

OPEN

Transition Challenges in Rural India: Exploring PerspectiveDr Nazeerudin¹

Rural India is undergoing a sweeping transformation. The narratives of this transformation range from exciting stories of ‘rural resurgence’ and rapidly expanding rural consumption to acute agrarian distress and large numbers of farmers committing suicide. Contemporary rural India actually is vastly complex, subject to several new forces of change, and does not fit neatly into any of these characterizations. Greater exposure raises rural aspirations for a better quality of life and arouses appetite for consumer goods. Recent data show that rural monthly per capita consumption expenditure (MPCE) grew at a rapid 5.5 per cent a year between 2009–10 and 2011–12 (NSSO 2012). While average rural MPCE remains about half of urban, the growth in rural income and expenditure is reflected in a sharp drop in rural poverty to less than 26 per cent from 34 per cent in just two years. With its growing purchasing power, the rural market is no longer a residual retail market. Products are being designed to cater specifically to rural demand. Rural India is making its presence felt. In the above backdrop, This paper made an attempt to briefly review the Contribution of India’s, Rural Economy and also examine the Dynamics of Rural transformation Further it identifies the Common Challenges faced by Rural Agriculture Economy and explore ways to face Transition Challenges along with Government initiatives. Finally argued for need for structural changes in rural economy. A descriptive and explorative methodology is followed.

Keywords: Rural India, Economy Transformations, Transition, Challenges

Introduction

India is predominantly a rural country with two third population and 70% workforce residing in rural areas. Rural economy constitutes 46 per cent of national income. Despite the rise of urbanization more than half of India’s population is projected to be rural by 2050. Thus, growth and development of rural economy and population are a key to overall growth and inclusive development of the country.

The Importance of the Rural Sector

India remains mainly rural. Although economic development has changed the composition of the

population, with the urban population growing at a faster pace than the population as a whole, about two-thirds (64% in 2006) of the population of ADB’s developing member countries (DMCs) live in rural areas and even in 2015, about 58% of the population would continue living in rural areas. In addition, as argued that, rural populations suffer from greater deprivations than the rest, calling for more attention to their needs to reduce disparities and prevent social strife and instability.

The two features of structural transformation visible in

¹Centre for Rural Development Studies, Bangalore University, Bangalore 56, Karnataka, India Corresponding author: rdnazeer@gmail.com

Copyright: © 2022 by the authors. Licensee KMF Publishers (www.kmf-publishers.com). This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>).

India are an increase in the overall gross domestic product and per capita incomes, enabled by the shift away from agriculture to other sectors or occupations with higher productivity; and greater urbanization. An attempt is made to examine the emergence of small towns or urbanized villages in Gujarat and Rajasthan. The states depict a disparate pattern of rural economic transformation and varying levels of urbanization. The emerging urban hierarchy is contextualized within the process of economic growth and transition, and the composition of urban growth along with the location features of the emerging towns is studied. The underlying causes responsible for the nature of urban growth in the two states highlight the need for a regional focus of policy.

However, Rural India is going through a period of widespread transformation. This transformation is represented by the declining growth rate of the rural population, various forms of agrarian distress and a considerable number of farmer suicides, increasing rural to urban migration, and the declining growth rate of agricultural output. Thus, no serious attempt has been made to analyze and understand the transition in India's rural economy.

The contribution of the rural areas in economy of India for the period 1970-71 to 2011-12 is seen from its share in national output and employment.

Table no 1 Share of rural areas in total NDP and workforce

Year	Economy	Workforce
1970-71	62.4	84.1
1980-81	58.9	80.8
1993-94	54.3	77.8
1999-00	48.1	76.1
2004-05	48.1	74.6
2011-12	46.9	70.9

These evidences in the above table show that urban economy overtook rural economy in terms of output but urban employment is less than half of the rural employment. This has serious implications such as wide disparity in worker productivity between rural and urban areas. decline but its pace did not match with the changes in its share in national output or income. The declining contribution of rural areas in national output without a commensurate reduction in its share in employment implies that a major portion of the overall economic growth in the country came from the capital-intensive sectors in urban areas without generating significant employment during the period under consideration.

Table No 2 Sector–Wise Growth rates (Per cent Per annum, constant prices 2011-12) during 2014-15 to 2018-19

Sector	Growth rate during 2014-15 to 2018-19
Agriculture, Forestry and Fishing	2.94
Industry	6.42
Construction	4.76
Services	6.38
Gross Value Added	5.85

The growth rates by and large show lackluster performance of the economy with the agriculture sector as usual being at the lowest rung. This has been the case since independence despite priorities being given to this sector. While major strides have been made such as green and white revolution, the agrarian crisis has always been a serious cause of concern attracting nationwide attention and leading to frantic discussions in the state and union legislatures. With agriculture appearing to be a failing economic activity, in order to salvage the situation, the government in its interim Budget 2019-20, announced an income support scheme Pradhan Mantri Kisan Sanman Nidhi or PM Kisan which provided direct income support of Rs 6,000 per year to farmers who have up to 2 hectares of land. Thus The low incomes of marginal and small farmers which constitute 86.22 per cent of holdings

probably explains the low growth rate in the agricultural sector which is therefore ailing for suitable economic policies that are sustainable.

Dynamics of Rural transformation

Needless to state, India's agricultural sector has gone through massive reforms with both input and output subsidies being an important part of the government budget. But the crisis in this sector have perpetuated despite a seven decade or so journey since independence. With the Platinum jubilee year of Indian independence knocking at the door, the government is attempting to place the farmers at the centre stage of India's mandate, and set a target of doubling farmers' income by the year 2022 in real terms, with 2015-16 as the base.

Rural_transformation_trends and driving forces

- Population growth
- Climate change and resource degradation
- Globalizations
- Urbanizations and rural-urban linkages
- Migration and mobility
- Agricultural modernization

The complexity of the rural transformation process calls for multi-layered governance and new forms of technical and financial assistance. The international debate on the structural and political changes in rural areas is vivid and ongoing. There are many international working groups and forums, with different constituencies and mandates that explore the central and unifying role rural transformation plays in the implementation of Agenda 2030. Irrespective of the definitional nuances, there is consensus that rural transformation is a complex and on-going process in the rural space in all countries. The effects of this process extend beyond the transformation of the agricultural sector and even beyond economic

transformation and with some quite negative effects in many low- and middle-income countries.

However, the direction and effects of these rural transformation processes can be shaped and steered to prevent and mitigate negative effects and produce outcomes that are beneficial for rural populations on a national and sub national level. The process of rural transformation must thus be addressed by a policy agenda aimed at making rural transformation ecologically more sustainable and socially inclusive.

Some Challenges faced by Rural Agriculture Economy

- Lack of protective irrigation in several states and failure of monsoons.
- Price Crash due to maximum crop harvesting.
- Agricultural commodities are not only perishable but also have low income and price elasticity of demand.
- Increase in production may lead to fall in prices which again lead to fall in income.
- Agriculture subsidies are inflicting significant damage on different aspects of the economy.
- Whenever there is a price rise in any agricultural commodity, the government imposes restrictions on exports to protect Indian consumers. It creates hindrances for farmers taking advantage of high prices in foreign markets.
- Due to restrictions imposed by Agricultural Produce Market Committee Acts Indian farmers today can only sell their produce at Farm gate or local market (haat) to village aggregators, APMC mandis and to government at the minimum support price (MSP).
- The lack of skills and technical knowledge appear to be the main barrier for rural workers to enter manufacturing sector.

Rural India has been experiencing a sweeping transformation characterized by socio-economic

improvement, accompanied by the assimilation of non-farm economy as the emerging phenomenon in occupational diversification. So we can say that India's rural areas are not just merely dependent on agrarian occupation due to the rapid structural transformation at the village.

Ways to Address the Transition Challenges

- To effectively address the process of rural transformation, a higher level of policy coherence between the desired overall development path and agriculture, food security and nutrition policies will be required.
- Special attention must be paid to link sectors like basic services (energy, infrastructure etc.) with economic opportunities within and outside agriculture.
- Moreover, inclusive transformation can only be shaped successfully when associated with the establishment of multi-level governance structures that support and manage social, environmental and economic development in an appropriate equilibrium and thrive for inclusiveness.
- Developing adequate policy solutions in a phased approach based on available capacity and finance can be thought of as "ARD+" whereby the plus stands for policy fields that are intrinsically linked to agricultural policies and that have potential synergies that should be exploited to achieve the kind of multi-sectoral and holistic approaches that are needed to address the challenges developing rural areas in the light of rural transformation processes.
- Precision agriculture through use of drones, sensors, robotics, etc will be a game changer for Indian agriculture and finally through a multiplier impact, change the face of the rural sector.

- As agriculture becomes more advanced, it will serve as a catalyst to stimulate the secondary and tertiary sector. Hence doubling farmers' income should be seen as a short term measure to ease the distress in rural areas.
- The medium term solution must be to make rural areas an engine of growth which must be broader based and not concentrated only in certain geographic locations.
- There is huge mismatch between the availability of different branches of education and requirement. The education system must therefore cater to the needs of the economy and vocational training must be given priority.
- The rural road scheme is a key feature of the budget and 125,000 kms of roads over the next five years are likely to get upgraded.
- Thus roads will help to create market access for agricultural produce and the budget will further facilitate the setting up of 10,000 Farmer Producer Organisations in the next five years.
- Artisans and skilled entrepreneurs in farm sectors will be given required training through technology incubators.

Hence boosting of the agricultural sector through increase in productivity and remunerative prices will augment farm incomes.

Government initiatives for Rural India Transition

The process of liberalization has led to many domestic producers being unable to survive in the face of foreign competition while technology has made several jobs redundant. The Indian workforce is however dominated by youth population which will continue to be young for several decades to come. The government has tried to address the above issues in Budget 2019-20 as sops have been provided to sectors which have high job potential.

- Maximum thrust has been placed on infrastructure in all fundamental sectors with a view to create more job opportunities and also a new class of entrepreneurs which in turn will generate more employment. Multiple labour laws are likely to get streamlined which will ease the labour market.
- Schemes such as **Pradhan Mantri Ujjwala Yojana launched in 2016** to provide free clean cooking gas connections for the poor are being greatly promoted.
- The Centre has also set a target to provide clean drinking water for all by 2024.

Summing Up

Rural transformation is more of a dynamic and relative concept as compared to the more linear concept of rural development. The rural transformation discourse has particular relevance to the social change theory. Applied to agrarian-based rural India, it provides a conceptual framework for examining the transformations that have been taking place in the economy, demography, migration patterns, labor market, lifestyles, and other aspects of rural India. The ongoing process of rural transformation involves changes in the various aspects of rural life—including socio-economic and political changes, and the ultimate goal of these transformations should be to promote rural development.

It has been argued that Indian government's economic liberalization policies are the central factor responsible for the declining importance of the agricultural sector and the country's unprecedented agrarian crisis that has led to the diversification of livelihoods from the agricultural to non-agricultural sectors and to food insecurity. Since agriculture has been the backbone of India's national economy, the country's agrarian crisis has adversely affected the growth of the GDP, the proportion of the population dependent on agriculture for their livelihoods, the real wage rates of agricultural

labor, farm mechanization, and suicide rates among peasant farmers.

Therefore, the Indian agriculture is going through a transition that has involved a significant transformation of the rural economic structure. Thus, structural changes in rural India are transforming both the farming and non-farming sectors of the agricultural economy as well as the direction of development in this sector of India's national economy.

References

- 1 India Rural Development Report 2012|13
- 2 Rural India's Transition Challenges -- The Hindu Centre for politics and public policy Sangeeta Shroff
- 3 Rural Development Sector Report -- NITI Aayog, Government of India