

MAJOR DRIVERS FOR RURAL TRANSFORMATION OF INDIA (2020)

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Abstract:

India's future lies in the hands of villages and rural areas. 75% of the world's population are poor and are in rural areas in and around all the developing countries in the world. India is working on the development of rural areas through various development schemes and policies formed by the Ministry of Rural Development. More than 50 developing countries have got benefited through the globalization and it has considerably reduced the world poverty rate in past two decades. The old school thoughts are being changed and the villages are becoming smart with technological advancements. The major three dimensional challenges in transforming the rural area are exploitation of natural resources, acquisition of land area and migration of human capital. Although these seem to be the challenge, there are equal opportunities to overcome. They are the emergence of new pressures, demanding for better health care facility, stabilizing and reviving of agriculture, Rurban mission opportunities and development of FMCGs in rural markets. It is always said that the duty of the researcher is not only to show the challenges and opportunities but also to guide through new key drivers, so that it can change the direction of the flight. It is the additional responsibility of the paper to show better insights through these drivers. They are distributive manufacturing, drones, cloud computing and IoT (internet of things), decentralized energy systems, the future of food, future of education, the future of health, digital connectivity and shifting values

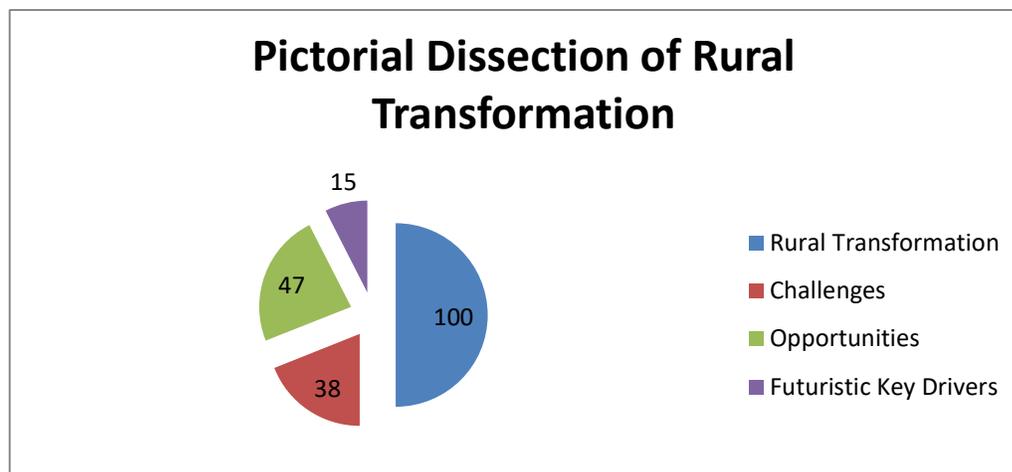
Key Words:

India's future - hands of villages - world's population - Ministry of Rural Development - globalization - The old school thoughts - technological advancements - three dimensional challenges - equal opportunities - Rurban mission - new key drivers - better insights - distributive

manufacturing – drones - cloud computing -IoT- decentralized energy systems - digital connectivity - shifting values.

INTRODUCTION:

India's future lies in the hands of villages and rural areas where the world's 75% of the population are poor and are found in the rural areas not only in India but also around all the developing countries in the world. A statistics of World Bank says, In India the 80% of poor lives in the rural areas and the poverty rate is depicted as 25% in rural areas. India is working on the development of rural areas for last five decades through various development schemes and policies formed by the Ministry of Rural Development. Now the world is in the verge of transformation to the digital and automation, which makes the rural villages to gear down the growth due to the urban domination in terms of the technological advancements. The globalization and urbanization have some positive impact and unprecedented economic growth on the rural development of many countries, through acquisition of high skill levels and technological excellence. More than 50 developing countries have got benefited through the globalization and it has considerably reduced the world poverty rate in past two decades. It is the need of hour to view the rural development in a different dimension. The old school thoughts are being changed, the villages are becoming smart and agriculture is done with technological advancements. Hence this article describes the important drivers that are leading to the rural transformation.



I. CHALLENGES IN RURAL TRANSFORMATION

The rural transformation involves development of the overall quality of life in rural areas. This entails in providing the awareness of investments in health, education and rural infrastructure, designing policies that promote greater benefits to the educated youngsters and the empowerment of rural people with agriculture households, especially the most vulnerable area is designing and implementing effectively the policies; providing the better infrastructure like logistics support, awareness on value additions, improving market access of small-scale farmers in innovative markets and strengthen their involvement in the whole value chain is a challenging mechanism to cop-up with the current changing environment.

Overcoming Old and Modern Challenges in Rural Development

i. Exploitation of Natural Resources:

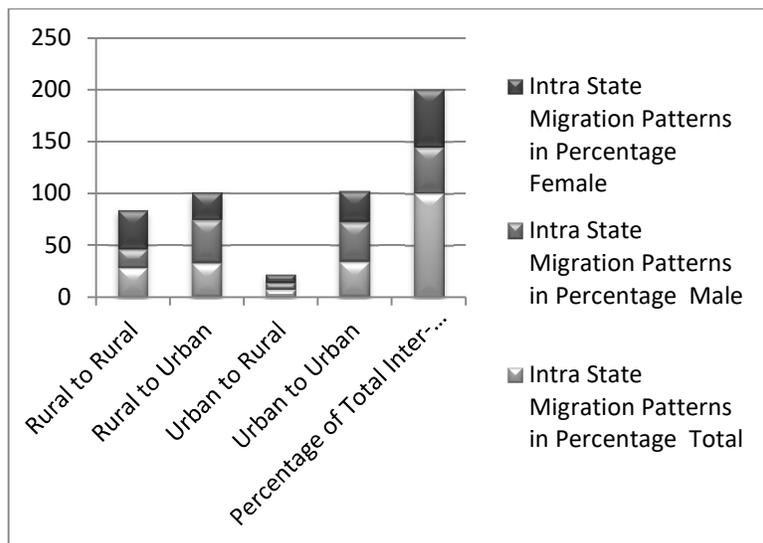
Whenever the concept of development is being spoken, the exploitation of natural resource is also been taken as a topic of debate in the Indian context. Here the fear of eradication of the available natural resources in the rural area is been there for ages, which might lead to the climate changes that will not only affect the agriculture sector but also the crop yield and productivity. Hence the technological advancements and development of rural infrastructure must be considered without disturbing the naturally available resources.

ii. Acquisition of Land area:

As land essentially become an economic asset, the market for it has become rapidly globalized. Poor land owners have become victims to lose their land to those with economical advantage, political or social ability than themselves to lay claim to, or acquire the same tracts of land. These factors have contributed an increasing concentration of landholdings in many countries of Asia particularly in India. The globalization of land markets, combined with increasing opportunities for profit from agricultural production, is attracting the investments of multinational companies in land acquisition.

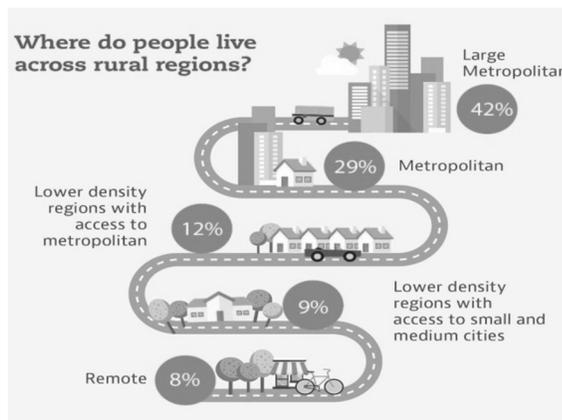
iii. Migration of Human Capital:

Intra State Migration Patterns in Percentage			
Type of Migration	Total	Male	Female
Rural to Rural	28.4	18.02	36.71
Rural to Urban	32.83	41.42	25.95
Urban to Rural	7.17	6.67	7.58
Urban to Urban	34.06	37.9	29.75
Percentage of Total Inter-State Migration	100	44.48	55.52



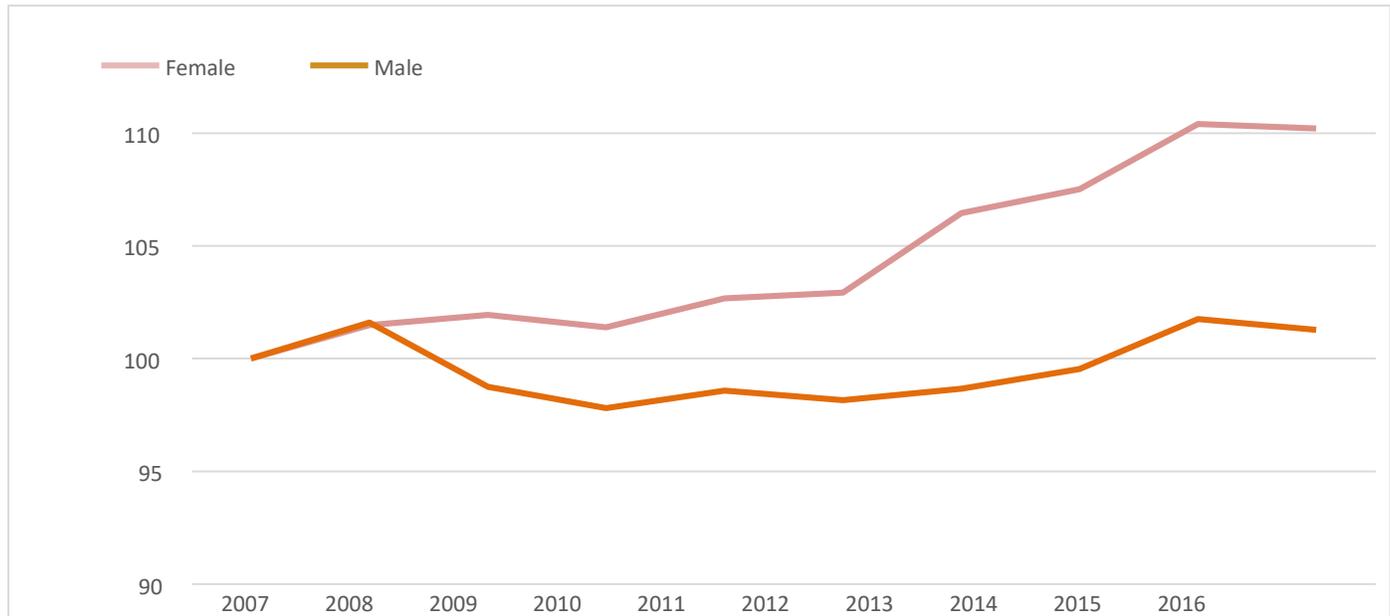
Source: <https://www.yourarticlelibrary.com/india-2/intra-state-and-inter-state-migration-as-seen-in-india/19859>

Table shows that females outnumbered males in half the streams of inter-state migration. Of the total 36.71 per cent were rural to rural, 25.95 per cent rural to urban, 7.58 per cent urban to rural and 55.52% urban to urban. Of the total male inter-state migrants, about 18 per cent were rural to rural, 41.42 per cent rural to urban, 6.67 per cent urban to rural and 44.48 per cent urban to urban.



(Source:OECD)recentlydevelopedarefinedtypologyforsmall(TerritorialLevel3,TL3)regionsintroducingsomespatialcontinuity between metropolitan and non-metropolitan areas.

iv. Employment rate growth by gender in remote regions



Rate calculated for working age population (15-64). *Note:* Based on regions with available data.

Source: (OECD, 2019) OECD Regional Statistics (database)

II. OPPORTUNITIES FOR RURAL TRANSMISSION IN INDIA

As per the current Covid 19 Pandemic situation in India, the people have realized the contribution of the rural India. It has created new opportunities in India. The post crisis will have a wide variety of changes for the growth in the rural areas. Many migrant workers have turned back to their own place and realizing that their own villages are the safe space, socially.

i. New pressures emerged:

The lesson to be learned after the Covid 19 is that the people have developed strong survival skills and learned to create opportunities from the demand raised in the urban areas. The demand and the productivity in the rural market have been increased in last few months which indicate the real capacity and abilities of the rural India. People have adapted to the change very soon, they have found new jobs, new business to survive and to overcome the crisis. Many Labors have acquired new skills to work in the urban environment as a part of digital ecosystem. These trade proficiencies might help them create or find new opportunities in their local markets. Many of them, being young, could also bring new aspirations and a ‘can-do attitude’, which once the trauma is over, can be expressed more visibly.

ii. Share of employment in regions by productivity and employment performance by type of TL3 region, 2000-2016 and 2008-2016

Share of employment in regions with	Lower density with access to metropolitan		Non-Metropolitan with access to a small/medium city		Remote	
	2000-2016	2008-2016	2000-2016	2008-2016	2000-2016	2008-2016
Productivity and employment growth	62%	36%	59%	37%	49%	31%
Productivity growth and employment decline	22%	30%	20%	33%	30%	32%

Note: Productivity calculated as GVA over employment. Based on regions with available data.

Source: (OECD, 2019[4]) OECD Regional Statistics (database)

iii. Demand for Better Health Care Facility:

It is visible that the health care demand is raised in recent days; mostly the rural background is naturally provided with safety atmosphere and the medicine are also made of natural herbs. Even though the health care facilities can be made better in the rural areas, which can be supported by the urban society by providing the financial and infrastructure facility in the rural areas for the practice of the ancient way of health care methods.

iv. Stabilizing and Reviving of Agriculture:

All over the world, all the industrial sectors are in situation to stop its production but the only sector that is successfully operating is the agriculture sector in the whole world. As it is known that India is a place which caters a larger agriculture resource in the rural areas, it must be stabilized by providing more schemes. The Ministry of Rural Development has initiated more than 15 active schemes and policies for the rural development, especially for the agriculture development. The technological support like biotech, GPS agriculture, Satellite Imagery, Drone or aerial Imagery and Farming Software will definitely bring a better productivity in the agriculture sector, so that the rural development can also be achieved quickly.

v. Rurban Mission Opportunities:

The “*Villages are the center of Growth*” is the motive of the scheme by Ministry of Rural Development which aims to develop rural areas by providing economic, social, and physical infrastructure facilities. In particular, it focuses on clusters of proximate villages and settlements, given their economic drivers, locational, and competitive advantages from being near urban centers. Every state in India is provided with access to the Shyama Prasad Mukherji Rurban Mission.

vi. Development of FMCGs in Rural Markets:



The Fast Moving Consumer Goods (FMCG) sector in rural and semi-urban India is estimated to cross US\$ 100 billion by 2025. The rural FMCG market is anticipated to expand at a Compound Annual Growth Rate of 17.41 per cent to US\$ 100 billion during 2009–25. Rural FMCG market accounts for 40 per cent of the overall FMCG market in India, in revenue terms.

III. Futuristic Key Drivers for Rural Changes

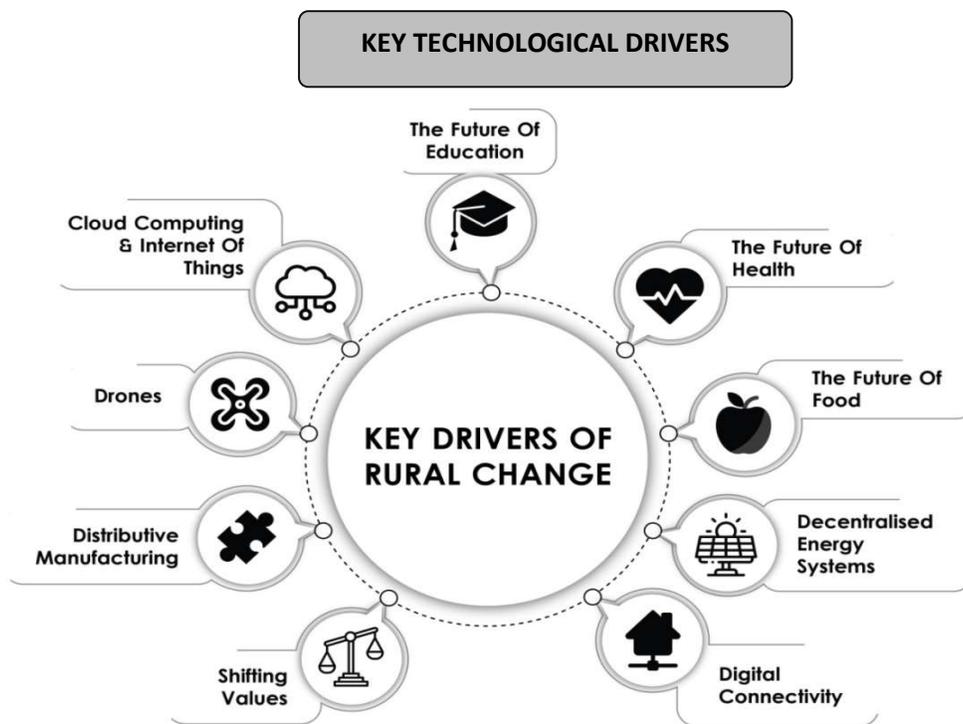
i. Lessons from OECD (Organization for Economical Co-Operation and Development):

OECD Rural Development Conference which was held in Edinburgh on 9-12 April 2018, have given a set of drivers which will be leveraging the opportunity for growth of the rural economy. It says that “*Rural Areas Vital to National Economies*” provides guidance to governments to support rural economic development, it also declared that innovation will be critical to the future competitiveness and sustainability of rural economies.

ii. Challenges by type of rural area

Type	Challenges	Opportunities
Rural inside metropolitan areas	<ul style="list-style-type: none"> • urban encroachment and competition over land use • activities concentrate in the urban core • loss of rural identity 	<ul style="list-style-type: none"> • access to a large and complex market • potential to capture benefits of urban areas while avoiding the negatives
Rural outside, but in close proximity to metropolitan	<ul style="list-style-type: none"> • conflicts between new residents and locals • may be too far away for some firms, but too close for others 	<ul style="list-style-type: none"> • potential to attract high-income households seeking a high quality of life • relatively easy access to advanced services and urban culture • good access to transport
Rural remote	<ul style="list-style-type: none"> • highly specialized economies subject to booms and busts • limited connectivity and large distances between settlements • high per capita costs of services 	<ul style="list-style-type: none"> • absolute advantage in production of natural resource-based outputs • attractive for firms that need access to an urban area, but not on a daily basis • can offer unique environments that can be attractive to firms and individuals

Source: OECD (2016), OECD Regional Outlook 2016: Productive Regions for Inclusive Societies, OECD Publishing, Paris.



iii. Distributive Manufacturing:

It has the potential to transform traditional manufacturing processes to larger centralized factories into a decentralized one. This will make the investors to attract towards the rural areas to utilize the local facilities and resources.

iv. Drones:

The drones can change the whole range of social and economic activities in delivering methods and risk mitigations. This can also be used as the alternative logistics support for the minimum quantity and it can also be used for the surveillance of the farms through aerial imagery methods.

v. Cloud Computing and IoT(Internet of Things):

These are complementary Technologies that can help improving the productivity and service delivery in rural areas.

vi. Decentralized Energy Systems:

These systems may rely on the Small-Scale generation from renewable energy sources and can supply electricity to remote regions at a lower fix cost. This will help the farmers and small-scale Business premises to get self-sufficient energy source.

vii. Augmented Food Industry:

The synthetic meat Production or the Land-based fish farming and poultry can play a major role in food security in future and climate changes can also be mitigated.

viii. Futuristic Education:

The technology can support the education system, a better delivery on the education service in the remote areas where the education can't be reached like urban system. This might bring equity in the skilled force of human capital while the migration for the purpose of education, to the urban area can also be reduced.

ix. Education level (general and technical) of usually employed rural workers of age 15-59 years(per cent)

Per cent of rural workers Persons	Male		Female			
	2004-05	2017-18	2004-05	2017-18	2004-05	2017-18
Secondary education & Above	19.7	27.1	6.8	11.8	14.9	22.3
With technical education	1.7	1.6	0.7	0.7	1.3	1.3
With vocational training	14.2	15.4	13.0	12.7	13.8	14.6

Source: Authors estimation based on unit-level NSS data on employment and unemployment survey

x. Virtual Health:

The Virtual Medical services can improve the wellbeing for the rural dwellers who couldn't reach the medical facility to the urban areas. Through video conferencing, a regular follow-up through the digital medium can highly bring difference in the utilization of health-care services.

xi. Digital Connectivity:

A Reliable connectivity is a vital factor to support the business growth and make it easier for the rural communities to get online.

xii. Shifting Values:

The changing social attitudes and aspirations are significant drivers of changes in the rural areas. Here all the above futuristic drivers for the rural changes are achievable if the proper investments and the resources are provided.

Conclusion:

Through this article, the challenges that are hindering the growth of rural society of the world are visibly seen. An attempt is also made by the author to show the significant opportunities that can convert threats and challenges into opportunities. It is also attributed that the current pandemic situation have given a kick start for the self-sustainment scenario for the rural environment that energizes the population to live safe and develop their rural pockets into socially uplifted environmental set-up, which in-turn organize and commute the rural India to transform better. The above paper has also thrown light on the major drivers which can enrich the real transformation on the rural India.

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