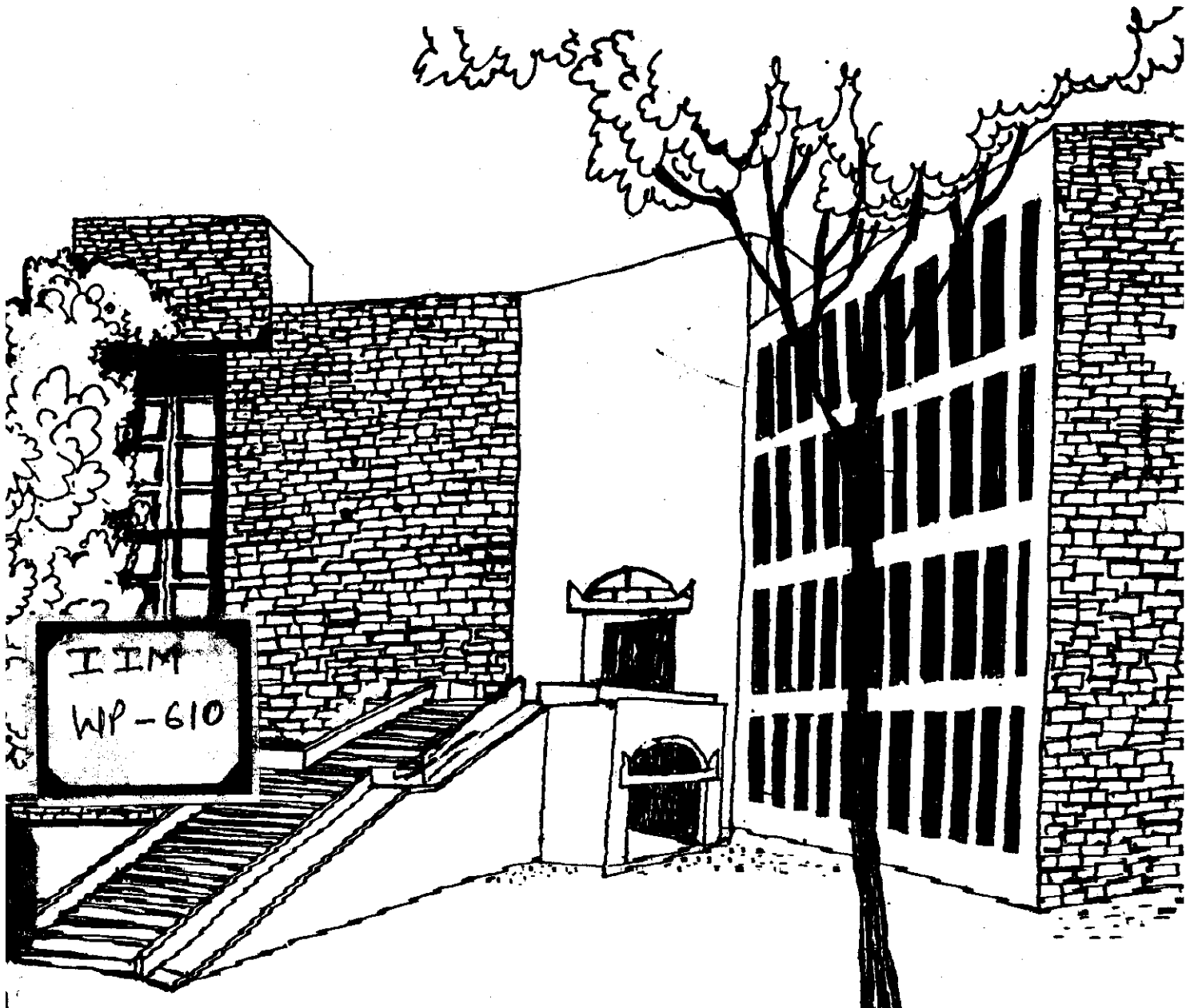




W.P. 610

Working Paper



TEMPORAL BEHAVIOUR OF RURAL-URBAN MIGRATION
AND EXTENT OF URBANIZATION

By

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WP610
WP
1986
(610)

W P No. 610

May 1986

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INDIAN INSTITUTE OF MANAGEMENT
AHMEDABAD-380015
INDIA

TEMPORAL BEHAVIOR OF RURAL-URBAN MIGRATION AND EXTENT OF
URBANIZATION

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ABSTRACT

The paper views the phenomenon of rural-urban migration in terms of relative growth of urban areas. Four factors influencing the relative growth of urban areas are identified. They are: (i) dependency ratio in urban area (ii) employment opportunities in the economy (iii) industrial structure in the economy and (iv) concentration of economic activities in the urban areas. The time trends of each one of these factors is postulated over various stages of economic development of the nation. Based on these trends the hypothesised relationship between migration and wage over time is derived. Empirical exercise based on the India Census data from 1951 to 1981 carried out within this framework offers interesting insights into the processes of urbanization in India and hence some broad policy recommendations.

I. INTRODUCTION:

Increasing degree of urbanization is a common feature of most of the developing economies. As a concept, it symbolizes high density of population, more organized nature of economic activity, higher productivity, better standard of living, higher literacy and so on. It has, therefore, come to be considered as a very important force of economic growth in the developing regions. There was, however, considerable discussion on the hypothesis of over-urbanization of the developing and the under-developed economies in the literature around fifties and sixties. (See, for instance Hoselitz, 1956-57; Sovani, 1964; Kamarsehen, (1969) Jakobson and Prakash, 1971; etc.). The essential point in the concept of over-urbanization was that the rate of urbanization was running ahead of industrialization. Such a concept would imply that migrants from the rural areas were pushed to the urban areas due to increasing pressure of population on agricultural land. Thus, the hypothesis of over-urbanization that was popular around the fifties and sixties emphasised the push-factors rather than the pull-factors for explaining the phenomenon of rural-urban migration in the developing economies. Empirical evidence, however, did not support this hypothesis. A recent study by Laumas and Williams (1984) finds that over-urbanization is more characteristic to the over-populated semi-industrialized countries than to the low income, less developed countries.

In a recent paper, Gugler (1982) argues that over urbanization in the LDC's should be viewed in terms of the misallocation of labour resource between the rural and urban areas in the economy. Since the cities of LDC's are usually flooded with surplus labour, the continued flow of rural migrants with inferior quality of labour as compared to the urban labour force would only reduce the economic strength of the hinterland without making corresponding net contribution to the urban production. This argument of Gugler (1982) is not very convincing because the rural areas of LDC's are also characterized by the presence of surplus labour. As Okun and Richardson (1961) had shown through a formal model, a general proposition on the effect of internal migration on the regional income inequality could be derived on a priori grounds. On the other hand, Mera (1975) argues that increasing urbanization always promotes growth because the production function for the urban area embodying better technology invariably lies much above the one for rural areas. Thus, any shift of the labour force from the rural to the urban areas is growth promoting. The question of over urbanization, therefore, does not arise according to Mera (1975).

It is important to point out at this stage, however, that housing shortage, problem of water supply and sanitation, problem of environment and a host of other problems create out of a very high density of population are the disadvantages of the increasing extent of urbanization. Most of these disadvantages, as can be readily observed, result from lack of foresight and proper planning. With planned efforts using preventive and curative measures, it is possible to restrict the disadvantages of increasing urbanization to a minimum level and experience the beneficial effects of growing urbanization on economic growth in the economy. However, in order to prognosticate and plan to tackle the adverse effects of increasing urbanization, it is important to look into the temporal behaviour of rural-urban migration in an economy.

It may be of considerable interest particularly for the planners in the developing economy like India to identify more fundamental economic forces in the process of urbanization, their contribution and behaviour over the course of economic development. In the present paper, we attempt to examine these aspects drawing illustrations from the post-independence experience in India. In the next section, we identify the most important factors underlying the relative growth of urban population and the third section examines the likely time-trend for each one of them. The fourth section is, then, devoted to presenting a framework to isolate empirically the contribution of each of these factors in the relative growth of urban population during the given time period. In the fifth section, results of the empirical exercise carried out for India for the period 1951-81 are presented. The sixth the final section contains concluding

II. FACTORS:

To begin with, we should recognise that urban population grows at a faster rate than the total population in spite of a lower natural rate of population growth in urban areas as compared to rural areas. Natural family system and a lower average size of family, more extensive and intensive education among population in general and among females in particular, and lower sex ratio are some of the most significant features of the urban areas which account for the lower natural rate of population growth. Relatively faster growth of urban population, therefore, is a phenomenon due to (i) migration of population from rural areas to urban areas and (ii) widening geographical boundaries of the urban areas. We may broadly categorize the two causes as accounting for the rate of intensive and extensive urbanization respectively. When we look into the same phenomenon of the relative growth of urban population through different angle we may identify the following factors as crucially important in determining the relative growth of urban population.

(1) Dependency Ratio in Urban Areas:

An increase in the dependency ratio in urban areas implies that an average urban worker supports a larger number of dependents in urban areas than before. Therefore, even if the total number of workers in urban areas remain the same there will be a relative increase in the population of urban areas. Housing shortage and other related problems may compel the urban workers to maintain a large number of dependents in their native places in rural areas. If, however, the preferences of urban workers in this respect undergo change over a period of time, a large population transfer from rural areas to urban areas can take place. Thus, the dependency ratio in urban areas is directly related with the extent of urbanization. Moreover, this factor reflects the rural to urban migration of the non-working population.

(2) Employment Opportunities in the Economy:

If the demand for employment relative to population in the whole economy increases, urban areas being a part of the whole, also experience increased demand for the workers. This may encourage the rural-urban migration of workers since the jobs in the urban areas are on an average more lucrative than the jobs in the rural areas. On the other hand, if the employment opportunities decline, the rural-urban migration of the workers would be discouraged to that extent because it would involve a longer initial period of un/underemployment for the migrant labour who is only a new entrant to the urban labour market. Alternatively, we can also interpret this factor by linking it to the dependency ratio. Thus, if the worker rate falls with the passage of time, it implies that an average worker in the nation supports more dependents than before so that the burden on the urban workers to support

dependents outside the urban areas falls which, in turn tends to restrict the flow of migrants from the rural area to urban areas. Similarly, an increase in the worker ratio tends to encourage the flow of rural migrants to the urban areas.

(3) Industrial Structure in the Economy:

By definition, urban areas have highly biased employment structure in favour of non-agricultural sectors and industries. The relative share of agriculture in urban areas is generally very small. Any shift in employment structure of the economy in favour of the agricultural sector over a period of time would only indicate increasing pressure of population on agricultural land. Such a development is characteristic of a slow growing, low income, over-populated country where increasing degree of urbanization may largely be the outcome of expanding geographical boundaries which obviously is independent of rural-urban migration. In such a situation, however, if rural-urban migration occurs, it may largely reflect the operation of push-factors rather than pull-factors on average.

On the other hand, a shift in the industrial structure in favour of the non-agricultural sectors over a period of time suggests rapid expansion of the industry and service sector in the economy which generates the pull factors for rural-urban migration. William Petty in the 17th Century has first suggested the sector hypothesis which Colin Clark later popularised. Accordingly much emphasis is placed on this 'dynamic economic factor of structural changes' in describing the process of economic development and increasing urbanization. It states that with development, there is diversification of economic activities takes place and the economic activities become more organised in nature. Moreover, increasing income levels result into relatively greater demand for industrial goods and services as compared to the products of primary sector because the income elasticity of demand for the former is generally in excess of unity and for the latter less than unity. Assuming normal types of technological changes across industries (Sectors) in the economy, we may expect a shift in the employment pattern in favour of non-agricultural sectors of the economy which in turn, leads to increasing extent of urbanization on account of the pull-factors on average.

(4) Concentration of Economic Activities in Urban Areas:

If concentration of economic activities in urban areas increases in one or more sectors, it is but natural to expect an increase in the relative importance of urban areas. The concentration of economic activities in urban areas can increase because of (i) increase in geographical coverage or expansion of urban areas over time and (ii) genuinely greater pace of economic activities over time in urban centres as compared to rural areas. Thus the increasing extent and intensity of urbanization get reflected from the trend in the

concentration of the economic activity in urban areas of the economy. If concentration increases in the agricultural sector, it denotes geographical spread of urbanization. On the other hand, if the concentration increases in the non agricultural sectors, it suggests increased intensity of urbanization which provides the basic rationale for the rural-urban migration.

Before we set out a framework with the help of which we can isolate the contribution of each of the above-mentioned factors in the relative growth of urban population in India we may briefly examine the likely time-trends in these factors so that we can derive the expected time-trend of the relative growth of urban population which can be considered more or less the same thing as the time-trend of the rural-urban migration.

III. TIME-TRENDS:

In order to examine the temporal behaviour of rural-urban migration, it is convenient to start probing into the likely pattern of the growth of urbanization over time. These phenomena are closely related with the processes of growth and development of the economy which, in turn, can be assumed to be uniquely related with time. Our assumption that, with the passage of time, any economy tends to develop and prosper may not strictly hold good in the short run. Year to year fluctuations in any macro aggregate is a rule rather than an exception. From the point of view of long-term forecasting or planning, such fluctuations of essentially short-term nature have to be ignored and only the long-term smooth trend in the aggregate becomes relevant. Again, our assumptions can seriously go wrong if totally unforeseen circumstances like outbreak of war or epidemics or other calamities arise suddenly and disturb the normal functioning of the economy drastically. Thus, our discussion of time-trends of factors underlying the relative growth of urban population assumes a economy under normal conditions throughout.

While examining the expected trends in the factors, it is necessary to consider the stages of economic development through which any economy has to pass. From the literature on economic development, we can identify three distinct phases from which an economy passes. The first phase can be thought of as the pre-industrial, low-income state of underdevelopment where most of the LDCs could be found located. During this stage the growth of the economy is slow and the forces of growth are dormant. The second phase is the phase of rapid expansion and growth which is attained after achieving the major breakthrough from the low equilibrium trap. It is a stage, in other words, which follows the Rostow's take-off or Leibenstein's big push. During this phase the economy starts growing at a remarkably high rate because the dynamic forces for change and development are dominant. Finally, the economy would reach the stage of mature growth when the economy absorbs the change and developmental forces as normal and regular features so that it does not experience sudden shocks. This is the stage, i

other words, which would correspond the concept of growth equilibrium or what is commonly referred to as the steady state growth. Most of the growth models yielding the steady state solution are applicable to the final stage of the process of economic development through which any economy is expected to pass. Having identified the stages of development, we may now examine the likely behaviour of the factors influencing the relative growth of urban population during each of the three stages.

(a) First Stage:

During the first stage of development, the rural areas are characterized by predominance of traditional rainfed agriculture with low average productivity and high fluctuations. The urban areas in such an economy are also largely the centres for trade and service. The scale of industries would also be very small though the factor proportions (or capital intensity) in the agriculture and non-agricultural sectors may sharply differ giving rise to substantial wage-differential between the two sectors. Thus in the early stage of economic development, the urban-rural income differential (U-R-I-D) is likely to be very high. The dependency ratio in the urban areas may, therefore, be at high level. Since the traditional agriculture can absorb the whole working population at a very low level of productivity it appears that the employment opportunities are at high level. Employment share of agriculture stays very high and the one for the non-agricultural sectors at a low level. As far as the concentration of economic activity is concerned the urban agriculture, though negligible in extent, would be relatively more progressive during the first stage of development and hence may attract migrants from the near by rural areas to work as agricultural labourers. During the first stage of development, the concentration of urban workers in the agricultural sector is, therefore, likely to increase at an increasing time rate. The concentration of urban workers in the non-agricultural sectors, by definition would be high, but is not likely to increase very rapidly since the industrial and service sectors in urban areas during this period are likely to grow slowly particularly in terms of employment. The infrastructural investments and newer technology for urban industries would be highly capital intensive as compared to the existing techniques of production. Beneficial impact of these investments on the employment creation may take some time during which the economy might cross over to the next stage of development.

(b) Second Stage:

During the phase of rapid expansion, the rural agriculture would experience high investments and advent of new technology. Extent of irrigation may also substantially increase. This would lead to a rapid growth of agricultural productivity which marks the beginning of this phase. Since the level of agricultural productivity would be extremely low in the first phase, the rapid growth in the second phase would imply reducing differential in sectoral productivities. The U-R-I-D would, therefore, decline. (For empirical support

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of this hypothesis, see S. Kuznets (1957), and B.H. Dholakia and R.H. Dholakia (1978) for the case of India.) Since the new technology with the higher capital intensity may spread the additional employment opportunities in the initial part may not match with the population growth which, in any case would be very high following the sharp decline in the death rate on account of improved health and sanitation and better infrastructural facilities. Thus, there might be a relative decline in the employment opportunities in the early part of the second phase of development. However, later on when the spread effects of the investments and technological improvements are felt, the relative employment opportunities would again start increasing in the economy during the latter half of the second phase. The dependency ratio in the urban areas would, therefore, show an increase in the first half whereas it might show a decline in the second half. The increase in the dependency ratio in the first half of the second phase is also facilitated by improved state of communication and other infrastructural facilities. As far as the sectoral shares of employment is concerned, the Colin Clark's sector hypothesis is fully at work during the second phase. The hypothesis is amply supported by the models of Lewis (1954) and Fie and Rannis (1961) and empirically by S. Kuznets (1957 and 1958). Thus, the share of agriculture would fall and the share of non-agricultural sectors would rise in employment during the second phase. This also implies that concentration of urban workers would increase at an increasing time rate in the non-A Sector, whereas it may increase but at a diminishing rate in the agricultural sector.

(c) Third Stage:

During the third phase of development, the economy experiences the condition of stable growth. As a result, its sectoral employment shares stabilize. The employment opportunities relative to population may also stabilise. The U-R-I-D would also gradually stabilize at a low level because there may not be high differential in sectoral productivities at this stage. The dependency ratio in the urban areas may also, therefore, stabilize at a lower level. Concentration of urban-workers in the agricultural sector may almost become constant. This is because, on the one hand, agricultural employment may diminish absolutely in the existing urban areas and, on the other hand, the geographical expanse of the urban areas may add fresh agricultural workers in the urban working force. The concentration of urban workers in the non-A sector, however, would be increasing very slowly at a diminishing rate.

The time-trends, implied from the above discussion, are presented in the form of diagrams 1 to 7. On the basis of these trends, it is easy to see that the time-trend for the degree of urbanization would be the one presented in Figure 8. In the first phase, it would increase at a diminishing rate, but starts increasing at an increasing rate during the second phase and again increases at a decreasing rate in the third phase. Thus, from the framework presented here, 1

becomes clear that rate of urbanization increases most rapidly in the second phase when the dynamic forces of structural transformation in the economy are operative. In the forces leading to structural changes are dormant urbanization proceeds on at a slow rate.

We may now proceed to examine the implication of all these time-trends on the rural-urban migration and its behaviour over time in an economy. It should be noted that the rate of change in the degree of urbanization with respect to time reflects the rate of rural-urban migration if the rate of geographical expanse of urban areas is assumed constant. From Figure 8, therefore, it becomes clear that in the first and the third stages of development, when the degree of urbanization rises only at a slow rate, the rural-urban migration is at a low level. As against this, in the second phase of development when the degree of urbanization rises very fast the rural-urban migration rate will be at a relatively high level. Thus, we can expect an inverted-U shape of the migration curve over a period of time. If we combine Figures 1 and 8, and draw a new curve between the extent of rural-urban migration and the rural wages relative to urban wages, we get the inverted U-shape of the curve as in Figure 9. As can be observed, this curve has essentially a temporal interpretation rather than a cross-sectional or spatial interpretation. (Cf. C.H. Shah, 1985).

IV. THE FRAMEWORK:

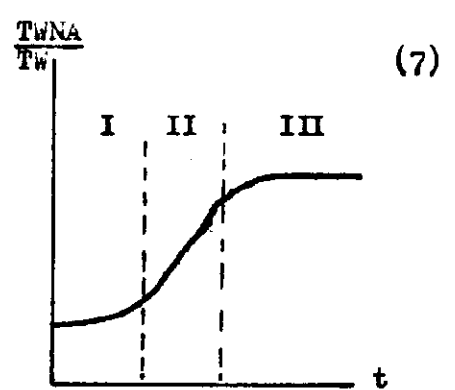
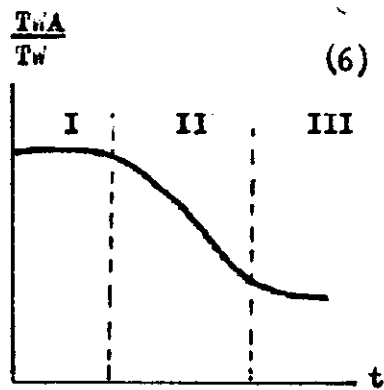
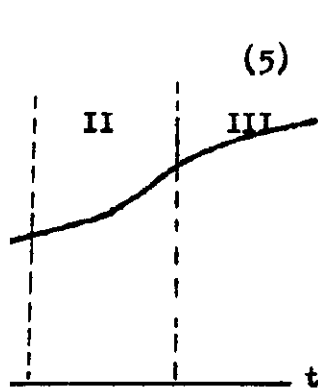
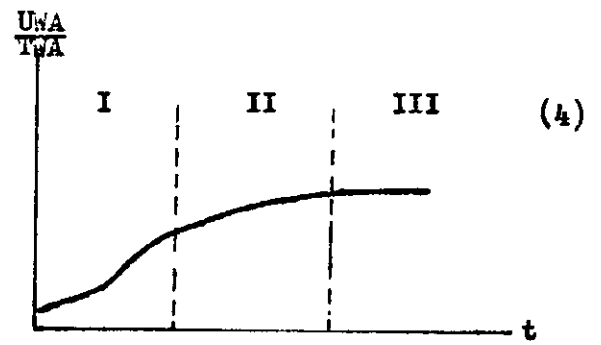
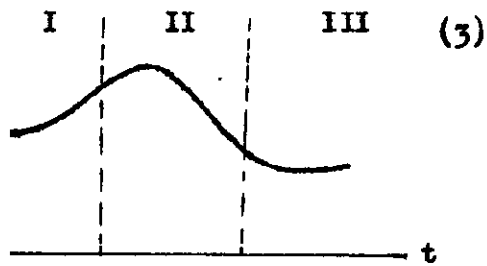
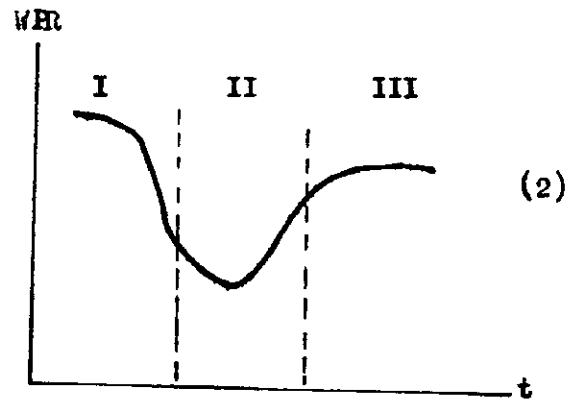
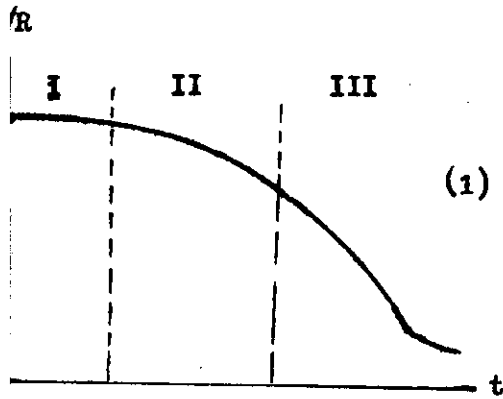
If we measure the degree of urbanization as the proportion of urban population (UP) in total population (P), relative employment opportunities in the economy as workers (W) as proportion of population (P) and dependency ratio in urban areas as urban population (UP) per urban worker (UW), then we have

$$UP = (UP/UW) \cdot (W/P) \cdot (UW/W).$$

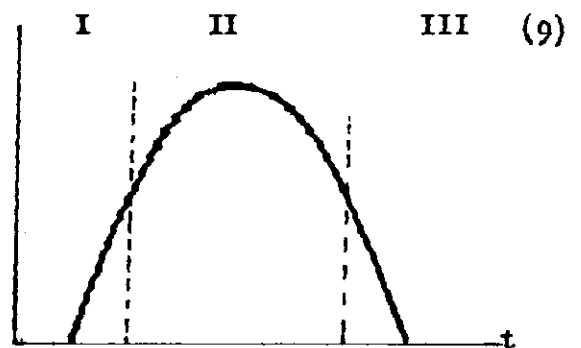
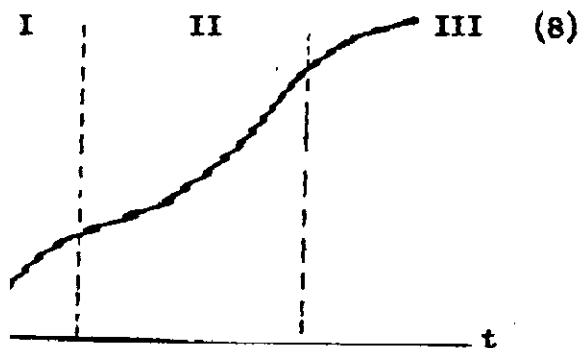
$$= (UP/UW) \cdot (W/P) \cdot (W_i/W) \cdot (UW_i/W_i) \text{ where } i \text{ denote sector.}$$

This gives a break-up of the extent of urbanization into above-mentioned variables at a point of time, say 1971. We can similarly break up the extent of urbanization into the same set of variables by using the same formula for another year, say 1981. If the data on these variables for the two years are comparable, then, we can estimate the contribution of each of the above-mentioned factors in the total observed change in the extent of urbanization between the two points of time.

DIAGRAMS 1 to 9



Migration



There are two broad approaches of measuring the exact contribution of each of the above-mentioned factors. One is the partial contribution approach and the other is the total contribution approach. Partial contribution of a factor is obtained by assuming that all other factors remain at the level of 1971, while only that particular factor changes to the 1981 level. The resulting change (increase or decrease) in the extent of urbanization in 1971 is the partial contribution of that factor. Total contribution of a factor is obtained by assuming that all other factors change to the 1981 level, while only that particular factor remains at the old level of 1971. The resulting change (with opposite sign) in the extent of urbanization in 1981 is the total contribution of that factor. The basic limitation of both these approaches is that both of them are derived from the concept of total differential in Differential Calculus which assumes that the changes in the variables are infinitesimally small. However, in reality, we generally do not come across insignificantly small changes in variables with the result that interaction among changes in different variables becomes significant and appears as residual in the above-mentioned two approaches. To impute the residual to the variables, we can follow the method suggested in Dholakia (1986).

V. THE RESULTS:

The exercises of isolating the contribution of the above-mentioned factors can be meaningfully undertaken in India between two points of time, 1971 and 1981, because the two Censuses of 1971 and 1981 are reasonably comparable in terms of the concepts and definitions of urban population, main workers, etc. The Censuses of 1961 and 1971 had very similar concept of urbanization but had employed sharply different definitions of 'a worker'. Later on in 1972 however, a resurvey was conducted to ensure broad comparability for the estimates of workers in the two years. The results of this resurvey published as Paper No.1 of 1974 reported 'comparable' workers by three categories, viz. cultivators, agricultural labourers and the rest of the workers. Between the 1951 and 1961, the concepts of urbanization as well as workers had considerably changed. A direct comparison may not, therefore, be warranted. However, if we consider out of a total of 113 cities with a population of a lakh or more, only those 85 cities for which geographically comparable data are available for 1951-61, we can make similar estimates even for 1951-61. The comparison of our experience during the sixties and the seventies is important because there has been a remarkable upward shift in the rate of increase in the degree of urbanization during the two decades. The proportion of urban population in the total population increased only by 1.93 percentage point during 1961-71, but it increased by 3.80 percentage points during 1971-81. Thus, the rate of increase in the degree of urbanization has almost doubled during the seventies as compared to the sixties. A comparison of the contribution of the underlying economic factors could, therefore, be revealing.

TABLE 1: AVERAGE CONTRIBUTION OF FACTORS IN THE RELATIVE GROWTH OF URBAN AREAS IN INDIA, 1951 TO 1981

FACTORS	1951-61	1961-71	1971-81
1	2	3	4
1. Dependency Ratio in Urban Areas (UP/UW)	+ 0.003095	+ 0.016498	+ 0.000795
2. Employment Opportunities (W/P)	+ 0.006660	- 0.034033	+ 0.003421
3. Industrial Structure of the Economy (Wi/W)	- 0.000008	- 0.005023	+ 0.018009
4. Concentration of Workers in Urban Areas in Agriculture (UAW/AW)	- 0.000581	+ 0.005655	+ 0.005065
5. Concentration of Workers in Urban Areas in Non-Agriculture Sector (UNAW/NAW)	- 0.005279	+ 0.036166	+ 0.010665
Total Change in the Degree of Urbanization (UP/P) ₁ - (UP/P) ₀	+ 0.003887	+ 0.019258	+ 0.037955

NOTE: The estimates in column 2 pertain to the experience of only 85 cities with more than a lakh population. Moreover the estimates are derived from the reported data on working force in two Censuses which were not conceptually comparable. The estimates in column 2, therefore, may not be compared directly with those in columns 3 and 4.

SOURCE: (i) Census of India 1981, Primary Census Abstract
(ii) Census of India 1971, Paper No.1 of 1974 : The Resurvey
(iii) Census of India 1961, Paper No.1 of 1967.

Table 1 presents the estimated contributions of different factors considered above for the Indian economy. It is clear from the table that contribution of all the five factors considered here turn out to be positive during the decade 1971-81. Thus, change in each of the five factors was favourable for increasing urbanization in India during the seventies. The extent of favourable contribution, of course, differed for different factors. The least important factor during the seventies for increasing urbanization was increased dependency ratio in urban areas. Increased employment opportunities also did not contribute very significantly towards increasing urbanization during 1971-81. Changes in the industrial structure during the seventies, however, turned out to be the most important contributory factor. Thus, the dynamic economic forces which are emphasised in most of the traditional theories of economic growth and development appear to play a very dominant role in India during the seventies. Had this factor been dormant, the rate of increase in the degree of urbanization in India would have fallen during the seventies to the same level of the sixties. It is worth noting here that the contribution of this factor was negative during the fifties and sixties. In other words, the industrial structure in India was changing in such a way during the fifties and sixties that growth of urbanization was actually discouraged. It was perhaps for this reason that the rate of increase in the degree of urbanization during 1961-71 and 1951-61 was so low. There have been some speculation and controversy about the changes in the sectoral employment pattern in India during the last two decades among economists and demographers. (See, J. Krishnamurthy, 1984). Our exercise suggests clearly that the dynamic economic forces responsible for the shift away from agriculture were largely dormant during the fifties and sixties, but were positively operative during the seventies in India.

Employment opportunities had also relatively declined during the sixties in India - a phenomenon which, in fact, pulled down the rate of increase in urbanization considerably. During the seventies, however, the employment opportunities in the economy as a whole was rising somewhat satisfactorily, thanks to special employment programmes by the government. If we compare the absolute change in the contributions of different factors from the sixties to the seventies, we can readily observe from the table that the contribution of employment opportunities has increased the most with the industrial structure playing second important role. All other factors, i.e. concentration of workers in urban areas in the agricultural and non-agricultural sectors, and dependency ratio in urban areas, have contributed less during the seventies than during the sixties to the relative growth of urban population. Thus, the traditional factors of increased dependency ratio and increased concentration of economic activities in urban areas, which generally play important role in raising the degree of urbanization in early stages of economic development in an economy, are declining.

in their importance in India. The dynamic factors like growing employment opportunities and changing industrial structure, which become crucial in the stage of rapid growth of the economy, are indeed gaining greater importance in India. Looking to the saving ratio and the degree of resilience achieved in the Indian economy, our conclusion based on the analysis of the experience of urbanization, that India has entered into the stage of rapid growth, appears to be corroborated.

VI. CONCLUDING REMARKS:

The moral of the above exercise is quite obvious. If we have to make quick and long strides in the course of economic development, we must achieve rapid growth of urbanization. It can be achieved most efficiently and effectively by following the strategy of (i) accelerating the rate of diversification of economic activities from the primary sector to the secondary and tertiary sectors, and (ii) increasing the employment opportunities in the economy. On the other side, we must also plan to cope up with the problems and challenges of rapidly increasing urbanization. Relatively more allocation of resources for providing basic social infrastructure required to meet these challenges is logical. Moreover, these resources should be spent in such a way that the expanse or geographical spread of urbanization is encouraged instead of raising the intensity of urbanization. In order to encourage this type of migration pattern, it is necessary to provide better communication links and other physical and social infrastructure to the smaller towns and villages of strategic importance with a potential to grow into an urban place in near future. If adequate type and quantity of physical and social infrastructure is ensured at strategic points, the geographical spread of industries can be expected to follow on its own. This, in turn, can relieve the big cities and metropolitan areas of the increasing pressure of migration and congestion. The exercise carried out in the present paper clearly sounds the warning that, if we do not plan for future seriously on these lines, we will be completely baffled by the fast-increasing magnitude of the problems of rural-urban migration and rapidly growing extent of urbanization in the near future.

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