

REGIONAL PLANNING AND SUSTAINABLE DEVELOPMENT

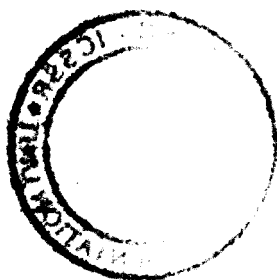


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AMITABH SHUKLA

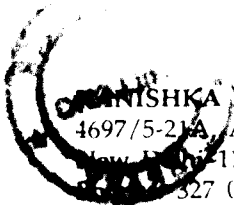
Regional Planning and Sustainable Development



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1

Regional Disparities: Need and Measures for Balanced Development

—(Mrs.) S. Murty

Meaning of the Term Region

Study of regional disparities involves the determination and definition of the term 'region'. Generally speaking, a region is a geographical area, territory or place. It may be a nation, a state, a district, a taluk, a block or a village, but the word region does not always apply to a particular place or area. It may have to be viewed as an economic, political, social, administrative, climatic or geographical entity according to the need or purpose of any study. Region in the Indian context broadly means a state within the union of India which is formed on linguistic basis, but for the purpose of planning, it may imply an economically backward or forward area within a state.

Meaning of Regional Disparities

Regional disparities mean uneven growth of primary, secondary,

tertiary and/or social sectors in a country, state, district or place as the case may be. Every country whether developed or under-developed, agricultural or industrial, big or small, has economically advanced and backward regions. This advancement or backwardness may be prevalent in the sectors of agricultural, industry, trade, commerce, banking, insurance, transport, communication, infrastructural development, social overheads, education, health services, housing facilities etc.

Meaning of Even or Balanced Development

Balanced regional development implies an even growth of different regions to the extent of their development capabilities and needs. It does not mean that every region should be exactly equally developed, neither does it mean equal level of industrialization nor a uniform economic pattern for each state, not even self sufficiency in each region or state. It simply means the fullest development of the potentialities of an area according to its capacity so that the benefits of overall economic growth are shared by the inhabitants of all regions.

Rather it means widespread diffusion of industry in backward areas so far as it is economically feasible. The ultimate aim is to raise the living standards of the people in backward areas to those of the advanced areas and this may be through the development of agriculture or industry, trade or commerce, education or health facilities.

Development of the Concept of Balanced Regional Development

The idea of balanced regional development originated with Stalin who wanted to develop each region of Soviet Russia so that in the event of attack by the enemy, the economic power of the country may not cripple. In England, the idea of dispersal of industries and development of backward areas got strength after the German bombardment during the Second World War. Earlier the Barlow Commission in 1937, and Political and Economic Planning Group in 1939 had stressed the need for dispersal of industries in backward areas. In America, the backward area of Tennessee Valley received the first attention. Thus advanced countries have been conscious of balanced

regional development. But the problem of regional disparities in economic development is more prevalent and acute in underdeveloped countries. India being in this category is striving hard for the removal of economic disparities since the inception of Five Year Plans. Today all underdeveloped countries are conscious about balanced regional development.

Causes of Regional Disparities

It is necessary to correlate the regional pattern of economic development with various physical and socio-economic variables in order to identify the variables which have the highest influence on the growth pattern. Though the broad answer to the question 'Why disparity' will not apply to all regions with equal force, still there are sufficient common aspects in it to allow some generalisation. When 'it comes to the ultimate level of case studies of particular regions, these general answers will have to be interpreted in the light of the particular circumstances of that region. The main causes are:

1. Geographical; 2. Historical; 3. Political; 4. State policy; 5. Administrative; 6. Social; and 7. Economic.

1. Geographical Causes

When the area of a place is fairly large, the distribution of national resources, power resources, agricultural resources, topography, climate and rainfall are not even throughout. Other things being equal, fair geographical condition leaves a region in a better condition.

2. Historical Causes

The level of development in a community also depends on what it has done in the past by way of providing for future. The form of organisation of economic life in the past is an important reason with which is connected the issue of incentive, to workers and entrepreneurs. A feudal system concedes very slight incentive for hard work. An industrial system where workers feel exploited, suffers from restlessness and a planned and restrictive system may arouse little initiative for private investment and cause hindrance to development. The example of some East European countries is before us. A system with freedom to work and invest may progress faster.

3. *Political Causes*

An elaborate but disturbed political set up will not offer as good a living as a less elaborate but sound political structure will. Better a pair of stout shoes than a Maruti car with two wheels missing. Political instability is a great obstacle to development. Again if a government is stable but weak, corrupt or unable to resist selfish and anti-social pressures, it will fail to pursue good policies for development. The political status of all regions is not the same. With so many political parties in the country, it is not always necessary that the M.P. or M.L.A. elected from a particular constituency will belong to the ruling party and if he does not, he cannot get favours done for his constituency with the result that a particular region suffers step-motherly treatment in comparison to the regions who have representative of ruling parties on the treasury benches. This increase the gap of unevenness in the economic development.

4. *State Policy Causes*

In recent times, almost all richer countries are approaching, the concept of welfare state. In these countries, state policies have been initiated which are directed towards greater regional equality. The market forces which result in backwash effects have been offset while those resulting in spread effects have been supported. In poor countries, there have been less of such policies. On the contrary in many poor countries, the natural drift towards inequalities has been supported and magnified by built in feudal and other inegalitarian institutions and power structure which help the rich in exploiting the poor.

5. *Administrative Causes*

Sometimes, the factor of administrative efficiency or inefficiency adds to the gulf of disparities of the regions. Today the state has many functions to perform for which it needs honest, educated, trained, adequately remunerated and efficient administrators because efficient administration results in regional development and *vice versa*.

6. *Social Causes*

Many social factors cause impediments to development. The people in less developed regions do not possess the

institutions and attitudes which are conducive to economic development. They believe in more primitive variants of religion, traditional beliefs and social values which are a constant drag on economic development. This social backwardness catches these regions in a whirlpool of economic backwardness. On the other hands the people of developed regions possess such institutions and attitudes which are conducive to development. They believe in more flexible norms of religion, traditions, social beliefs and attitudes. Their is material prosperity and economic progress. These attitudes continuously sustain further expansion in a cumulative manner.

7. Economic Causes

Economic causes like differences in the factors of production, cumulative process of various factors, vicious circle of poverty, free play of market forces and their backwash and spread effects and market imperfections start and increase the disparities in economic development.

The first economic cause is qualitative and quantitative difference in the factors of production such as land, labour, capital, organisation and enterprises. Other things being equal, more favourable these factors, better will be the development.

The second economic cause is *cumulative process of various factors* by which a developed economy goes on developing and underdeveloped economy goes on deteriorating unless the state interferes in the form of schemes for inter-regional equalisation.

The first cumulative process is started by the *vicious circle of poverty*. There are two types of vicious circle in a backward economy. The first vicious circle is formed by the underdeveloped resources and backwardness of the people which are the cause and effect of each other. The second vicious circle consists of backwardness of people, low standard of living, low efficiency, low productivity, low income, low consumption, low savings, low investment, less employment and backwardness of people again. According to Nurkse, these factors act and react upon each other in such a way so as to keep a region in a perpetual state of poverty and start a downward cumulative process. On the other hand, there is a circle of prosperity in developed areas. Forward people, high standard of living, better efficiency, higher productivity, more production, more income, more

consumption, more savings, more investment, more employment, and again more progressive people start an upward cumulative process, and the result is that the gap between the two types of regions goes on increasing.

Free play of market forces and their *spread and backward effects* are other economic causes of regional disparities. Due to free play of market forces, economic factors like labour, capital, and enterprise, and economic activities like industry, trade, commerce, banking and insurance which in a developing economy tend to give bigger returns, tend to cluster in more developed areas which provide certain internal and external economies. This all happens at the cost of other underdeveloped localities where relative stagnation becomes the pattern due to backwash effects. These poor localities get some advantage from the development of developed localities by way of spread effects, but the spread effects are weaker in comparison to the strong backwash effects, and the result is that there is a cumulative trend upwards in the lucky regions, and downwards in the unlucky regions.

Another economic cause of disparities is due to *market imperfections* such as factor immobility, price rigidity, ignorance of market conditions, lack of specialization, lack of division of labour etc. These act as friction to the development of backward areas. On the contrary, the perfectness of these factors make the already developed areas more developed.

Thus there are so many causes which result in regional disparities in economic development.

Need for Balanced Development

According to Rogestein Roden, for smooth development, a country needs a big push because it has to develop all sectors and all regions simultaneously because of 3 types of individualities.

1. Indivisibility of investment—Accordingly investment will have to be done in all sectors and regions simultaneously for the development of infrastructure—it is the basic need.
2. Indivisibility of demand—Many industries and regions should be developed simultaneously so, that they may create demand for each others products.

3. Indivisibility of savings because lump sum savings are needed for lump sum investment.

As the slow or rapid growth of any part of human body results in an abnormal formation, in the same way, unbalanced growth of regions cause many economic, social, and political problems in a country. Thus arises the need for the study of regional disparities and planning for balanced development. It is said that poverty anywhere is a danger to prosperity everywhere and prosperity anywhere should be shared everywhere. All governments intend to remove or minimise regional disparities because of various reasons. They are:

- (a) To develop the economy smoothly;
- (b) To develop the economy rapidly;
- (c) To utilise and conserve resources;
- (d) To promote employment opportunities;
- (e) To reduce extra burden of population on agricultural and capital formation through disguised unemployment;
- (f) To encourage decentralisation and to overcome social evils of localisation, urbanisation and pollution;
- (g) To avoid internal conflicts and political instability; and
- (h) To defend the country from external wars.

(a) To Develop the Economy Smoothly

If all the regions are equally developed, they can be mutually helpful to each other. Otherwise the low level of income in backward areas will cause lack of adequate demand for the products of developed areas and will retard their development. Moreover, balanced regional development also avoids transport and supply bottlenecks, and minimise inflationary pressure within the economy.

(b) To Develop the Economy Rapidly

If the speed of all walkers in a group is alike, the group proceeds further fast. In the same way, the progress of the entire economy depends on the development of all regions, simultaneously, keeping in view their factor endowments.

(c) To Utilise and Conserve Resources

Balanced development of each region helps to exploit and

utilise its natural and human resources to the maximum extent possible. Moreover, when a region develops its resources these resources in turn develop that region and thus their wastage due to non-utilisation of their destructive and exploitative use by others is stopped.

(d) To Promote Employment Opportunities

With the development of infrastructure, and dispersal of industries in backward regions, there is scope for larger employment opportunities in all areas, thereby increasing per capita output and domestic product. Besides this, many other negative effects of unemployment can be overcome.

(e) To Reduce Extra Burden of Population on Agriculture

India is primarily an agricultural country whose 75 per cent population resides in rural areas which are generally backward areas. Thus 75 per cent of population thrives on agriculture in the absence of other means of livelihood and cause extra burden on agriculture, resulting in low productivity and disguised unemployment. Louis is of the opinion that unlimited supply of labour from less productive sector to more productive sector at subsistence wages or a little more than subsistence wages will on the one hand increase the per capita productivity in the first sector and will increase employment, production, and capital formation in the other sector leading the country gradually to better stages of economic development. Louis's theory of unlimited supply of labour forces from agricultural sector to industrial sector may work here.

(f) To Encourage Decentralisation

Regional disparities encourage centralisation. The developed areas have the capacity to attract new entrepreneurship, new industries, and new institutions whereas the backward areas have a tendency to distract them. As a result, the problem of centralisation emerges and grows. Centralisation of economic affairs is not a problem in itself, but it gives rise to many other defects, such as localisation, urbanisation, fear of war, internal conflicts etc. Localisation and urbanisation in turn generate many other problems such as overcrowding, congestion, noise, pollution, housing problem and many other evils. The cost of living in these areas is high and breeds poverty and increases discontentment.

(g) To Avoid Internal Conflicts and Political Instability

The developed regions overshadow the underdeveloped regions which go in the background and remain neglected in spite of the fact that they continue to be the constituent parts of the economic development of the state. This leads to the development of a sense of inferiority complex in the minds of the people of these regions. They become either mild and docile or wild and hostile and striking. This leads to internal disputes and resentment. Such complexes are never good for the general well-being of a nation, and need serious thought. Restlessness in backward regions leading to internal disputes not only cause bad feelings in these regions but throughout the country and create a lot of problems for the governments—both state and central.

Regional disparities in income and wealth are the greatest danger to national solidarity. States may want to secede if they are very rich. They may also demand to secede if they are very poor and feel neglected. Political and economic negligence led Bangladesh as an independent sovereign country.

(h) To Defend the Country from External Attack

Balanced regional development is an essential factor for a proper security of the country in war time from aerial attacks on industrialized areas, because development of a few areas and concentration of industries in them will bring the entire economy to a standstill in the event of their destruction by the enemy.

Estimate of Regional Disparities in India

In India, economists and government agencies have done studies of regional disparities from time to time.

1. The Economic and Scientific Research Foundation of India proved that over the decade 1960-61 to 1970-71 agricultural income from crop production registered a very high growth rate of 142.6 per cent. In case of already developed states, it was very high with Punjab 224 per cent, Haryana 223 per cent, Gujarat 203 per cent, and Rajasthan 200 per cent, while it was lower than the national average in Mysore, Orissa, Jammu and Kashmir, Kerala and other states.

2. In 1982, *The Economic Times* made a study of prosperity in different states and found that nine states had about 50 per cent population below the poverty line. These states were Orissa, Tripura, M.P., Bihar, West Bengal, Tamil Nadu, Assam, U.P., and Karnataka.
3. Prof. Radhakrishnan, in his lecture *The centre and the periphery* in 1980 grouped inter-state disparities into six categories, and found that 72 per cent of the total poor population resided in seven major states, viz., Madhya Pradesh, Uttar Pradesh, Bihar, Maharashtra, West Bengal, Andhra Pradesh, and Tamil Nadu. Most of the least developed states lie in the heartland while most of the outlying area seems to be less deprived. So Prof. Radhakrishnan calls it the centre periphery problem rather than North-South problem in the United Nations terminology.
4. In 1968, the government of India appointed a working group known as Pande Committee for identification of backward areas. The Committee recommended five indicators for measuring development. Subsequently, the Planning Commission in consultation with the National Development Council recommended six indicators. Both Pande Commission and Planning Commission had suggested that for incentives to industrial development, the districts should have a minimum level of infrastructural facilities.
5. Chakravarty Committee on Backward Areas has more methodically examined the problem of identification and classification of backward areas with the help of fourteen indicators. The Chakravarty Committee made use of three methods for aggregating the fourteen indicators which it initially chose. The ranking method classified 164 districts as backward; the index method classified 206 districts as backward; and the principal component method classified 181 districts as backward. 155 districts were classified as backward by all the three methods and were named as hard core of backward areas in the country.
6. The National Committee on Development of Backward Areas recommended problem area approach and viewed six types of fundamental backwardness, viz., Chronically drought prone areas; Chronically flood affected areas;

Desert areas; Hill areas; Coastal areas affected by salinity; and Tribal areas.

7. *Facts for You* in 1982, analysed the regional disparities in states on the basis of per capita income at current prices in comparison to all India average being equal to 100. For the year 1980-81, the state above the national average were Punjab, Maharashtra, Haryana, Gujarat, and West Bengal, their indices being respectively 173, 149, 137, 123 and 103. The states below the national average were respectively Himachal Pradesh (98.5), Jammu & Kashmir (95.2), Karnataka (91), Kerala (90.5), Tamil Nadu (89.1), Andhra Pradesh (85.6), Assam (81.5), Rajasthan (81.3), Uttar Pradesh (79.4), Madhya Pradesh (71.8), Orissa (71.7), Manipur (69.8), and Bihar (59.4).
8. Prof R.T. Tiwari in 1984 prepared a composite index based on nineteen indicators from agriculture, industry, irrigation, power, roads, education and health. The states above the national average were Punjab (157), Kerala (139), Tamil Nadu (137), Maharashtra (123), Gujarat (119), Haryana (116), Karnataka (115), and West Bengal (109). The states below the national average were Andhra Pradesh (98), Himachal Pradesh (98), Uttar Pradesh (87), Orissa (84), Rajasthan (81), Bihar (78), and Madhya Pradesh (76). Thus, Madhya Pradesh the largest state of India in terms of land, came out even half the performance level of Punjab.

Thus different committee and persons have adopted different methods of measuring disparities in India, and different districts and states have emerged as more or less developed. But, generally the states which are identified to be more developed and above the national average are: Punjab, Haryana, Maharashtra, Gujarat, West Bengal, and Himachal Pradesh. The states identified as less developed and generally below the state average are Madhya Pradesh, Uttar Pradesh, Bihar, Orissa, Manipur, and Assam.

Policies for Balanced Development in Indian Plans

1. In the First Plan it was mentioned that due consideration will be given to regional balanced and sustained growth,

- but the disparities must have increased in the First Plan as there was wide gap in per capita expenditure of different states, *i.e.* Karnataka Rs. 49 and Madhya Pradesh Rs. 19.
2. The Second Plan emphasized that disparities in the levels of development between different regions should be progressively reduced and the pattern of investment should be so devised as to lead to balanced regional development. In pursuance of this policy, some basic facilities like water, power, irrigation and transport were provided in backward areas; small scale and village industries were located in backward regions, and industrial estates were located near small towns. But the plan failed to reduce regional disparities.
 3. The Third Plan devoted a separate chapter to balanced regional development. The Plan report pointed out, "Balanced development of different parts of the country, extension of benefits of economic progress to the less developed regions and widespread diffusion of industry and among the major aims of planned development". Despite its efforts and measures, the Plan could not reduce regional disparities.
 4. The Fourth Plan was more realistic in its approach towards the problem of regional disparities. The Plan devised a triple formula for removing regional imbalances. First, weightage in allocation of central assistance; second, location of central projects in backward areas; and third, adjustment in procedures and policies of financial institutions so as to provide concessions to small and medium industries in backward areas.
 5. The Fourth Plan approach to the development of backward areas was carried forward in the Fifth Plan.
 6. The Sixth Plan emphasized the need for continuing existing policies for removing regional disparities. Besides, it recommended more measures for skill, technology, resources and investment development in backward areas.
 7. The Seventh and Eighth Plan, besides carrying forward the already prevalent programmes, started special area development programme such as Hill Area Development Programme, Desert Development Programme, etc. In Eighth Plan special tax holidays were given for development of industries in backward regions.

Policy Measures for Even Development

1. First of all, the study regional disparities should be done by using some uniform criteria, and backward regions which are below the national or state average should be demarcated.
2. Techno-economic and social survey of each region should be done to evaluate its development potentials, economic feasibilities and social attitudes.
3. After the techno-economic survey of the region, the development programme of the region should be made, based on regional potential and needs, and not on political considerations.
4. There should be an integrated programme for development of villages and small scale industries in backward areas. In the initial stages consumer goods and processing industries can be started, followed by manufacturing industries.
5. Next step is the establishment of industrial estates or industrial development area where basic facilities like land, water, power, transport, communications, banking and insurance etc. should be provided. Initially all facilities should be provided by the state.
6. Loans, concessions, and subsidies should be given to entrepreneurs willing to start projects in backward areas.
7. Industrial development is not enough. Agricultural development is more important in the rural oriented economy of India. Hence agriculture in backward regions should be improved by providing improved seeds, fertilisers, pesticides, irrigation and credit facilities to farmers etc.
8. The next step is to develop 'Growing Points' as recommended by Working Group on Incentives for Industrial Development in Backward Areas. Growing points may take the form of market towns for the farmers of backward regions wherefrom they can get their inputs and sell their output. Thus a centre of higher order may become the nucleus of development for surrounding areas. The whole region may be called a Growth Settlement. There may be a growth pole in each region and many

settlements will revolve around this growth pole for services of higher order. This growth pole will be a bigger settlement in itself.

9. Enough funds should be made available by the centre to the states for development of backward areas, after studying their needs and importance.
10. Dandekar Committee on Removing Imbalances in Maharashtra has suggested the establishment of a Statutory Watch Dog Authority to supervise and report on the activities of regional imbalances. The package of incentives should take into account the factor of distance and should compensate if sufficiently.

Policy of industrial location should be modified in the light of techno-economic changes that are taking place in power supply, transport, communication, industrial organisation etc. With these developments, all the facilities can be provided in far off places, and industrial location need not be near big cities.

Conclusion

Balanced regional development should be planned after finding out the imbalances, striking out the potential of backward regions, and making schemes for their development. Disparities should be removed by lifting up the bottom rather than by putting down the top.

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