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Focus on Small Towns to Generate Rural Jobs

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The article is based on **Focus on small towns to generate rural jobs** that was published in ORF on 9th september. It talks about the role of small towns in boosting rural economy.

Context

Union Budget 2019-20 included **several initiatives to diversify India's stagnating rural economy**, such as:

- Setting up of 100 new **rural artisanal clusters**
- **80 livelihood incubators and 20 technology business incubators** to train 75,0000 entrepreneurs in agribusiness skills
- Formation of 10,000 new **farmer producer organisations**
- Thrust to improve connectivity by upgrading 1,25,000 km new roads, under the **Pradhan Mantri Gram Sadak Yojana (PMGSY) scheme**.

Declining Role of Agriculture Sector to Sustain Rural Livelihood

- **Shrinking land-man ratio:** It is a prime factor impacting the ability of the agriculture sector to generate more jobs for the burgeoning rural population of India.
According to the **Agriculture Census 2010-11**, the average land holding size is only 1.15 hectares.
- Cultivation alone can no longer provide livelihood sustenance for 70% of those farm households, who possess less than one-hectare land holding.
As per the **National Sample Survey (70th Round)** estimates, the average monthly consumption expenditure of such marginal farmers is higher than their income through cultivation.
- **Rising rural population:** According to the **United Nations World Urbanisation Prospects (2018)**, India's rural population is projected to climb up from 856 million in 2011 to reach the peak of 909 million by 2027, before declining gradually.
This would further fragment land and decrease the rural income.

Boosting Rural Livelihood Opportunities

Mandi Towns

Can be established at the centre of agri-led rural economy.

Agriculture-led, bottom-up urbanisation

The spatial targeting of public investments in a strategic manner could start an **agriculture-led agglomeration process around the mandi towns** and galvanise their rural peripheries.

Integrated Planning

Integrated spatio-economic framework should be adopted for agricultural towns and their rural peripheries.

Eg: A model can be drawn from **South Africa's National Development Plan Vision 2030**.

- It articulated the vision of boosting small town economies to address rural poverty.
 - It aimed to develop one agro-park cluster in each of the country's 44 districts.
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The farmer producer organisations, agribusiness entrepreneurs and artisanal clusters need to be strategically located near transportation interchanges in **small urban settlements**—especially **mandi towns**.

The clustering of artisanal crafts and small-scale agro-processing units **offer opportunities for:**

- peer-learning and firm to firm knowledge spill-over
- facilitating the sharing of orders, contracts, and expensive machineries
- reducing transportation costs in sourcing and delivery processes

District Administrations:

- Entrusted as nodal agencies for planning and implementation.
- Required to **frame comprehensive business plans** and marketing strategies
- Should **develop land use master plans,**
- Should **assess infrastructure shortfalls**
- Should **figure out training and skill gaps** for the local population

Can help attain an economy of scale, generate multiplier effects and better supply-chain logistics.

Co-location of agro-economy activities

- could **trigger multiplier effect**
- **can encourage further investments** from packaging industries, transportation & logistics firms, agro-machinery dealers and maintenance workshops,
- It can also gain off-course support infrastructure in the form of education, healthcare, residential and retail functions.

District Planning Committees:

- Established under **Article 243ZD of the Constitution**
- Should be fully operationalised.
- Need to be empowered, funded and staffed adequately.

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- **Mandi towns play a vital intermediary role in agro-economy value chains.**

- Can link rural fields to urban markets as nodes of articulation for capital, labour, produce, raw material and information flows.

Agro-driven urbanisation process:

- can **stimulate the construction activities in these small towns**
- **can generate jobs for the surplus farm-labour** from neighbouring villages
- casual jobs in the construction industry **have low entry barriers and are vital for the livelihood strategies of the rural poor.**

- **Integrated Planning can maximise the growth potential** of census towns
- **can contain the adverse ecological fallout** of uncontrolled conversion of fertile agricultural land into urban real estate

Drishti Input: Various Urban Settlements in India

- **Metropolitan area:** Defined in the Constitution as an area **having a population of over one million**, consisting of two or more municipalities or panchayats or other contiguous areas that may span over multiple districts.
- **Urban settlement according to Central Govt.:** The Central government considers a settlement as urban if it has
 - **an urban local government**
 - **a minimum population of 5,000**
 - **over 75% of its (male) population working in non-agricultural activities**
 - **population density of at least 400 per sq. km**
- **Urban settlement according to State govts:** Governor notifies an area as urban.
 - This notification leads to the creation of an urban local government or municipality, classifying the area as a “statutory town”.
 - The Constitution provides **considerable discretion to state governments** in determining the administrative boundaries of metropolitan areas.
 - However, many States consider such “census towns” as rural and establish governance through a rural local government or panchayat.

Way Forward

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- **India has 3894 census towns**, the majority of which reflect in-situ processes of urbanisation, financed by local agricultural capital and **generate non-farm livelihood opportunities for local labour.**
 - **A roadmap for agriculture-led urbanisation pivoting around small towns is**

essential to industrialise rural India and generate rural jobs.

- Small mandi town economies need to be galvanised through strategic targeting of clusters and connecting transportation grids to value chains.
- The centre needs to play a proactive, catalytic role and nudge the state governments to put in place a robust institutional platform for integrated planning.
- **Cluster development schemes** to boost rural growth launched earlier, such as 300 clusters, under the **Shyama Prasad Mukherjee National Rurban Mission or 42 Mega Food Parks**, should be strengthened and implemented in letter and spirit.

Drishti Input

“The share of agriculture sector in providing income to rural people is declining. Comment. Discuss how small towns can play a vital role in boosting rural economy. Also suggest measures to improve the condition of these small towns.”
