

# **Rural-Urban Linkages: India Case Study**

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# Rural-Urban Linkages: India Case Study

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## 1. INTRODUCTION

This report aims at providing detailed information on the question of urban-rural linkages in the case of India, except regarding the topic of food systems. It does follow the structure indicated in the terms of reference, i.e., evidence-based key messages for which references are provided.

## 2. DEFINITIONS

**Message 1: India has a unique definition of urbanisation based both on administrative and functional criteria.**

The Census of India (COI) definition of urban and rural settlements has evolved overtime but the current definition was arrived at in 1961.

**There are two different set of criteria to define an urban locality.** First are the Statutory Towns (ST) which have been granted a municipal status by the State government. The Census of India recognizes as urban all the Statutory Towns. The second type of urban settlement is the Census Towns (CT). Census Towns comprise all settlements that fit the Census criteria, which are prescribed by the Central Government. To be declared a CT, a settlement has to fulfil the following three conditions: (i) the population must be 5,000 or more, (ii) the density must be at least of 400 persons per square kilometre, and (iii) 75% of the male workforce should be employed in the non-agricultural sector. The population of all human settlements which is not classified as urban by the Census of India is included in the total rural population.

One has to note a **few specific features of this definition**: first, there are settlements below 5,000 people that are classified as urban because they have been declared Statutory Towns by their respective state. Second, India is one of the rare countries in the world that uses a criterion of economic activity to define urban settlements, which is a legacy of distinguishing settlements with urban characteristics. Third, the economic activity criteria takes into account only the male workforce which is criticized by some (Bhagat, 2005) and considered as reflecting reality on the ground by others.

**Message 2: There are different types of urban settlements as defined by the State governments**

The Census of India distinguishes between different classes of urban settlements on the basis of a population criteria. Class I comprises cities with a population above 100,000 people and therefore includes very large metropolitan cities while the lowest category (class VI) comprises settlements below 5,000. This distribution of urban settlements in different class sizes is mainly used to make comparisons of the evolution of India's

demographic structure overtime. However, it does not have an administrative or governance practical value.

**Table 1. Size Class of Urban Settlements**

SizeClass	Number of settlements	Population	Percentage share in number	Percentage share in population
<b>All Classes</b>	7,933	377 106 125		
<b>Class I</b>	505	227 898 556	6.4	60.4
(a) 10,00,000 and above	46	116 558 745	0.6	30.9
(b) 5,00,000 - 9,99,999	46	31 706 675	0.6	8.4
(c) 1,00,000 - 4,99,999	413	79 633 136	5.2	21.1
<b>Class II</b> (50,000 to 99,999 persons)	605	41 328 224	7.6	11.0
<b>Class III</b> (20,000 to 49,999 persons)	1905	58 174 490	24.0	15.4
<b>Class IV</b> (10,000 to 19,999 persons)	2233	31 866 174	28.1	8.5
<b>Class V</b> (5,000 to 9,999 persons)	2187	15 882 772	27.6	24.2
<b>Class VI</b> (Less than 5,000 persons)	498	1 955 909	6.3	0.5

Source: Census 2011

More importantly, **there are different types of urban local body** known as a municipal corporation, municipal council, Nagar Panchayat or a notified town area committee. The definition of these different types of urban local bodies is defined by the State government. The criteria used by the various states to define large, small or transitional urban area can vary significantly. The table below, which gives the criteria chosen by different states to declare urban local body, gives a glimpse of the extent of variations that exist.

This distinction leads to differences in terms of responsibilities allocated to these urban local bodies as well as the financial transfer they can receive.

However, in the academic literature, little reference is made to the importance of these State variations and the terms used for small and medium towns do vary according to authors. As quoted in a literature review of small towns we co-wrote with others (Raman, Prasad-Aleyamma, De Bercegol, Denis and Zérah, 2014), “for instance, Bhagat (2005) clubs together the last three size class categories of the Census under the label of “small” towns and calls “medium” towns settlements with a population range of 20,000 to 50,000. Dupont (2002) also considers towns below 20,000 people as “small” towns but she includes towns with a population ranging from 20,000 to 100,000 in the category of “medium” towns. Any town with a population below 50,000 is a small town for Kundu (2007) while his definition of medium city has evolved in some of his writings up to 1 million.” These are just examples that indicate that the notion of small, medium and large towns remains ambivalent in common and even academic writing despite clear but varying definitions adopted by the States.

**Table 2. Criteria for Defining Municipalities in India for a selected number of states**

	LARGE URBAN AREA					SMALL URBAN AREA					TRANSITIONAL URBAN AREA				
State	Pop.	Den.	Emp.	Rev.	Econ.	Pop.	Den.	Emp.	Rev.	Econ.	Pop.	Den.	Emp.	Rev.	Econ.
Andhra Pradesh	4 lakh and more	10,000 /Sq. km	85% and more in non-ag		Availability of civic structure	40,000 - 4 Lakh	1,000 /Sq. km	60% and more in non-agricultural occupation.		Availability of market facilities and potential for industry	25,000 – 40,000	1,000 /Sq. km	50% and more in non-ag.		Availability of market facilities
Bihar	2 lakh and more					40,000- 2 lakh					12,000- 40,000				
Himachal Pradesh	50,000 and more			2 cr. /year		5,000 and more			10 lakh /year		2,000 and more			5 lakh /year	
Jharkhand	1.5 lakh and more					45,000 -1.5 lakh					20,000 - 40,000				
Karnataka#	3 lakh and more	3,000/ Sq. km	50% and more in non-ag	6 cr. And more per year		20,000 – 3 lakh	1,500/ Sq. km	50% and more in non-ag.	Highest of 9 lakh per year & more or Rs. 45 per capita per year		10,000 – 20,000	400 /Sq. km	50% and more in non-ag		

Maharashtra	3 lakh and more					25,000 – 3 lakh		35% and more in non-ag.			10,000 – 25,000		\$		
Goa	There are three types of municipalities based on population, namely Class A: 50,000 and more; Class B: 10,000- 50,000; Class C: 10,000 and less. However it does not further specify the corresponding size of urban areas (large, small and transitional). The Panaji municipal corporation has a separate act.														
Chhattisgarh	The Governor may having regard to the population of the area, the density of the population therein, the revenue generated for local administration, the percentage of employment in non-agricultural activities, the economic importance or such other factors as he may deem fit, specify by public notification [the urban areas] under the Acts.														
Madhya Pradesh															
Manipur															
Tamil Nadu															



**Message 3: An ambivalent definition: Urban settlement according to Census remain under village administration**

There are important consequences of the definition of an urban population based on the population living in Statutory Towns and Census Towns. These are insufficiently understood and discussed in India. **In concrete terms, Census Towns are not governed by an urban local body.** They are considered as urban by the Census of India and their population is included in the urban population but they remain governed by rural local bodies. Administratively, they stay villages. As an example, in 2001, the official urban population was estimated at 27.8% but the population under urban governance was around 25.5% only. In other words, 21.9 million of the officially classified as urban population by the Census authority were living in villages and are governed under the rural decentralization act (73rd amendment). They benefit from rural government schemes only.

**Message 4: There is a growing number of Census Towns, i.e. urban settlement under rural governance**

To understand this distinction between urban population (defined by Census) and urban population (under administrative governance) is especially important with the recent rise of Census Towns in India. Indeed, in the last decade (2001-2011), 2,532 settlements have been declared as new CTs but only 242 have been notified as new STs. As shown by Pradhan (2013) and discussed in detail below in the demography section, in terms of population, these new CTs account for one third of the urban population growth. **To put it simply, a significant share of the urban population that has been added in the last decade is in reality living in villages.**

**Table 3. Changes in the number of STs and CTs (2001-2011)**

Type of localities		Census 2001	Census 2011	Increase
<b>Towns (Nb. of localities)</b>		5,161	7,935	2,774
	Statutory Towns	3,799	4,041	242
	Census Towns	1,362	3,894	2,532
<b>Villages</b>		638,588	640,867	2,279

### **Message 5: There a number of debates about the extent and the nature of urbanization and rural-urban linkages**

First of all, there is no debate about changing the official definition urbanization in India. However, there are a number of debates that have emerged in the last few years due to the rising importance given to the “urban perceived as an engine of growth” by policy makers and more recently due to the emergence of these Census towns and recent academic work on subaltern urbanization, the location of the manufacturing sector in rural areas among others.

A first debate concerns the speed, the size and the pattern of urbanization. Some authors dispute the perception that India is under-urbanized: through different methods, Uchida and Nelson (2010) and Denis and Marius-Gnanou (2011) estimate that the actual level of India’s urbanization was around 36% in 2001 therefore at par (if not higher) with the Chinese rate of urbanization. The recent results, discussed above and below, provided by the 2011 Census confirm the more diffused features of the urbanization process as compared to an overall perception of very high concentration around metropolis (Denis, Mukhopadhyay and Zérah, 2012). It raises a number of questions related to the location of jobs and the transformation of labour markets (see below), the impact of this diffused urbanization on poverty and social change as well as the transformation of rural-urban linkages.

A second debate that is only emerging recently is related to the types of public policy that the acknowledgement of dynamic small urban settlements (at times large villages) would lead to. Public policies targeted towards large metropolitan cities are questioned but the shift towards the creation of new and smart cities tends to blind policy makers about the role of these small towns. A number of institutions and researchers try to bring back the importance of small towns, either from an urban perspective, either from a rural perspective.

## **3. DEMOGRAPHY**

**Message 1: Results of India’s 2011 census have highlighted** the current demographic regime. It stressed in particular **the recent reduction in the intercensal growth rate**, which has come down from 21.5% in 1991-2001 to 17.6% in 2001-2011 with wide regional and sub-regional variations.

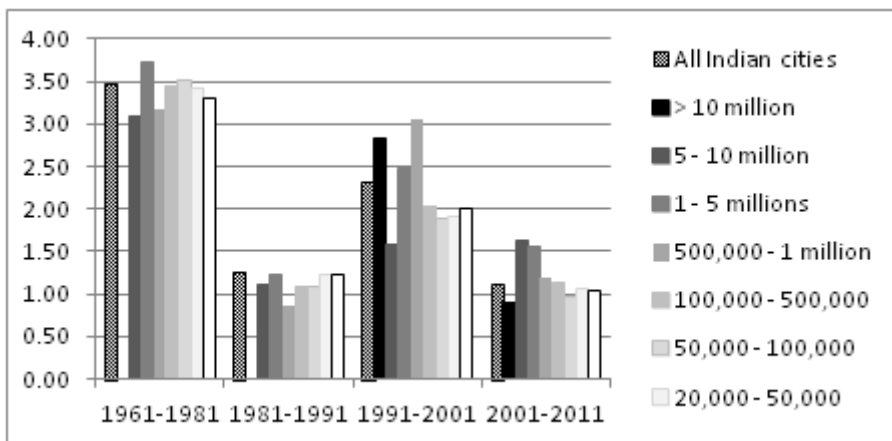
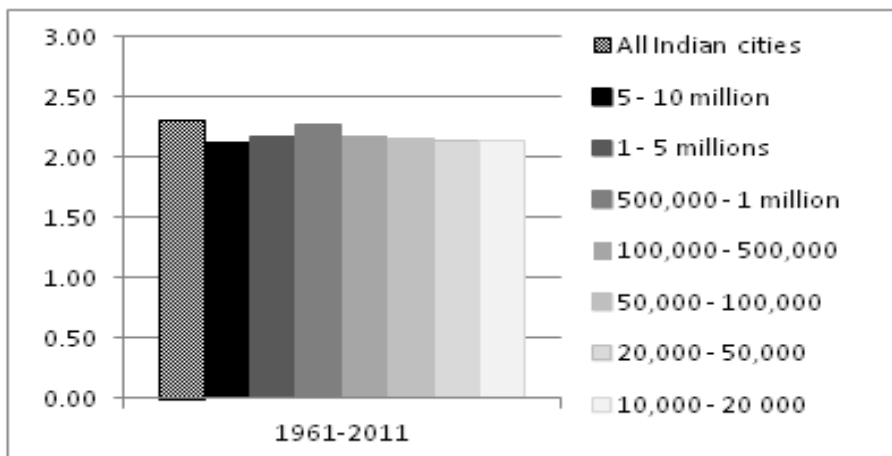
Secondly, it reveals that fertility diminishes faster everywhere in Asia than in India. India’s fertility stands clearly apart, notably from South Korea, Vietnam, Iran, Thailand, Bangladesh and China. Fertility remains the key factor behind the spatial disparities. It ranges from 1.8 children per women in Kerala to 3.5 in Bihar in 2012 (India’s average was 2.4 in 2012 and 2.9 in 2004).

Thirdly, the demographic masculinisation, evidenced by a worsening child sex ratio, continues to rise from the increasing sex selective (abortions, infanticide and

malnourished young girls). It will have growing and tremendous consequences on the marriage patterns to come.

**Message 2: Demographic growth of urban localities does not depend on their size, nor does it depend on the distance to larger metropolis.** Local and sub-regional demographic trends are much more important. Path dependency matters too for locality trend. Nevertheless global trend can be figured out. For instance, the larger metropolises experience a slowing growth. On the other hand, this is compensated by the expansion of Mega Urban Regions that incorporate urban and rural environment. The other phenomenon is the burgeoning of small and medium towns (see above).

**Figures 1 and 2. Annual average rates of population change in Indian cities from 1961 to 2011**



**Message 3: Officially, the proportion of rural population declined from 72% in 2001 to 69% in 2011,** mainly by reclassification of rural localities in urban units or outgrowth of cities.

**Message 4: With 833 million in 2011, rural population of India remains gigantic.** It is two and half times the total population of US (309 million), about six times bigger than

the total population of Russian Federation (140 million), and six and half times more than the entire population of Japan (128 million). It is also 177 million more than rural China, where the urban transition is faster, mostly due to a higher rate of rural to urban migration and a more fluid change towards urban status of localities since the reforms in the 1990s. In China, urban population has overpassed rural population in 2011 (656 million urban inhabitants), when India urban population is yet officially pegged at 31% only. Nevertheless, 1 of 10 world urban citizen is Indian, and 1 of 4 of the rural residents.

**Message 5: An urban transition is undoubtedly accelerating between 2001 and 2011, on 180 million inhabitants increase; half was registered in urban areas.** This starts to have policy implication as the leverage capacity of urban population voice and claims is clearly increasing. They could contest the high level of rural India's subsidies.

#### 4. FOOD SYSTEMS

**It had been agreed not to write on this section** since we have not touched upon this topic in our own work.

Nevertheless, we are giving a few indications of what could be of interest in terms of looking at food systems and provide a number of names below of persons that could be interviewed.

First of all, the agricultural sector in India is facing a crisis (as demonstrated by the important number of suicide farmers) and is mainly composed of small farm producers. Further, the food prices over the last five years have increased considerably.

At the same time, **there is an increased commercialization of the agricultural sector.** With the deregulation of the market through the amendment of the Agricultural Produce Marketing Committee (APMC Act) in 2003, there is a growing importance in the role of private actors (including large domestic and international corporations) and a rise in contract farming. This is an area of research about the transformation of the food market systems and the impact of this transformation on small farmers as compared to larger farmers. There are significant issues that are faced by small farmers, in particular the access to credit and the absence of insurance mechanisms that can prevent their integration in larger markets. There is also a concern that the commercialisation and the vertical coordination will only benefit the agricultural rich states and not the others (Singh, 2012). It is important to note that reforms are implemented by the States and can therefore lead to strong variations in the manner in which markets will be restructured. At the same time, there is a slow growth of supermarketisation because of regulatory restrictions (Foreign Direct Investment is limited to 51%) and a very strong resistance by some States and civil society to authorize 100% FDI in the retail sector. This restructuring of the sector will most probably have an impact on the agricultural marketing cooperatives, which have been developed in the 1970s and the 1980s and took an important role along with the traditional government retail chains. These changes are important to understand the functioning of the food markets.

There is a development of the logistics industry in the periphery of large towns and this is most probably linked with the increased connectivity due to investments in transport infrastructure. We are not sure if there is some literature on the relationship between logistics and the transformation of food systems and their links with small urban centres. However, the logistic and transport sectors are also growing fast in small towns. Empirical studies show that local transport expansion is the basis of urban transformation of localities towards the car industry (case of Tiruchengode in Tamil Nadu, Philippe Tastevin, 2014). The fast growing demand for the transportation of farmer production to local markets has stimulated a booming minibus economy which reinforced the rural-urban linkages since the mid-1980s. It's why also rural India and small towns become by far the faster growing market segment for the Indian car industry. The trend leads also to innovation in developing adapted vehicles for low-cost and easy maintenance people and goods transportation. In 2012, rural India was already representing 45% of the car industry market.

Small towns have traditionally played an important role in the food systems with a historical role of these "mandi towns". There were only 73 officially regulated principal markets across undivided India by 1940, and 286 across independent India by 1950. At a national level, the period between 1960 and 1985 (the Green Revolution period in Indian agricultural policy) witnessed the most substantial growth in the number of regulated markets localised in Mandi towns, from 715 in 1961 to 1,777 in 1974 and a jump to 5,695 regulated markets in 1985. Today, it is estimated that there are over 7,500 regulated markets operated under the different acts in force across India.

Two features define regulatory status of these markets: first, regulation requires that all primary transactions between farmers and licensed buyers take place within the notified market yard, and second, that the monitoring and management of marketing activities is overseen by a locally elected and constituted body, known as the Agricultural Produce Marketing Committee (APMC), the majority of whose members are meant to be farmers, but also include representatives of traders, laborers and weighmen, and local state marketing agencies.

## **5. LABOR MARKETS:**

**Message 1: The population aged 15 to 59 years is set to increase dramatically in India from around 757 million in 2010 to 972 million in 2030.** Rural labor force may continue to grow until 2045. Clearly, the Indian economy as a whole is facing an enormous employment generation challenge both in urban and rural areas for more than the next 30 years. The window of opportunity provided by a positive demographic dividend can be largely lost if job creation does not follow. This need for job creation, as well as the tremendous requirements in terms of training and enhancing skills could impede the economic growth potential on the long run and the social-political stability of the sub-continent as well. To illustrate the already existing pressure we should simply understand that India needs at least 11 million additional jobs per year – twice the job

addition between 2005 and 2010– only to maintain the current ratio of employed people to total population of 39 per cent. A ratio which is already extremely low.

**Message 2: There is a steady decline in agricultural jobs: 2011 census enumerated 96 million cultivators for whom farming is their main occupation only, down from 103 million in 2001 and 110 million in 1991.**

More than 2,000 farmers lose their 'Main Cultivator' status every single day for the last 20 years. Other figures from National Sample Survey series indicate that 23 million agricultural full time jobs have been lost between 2005 and 2010 only. During this period, the share of total workforce in agriculture (cultivators and labourers) has declined from 58.2 to 54.6% out of which one-third is marginal workers, meaning that they work less than six months a year in the agricultural sector. In others words, only 38% of the workforce is working full-time in farmlands.

During the 2001-2011 decade, the net total workforce expanded of about 79 million to reach almost 482 million. One–third of it was absorbed in the agriculture and the rest in non-farm sectors. The main shift is toward non-farm jobs.

Nevertheless, labourer and marginal labourer (less than six months in a year) share continues to grow. There is evidence of a declining quality of jobs in agriculture and of an increased casualization. This process of casualization also characterizes the majority of the fast expanding non-farm employment opportunities. Marginal labourers constitute most of the seasonal and temporary casual workers found notably in the construction sectors and brick kiln industry.

Globally, the marginal workers share has increased slightly from 22.2% to 24.8 % of the total workforce during the last decade, according to the Census of India.

**Message 3: The level of job creation remains too weak.** Overall, the supply of non-agricultural employment in the Indian economy has fallen behind the growth in the demand for jobs from “potential” non- agricultural workers. Additions to the pool of potential nonagricultural workers come from two sources: i) the natural growth of the working-age population and ii) the shift of the workforce away from agriculture.

The job creation remains very poor Vis. the annual rate of economic growth during the same period: GDP was expanding at 8% per year in average between 2004 and 2012 when job creation was 1.2% for rural man, minus 3.2% for rural women , 2.9% for urban man and 2.4% for urban women. The rate of growth of non-agricultural employment has fallen from 4.6% per year during 1999-2004 to 2.5% between 2005 to 2010.

**Message 4: Non-farm employment structure and creation are strongly dominated by casual and self-employment.**

Between 2004-05 and 2011-12 (NSS data), total non-agricultural employment in India increased by 48 million only. For people in rural areas, construction has virtually been the only source of non-agricultural employment after the mid-2000s. For rural males it accounted for 70% of the net increase in non-farm employment (15.7 million out of 22.4 million) during 2004-12. These construction jobs, which are overwhelmingly located in the rural areas, are likely to be of poor quality.

The only advantage of the low skill job creation that India experiences, particularly in rural areas, is a better integration of poor workers who couldn't access work outside of agriculture previously. In that sense, it is a pro-poor and inclusive dynamic that accompanies social change. In a context where rural poverty remains higher than urban poverty, small towns and in situ urbanization, could represent an important pillar toward a more inclusive growth (Himanshu et al., 2011). Such opportunities do not however reduce the gap between the low-skilled, low productivity non-farm jobs and those in higher skilled and formal employment and hence growing inequalities.

The fact that rural areas were hosting 65% of the job creation in the construction sector between 2004 and 2012 underline also the fast build up and land use transformation of extended peripheries of cities and large villages which haven't yet gained an urban status.

In contrast, employment in manufacturing increased by just 5.1 million in India during the 7 years after 2004-05. Further, the rate of job creation in this sector decelerated from 1.2 million jobs a year between 1993-94 and 2004-05 to 0.7 million jobs a year between 2004-05 and 2011-12. Manufacturing employment had, in fact, declined in absolute numbers, by three million, between 2004-05 and 2009-10. However, staging a recovery, eight million manufacturing jobs were added in the country during the next two years (2009-12).

The traditional service sector activities – comprising trade and repair services, hotels, transport and communication, and community, social and personal services – together generated 13 million jobs in India between 2004-05 and 2011-12. The rate of employment generation in these sectors, combined, declined from 3.2 million a year between 1993-94 and 2004-05 to 1.9 million a year between 2004-05 and 2011-12.

Other than construction, the only sector in which job creation accelerated after the mid-2000s was in finance, insurance, real estate and business services, which also include computers and related activities. This relatively high productivity sector added 5.8 million new jobs between 2004-05 and 2011-12. Men in urban areas benefited disproportionately from the growth of non-agricultural employment in India in sectors other than construction. Urban males accounted for only 16% of India's total population, but they occupied 77% of all jobs in IT, banking and related activities in 2011-12, and 60% or even more of the incremental employment (between 2004-05 and 2011-12) in manufacturing and in finance, real estate and business services .

The casualization of rural employment is obvious since, from 2004 to 2010, the number of regular employees in rural areas has been totally stagnant, passing from 23.5 million to 24.2 only. In 2010, only 6.5% of the total active Indian population over 15 (usual principal status activity) benefited from permanent employment when 76.7% got unskilled casual jobs or were self-employed (43.5%); with education (15%) and unemployed (1.8%).

The only good perspective is the dynamic of education's enrolment of the young people (above 15 years). It gains 1 point a year since 2005 to reach 15% in 2010.

**Message 5: The centrifugal dynamic of job creation benefits small towns**

Centrifugal dynamic of non-farm employment location is stimulating the growth of secondary cities, small towns and villages.

For instance, a rapid spatial restructuring lies behind the seemingly stable economic concentration in India's largest metropolitan areas, according to spatially detailed data from the 1998 and 2005 economic censuses. The suburbs and peripheries are gaining industry, while metropolitan cores are deindustrializing. The largest seven metropolitan cores (defined as areas within 10 km of the city center) are losing manufacturing employment: it fell by 16 percent between 1998 and 2005. Yet in the suburbs and immediate peripheries (a 50 km radius excluding the core), it rose by nearly 12%, a rate twice the national average. This readjustment between the cores and suburbs is most evident in high-tech and fast-growing export manufacturing industries: the cores saw a 60% drop in high-tech industries, while the suburbs experienced an equivalent rise in that segment (Lall et al., 2013). All suburban areas (between 10 and 50 km from the urban core) - whether officially classified as rural or urban - are experiencing the same manufacturing boom. In fact, at 54%, the pace of manufacturing employment growth was fastest in rural areas and small towns adjacent to the largest metropolitan areas.

The proximity of a large city can also induce an adverse effect on small town employment's dynamics. Physical planning and land price boom associated to the expansion of metropolis perimeters and new industrial zones could radically compromise the fragile economic equilibrium of local economic clusters.

Beside the rapid transformation of small towns within extended metropolitan region perimeters and along industrial corridors, they are also reconfigured by the industries that tend to converge in specialized clusters far from large cities. In several regions group of small towns constitute clusters like in knitwear or leather industries, or truck and small mechanic sectors. For example Tirrupur (Tamil Nadu) is a good example regarding knitwear industry globally connected as Vellore (Tamil Nadu) is for the leather and shoe industry, Nashik grapes horticulture cluster (Maharashtra) or Kannauj perfume cluster in Uttar Pradesh. 76 food processing clusters are listed in whole India by the cluster observatory

In India, industries and back office services compete on the global market based on cost reduction, notably low wages, flexibility of work associated to local and informal chains of subcontracting, and no workers union. Those conditions are found more easily far from the largest cities. Small towns offer good opportunities of location with less pressure vis. environmental regulations and lower price of land.

**6. WITHIN-COUNTRY MIGRATION:**

**Message 1: Massive rural to urban migrations is a "myth"**



For at least three decades, India is structurally characterised by low residential migrations toward cities. As indicated in the chapter on work, rural non-farm economy is diversifying and expanding. Young people see better opportunities in the rural non-farm economy than residential migration toward large cities. In that context, small towns are important.

Over the period 1961-2001, the contribution of net rural-urban migration to urban growth has not increased substantially. During 1961-1971, 18.7% of the increase in urban population was attributable to net migration. During 1991-2001, the urban population increased by 67.7 million and net rural to urban migration accounted for 21% of this increase only. Pradhan (2013) has estimated that 22% of urban population growth during the 2001-2011 decade can be attributed to migration.

**Table 4. Percentage distribution of internal migrants in India by different streams 1981–2001**

	Rural	Urban	Unclassified	Total	Rural	Urban	Unclassified	Total	
Year	to Rural	to Rural	to Rural	Rural	to Urban	to Urban	to Urban	Urban	Total
1981	65.03	6.11	0.08	71.22	16.59	12.1	0.1	28.79	100
1991	64.21	5.97	0.29	70.47	17.67	11.7	0.16	29.53	100
2001	55.51	4.2	7.45	67.16	16.71	11.82	4.32	32.85	100

Residential migrations within rural environment continue by far to be the most important flow. In a very stable manner also since 1981, internal migrants have mostly moved on very short distance, within their own district (62.6% in 2001), then between districts of the same state for 24.1% and 13.3% only have experimented long distance migration to another state. Short distance migration is also rural to rural migration at 75%.

**Message 2: The massive in situ urbanization we described previously points to small towns as privileged places where the rural population is converging first.** It is in and around these localities that they can find opportunities to quit agriculture and chronic underemployment for other economic sectors, mainly casual, self-employment and temporary jobs in informal economy. It constitutes a new form of linkage of small towns with their hinterland. Exchanges are not anymore limited to agriculture production and merchandisation. Rural to urban residential migration for job are not prevailing at all, commuting and temporary migration between small towns to villages prevail with people going to work in factories in rural areas and others coming for employment in towns in workshops, construction and private services.

**Message 3: Small towns as intermediary point in rural to urban residential migration.**

Some authors, like Kundu, have underlined that small towns could constitute a transitional location where rural migrants experiment with city life, consolidate social networks and learn skills outside of agriculture before moving toward larger cities. This trend is observed in several developing countries. Nevertheless, we insist to point out that residential flows toward urban areas remain low. Temporary migration is certainly a much faster growing strategy. Still clear figures are missing to assess perfectly those trends, beside fieldwork based punctual observations.

**Message 4: Burgeoning small towns fixes population.**

The rural-urban linkages are characterized by the growing role of small towns in terms of accommodating people needs because of their expanding offer in term of private education and health as in semi-rare goods without having to travel to larger cities. It is notably the case of the fast growing market of colleges. India added nearly 20,000 colleges in a decade (increased from 12,806 in 2000-01 to 33,023 in 2010-11). It reflects the industrial and services demand of skilled employees at a moment they are moving away of larger cities. In fact, migration for education is the faster expanding flow.

**Message 5: Commuting and temporary movements more than residential migrations.**

Field work based evidence point towards a large number of households keeping houses both in rural and smaller urban centres confirming the analysis of commuting and temporary migrations based in particular on NSS series.

A total of 32 million individuals, accounting for 4.3 percent of India's rural population, live in households where one or more worker commutes from rural to urban areas. Also, a total of 15.4 million individuals accounting for 5.5 percent of India's urban population live in a household where at least one member commutes from urban to rural area for work. These figures give an idea of the extent of the Indian peri-urban environment, where opportunities of work are also flowing massively in a centrifugal manner.

Workers migrate from rural to urban but only for temporary periods. In the lean season of the labour market of rural areas they migrate temporarily to urban areas to engage in construction activities or pulling rickshaws, without ever severing their link to the land in their rural homeland. This is not the kind of labour force who is likely to be available to work in manufacturing or modern services, mainly on account of their lack of skills, and often even primary education. Their migration is a reflection of rural distress, driven notably by the fact that 84% of India's farmers are small and marginal farmers, tilling only less than 2.5 acres of land and many others are poor marginal labourers.

Recent empirical researches pointed to the fact that rural to urban and periurban temporary migration are more and more concerning nearby small towns which are fast growing and were construction in going on full steam. A lot of agricultural coolies are shifting toward construction and brick kiln industry.

## 7. KEY PUBLIC POLICIES

At first, it is to be recalled that India is a federal Republic where responsibilities between the central government and the various regional governments is clearly defined in principle and which vary according to the sectors. Some policy domains are included in the Central list (central government is responsible), the State list (regional governments are in charge, such as urban development and urban transport for instance) or the Concurrent List (responsibilities are shared). Nevertheless, even in domains that belong to the State list, the Central government plays an important role, provides technical expertise as well as financial assistance and defines policies when it is considered of national importance. In this context, it is not possible to give a detailed profile of all policies and schemes at the State levels. These can vary even in their interpretation of main central government schemes. We will simply present here the main schemes that can shape the question of urban - rural linkages, some of them, in the large number of existing Centrally Assisted Schemes, are considered as Flagship programmes of the Government of India. These flagship programmes receive larger budget allocations.

Second, we want to highlight that this role of public policies and their impacts on rural - urban linkages is considerably important for two reasons. The first one is a **classic one related to the impact of policies** that does raise question of urban-rural linkages, such as development of agricultural productivity and access to markets and financial services for farmers, non-agricultural work in rural areas... The second one, which is not so often mentioned in the literature, is the role that government schemes do play in the rural/urban classification, or what Denis, Mukhopadhyay and Zérah have called the **politics of classification**. From the above developed topics, it is apparent that a number of settlements that comprise the urban population are indeed villages, which means that they can avail of the rural government schemes. Rural government schemes are important and provide a large number of benefits, which has led **to the hypothesis that there is a strong resistance from villages, classified as Census Towns, to become urban because they would lose these advantages**. Other factors, such as the differential in taxes (lower in rural areas as compared to urban areas in particular property tax) and in tariffs for services (electricity, water,..) do contribute to a reluctance of many settlements to be transformed into statutory towns. Even though these trade-offs are not sufficiently documented, there are sufficient cases references that point towards the fact that the rural urban classification is influenced by a form of cost-benefit analysis done by policy makers and inhabitants (for more details see the literature review of the subaltern urbanization project that refer to examples in various states). For instance in Tamil Nadu, in June 2004, 566 town panchayats were reclassified as village panchayats to enable them to receive more grants and assistance. This decision was reversed by the new government in 2006.

To give a sole number to illustrate this trade-off, during the year 2009-2010, 750,000 million Rs. (12,220 million US\$) was spent on the many rural programmes (including MNREGA, Indira AwasYojana, National Rural Health Mission and others) while less than one-tenth was spent on the JNNURM, including its component for small towns -the

UIDSSMT- with a total amount of Rs. 62,000 million Rs. (1,000 million US\$), therefore a much higher amount per capita.

**Message 1: There are numerous programmes both for rural and urban development that can have direct or indirect impact on rural – urban linkages**

On the “rural side”, **The MGNREGA programme - (Mahatma Gandhi National Rural Employment Guarantee Program)** is one of the most important support schemes that has been set up in the world to support employment in the rural areas. Between 2007 and 2012, around 1566192 million Rs. (around 19522 million of US dollars) have been allocated to this programme. Its aim is to guarantee a maximum of “100 days of wage-employment in a financial year to a rural household whose adult members volunteer to do unskilled manual work” (Mission statement). MGNREGA, a programme under the Ministry of Rural Development, started in 2006 and covers all of India. Since it entitles to minimum wage in rural areas, this Act almost leads to fulfilling the idea of a right to employment. The considerable importance of this scheme both in terms of budget allocation and in terms of its potential impact on socio-economic condition and social dynamics has created numerous debates in contemporary India for a set of reasons.

First, it is debated from an ideological point of view with its advocates promoting it as a source of income in rural areas that ensures work for a number of days and is a major tool to reduce poverty levels because it is also having positive externalities on women employment, bank facilities, public infrastructure built by the programme and empowerment of the poorest and most stigmatized sections of society. Its opponents criticize the heavy subsidies it entails and more importantly on the manner in which this control of the state prevent policies based on incentives to make the agricultural sector more productive and efficient and free movement of labour.

Second, these debates are grounded in the numerous evaluations done in different state on the number of days provided, the type of assets that are built, the transparency and the functioning of the programmes, in particular the level of corruption (varying greatly among states according to the organizational density of NGOs and activists that put pressure for transparency). Another important debate in terms of rural-urban linkages relate to the fact that the minimum wage leads to a decline in labour productivity and therefore less investment in farming and curbs migration, creating labour shortages in richer regions since labour costs have increased.

Another important programme that concerns the rural areas is the PMGSY scheme whose objective is to build new roads and increase connectivity. **The Pradhan Mantri Gram Sadak Yojana (PMGSY) programme** has been successful in expanding connectivity in villages and Census Towns. It was launched in 2000 and is fully funded by the Central Government. It has received financial and technical support from the World Bank. Its aim is to connect villages (which therefore include Census Towns) to the main roads and to construct all-weather roads since 25% of the Indian population is not covered by such roads. In total, the objective was to build 372,000 kms of new roads and to upgrade 370,000 kms of roads to ensure farm to market connectivity. The World Bank has assessed this programme very positively and argues that it has led to better

connectivity of farmers and rural households. In terms of anecdotal evidence, work carried out in the SUBURBIN project in the case of the Bhopal region confirms the importance of the PMGSY in connecting villages. It highlights the positive case of Madhya Pradesh and recalls the importance of the state variations. A more thorough work done in her Ph.D by Shilpa Aggrawal assesses the positive impact in terms of consumption, technology innovation in farming system and women integration into the labour force. Interestingly, she also finds out that it leads to a higher level of school drop-out since access to the urban labour market is facilitated but this could have long term consequences on levels of income.

In rural areas, there are a number of other programmes aimed at enhancing quality of life with a focus on housing (Indira Awas Yojana subsidy programme for housing the poor- between 2007 and 2012, around 5128 million us dollars), education (Sarva Siksha Abhyan) and better health (National Rural Health Mission and Integrated Child Development Scheme) as well as enhancing the availability of basic services (for instance the Total Sanitation Campaign). Finally, the National Rural Livelihood Mission is concerned with increasing livelihoods and does promote skill development and the role of Self Help Group. Finally, the The Rashtriya Krishi Vikas Yojana is a programme that aims at promoting investments in agriculture and for instance to promote new practices. States have to fulfill a number of conditions to access this scheme and they will promote different types of activities.

On the “urban side”, the most important programme that has been launched concerning the urban sector is the **Jawaharlal Nehru National Urban Renewal Mission (JNNURM)** launched in 2005 to improve urban governance and to lead to a shift in the manner in which urban services were delivered. It therefore pushes for greater decentralization and a commodification of urban policies. One important aspect of this programme was also the creation of conditionalities to the States to avail of the funding given by the States, which was a form of paradigm shift in the manner in which urban policy was conceived. In terms of the rural-urban linkages, JNNURM’s influence is indirect since its main concerns were clearly the large cities: only 63 large cities were selected in the first phase of the project. The bias towards large cities has been highly criticized. Other problems such as the increase of ‘projects’ that led to the rise of consultants and private public works companies, the lack of integration with existing institutions and the weak implementation of conditionalities of the State have also been documented at length

**Message 2: The historical importance of a cluster economy, often supported by regional or sectoral policies, is important**

The importance of cluster economy is historically rooted in India and concerns a wide range of traditional sector (cottage industry, textile, leather) as well as more recent one such as the automobile one. Some of the numerous studies on clusters have provided a view into the manner in which it shapes (and is shaped by) the political economic dynamics of small towns (Holmström and Cadène 1998). Most of the work on clusters underlines the role of household and community networks and relationships as the pivot of the rural-urban economies. These relationships, often embedded in regional

caste structures, influence the ways in which entrepreneurs mobilise resources for investment, regulate transaction practices and labour recruitment. In addition, public policies have played a significant role through the establishment of public institutions to support the development of these clusters.

**Message 3: Constitutionally, district integrated planning is a critical tool to ensure rural-urban linkages but its use and relevance vary widely according to states**

According to the manner in which the decentralization is to be implemented, one major tool to overcome the problems of the rural-urban dichotomy is the role of the district integrated planning committee. The district integrated planning committee is constituted of the district administration but has elected members from both rural and urban areas. Unfortunately, there are insufficient studies of their functioning that will vary from States to States. In his book on the JNNURM, Sivaramakrishnan indicates that the results are disappointing. On the contrary, examples in the case of Kerala where there has been a strong policy to favour urban-rural linkages through participatory governance has led to very positive results. This is also related to the urban-rural continuum that characterizes this small state of South India. To understand how rural-urban linkages are politically discussed, it would therefore be important to have a comparative work of the functioning of the district integrated planning committees.

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