5.1 INTRODUCTION

A majority of population is living in rural areas of India (68.84 % by census 2011), which is significantly depend on agricultural activities. But at a mature stage of economic development only agriculture cannot be considered as a driver of rural transformation. However agriculture supported by new technology can be an important factor for long term rural development (Self and Grabowski, 2007) but without integrating with other non-farm sector in towns and urban areas this process cannot be continued (Todaro and Smith). Statistics shows that after investing a lot in rural development policies by government of India, poverty is still high in rural areas (25.7 % in 2011). Some major contributing factors which are responsible for poor livelihood status are traditional farming techniques (Pretty et al., 2005), weak linkages between rural and urban areas (Tacoli, 2002) and less rural non-farm sector (Reardon, 1997). Studies also find that poverty can be reduced by increasing agriculture and non-agriculture growth in tandem with more urban economic activities especially in manufacturing in rural areas (Tadesse, 2012). Giant urban areas, small & medium towns and rural towns are seen to be crucial in providing services, providing market and absorbing labour. Literature has considered urban areas as "growth Poles" and proximity of towns and big urban areas has improved nonfarm employment opportunities in nearby rural areas. Thus, keeping the importance of rural transformation in mind, the present study has been taken. The general objective of the study is to examine the role of urbanization in the rural transformation in India and Haryana. The focal point lies on the empirical investigation of the effect of urbanization linkages with rural areas on income and employment of rural people in the backdrop of non-farm employment and rural industrialization and the influence of urban areas on the livelihood of rural people of Haryana. In the light of this, present study entitled **"Urbanization induced rural transformation in India: With special reference to Haryana state"** has been undertaken with the following specific objectives:

4.   To ascertain the determinants of rural transformation in India.
5.   To workout association of urbanization, industrialization, rural-industrialization and livelihoods of rural people in Haryana.

6. To assess effects of urbanization on employment, wages and livelihood of rural people in Haryana.

The study is based on both primary and secondary data. The primary data on relevant variables have been collected from selected districts namely Mahendergarh, Rewari and Gurgaon. Further, only on road villages from selected districts have been selected. The data have been collected from village panchayat head and panchayat menbers of selected villages. The selected villages are divided into two groups namely cluster1 and cluster 2. Cluster 1 consists of those villages which are located within 10 Kilometer from urban centre and cluster 2 contain villages located more than 10 Kilometer from urban centre on Mahendergarh - Gurgaon road. The secondary data on rural non-farm employment (RNFE), urbanization, unorganized manufacturing, rural roads, rural literacy and agricultural and allied sector GDP has been collected from various published sources and unpublished sources. Though, the secondary data on relevant variables was not available for uniform period, thus, the data for required periods has been forecasted using the available data. The methodology adopted for forecasting the data has been finalized after the thorough discussion with the experts of Institute of Economic Growth, Delhi. The panel data regression model has been used to achieve the first objective. The correlation technique has been employed for second objective. The third objective has been achieved using tabular analysis.

5.2 MAJOR FINDINGS ON DETERMINANTS OF RURAL TRANSFORMATION IN INDIA

The share of rural non-farm sector (RNFS) in total rural employment has been increased over time and the sector has great potentials to absorb the rural labors, while the share of farm employment has decreased after post reform period in India. The study revealed that though, the number of people working in non-farm sector has increased overtime but agriculture is still the major source of employment. The network of rural road has increased significantly over time and contributed 58.63 per cent of total road in India (2011). The people residing in urban area have almost doubled from 1951 to 2011. The proportion of literate population has grown significantly overtime in India. In 1951 only 18.32 per cent of population was literate which has grown to more than 74 per cent in 2011. The industrialization of rural area

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in particular and India in general has increased over time. The number of industries in both organized and unorganized sector has increased overtime in India. The panel data regression analysis reported that different factors affect the RNFE in different ways. The share of urban population, unorganized manufacturing, literacy and agricultural & allied GDP per hectare of net sown area has positive effect on RNFE with varying magnitude. All the independent variable considered for panel regression [rural unorganized manufacturing industries (Um), urbanization (Utp), literacy, agricultural & allied sector GDP per hectare of net sown area (Agnsa)] had been found statistically significant in all the five models. The statistical significance of these factors in all panel regression models indicated the robustness of panel regression analysis. The statistical significance of rural unorganized manufacturing industries (Um), urbanization (Utp), rural literacy, agricultural & allied sector GDP per hectare of net sown area (Agnsa) implies that any increase in these variables will result in transformation of rural area. The proportion of rural transformation induced by all these factors varies from 67 per cent to 75 per cent. Thus, government should make efforts to increase manufacturing industries in rural area, urbanization, literacy and agricultural & allied sector GDP to bring desired changes in rural area.

5.3 MAJOR FINDING ON ASSOCIATION OF URBANIZATION, INDUSTRIALIZATION, RURAL-INDUSTRIALIZATION AND RURAL LIVELIHOOD IN HARYANA

The correlation analysis has shown no significant association among urbanization, rural industrialization and RNFE in 1994-95. While in 2000-01, industrialization and rural industrialization has been correlated with each other significantly. The association between urbanization and industrialization; industrialization and rural industrialization; rural industrialization and RNFE has been observed to be positive and significant in 2004-05. The positive and significant association between variables showed that these variables have positive effect on each other. The correlation between urbanization and industrialization; rural industrialization and RNFE had remained positive and significant in 2010-11. This indicates that, as the time passed, urbanization and industrialization; industrialization and rural industrialization; rural industrialization and RNFE has move in the same direction, i.e., increase/decrease in urbanization led to the increase/decrease in industrialization. Similarly,

increase/decrease in industrialization led to increase/decrease in rural industrialization and increase/decrease in rural industrialization led to increase/decrease in RNFE. Thus, to transform the rural area, government should prepare such policy framework which can increase urbanization, industrialization, rural industrialization which will ultimately result in creation of non-farm employment in rural area. The availability of non-farm employment in rural areas will increase income, livelihood and living standard of rural people.

5.4 MAJOR FINDINGS ON EFFECT OF URBANIZATION ON EMPLOYMENT, WAGES AND LIVELIHOOD ON RURAL PEOPLE OF HARYANA

The results of study show that urbanization has created many opportunities for the rural people of Haryana. Among all selected districts, the district with high urbanization has shown more positive effects in terms of rural transformation. The villages located away from urban centre are more populated (cluster 2) than villages located near to urban centre (cluster 1) in selected district. In case of literacy rate, though a little disparity from hypothesis has been seen in Mahendergarh and Rewari but on an average, literacy rate has been found higher in cluster 1 as compared to cluster 2 for both male and female. Majority of population is engaged in agriculture work in both the clusters of all three districts except Gurgaon due to high industrial activities near urban centre. But overall agriculture has been the major work for the people of cluster 2. Majority of working population is main workers in both clusters. More workers are employed in farm sectors in cluster 2 (34.12 per cent) than in cluster 1 (13.11 per cent). Out of total workers, 87.13 per cent and 66.09 per cent are engaged in non-farm sector in cluster 1 and cluster 2, respectively. The proportion of working population engaged in non-farm sector has increased with increase in urbanization level. The average wage rate for Barber, Carpenter and Mason are found higher in cluster 1. The average prices of milk, wheat and eggs are observed to be higher in cluster 1 while for pulse it is marginally higher in cluster 2. Majority of population has migrating to urban area for occupational purposes from cluster 1 while in cluster 2, majority of population has migrated for educational purposes. The proportion of population migrating to urban area for education purposes increases with the decrease in the level of urbanization while migration for occupation purpose

increases with the increase in urbanization. This may be due to the fact that people residing in rural area may migrate to urban area to get higher education due to better educational facilities in urban area. In case of occupation, the more people are able to migrate due to their higher educational qualification attained in urban area. Nature of migration of majority of population is daily in both clusters. The majority of occupational migration has been observed for skilled works in cluster 1 while in cluster 2, the majority of migration has been observed to be for unskilled works. The urbanization has created more regular employment for the people residing near to urban area along with the rise in wages. The majority of village head in both clusters reported that urbanization has created better marketing facilities, job opportunity and provided better services. The present study has also found the role of government in village development. Although, the facilities have increased in the villages due to urbanization but more improvement is required to share the fruit of growth between urban and rural.

5.5 SUGGESTIONS

On the basis of the above discussion, following suggestions are proposed-

1. Rural non-farm sector can play a very important role in enhancing rural livelihood in India and Haryana. But, on the other hand, marginal farmers are still not investing in the nonfarm activities due to some market bottlenecks. So, Promotional policies need to pay attention to reduce the marketing bottlenecks.

2. It has been seen that growth of rural towns can have strong positive impact on surrounding area, thus, policies should be designed in such a way that linkages between rural and urban areas can be increased.

3. The development of rural non-farm sector has been crucial for rural transformation in India and Haryana and this sector is diverse in terms of primary, secondary and tertiary activities. Thus, some horizontal and vertical imbalances have been seen in India and Haryana. Therefore, an uniform policy would not work. Hence, focus should be given on high growth sub-sector of RNFE which can be different for different regions and policies should be designed accordingly.

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4. The present study showed the positive effect of urbanization on rural development, but high increase in urbanization also brings some disadvantages with it in terms of pollution, population pressure and crimes. Hence, a well-structured urbanization policy is needed to achieve the good results of urbanization on rural and urban areas.

5. Urbanization, unorganized manufacturing, agriculture & allied sector and rural literacy are found very important for the rural transformation. So, the government needs to strengthen these sectors more robustly.

6. The RNFE in majority of districts in Haryana has been found poor, and association between rural industrialization and industrialization is found to be strong. Therefore, policies should be channelized in improving rural industrialization for boosting RNFE in Haryana.

5.6 SCOPE FOR FUTURE RESEARCH

The present study releases new grounds for further research and more studies can be done on the following issues to get more insight on the subject.

The study has considered only urbanization, literacy, GDP of agriculture & allied sector and rural roads as the indicators of rural nonfarm employment. However, in future, studies can be done to check the effect of other variables like communication, tourism, technology, inclusion of financial services on rural transformation in India. In this study all the variables are clubbed together but they can be tested separately in future studies.

The study has considered only Haryana state to check the association among urbanization, industrialization, rural industrialization and rural livelihood. Further study can be extended to check the same association for national level and for different sates too.

For the field survey the study has considered three districts of south Haryana but it would be interesting to test the implications of urbanization on different villages of different districts of Haryana. So, in future, the primary study can be extended to other parts of Haryana as well as other states of India.

Similarly, to increase rural development, potentials of forward and backward linkages between rural and urban areas can also be checked.

The study has found the positive effect of urbanization, industrialization and rural industrialization for rural development. So, future research should be done in increasing these factors especially in the areas where agriculture sector has reached to its high potentials and more alternative are required for developing the rural areas.

5.7 LIMITATIONS OF THE STUDY

The present study has been conducted under some limitations. The limitations considered for this study have been given below:

1. One of the limitations of the study was the availability of secondary data for continuous time period on key variables. So to overcome this, data on some variables have been projected. The time period of this study is also restricted from 1990 to 2011.

2. Literature has found many determinants for rural transformation. But in present study urban population, unorganized manufacturing, rural roads, GDP of agriculture & allied sector and literacy rate have been considered as major drivers of rural transformation.

3. There can be different indicators for rural transformation but the present study has considered only rural nonfarm employment (RNFE) as the main indicator of rural transformation.

4. For the collection of primary data, only three districts of Haryana were selected purposively, keeping the researcher limitation in view, for conducting primary survey. The primary data on important indicators of effect of urbanization on employment, wages and livelihood have been collected by the researcher.

Despite of all these constraints, the researcher has adopted the holistic approach to overcome the limitations of the study, so that results can be reliable and provide comprehensive knowledge about the policy frameworks to be adopted for improvement of rural areas.

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