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**E Gayathri**  
Department of Agricultural  
Economics, Faculty of  
Agriculture, Annamalai  
University, Annamalaiagar,  
Tamil Nadu, India

**Dr. K Sita Devi**  
Department of Agricultural  
Economics, Faculty of  
Agriculture, Annamalai  
University, Annamalaiagar,  
Tamil Nadu, India

## Urbanisation and its impact on socio-economic indicators among different gradients in Tiruchirapalli district, Tamil Nadu

**E Gayathri and Dr. K Sita Devi**

### Abstract

Urbanization is a form of social transformation from traditional rural societies to modern urban communities. It has been seen as an integral part of economic growth, as a defining phenomenon of the 21<sup>st</sup> century, it puts the developing world in a position of economic and demographic transformation with a complex and nuance development process. A shift away from agriculture appears to have occurred in most parts of India over the last decade (Sawant and Achuthan, 1995). The specific objectives set forth for the study are, to compare the social and economic indicators of the sample households in three different gradients of the study, viz., rural, peri-urban and urban areas. The tools of analysis used in the study were descriptive analysis and composite standard of living. The results revealed that the households in the urban and peri-urban gradients had a better standard of living than the rural gradient. Hence, the government should generate productive employment opportunities in rural areas by initiating the development-oriented programmes and industrial progress based on the resource base of the state.

**Keywords:** Urbanization, socio-economic indicators, households, standard of living

### Introduction

Urbanization is a form of social transformation from traditional rural societies to modern urban communities. It has been seen as an integral part of economic growth, as a defining phenomenon of the 21<sup>st</sup> century, it puts the developing world in a position of economic and demographic transformation with a complex and nuance development process. Urbanisation and economic development are broadly synonymous and therefore the issue of agriculture needs to be dealt in the context of recent developments of sustained growth in incomes and urbanisation as well. Urbanisation per se becomes significant, since it affects land use, cropping pattern, occupational pattern, migration, literacy, access to markets and infrastructure, etc.

As the population becomes more and more urban, the adjoining rural area comes under 'urban zone of influence', which impart some distinct urban characteristics in rural populace. Over time, the urbanization mostly subsumes the rural populace attributes usurping along the agricultural land for industrial activities or for the settlement purpose. On the natural ecosystems, currently, conversion of rural areas to urban areas had a marked effect at unprecedented rate. Urbanisation in India is described as a process, whereby, the surplus worker population of rural areas resettles in urban areas. The gainful employment to the rural workers in urban areas results into economic development. India has the second largest population in the world, but has scarce land resources. India has been experiencing rapid urbanization over the last few decades, which accelerated during the last decade.

Agriculture which is the main source of livelihood of peri-urban dwellers is seriously being threatened by rapid urbanization, because of the problem of scarcity of land for agricultural purposes (Naab *et al.*, 2013) <sup>[2]</sup>. The increasing share of country's population living in urban areas mostly because of rural to urban migration denotes urbanization. It also denotes expansion of urban land uses and spatial concentration of people working in non-agricultural activities (Satterthwaite *et al.* 2010) <sup>[3]</sup>. In India, urban population stands at 30 per cent, which is continuously growing (ORGCCI, 2011) <sup>[1]</sup>.

### Problem focus

Rural economy faces the problem of transferring of our native labour force from farm employment to non-farm employment, that shift would create a wide gap between the demand for and the supply of labour in the agriculture sector.

**Corresponding Author:**  
**E Gayathri**  
Department of Agricultural  
Economics, Faculty of  
Agriculture, Annamalai  
University, Annamalaiagar,  
Tamil Nadu, India

A shift away from agriculture appears to have occurred in most parts of India over the last decade (Sawant and Achuthan, 1995) [4]. Under this back ground, an attempt has been made to comprehend precisely, the existing dynamics of urbanisation the study was planned in consideration of the socio-economic indicators with special reference to the three different gradients, namely, Rural, Peri-urban and Urban areas. The specific objectives set forth for the study are,

1. To compare the social indicators of the sample households in three different gradients of the study, viz., rural, peri-urban and urban areas.
2. To compare the economic indicators of the sample households in three different gradients of the study, viz., rural, peri-urban and urban areas.

**Design of the study**

**Materials and Methods**

A multistage stratified random sampling technique with Tiruchirapalli district as the universe, the taluks as the first stage unit, the different gradients in the taluks as the second stage unit, the villages in the taluks as the third stage unit and the households as the fourth and ultimate unit of sampling, was adopted in this study.

The nine taluks of Tiruchirapalli district have been classified as three gradients namely, Rural, Peri-urban and Urban, based on the proportion of urban population in the respective taluks (Census 2011) [1] and also by referring geographical map of Tiruchirapalli district. One taluk has been randomly selected from each of the gradients. The selected taluks were Thottiyam from the Rural gradient, Manachanallur from the Peri-urban gradient and Thiruverumbur from the Urban gradient. Six villages have been randomly selected from each of the selected gradient and 15 respondents have been randomly selected from each of three villages. The ultimate sample consists of 270 sample respondents, which comprised of 90 sample respondents in each of the gradients, namely, Rural, Peri-urban and Urban.

The primary data has been collected from the sample respondents of Rural, Peri-urban and Urban gradients using structured interview schedule.

**Tools of analysis**

**Descriptive analysis**

Descriptive statistical analysis was undertaken using percentage, mean etc. to study the household characteristics of the sample respondents.

**Composite index of standard of living**

Composite index of standard of living was computed for each household combining the social and economic indicators using the scoring technique of Singh and Chand (2000) [5]. The social indicators included cooperation from family members, confidently faces financial crisis, technical skills, social and family status, access to medical facilities, sanitation facilities within house and access to safe drinking water. The economic indicators included the value of assets, income, savings and consumption pattern. The indicators and scores assigned to the different levels of these indicators are given in Appendix 3.

**Index of Social Indicators** of h<sup>th</sup> household (S<sub>h</sub>) is given by

$$\sum S_i / \sum S_{i(max)} \tag{3.1}$$

**Index of Economic Indicators** of h<sup>th</sup> household (E<sub>h</sub>) is given by

$$\sum E_j / \sum E_{j(max)} \tag{3.2}$$

**Composite Index of Standard of Living** of h<sup>th</sup> household (CISL<sub>h</sub>) is given by

$$W_1 S_h + w_2 E_h \tag{3.3}$$

Where, S<sub>i</sub> and E<sub>j</sub> represent i<sup>th</sup> social and j<sup>th</sup> economic indicators, respectively. S<sub>i(max)</sub> and E<sub>j(max)</sub> are the maximum scores for i<sup>th</sup> social indicators and j<sup>th</sup> economic indicators. Weight w<sub>1</sub> is given by  $\sum S_{i(max)} / (\sum S_{i(max)} + \sum E_{j(max)})$  and w<sub>2</sub> is equal to 1-w<sub>1</sub>.

**Results and Discussion**

The socio-economic indicators of the respondents were studied in terms of family composition, age of the respondents, educational status, family status, social status, assets position, employment pattern, income, savings, loan utilization and consumption pattern. These factors would have influence on the standard of living of the sample households across the gradients. Hence, these factors were analysed, tabulated and are presented under Rural, Peri-urban and Urban gradients in Table 1 and 2.

**Social Indicators of the Respondents**

The social indicators of the respondents were studied in terms of family composition, age of the respondents, educational status, family status and social status. The results are presented in Table 1.

**Table 1:** Social Indicators of the Sample Respondents (in Numbers)

S. No	Social Indicators	Rural	Peri-urban	Urban
<b>I. Family Composition of the Sample Households</b>				
1.	Earners	2.45 (44.30)	2.52 (51.96)	2.14 (50.23)
2.	Dependents	3.08 (55.70)	2.33 (48.04)	2.12 (49.77)
	Average size of the family	5.53 (100.00)	4.85 (100.00)	4.26 (100.00)
<b>II. Age Distribution of the Sample Respondents</b>				
1.	Less than 30 years	19 (21.11)	12 (13.33)	17 (18.89)
2.	31 - 59 years	51 (56.67)	42 (46.67)	46 (51.11)
3.	More than 60 years	20 (22.22)	36 (40.00)	27 (30.00)
<b>III. Educational Status of the Sample Respondents</b>				
1.	Literates	58 (64.44)	64 (71.11)	70 (77.78)
a.	School level	44 (75.86)	44 (68.75)	39 (55.71)
b.	College level	14 (24.14)	20 (31.25)	31 (44.29)
2.	Illiterates	32 (35.56)	26 (28.89)	20 (22.22)
<b>IV. Family Status of the Sample Respondents</b>				
1.	Family Type			
a.	Nuclear	40 (44.44)	52 (57.78)	61 (67.78)
b.	Joint	50 (55.56)	38 (42.22)	29 (32.22)
2.	Marital Status			
a.	Married	84 (93.33)	81 (90.00)	79 (87.78)
b.	Unmarried	6 (6.67)	9 (10.00)	11 (12.22)
	Total Sample Respondents	90 (100.00)	90 (100.00)	90 (100.00)

**Note:** Figures in the parentheses indicate percentage to the respective total

It could be seen from Table 1 that the average size of the family was high (5.53) in the rural households, followed by 4.85 in the peri-urban households and 4.26 in the urban households. However, the number of earners was higher in the peri-urban and urban households, as compared to the rural households.

The age of the respondents revealed that the majority of the respondents in all the three gradients belonged to the age group of 31- 59 years, followed by the respondents in the age group of more than 60 years. It was around 40 per cent in peri-urban, 30 per cent in urban and 20 per cent in rural gradients. The respondents in the age group of less than 30 years accounted for a lesser share in all the three gradients of the sample respondents. The results revealed that majority of the respondents were middle aged in all the three gradients, indicating their representation in decision making in terms of occupation, migration and their capacity to be potential earners of the households.

Education would enhance the household's ability to respond to opportunities in both on-farm and non-farm activities. It would also influence the decision on migration and plays an important role in choosing the jobs at destination. The results revealed that more than 70 per cent of the respondents were literates in the urban and peri-urban gradients, whereas, it was 64 per cent in the rural gradient. Of the total literates, the respondents who have attained their school level education was the highest in the rural gradient (75.86 per cent), whereas,

the collegiates were high in the urban gradient (44.29 per cent). The numbers of illiterates were high in the rural gradient (35.56 per cent), than peri-urban and urban gradients. Hence, it is inferred that this low level of literacy in the rural gradient would indicate not only the lack of educational opportunities, possibly due to poverty, but it might also be due to lack of awareness about the need for education.

The type of family is one of the important social factors that affects the type of activity as well as the decision making process in the family. All the sample households were categorised into two family types that is nuclear and joint. The results indicated that joint family accounted for a major share of 55.56 per cent in the rural households and 44.44 per cent of the households were living as nuclear family. In case of peri-urban and urban households, nuclear family accounted for a major share of around 58 per cent and 68 per cent, respectively. It could also be seen that around 90 per cent of the respondents in all the three gradients were married, which induces the respondent's back and forth movement in migration to urban areas.

### Economic Indicators of the Sample Households

The economic indicators of the respondents were studied in terms of assets holding pattern, employment, income, savings, loan utilisation and consumption patterns. The results are presented in Table 2.

**Table 2:** Economic Indicators of the Sample Households

S. No	Economic Indicators	Rural	Peri-urban	Increment	Urban	Increment
<b>I. Assets Position (in Rupees)</b>						
1.	Long term assets	15,18,714 (92.83)	36,72,989 (94.58)	21,54,275 (141.85)	25,66,112 (91.00)	10,47,398 (68.97)
2.	Medium term assets	66,040 (4.04)	91,096 (2.35)	25,056 (37.94)	69,300 (2.46)	3,260 (4.94)
3.	Short term assets	51,202 (3.13)	1,19,554 (3.08)	68,352 (133.49)	1,84,449 (6.54)	1,33,247 (260.24)
	Total	16,35,956 (100.00)	38,83,639 (100.00)	22,47,683 (137.39)	28,19,861 (100.00)	11,83,905 (72.37)
<b>II. Employment Generation (in man days)</b>						
1.	On-farm	172 (44.67)	87 (21.97)	-85 (-49.42)	81 (20.30)	-91 (-52.91)
2.	Off-farm	121 (31.43)	131 (33.08)	10 (8.26)	137 (34.34)	16 (13.22)
3.	Non-farm	92 (23.90)	178 (44.95)	86 (93.48)	181 (45.36)	89 (96.73)
	Total	385 (100.00)	396 (100.00)	11 (2.86)	399 (100.00)	14 (3.63)
<b>III. Annual Income (in Rupees)</b>						
1.	On-farm	32,332 (36.54)	34,517 (19.32)	2,185 (6.76)	35,652 (16.39)	3,320 (10.27)
2.	Off-farm	28,957 (32.72)	53,064 (29.70)	24,107 (83.25)	66,560 (30.59)	37,603 (129.86)
3.	Non-farm	27,198 (30.74)	91,109 (50.99)	63,911 (234.98)	1,15,375 (53.02)	88,177 (324.20)
	Total	88,487 (100)	1,78,690 (100)	90,203 (101.94)	2,17,587 (100)	1,29,100 (145.90)
<b>IV. Savings Pattern (in Rupees)</b>						
1.	Financial institutions	18,109 (74.63)	44,184 (74.16)	26,075 (143.98)	50,003 (73.07)	31,894 (176.12)
2.	Non-financial institutions	6,156 (25.37)	15,393 (25.84)	9,237 (150.05)	18,431 (26.93)	12,275 (199.39)
	Total	24,265 (100)	59,577 (100)	35,312 (145.53)	68,434 (100)	44,169 (182.03)
<b>V. Loan Utilization (in Rupees)</b>						
1.	Institutional	49,976 (44.44)	74,561 (59.75)	24,585 (49.19)	85,963 (61.56)	35,987 (72.00)

2.	Non-institutional	62,475 (55.56)	50,237 (40.25)	-12,238 (-19.59)	53,687 (38.44)	-8,788 (-14.07)
	Total	1,12,451 (100)	1,24,798 (100)	12,347 (10.98)	1,39,650 (100)	27,199 (24.19)
<b>VI.</b>	<b>Consumption Expenditure (in Rupees)</b>					
1.	Food	58,693 (85.33)	67,725 (85.10)	9,032 (15.39)	71,978 (74.20)	13,285 (22.63)
2.	Non-food	10,094 (14.67)	11,862 (14.90)	1,768 (17.52)	25,032 (25.80)	14,938 (147.99)
	Total	68,787 (100)	79,587 (100)	10,800 (15.70)	97,010 (100)	28,223 (41.03)

**Note:** Figures in the parentheses indicate percentage to the respective total

The value of assets held by the sample respondents would be a good economic indicator for any study that focuses on livelihood pattern. Of the various types of assets, the buildings would show the stability of the households and would reflect the economic pattern during the past years. The residential houses, which are built under various welfare schemes were also considered for the study. Hence, in order to know the economic background of the sample households in terms of movable and immovable assets, the details of value of land, building, machineries, livestock, jewels and deposits were collected from the sample households. It could be also seen that the average value of assets held by the peri-urban households was Rs. 38,83,639/-, which was comparatively higher than the urban households Rs. 28,19,861/- and the rural households Rs.16,35,956/-. The share of long term assets accounted for almost more than 90 per cent of the value of assets in all the three gradients and the remaining share of the assets were held in the form of medium term and short term assets. It is also observed that the increment in the value of assets held by the peri-urban households was 137.39 per cent and the urban households was 72.37 per cent over the rural households.

The employment level is an important indicator of the standard of living of the sample households. The number of days of gainful employment per household per annum would give an understanding on the income generation of the households. The employment was classified into on-farm (agriculture and allied activities), off-farm (agricultural labourers) and non-farm (non-agricultural labourers, casual labourers, salaried groups, business and others activities). The results indicated that the average employment per household in the rural, peri-urban and urban gradients were 385 man days, 396 man days and 399 man days, respectively. However, majority of the urban and peri-urban households were involved in the non-farm activities (45.36 per cent and 44.95 per cent, respectively), followed by off-farm activities (34.34 per cent and 33.08 per cent) and on-farm activities (20.30 per cent and 21.97 per cent). Whereas, in case of the rural gradient, major share (44.67 per cent) of the employment per household was found in on-farm activities, followed by off-farm activities (31.43 per cent) and non-farm activities (23.90 per cent), respectively. It is also seen that the increment in the average employment days from on-farm activities in the peri-urban households and urban households were less by 85 and 91 man days, respectively, than the rural households. Whereas, the additional man days received by the peri-urban and urban households from non-farm activities were 86 and 89 man days, respectively, over the rural households. Thus, it could be concluded that their existed variation in the employment level of households due to the changes in the occupational pattern across the gradients.

Income of the households also explains the economic background and hence forms an important aspect on the

influence of urbanisation. Hence, the income from different sources, viz., on-farm, off-farm and non-farm was collected and presented in the table. The results revealed that the average annual income of the urban households was Rs. 2,17,587/-, which was comparatively higher than that of the peri-urban and rural households (Rs.1,78,690/- and Rs.88,487/-, respectively). It is also seen that in the rural gradient, a major share of income was received from on-farm activities (36.54 per cent), followed by off-farm activities (32.72 per cent) and only 30.74 per cent of income was earned from the non-farm activities. Whereas, in the peri-urban and urban households, major share of income was obtained from non-farm activities (50.99 per cent and 53.02 per cent) followed by off-farm activities (29.70 per cent and 30.59 per cent) and on-farm activities (19.32 per cent and 16.39 per cent), respectively. The urban and peri-urban households received an additional income of Rs. 88,177/- and Rs. 63,911/- from non-farm activities and the additional income from on-farm activities were only Rs.3,320/- and Rs.2,185/- over rural households. It could be concluded that the average income of the household was high in the urban gradient, followed by peri-urban and rural gradients, might be due to the higher employment days realised from occupational diversification.

The pattern of savings, if any, of the sample households was studied in order to analyse their decision making in terms of allocation of their funds. Also, this would reflect their stand in meeting out any emergent credit needs and the results revealed that on an average, the rural, peri-urban and urban households had saved Rs.24,265/-, Rs. 59,577/- and Rs.68,434/-, respectively. These savings were held in both financial and non-financial institutions. The savings pattern of all the three gradients of households revealed that more than 70 per cent of the respondents have preferred to save their money in the financial institutions and only around 25 per cent saved their money in the non-financial institutions. The peri-urban and urban households had an additional saving of Rs. 35,312/- and Rs. 44,169/-, respectively, over the rural households. It could be inferred that the average level of savings was comparatively low in rural households, which reveals their low standard of living than the peri-urban and urban households.

An important criterion on the economic front is the loans availed by the households and the sources of loans. With this view, the details on the amount of loans borrowed and sources of loan, viz., institutional and non-institutional were collected and presented in Table 2. The results showed that the average amount of loan availed by the rural, peri-urban and urban households accounted for Rs. 1,12,451/-, Rs. 1,24,798/- and Rs.1,39,650/-, respectively. The share of loan amount availed from institutional sources by the urban and peri-urban households were around 60 per cent, while it was only 44 per cent by the rural households. However, the share of loan

availed from non-institutional sources by the rural households was around 55 per cent. The additional loan availed by the urban households was Rs. 27,199/- and by the peri-urban households was Rs. 12,347/- over the rural households. It could be concluded that the urban households received higher loan amount than the peri-urban and rural households, might be due to their involvement in the business activities.

One of the important indicators of the levels of living has been the consumption pattern. Hence, the amount spent on various food and non-food items were also analysed and the results revealed that the average consumption expenditure per annum per household was Rs. 97,010/- for the urban households, Rs. 79,587/- for the peri-urban households and Rs.68,787/- for the rural households. About 85 per cent of their total expenditure was incurred on food item in the rural and the peri-urban households, while it was only 74 per cent in the urban households. The amount spent on non-food items

was around 14 per cent in the rural and peri-urban gradients, while in the urban gradient, it was around 25 per cent spent. Thus, it could be concluded that being poor, the sample households spent most of their expenditure on food alone and only a small percentage had been spent on clothing, education, health, recreation, etc.

### Composite Index of Standard of Living

The finding of the study discussed in the earlier subhead quantified the impact of urbanisation on different social and economic aspects separately for the sample respondents. An aggregate measure on the standard of living of the respondents of the three different gradients, encompassing social as well as economic aspects, i.e., composite index has been worked out using the scoring technique presented in Chapter III, Design of the study. The results are presented in Table 3.

**Table 3:** Distribution of Respondents based on the Composite Index of Standard of Living (Percentage)

S. No	Index	Social Index			Economic Index			Composite Index		
		Rural	Peri-urban	Urban	Rural	Peri-urban	Urban	Rural	Peri-urban	Urban
1.	Up to 20	-	-	-	22.59	38.92	23.28	28.71	19.56	-
2.	20 to 40	45.78	23.65	12.59	37.62	41.29	46.12	23.15	20.41	22.57
3.	40 to 60	32.89	39.82	42.57	39.79	19.79	30.60	27.76	31.02	36.12
4.	60 to 80	21.33	36.53	44.84	-	-	-	20.38	29.01	41.31
5.	80 to 100	-	-	-	-	-	-	-	-	-
	Total	100	100	100	100	100	100	100	100	100
	Average Index	34	39	42	37	42	45	26	30	41

It could be seen from Table 3 that the estimated average values of index of standard of living of the three different gradients were 26 in the rural gradient, 30 in the peri-urban gradient and 41 in the urban gradient, thus recording an increase of 4 percentage points in the peri-urban gradient and 15 percentage points in the urban gradient over the rural gradient.

The disaggregated analysis had shown that the index based on social indicators was high for the urban gradient with an index of 42, followed by the peri-urban gradient with an index of 39 and the rural gradient with 34. The economic index was also higher for the urban gradient than the other two gradients, it was 45 for the urban gradient, 42 for the peri-urban gradient and 37 for the rural gradient.

The distribution of households according to the value of composite index clearly brought out the shift in the distribution of respondents towards higher level of index of standard of living across the gradients from rural to urban. It could be noted that the share of the respondents who were in the average composite index of below 40 was more in the rural category than peri-urban and urban households, i.e., around 51 per cent of the rural households, 40 percent of the peri-urban households and 22 per cent of the urban households. It is also noted that more than 77per cent of the urban households, 60 per cent of the peri-urban households were in the average composite index of above 60, but it was only 48 per cent in the rural households.

Thus, it could be concluded that the composite index of standard of living has been more pronounced in the urban and peri-urban gradients than the rural gradient, might be due to the occupational diversifications by generating additional employment, which has resulted from migration.

### Conclusion

Urbanisation results in abandonment of agriculture in areas with high urban development pressures, which leads people to

migrate to urban areas due to population pressure and good infrastructure facilities in urban areas. Thus, there is a need for strong policy measures to control the cascading effects of development pressures on agricultural lands led by urbanisation process. Hence, the following policy implications are drawn from this study. The study revealed that the households in the urban and peri-urban gradients had a better standard of living than the rural gradient. Hence, the government should generate productive employment opportunities in rural areas by initiating the development-oriented programs and industrial progress based on the resource base of the state.

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