

## Economic and Social Impact of Indian Rural Road Program

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### Abstract:

Rural roads are key component of rural development. They affect the rural population in various ways.. It eases the accessibility of the rural population to essential services like education and healthcare. Development of rural roads has significant social and economic impact. Rural roads enhance connectivity, foster economic growth and improve the quality of life in the rural communities. Even with the better connectivity, the remote areas still lag in economic development.

This paper covers the various social and economic impacts of the Pradhan Mantri Gramin Sadak Yojana (PMGSY) both anticipated and unanticipated by the policy makers. There have been many changes attributed to the development of all-weather rural roads but are not consistent with the predictions and goals.

**Key Words:** Rural roads, Economic Impact, Social Impact, Land Value, Rural Economics.

### 1. INTRODUCTION:

Rural development is of significant importance in both the developed and the developing nations. Rural development necessitates major social and economic change. To achieve the total development of the rural areas, the rural road development program plays a pivotal role in bridging the rural – urban divide. The impact of the overall growth of an economy has far reaching effect at village level and the growth of villages can contribute to the growth of the economy.

Initiated in the year 2000, claiming ; “ poor road connectivity is the biggest hurdle in the faster rural development”, the Indian government’s rural road development program, popularly known as Pradhan Mantri Gram Sadak Yojana (PMGSY) has since built 179736 roads with a network of 761811 kms. connecting over 156399 villages to date<sup>2</sup>. Although the existing research is largely supportive of the claim. Rural road construction is associated with increase in farm and non-farm economic growth as well as poverty reduction but there are few challenges and adverse effects arising from the development also.

There is a need to assess the goals and deviation of the program. In an unprecedented outcome the rural roads have led to the change in life style aspirations, rural land value, change in land use, change in economic activities and employment pattern. Thus there is need to evaluate these socio-economic impacts of the program. Is the rural road program affecting the land value in rural sectors? Are there any major change in the rural land use after the connectivity? Is there a shift in the rural employment pattern and wages? These are the questions which address the adverse effects arising.

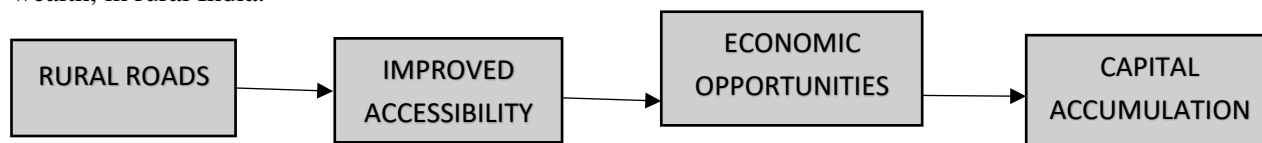
## 2. IMPACTS OF RURAL ROAD PROGRAM:

With 70% of the Indian population living in the rural area<sup>3</sup>, rural development remains pivotal to the nations overall development. In order to improve the quality of life in the rural regions of the country, the Ministry of Rural Development, Government of India, is majorly focusing on health,

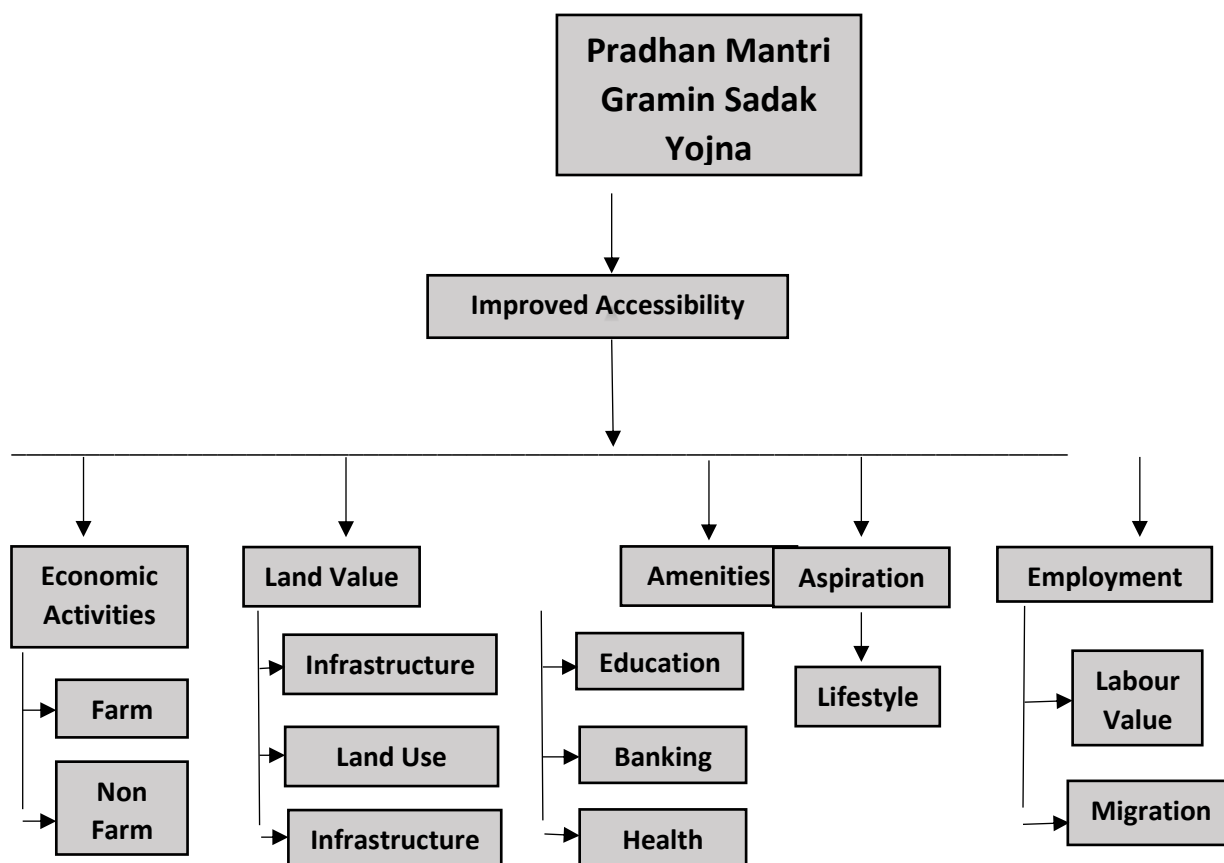
<sup>2</sup>Official website of PMGSY

<sup>3</sup>Census of India 2011

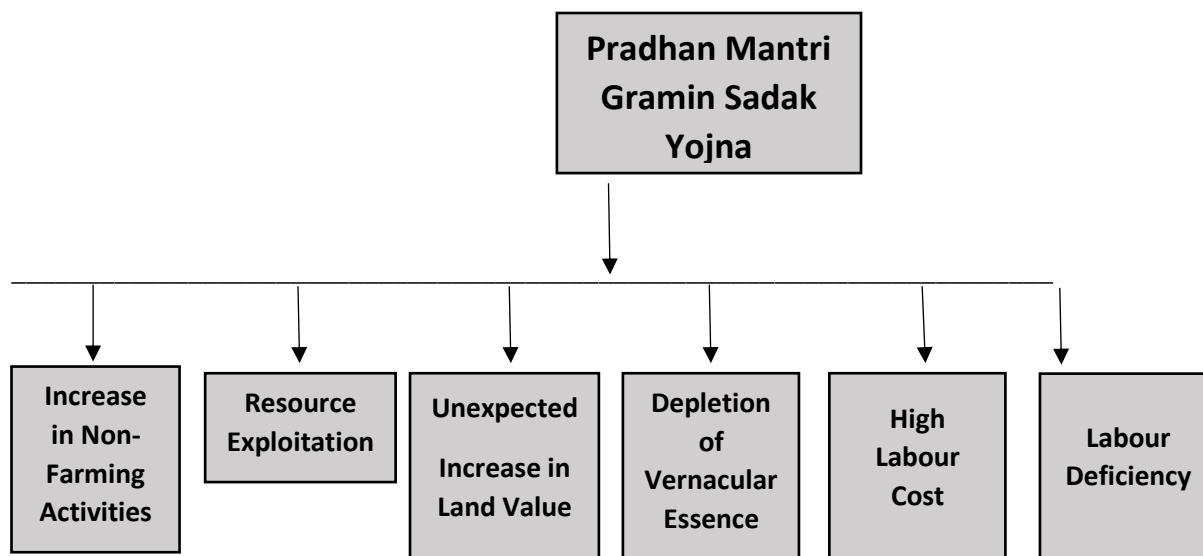
education, hygiene, housing and roads. Over the past 24 years, PMGSY has significantly impacted rural areas. The improved accessibility has initiated shift from farm to non-farm employment, even outside the habitation. PMGSY roads also improved the farm to market connectivity and also has substantial impact on capital accumulation both human and wealth, in rural India.



## ANTICIPATED IMPACT OF PMGSY PROGRAM



## UNPRECEDENTED IMPACT OF PMGSY PROGRAM



According to the World Bank Report published on the Impact Assessment of Pradhan Mantri Gram Sadak Yojana (2021), the following are the major impacts of the scheme:

- Better transportation facilities provide the means to connect isolated rural areas to the market, crucial social and economic services for their personal and occupation related travels.
- Improved rural connectivity has given long term and sustained boost in the living standards of the rural people.
- Improved access to the school and health services. Studies have shown an average of extra 1 year of schooling at Primary level and a major 30% reduction in the home deliveries apart from accessibility to other health benefits.
- Availability of better housing, sanitation and drinking water.

Some other notable impacts of the improved connectivity of the rural areas can be listed as below (Some also listed in independent survey by Sam Asher and Paul Novosad for World Bank in 2017-2018):

- Capital Appreciation ( Increase in Land value)
- Change in people's aspirations.
- Migration of labour to the near by cities, resulting in higher village wages of labour.
- Ease of availability of materials and items, ranging from food, drinks to the contemporary construction materials.
- Upgradation of housing style to the contemporary urban styles; which leads to another sensitive issue of villages losing their vernacular character.
- Land and resource exploitation.
- Due to the increasing land prices and higher aspirations of the rural population near major cities, there is a significant decrease in the agricultural land to make way for the various residential, institutional and warehousing projects.
- Deforestation to compensate for the decrease in the agricultural or cultivated land.
- Increase in country side recreation spots.
- Village homestays have become a major tourism activity in the villages having preserved their vernacular character.
- Increase in migration of labour and youth for better education or job opportunities.

### 3. SOCIAL AND ECONOMIC IMPACT OF PRADHAN MANTRI GRAMIN SADAK YOJANA:

The development of rural roads in India has a profound socio-economic impact. It acts as a catalyst for economic growth, social inclusion, and enhanced quality of life for rural communities. From increasing access to markets, education, and healthcare, to providing better livelihoods and reducing poverty, rural roads are essential to achieving sustainable development and improving the overall welfare of rural populations. The broader benefits extend to national economic growth, social cohesion, and environmental sustainability. Some of the advertised social benefits and impacts are as follows:

- Improved Access to market and economic opportunities.
- Boost to agriculture productivity and rural livelihoods.
- Better healthcare access.
- Improved educational outcomes.
- Social integration and connectivity.
- Reduction in poverty and income inequality.
- Increased government revenues and tax collection.
- Climate resilience and disaster management.
- Gender empowerment.
- Inclusion of marginalized communities.
- Reduced regional disparity.

Some of the other direct and indirect impacts of the PMGSY program on the Land Value can be listed as follows:

- Impact on Rural Land Value:
  - a) Roads built under PMGSY improve access to towns, cities, and markets, allowing farmers and rural entrepreneurs to transport goods more easily and efficiently. This increased access to markets has raised the demand for land in rural areas, especially agricultural land, as it becomes easier to sell produce and access better prices.
  - b) Improved roads led to the development of housing and commercial spaces, especially in rural areas near towns. As these areas become better connected to urban centres, the demand for land increases, pushing up its value.
  - c) With better access to roads, farmers get timely supplies of fertilizers, seeds, and other agricultural inputs. This improvement in agricultural productivity has raised the economic value of the land as it generates higher returns from agriculture. Consequently, agricultural land in areas with better road connectivity has become more valuable.
  - d) As farmers are able to sell their produce more easily and at better prices, some of them are also willing to invest in their land. This increased economic activity led to more transactions in land markets, driving up the price of agricultural land.
  - e) PMGSY roads improve access to banks and other financial institutions, making it easier for farmers and landowners to access loans and government subsidies. This financial support made it easier for rural landowners to invest in their land, improving its productivity and value.
  - f) PMGSY roads promote the rural-urban link by facilitating the movement of people and goods. This connectivity often leads to urban sprawl, as people from urban areas are attracted to move to rural areas due to better road access. In the long term, this will lead to the transformation of rural areas into semi-urban or urban zones, with corresponding increases in land value.
  - g) With better connectivity, rural areas have become more attractive for real estate development, industrial ventures, and infrastructure projects. Rural landowners have chosen to convert their agricultural land into residential, commercial, or industrial zones; thereby increasing its value; especially in areas located near to major cities or industrial hubs. At times the state government has acquired rural land for various industrial parks or other infrastructure projects.

- h) Improved roads have spur industrial growth in rural areas by providing better access to raw materials and labour. This attracts industries to set up in rural locations, which raises the demand for land for industrial purposes and, as a result, increases land value.
- i) In some regions, better road connectivity has opened up opportunities for tourism development. Areas with scenic beauty, cultural heritage, or historical significance can attract tourists, leading to increased demand for land for hospitality businesses (e.g., hotels, resorts). This, too, contributes to higher land prices.
- j) Over time, rural areas with improved road connectivity may see speculative land value increases as investors foresee future urbanization, industrial development, or other economic opportunities. The potential for future development has made the land in these areas more valuable.
- Challenges to be considered as far as rural land is concerned:
    - a) Inequitable distribution of the benefits - In some cases, only landowners near road corridors or urban centres benefit from increased land values, while remote areas with limited infrastructure development might not experience the same positive impacts.
    - b) Speculation and Land grab - In areas where land values rise sharply due to road development, there could be instances of land speculation, leading to artificial inflation of land prices. In some cases, this may make land unaffordable for local farmers or residents.
    - c) Environmental and Social concerns - The increase in land value has also led to unsustainable land-use practices, especially in agricultural areas where fertile land may be converted for non-agricultural purposes. This could have long-term environmental impacts on local ecosystems and agriculture.

#### 4. CONCLUSION:

Although the impacts of the rural road development scheme vary depending on the local economy and other geographical conditions, many positive effects of rural roads on income and poverty are visible due to increased connectivity. Not only the rural road program prompted children to stay in the school longer but also made availability of better health care facilities. But on the other hand, according to the statistical evidence, now agriculture is not the primary source of income / employment in the rural areas. As claimed, these roads have tremendous impact on economic opportunities in the rural areas but the main economic benefit of these rural roads may be the accessibility of new urban employment opportunities to the rural workers.

The Pradhan Mantri Gram Sadak Yojana (PMGSY) has brought about transformative social changes in rural India. By improving road connectivity, PMGSY has not only boosted economic activity but also facilitated significant changes in education, healthcare, gender equality, social inclusion, and community development. These improvements have led to enhanced social mobility, better quality of life, and empowered communities. However, it is also important to ensure that the benefits of improved connectivity are equally distributed and that sustainable practices are followed in rural development. While PMGSY has played a crucial role in changing the social dynamics of rural India, it is important to address any challenges that arise in the process, ensuring that rural communities benefit holistically from these infrastructural advancements.

The rise in land value has had a positive socio-economic impact by enabling farmers to improve their livelihoods, increasing investment in infrastructure, and providing opportunities for both rural and urban development. However, these developments also underscore the need for careful planning and management to prevent land speculation and ensure equitable benefits for local communities. In essence, PMGSY has acted as a catalyst for economic growth, transforming rural landscapes and uplifting communities while simultaneously increasing land values and offering new opportunities for landowners and investors.

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