



## A Review on India's rural transformation, experience and future directions

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### Abstract

Generally, rural transformation has been perceived as modernisation, rural development, many changes in economic composition, and migration from agricultural to non-agricultural sectors of the economy. Various theoretical approaches (one-dimensional and multi-dimensional) have been enforced adopted to study rural change, and these appeals include different indicators to study the extent of rural change and transformation. Rural development approaches to the study of rural transformation have been condemned on the grounds that rural transformation does not always involve associate development. This article inspects how rural transformation emanate with time focusing on role of government policies which encourages region-specific rural transformation with the help of secondary data sources like Government reports, Census 2011, etc. The study also highlights the factor associated with the rural-urban interaction. Based on findings, it is argued that India's rural transformation includes the transition from agricultural to non-agricultural sectors and the de-agriculturalization of the Indian economy. In addition, Creation of jobs in rural areas requires a complete rethink of rural transformation.

**Keywords:** Rural transformation, agrarian change, structural transformation, inequality, and sustainable rural development

### Introduction

A proactive and constructive process of development and change for rural communities within the framework of national and international social and economic shifts is known as "rural transformation" (Long, Zou, Pykett, & Li, 2011; Wang, Khan, & Zhang, 2013) <sup>[22, 33]</sup>. Compared to rural development, rural transformation is a more evolving concept because it represents a shift in people's outlook on life. It is typically characterized by improvements in rural housing and the economic and social conditions brought about by industrialization and urbanization, as well as shifts in civic facilities, employment construction, agricultural quantity, selection of crops pattern, farm income, and labour efficiency (Kurien, 1980; Ravallion & Datt, 2002) <sup>[17]</sup>. India still has a lot of acute problems, though. From 1951 to 2011, the contribution of agriculture to GDP in India decreased steadily as the country's economy grew and diversified. India produces enough food to feed itself, but even so, 25% of the world's hungry people live there, and over 190 million people are undernourished. The current estimate for the prevalence of poverty is close to 30%. Between 1983 and 2004–2005, the number of jobs in rural India expanded steadily at a rate of nearly 8 million per year, from 181 million to over 358 million. (Wang *et al.*, 2013) <sup>[33]</sup>. However, it had drastically decreased in the following years, reaching 331 million in 2018–2019. In contrast to their male counterparts in the manufacturing, construction, and service subsectors, women make up a comparatively small portion of the workforce in the rural non-farm sector. (Mehrotra & Parida, 2017) <sup>[23]</sup>. Farmers' earnings have increased and rural poverty has significantly decreased as a result of increases in agricultural output and off-farm jobs. (Habiyaemye *et al.*, 2020) <sup>[12]</sup>. While these are commendable accomplishments, fostering sustainable agricultural growth, guaranteeing national food security, and closing the income gap between rural and urban people remain major difficulties facing India's rural development. (Ohlan, 2013). The size of the nation means that addressing these issues would have an impact on both global agriculture and rural

development in India. (e.g., Fan, Hazell, & Thorat, 2000; Haggblade, Hazell, & Reardon, 2010; Lanjouw & Murgai, 2009; Sarkar & Kundu, 2016; Singh, 2009).

According to the Push and Pull Theory, there are push and pull factors impacting the growth of rural transformation. The push force driving the rural system's rapid expansion comes from internal sources such as society, policy, economy, resources, and environment. (Tiwari, Shahbaz, & Islam, 2013) <sup>[31]</sup>. The force's magnitude is shown by the lines' length. The geographical regions around the study item are the external elements that give rise to the pull force. If the values associated with additional rural transformation development are larger than those of the researched subject, whose length indicates the amount of the force, then these counties move the rural system toward development. (Gupta, 2015) <sup>[11]</sup>. Raising the level of living and welfare of the local population is unquestionably the primary task of changing the economic development landscape. Within a single nation, regions and subregions typically have very different levels of development. (Diao and others, 2019) <sup>[6]</sup>. Economic growth should not be carried out uniformly instead, it should consider the characteristics and initial circumstances of that region. Different interventions and techniques for economic growth are needed in each location due to the diversity of starting conditions. (Nghah, 2014).

### Objective of the research paper

This paper aims to provide insights into India's rural transformation in the past and the future, with particular focus on the following objectives:

- In what ways have the rural areas of India transformed in over the past time frame?
- Which key policies have consistently encouraged the transformation of rural areas?
- What are the policy directions for the future and how has the Indian government addressed the difficulties associated with rural transformation?
- How Rural–Urban Interactions are Interlinked with Economic, Social and Cultural Transformations?

**Rural Transformation in the Past Decades**

The International Fund for Agricultural Development (IFAD) has adopted a definition of rural transformation that is "the process involving rising agricultural productivity, commercialization and diversification of production patterns and livelihoods, and expanded off-farm employment" due to the fact that rural transformation encompasses multiple aspects and that the focus of rural transformation commonly varies among different fields of study (Shukla & Jain, 2019) [29]. The term "rural transformation" describes the transition of the villages' economic, social, and physical structures as well as their way of life through a variety of processes, such as adjustments to the production system's structure, diversification of the villagers' sources of income, connections between rural and urban areas, development of infrastructure, improvements in educational attainment, and modifications to their aspirations and way of life, among many others (Council, 2015). Exogenous and endogenous factors are the two categories of influences that impact the transformation process. The former covers land reforms, the development of infrastructure, agricultural innovations, rural industrialization, etc., while the latter includes various village-level institutions, soil characteristics, access to water for cultivation, cultivation techniques, cropping patterns, land ownership patterns, etc (Rao and Nair 2003) [26]. Therefore, it is abundantly evident from the definition that rural transformation is a multifaceted, intricate process. But for a long time, the processes of rural transformation have been described as deterministic and unidirectional, with the economy shifting primarily from agricultural to industrial, raising living standards significantly and turning the "rural" into the "urban" (Binswanger, 2013). Urban and rural transformation development are unavoidable given the speed at which urbanization and industrialization are occurring, yet rural transformation may experience a persistently expanding divide (Chung, 2014) [5]. The goal of rural transformation development is to bring about changes in the traditional rural industries, employment practices, and consumption patterns. It also aims to bring about unity and the construction of harmonious social processes by transforming the isolated social structures of rural and urban areas. Its main goal is to encourage changes in the interactions between urban and rural areas, as well as between workers and peasants (Li & Long, 2014) [19]. The process of changing a system from one condition to another, encompassing structural modifying, structural transformation, and systemic development, is known as transformation development concerns pertaining to agriculture, the countryside, and farmers are becoming more and more important as a result of the fast expansion of both industrialization and urbanization (Wang, 2016) [34]. These concerns encompass the conversion of farmland, environmental pollution, the decline in the farming industry, and the population loss of villages (Gao *et al.*, 2017) [7]. Urban-rural equality, interaction, transformation, and equalized development have evolved as a result of the Indian government's recent recognition of urban and rural development as a major concern (Tang, Mason, & Sun,

2012) [30]. The disparity between rural and urban areas has steadily increased, and because so many resources have been devoted to urban growth, rural development has been developing more slowly. In order to encourage rural development, the government has created policies that include supply-side reforms, current agricultural planning, new building projects in rural areas, and changes to rural systems (Schouten, Heijman, Opdam, Paul, 2012).

**Major Rural Policies- Driving India's Rapid and Inclusive Rural Transformation in the Past**

**1. Institutional reforms**

Land reform in India was restricted to enforcing the tenancy law more strictly. In 1955, the government passed a land reform act. But mostly due to a lack of administrative and legal resources, it did not implement the law. Sharecroppers who pay the required share as per the law are given permanent and inheritable incumbency rights to registered land under the 1955 law and its subsequent amendments. The majority of sharecroppers were impoverished and often illiterate, and few of them had really registered their landholding due to legal loopholes and a lack of administrative help (Reddy, 2014) [27]. In the case of India, the economy is heavily dependent on the agricultural sector. The green revolution helped India become self-sufficient in foodgrains, especially in wheat and rice. The Sustainable Development Goals (SDGs) contain an agricultural aim at the global level. In order to accomplish many other SDGs, such as those on hunger, malnutrition, climate change, gender equity, conservation of natural resources, and employment, agriculture is essential (Rao, 2003) [26]. For this reason, Goal 2 of the SDGs contains targets on agricultural productivity and sustainability. Moreover, there are programs like Compact 2025, which seeks to eradicate undernourishment and hunger by the year 2025.4 This objective must be completed five years prior to the SDGs' 2030 target being fulfilled.

**2. Transformation of Workforce and Economy**

After independence, India's economy was classified as closed until the middle of the 1980s, semi-open starting in the mid-1980s, and quickly liberalizing starting in the early 1990s. It was anticipated that market-oriented reforms would benefit all governments and regions because of liberalization. On the other hand, several studies reveal that growth rates have diverged, with this difference becoming more pronounced in the years after the reforms (Lolayekar, A.P., Mukhopadhyay, P. 2019) [21]. India's rural areas have been evolving. A notable increase has been observed in a few rural activities. These include: education, migration, remittances, public employment, rural non-farm employment, connectivity, spending on social security programs like MGNREGA, the function of Panchayati raj institutions, and employment in the rural areas. In rural India, between 1993–1994 and 2021–2022, there was a notable structural shift in the rural labour force for both males and females.

**Table 1:** Changes in Structure of Rural Workforce

Sectors	Male 1993-94	Female 1993-94	Male 2011-12	Female 2011-12	Male 2021-22	Female 2021-22
Agriculture	74	86.2	59.4	74.9	51	75.9
Manufacturing	7	7.1	8.2	9.8	7.9	7.9
Construction	3.2	0.8	13	6.6	16.6	5.3
Services	14.8	5.6	18.3	8.3	7.5	6.8

(Source: NSS data on employment and unemployment surveys)

**Current major challenges in India’s agricultural development and rural transformation**

The agrarian situation in India faced the following challenges by the late 1990s: regular crop failures in rain-fed agriculture, ongoing reductions in operational holdings, marginalization of farmers (due to increasing population pressure on land), and so on (GoI 2007) [9]. First, irrigated agriculture suffered a severe water problem as a result of overusing surface and ground water resources. Second, there was a significant drop in crop production input efficiency. The "seed-fertilizer technology" of the Green Revolution was therefore no longer economical. Third, there was a significant reduction in agricultural subsidies after the structural adjustment programs, which led to a rapid rise in the paid-out expense of farming (Khasnabis 2008) [16]. Fourth, agricultural terms of trade stagnated. Fifth, priority lending was constrained for the same reason. Additionally, the rural cooperative credit institutions' contribution to the distribution of loans fell short of expectations. Because of this, a large percentage of farmers were forced to rely on moneylenders who paid exorbitant interest rates in order to obtain loans. Together, these difficulties caused the agricultural growth rate to drop and the farmers especially the small and marginal ones to become impoverished.

**Remaining Rural–Urban Inequality**

The three essential components of the urban-rural system are industry, land, and people. The public represents the system's body, and via the use of other components, its behaviour can alter the system. The land is the system's carrier; it can ensure economic growth while providing housing and employment for the populace. Industry is the system's energy source, has the potential to raise population standards of living, and propel the system forward.

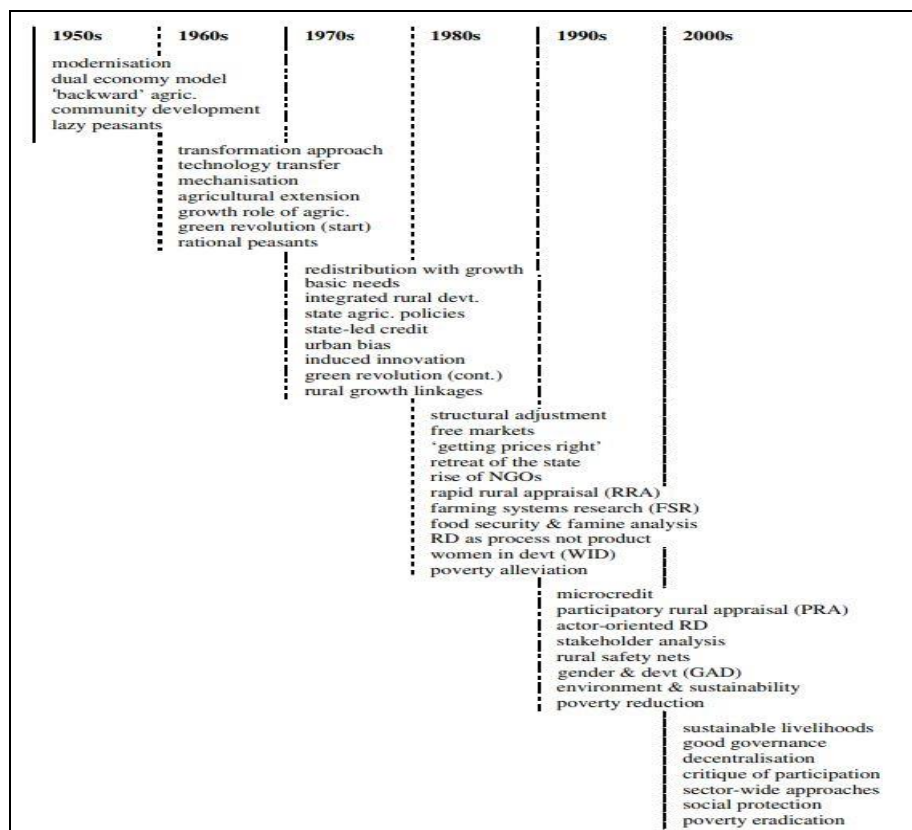
Therefore, the shifting of demographics, land, and industry within various dynamic stages is regarded as rural transformation development; in particular, farmers moving into urbanites, farmland moving into construction land, and agriculture moving into the second and third industries of an area (Li & Long, 2015) [20].

**Evolving Themes in Rural Development**

Any attempt to oversimplify the changing concepts in rural development over the previous fifty years runs the risk of being done. Although labelling the 1960s as modernization, the 1970s as state intervention, the 1980s as market liberalization, and the 1990s as participation and empowerment may seem tidy on the surface, popular ideas and their real-world implications on rural policies did not actually follow these orderly transitional paths.

**Rural–Urban Interactions are Interlinked with Transformations at Different Levels**

Rural-Urban Linkages: agricultural and other commodity flows from producers in rural areas to urban markets, for local consumption as well as exporting to regional, national, and worldwide markets; and, the other way around, imports and manufactured goods from urban areas to rural settlements. They also comprise the movements of individuals who move between rural and urban areas, either permanently or temporarily migrating, or commuting on a regular basis or occasionally visiting urban-based administrative centres and services (Gibson, 2010) [8]. Financial flows generally consist of remittances from migrants to families and communities in sending areas, payments such as pensions to migrants returning to their rural homes, as well as investments and lending from urban-based organizations.



(Source: Development Policy Review)

**Fig 1: Rural development timeline**

These spatial flows intersect with sectoral interlinkages at both the household and local economic levels. They include both backward and forward linkages between agriculture, manufacturing, and services, such as inputs into production and agricultural materials for processing. Most urban areas, particularly small and medium-sized ones, rely on widespread demand for basic goods and services from surrounding people to grow their secondary and tertiary industries. Overall, collaboration between agricultural production and urban-based firms is frequently critical to the development of more lively local economies and, on a broader scale, to less uneven and more "pro-poor" regional economic growth. Although there are flows and connections between all rural and urban places to some degree, the quantity and strength of these connections depend on the types of social, cultural, and economic changes. The global, national, and local levels are the three main groups into which they can be further separated.

#### **At Global Level**

Most regions have seen a change in or reshaping of rural-urban links as a result of trade and production liberalization. Consumption habits in both rural and urban communities are impacted by the greater availability of imported manufactured and processed items; however, since these are frequently less expensive than locally produced goods, local manufacturers and processors may suffer. This is particularly true for small businesses that employ women and use outdated or limited technology, like the traditional textile weaving in southeast Nigeria and the vegetable oil manufacturing in Tanzania, as discussed in the paper by Bah *et al.* In the agricultural sector, multinational traders dominate the trade in export products. These traders typically avoid local urban centres for processing and marketing, keep a major portion of the added value, and may not even invest it in the producing region or country.

Furthermore, because of strict quality standards and quantity requirements that are tied to the demand of larger merchants in high-income countries and the demand in those countries, small-scale farmers who lack the financial resources to buy the essential inputs are frequently left out. Simultaneously, the growth of export processing zones and the expansion of foreign tourist destinations have given rise to new, if small, employment sectors that frequently depend on migrant labour, particularly women (Kakwani & Subbarao, 1990) <sup>[14]</sup>. The effect of globalization on social and cultural values is something that is frequently disregarded. Changing employment opportunities can have a tremendous impact on traditional social structure. The study by Bah *et al.* demonstrates how Tanzania's domestic trade liberalization has created new avenues for generating income, particularly petty trade, enabling young people to leave unpaid family farming, particularly young women who typically do not inherit their parents' land (Desai & Kulkarni, 2008).

Young males from lower castes in South India who work in cities and are no longer reliant on their employers from higher castes who own property publicly challenge the caste system. Although these changes undoubtedly promote individual liberty and are commendable for upending power-based social structures, their economic and social ramifications are extensive and still poorly understood. It is evident that in many places, the presumptions about rural homes and communities as comparatively stable units of production and consumption are no longer true. This fact

must be considered while developing and implementing rural development projects (Kanbur & Zhuang, 2013) <sup>[15]</sup>.

#### **At National Level**

Rural-urban links are impacted by macroeconomic policies associated with reform and adjustment. Most countries have seen a decline in the earnings of small-scale, undercapitalized farmers due to the significant drop in agricultural input subsidies, while metropolitan areas have seen a rise in financial insecurity as a result of worker layoffs in the formal sector. Simultaneously, the escalation in food expenses and the implementation of user fees for healthcare and education have compelled numerous households to pursue cash earnings through job diversification, which encompasses non-farm professions for rural dwellers, frequently situated in urban areas, migration, and urban agriculture (Sarkar & Mehta, 2010) <sup>[28]</sup>. Following the elimination of marketing boards, which served as small agricultural producers' primary outlet, the emphasis on producers' direct access to markets has increased. This has strengthened the ties to urban centres, which are the hubs of local markets as well as links to larger regional and national marketing systems.

This is not without issues, though, as insufficient facilities for processing, storing, and infrastructure might prevent producers from earning more money (Goli, Maurya, & Sharma, 2015) <sup>[10]</sup>. While economic reform and adjustment strategies usually have a negative effect on people with low incomes in both rural and urban areas, depending on each country's resource base, technological know-how, and standing in the global economy, there can occasionally be significant differences in the transformations that have occurred over the past 10 to 15 years. Therefore, some countries that have better levels of education and technological proficiency, as well as national governments that are willing and able to make investments in infrastructure, have been successful in luring foreign direct investment, albeit typically in limited areas (Gibson, 2010) <sup>[8]</sup>.

#### **At Local Level,**

Many factors influence the nature and extent of interactions between rural and urban areas. These include the availability of roads and transportation networks that connect local settlements to various urban centres that house markets and services, as well as geographical and demographic characteristics such as the type of agricultural land, population density, and distribution patterns. Decentralization has, at least theoretically, greatly expanded the role of local governments in many countries, and they can be crucial in fostering strong rural-urban ties. The individuals best able to determine local needs and priorities and provide appropriate responses to them are local government and other local players (Binswanger, 2013). Local decision-making can prevent the forward and backward connections between industries, services, and agriculture from being overlooked. Additionally, it may negotiate and control how businesses and communities in both rural and urban areas use natural resources, which otherwise has the potential to escalate conflict. Decentralization is generally associated with expenses and limitations, despite its enormous potential for efficiency and democratic accountability.

Due to either insufficient local revenue generation or a decrease in public investment by the federal government, local government may not be able to offer the services that the community needs. Additionally, while local decision-making with sufficient resources might foster beneficial rural-urban links, larger concerns like national development objectives, market institutional frameworks, and land tenure systems are likely to have an impact on local initiative. Therefore, it is imperative that local development initiatives be better incorporated into national planning. Finally, significant efforts are required to guarantee the legitimacy and the ability of local institutions to perform their new roles, particularly in countries where decentralization is relatively new.

### Concluding Remarks on the Pathway Forward

The process of encouraging growth in rural areas is difficult, time-consuming, that is full with obstacles. It necessitates coordinated action across multiple industries in a setting that is changing quickly and occasionally violently. Both internal and external processes are the source of the transformation. The financial and human resources allocated to the execution of rural development programs must be significantly increased in order to speed up these procedures. The main goal of rural development is to increase the income and productivity of rural populations. The bulk of people living in rural areas depend on agriculture and jobs related to farming for their livelihood because there aren't enough other possibilities. The obstacles still exist, despite the fact that government policy has started to reduce the gap between urban and rural areas through increasing public investment, minimum support price fixes, and local government decentralization. It is no longer possible to examine rural areas in isolation. Therefore, mental models or mental landscapes must shift in order to conceptualize and manage changes in rural areas. It demands a more integrated strategy that sees alterations as occurring within a system of interconnected pieces. In order to manage changes, it implies that rural transformation needs to be integrated and coordinated at the local and national levels.

Development that takes into account regional requirements, uniqueness, and potential is essential to rural change. In rural India, millions of people continue to live in poverty. Numerous problems pertaining to sanitation, health, and education require immediate attention. Growth in agriculture is vital and must accelerate. However, if we want to truly help the millions of people who live in rural India, we need to go beyond agriculture. As India's rural areas increase, new issues will arise. It will increase the demand on our limited resources. The surge in rural consumption and intensifying rivalry for limited resources need the adoption of a novel cooperative development paradigm. Enabling this expansion while tackling the concomitant problems is a shared responsibility among all stakeholders, including the government, NGOs, civil society, and corporations. Through appropriate public-private collaborations, we may tackle these obstacles by devising inventive resolutions and expanding beyond.

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