

Diversification of Farm and Non-Farm Sectors and Structural Transformation of Rural Economy

Topic: Economic growth, diversification and integration

Author: Dipti Prakas Pal

Co-Authors: MAUSUMI DATTA BISWAS

The structure of the rural economy in every country has been changing along with the overall economy. The farm and non-farm sectors- the two components of the rural economy – have been changing in structure through diversification of activities on the one hand and through increasing employment and income generation on the other. Whether the two sectors are complementary or substitutable in the context of overall economic development is an issue attracting the interest of the researchers. Whether diversification of the sectoral activities is conducive to bring about the desired transformation of the economy in general and rural economy in particular is an issue to be examined. How diversification of activities is changing with inter-sector linkages is also an issue to be examined.

The paper discusses these issues in the context of transformation of the rural economy in general and India's rural economy in particular in the framework of Input-Output analysis.