practices differ but remain subject to law and constitutional rights

Topic 2 — Caste Structure and Traditional Panchayats

- Jati segments** — Each village has several Jati segments, each with distinct roles.
- Linkages** — They are linked by specialised occupational services and village panchayats.
- Jajmani system** — Historically linked occupations and families through service exchange in kind or cash.