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Investment in agriculture for rural development

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Abstract
Structural changes are taking place rapidly in the rural economies, they are no longer limited to agriculture, but are becoming industrially strong regions with modern linkages. The government policies also are shaping the development of these areas in such a way that the economy is strong enough to face low phases in one sector, because of the support it receives from other sectors. Caution that must be kept in mind is that agriculture cannot be neglected at any cost. The wide development perspective is definitely sustainability, therefore any step taken must be judged on that basis.

Keywords: rural regions, structural change, rural urban linkages, non-farming activities, financial and governmental support, sustainability

Introduction
There has been a considerable structural change in rural areas (Dillon, A., *et al*., 2011) [6]. Rural regions are now directly competing with urban areas, posing new risks and opportunities for them (https://rural.nic.in). This is due to globalization, changes in the agricultural sector's finance sources, and the growth of significant non-farm markets (Tămăsilă *et al*., 2018) [7]. While agriculture is no longer the mainstay of most rural economies, other growing industries include energy production, tourism, related agricultural operations, manufacturing, and others (https://www.oecd.org.in). Gradually, if all things fall in place, there could be a dynamic shift in India’s rural-urban development and it will lead to overall demand improvement and give an extra power to the economy. A phase of intervention by central and state governments in this sector has produced good results (Petre, I.L., and Ion, R.A., 2019) [5].

There is a widespread consensus that rural is no longer synonymous with agricultural areas and that rural policy fails, if it is just seen as agricultural policy (Petre, I.L., and Ion, R.A., 2019) [5]. Contrarily, rural areas are no longer appropriate to precisely represent the diversity of rural needs and potential and are instead seen as a heterogeneous array of places where any policies can be implemented (Tămăsilă *et al*., 2018) [7]. The definition and implementation of new investment priorities for rural development are significantly impacted by this (Dillon, A., *et al*., 2011) [6]. There aren't many rural investment priorities. First, rural communities' demands and requirements for public services should be a top priority. The knowledge-based economy introduces a brand-new reality made up of teleworkers, home-based businesses, web-based firms, satellite offices, and relocations, which is just starting to grow (Tămăsilă *et al*., 2018) [7]. Based on recent studies, the importance that new rural residents who have web connectivity has increased in today’s times (https://rural.nic.in).

Expansion of scope
The creative class is the group that has the potential to contribute significantly to rural development. In fact, outside forces are frequently what draw attention to innovative ventures in rural areas. A high quality of life can be supported in some rural regions, which is a common comparative advantage. Many professionals in the creative and innovative class, including engineers, designers, architects, software developers, artists, etc., are highly eager to relocate to better locations where they may envision a different quality of life, according to studies. This has come about as an after effect of COVID struck economy. An important implication of these findings is that provision of amenities is not just conducive for attracting retired class of people but also the working generation of talented individual who moved out

from rural areas because of lack of opportunities. In terms of the establishment of new businesses and the expansion of employment, their stay or return to their home countries can have a significant positive impact on the rural economy. In the context of rural communities, the coexistence of three factors-entrepreneurship, an inventive mindset, and infrastructure, including landscape and recreational facilities-has a greater impact on economic growth than any one of them taken separately. For example all medicinal help, all manufacturing setups can be profitably setup in rural areas. The confluence of urban and rural areas frequently produces the most innovative development patterns.

The benefit of creating rural regional policies is that they are not dominated by urban priorities, but rather, where urban and rural work together to: (1) create a shared value for shared resources, (2) expand the geographical scope and strengthen urban-rural ties, and (3) concentrate policy interventions for neighboring regions that do not benefit from the current economic vitality of urban regions.

Investments should be geared to exploit rural-urban linkages

As development must be holistic, policymakers from across the economic arena are becoming more aware that policies for rural and urban areas cannot be debated separately (Dillon, A., *et al*., 2011) [6]. These region types' development dynamics are closely related, and an awareness of these connections can lead to new opportunities because what works in one location may not necessarily work in another (https://www.oecd.org.in). The main issue is deciding which public investments will benefit a region's economic future the most. Somehow we can perceive that this- is the soul of ODOP scheme of the Uttar Pradesh government (https://blogsworldbank.org). The crucial issues of how these decisions should be made and who should be involved in them should not be divorced from the question of what investment objectives to pursue (Tămăsilă *et al*., 2018) [7]. Weighing costs and consequences is essentially the process of determining priorities and setting goals within investment possibilities (https://blogsworldbank.org). While focusing on agriculture would be a mistake in many rural areas, it would be a waste of resources in other rural areas to continue with subpar agriculture (Dillon, A., *et al*., 2011) [6]. The concept of comparative advantage can guide policy. Research on agriculture will help some regions, industrial infrastructure will help others, and others will need to look into their natural and cultural resources (Petre, I. L., and Ion, R. A., 2019) [5]. In any instance, the regions themselves must set the policy to determine the appropriate public investments that can benefit any region. These investments must be made in the appropriate regions (Dillon, A., *et al*., 2011) [6].

In this scenario, instead of enforcing policies, the federal and state governments should work with local governments to develop successful investments in rural areas (Tămăsilă *et al*., 2018) [7]. That is to say, central governments should take a greater lead in creating the legal and regulatory framework as well as the governance processes that encourage information sharing and the selection of the best investment possibilities.

Rural areas must provide viable, desirable locations for enterprises to locate and for the formation of economic activity units (https://rural.nic.in). Making decisions about public investment would remain a fruitless endeavor without a clear regional strategy. Examples demonstrate that public goods are provided regardless, although they tend to flavour regions with a concentration of economic financial interests and bureaucracy (https://blogsworldbank.org). Therefore, central governments should deliberately manage the territorial distribution of public goods in close collaboration with local players, and then assess the outcomes (Dillon, A., *et al*., 2011) [6]. To create a self-diagnosing system where all players continuously review their investment decisions and learn which direction to move in, evaluative nature and participatory procedures must be combined (Tămăsilă *et al*., 2018) [7].

Participants and decision-makers in this framework must strongly concur that rural policy should be viewed as a component of an all-encompassing regional plan rather than as wide thrust areas for boosting investment and investment credit in agriculture. In this perspective the following points must be taken into consideration-

- Traditional land development, agricultural mechanization, irrigation, and small-scale farmer integration into the mainstream for marketing and exports demand fresh consideration.
- In order to encourage more private investment, public investment in agricultural infrastructure must be prioritized, especially in the poorer states in the Eastern and North Eastern regions.
- Public investment in research and development of crop varieties, livestock breeds, animal strains, and effective technology packages, particularly those for land and water management, is also necessary to remove socio-economic and environmental constraints.
- The other focus areas continue to be reaching all farmers with suitable linkages and partnerships, effective and trustworthy technology, procurement, assessment, and transfer, and extension systems.

Agriculture investment has been declining over time, more quickly since the 1990s due to the public sector's loss of impetus and the inadequacy of farm financing (Petre, I.L., and Ion, R.A., 2019) [5]. Not only have investments been made slowly, but their patterns have also been uneven. In the case of agriculturally significant States like Punjab, UP, Gujarat, Bihar, and Karnataka, the contribution of agriculture and related activities in the total development spending is lower than the national average. The rate and pattern of technological advancement and infrastructure development have been slowed down, which has had a negative impact on agricultural output (Tămăsilă *et al*., 2018) [7].

Increasing domestic investment in the agricultural industry is urgently needed, despite the fact that its ICOR is very high. The goal is to modernize the agricultural industry by deliberate investments, lower the ICOR, and enable the industry to perform as well as the industrial sector. To attain the anticipated level of growth of over 4% per year as envisioned by the 11^{th} Five Year Plan, investment in agriculture, the major mover, needs to be intensified. More significantly, for this investment to have the greatest impact, it must be well timed, well-structured, and implemented.

It is urgently necessary to make a more fundamental shift in the approach taken to raise funds and quicken the pace of capital formation in agriculture (Petre, I.L., and Ion, R.A., 2019) [5]. This can be done by focusing on and reducing subsidies, investing the funds thus generated in irrigation and other infrastructure projects, and selling off public sector enterprises to partially finance the funds for agricultural investments. For encouraging private investment, the public investment with a well-chosen project portfolio would be essential. Furthermore, the investment gap in agriculture cannot be anticipated to be filled by public investment alone (Tămăsilă *et al*., 2018) [7]. To close the investment gap in agriculture, the government must establish attractive policy and development support environments for the private sector (including domestic and foreign agri-business investors). The potential for institutional change to increase capital use efficiency through the building of social capital must be emphasized. Additionally, there is a need to persuade the banking industry to see the recent changes in agriculture's complete value chain as viable business prospects and to provide more investment credit to these regions. As a result, quickening the rate of investment holds the key to delivering a crucial structural break and rescuing Indian agriculture from its state of inertia (Tămăsilă *et al*., 2018) [7].

Therefore we can conclude that for inclusive economic development and sustainability responsible investment in rural sector will make significant contributions and bring participation and inclusiveness for economic growth.

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