Topic – Concept and Strategies of Regional Development in India

Subject – Geography (Hons.)

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Background

In 1950s when the discipline of regional development emerged it had a strong economics base and focus was on what firms did in regions and how their performance influenced a range of economic indicators; employment, profit, GDP and growth. Towards the end of the 20^{th} century, regional development became more multi-disciplinary in its approach. Political science, public policy, and sociology became critical disciplines alongside economics focusing more on the notion of what a region might be and how a range of factors-not just economic-shaped the idea of a region. In the 21^{st} century economic geography has joined the disciplines and the focus of regional development is more on the spatial dynamics of regions-as places to live, work and invest, the focus for the discipline is just as much on people as drivers of regional development as smoke stack industries, regional development agencies and firms. Regional development is a broad term can be seen as a general effort to reduce regional disparities by supporting (employment-and wealth-generating) economic activities in regions. In the past, regional development policy tended to try to achieve these objectives by means of long-scale infrastructure development and by attracting inward investment. Awareness of the need for a new approach is driven by observation that past policies have failed to reduce regional disparities significantly and have not been able to help individual lagging regions to catch up, despite allocation of significant public funding. The result is under–used economic potential and weakened social cohesion.

Concept of Development

Development is a dynamic concept. It has different meanings for different people. In fact there is no agreement on the meaning of development among planners and thinkers. Some people say it means increase in income. Other lay emphasis on employment, quality of life on happiness, still other give stress on meeting the basic needs of the people. The only thing on which everyone agrees is that development is necessary, and everyone wants, although in his own image and perhaps in his own way.

Development has been defined as "a process of growth, expansion or realization of potential; bringing regional resources into full production use.'' In other words development is a process of change aiming at socio–economic transformation of traditional societies into modern one which is greatly influenced by human beings. Activities related to the development are generally directed towards national buildings and socio-economic transformation. Development planning has also been defined as "any action by the state whose purpose is to raise the rate of economic growth above that which would take place without any conscious effort". Development planning is being done by the state; it has the dual purpose of economic growth and social structural change; it is comprehensive covering every sector, region and aspect of life the achievement of a state of development would enable individuals to make their own histories and geographies under conditions of their own choosing.

'Development is normally equated simply with economic growth; few studies attempt to grasp the more complex question of social change. The concentration of attention on economic 'development' is no doubt partly due to its easier measurement; how indeed is social development to be measured? In addition to the attention paid to economic issues. There lies the implicit assumption that, in general, development should take place along the lines of western countries. The use of the word 'development 'tends to imply that there is a set of developed nations, normally identified with the western nations astride the north Atlantic ocean, and a set of less developed or under-developed or developing countries, which given the right set of conditions, will in their turn be able to become developed this, for example, is the implicit assumption behind Rostow (1978) sequence of stages of economic growth. even the concept of underdevelopment which introduce the idea that the poorer countries of the world are poor in some way because of the existence of rich ones and thus overcomes the problems associated with sequential concept of growth and maintains and underlying concern with economic issues. Historically, economic change has always been associated, sooner or later, with the degree of social change, with much recent research having been on economic change.

The United Nations University Expert Group on Human and social development in November 1975 gave the meaning of 'development' as "development is fundamentally…about, by and for human beings. Development must therefore begin by identifying human needs. The objective of development is to raise the level of living of the masses of the people and to provide all human being with the opportunity to develop their potential". Thus the definition clarifies that the development implies not only expansion in quantitative terms but also structural changes in the society and its economy as expansion proceeds. Structural change includes institutional, social and economic (sectoral as well as spatial) aspects. This implicit assumption behind the lumping together of all these aspects is that change in one element depends on and generates changes in all others. Secondly, development means change in a desired direction and at a desired speed. The direction and rates of change will depend upon the goals and objectives of development. Thirdly, development presupposes policy interventions--direct or indirect--in achieving the given goals and objectives. Fourthly, development also involves socio-psychological transformation of human being to prepare them for the eventual as well as current benefits occurring from the changing socio-economic structure of society; and finally, development involves temporal, sectoral and spatial phasing and integration of planning.

The Concept of Regional Development

The notion of development in the context of regional development refers to a value positive concept which aims at enhancing the levels of the living of the people and general condition of human welfare in a region. It is a value positive concept because development is not only a change but change for better, just as plant develops into a tree and a child into an adult and there is no reversal of the position attained. Economic development is reflected through growth of output and national income. Thus an important indicator of economic development is the increase in per capita income. Development is neither class natural nor it is uniformly available across the regions. The development process benefits some classes of the society more than other classes. It helps certain regions to attain higher levels of development than other regions. This gives rise to social disparities as well as regional disparities. Such a situation operates because of the behaviour of parameter of development.

Regional development has been interpreted as intra-regional development design to solve the problems of particular regions. The concept has a multi disciplinary approach. The first connotation of regional development is economic in which the difference in growth in terms of volume and structure of production. Income employment is measured to know differences in the level of the development. This procedure is employed both for national as well as sub–national areas.

The concept of regional development may further be viewed in connection with plan, policies and balanced development. The policies of regional development are aimed at reducing the regional disparities existing in a particular to minimum and to find out the possible means for developing the region as a whole. Economic planners have viewed regional development problems from sectoral angles, so that regional has become synonymous with sectoral planning for a subnational territory with the result that all the weakness of central planning has been introduced at the regional level keeping in view the lack of interest in spatial organization and development.

Balanced regional development does not mean equal development of all regions. It simply implies 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 the regions. Balanced regional development does not mean self sufficiency in each region neither does it mean equal level of industrialization nor a uniform economic further for each region. This type of development in countries like India is to minimize backward effects, to rapidly develop the economy smoothly, to develop and conserve resources, to maintain political stability defend the country, to overcome social evils and to promote and secure larger employment opportunities to find the sources on these points balanced regional development has been on important policy objective in India since beginning of the planning era. Thus India has been mooted as a corrective process to minimize the differences in the degree of economic and social development in the different parts of the country. Such differences are manifested in per capita income, employment pattern and standard of living household expenditure, extent of saving, rate of capital formation, growth rate in productive sector, education and social progress.

At the micro level (villages and development block), the aim of regional development is generally conceived to minimize disparities in the level of development as observed in differential access to resources and differences in the economic structure and social transformation. These differences are generally found in the industrial structure, access to infrastructural facilities and to amenities. The purpose of the researcher is to measure differences in the general level of socio-economic development to find out differences between small areas and to suggest alternative distribution of facilities and amenities so that observed differences in access to resources are minimized. Furthermore, the researcher has to find out differences in the pace setting process as development of technology and modernization so that these process are strengthened in areas lagging behind. This will facilitate the full use of potentialities offered by a region.

Historically the concept of planning has had closer links with administration and politics than with social and economic factors. However, the concept of regional planning has assumed greater importance in developing countries because it brings out the development potentialities of each region, suggests strategies for development, considers both the human and material resources within each region, is comprehensive in nature and concentrates on intersectoral problems and area studies. Thus if handled properly. It has the potential to be an efficient tool to create a better environment for human beings.

Regional Development Scenario in India

Before Independence, the Britishers paid attention to the development of only those regions of their colony, (especially Port Cities; like Calcutta, Bombay and Madras) which served their economic interests the most. This is how the historical forces guide the development of port towns such as Bombay, Calcutta and Madras, these cities in turn functioned as the nucleus for further development of Maharashtra, West Bengal and Tamil Nadu respectively. On the other hand, resource rich regions such as Jharkhand, Orissa and Madhya Pradesh lagged behind. The discriminatory development of some regions during the British Raj, became evident by linking the hinterland with the port towns by the railways. These port towns worked merely as outputs of the metropolitan economy. Before First World War, industrial investment was conned to only two nodes: Bombay and Calcutta. During 1930's, some more centres emerged on the industrial map of the country such as Ahmedabad, Delhi, Kanpur, Madras, Madurai and Coimbatore, these were engaged primarily in cotton textile manufacturing. During 1913–14, the total number of companies in the provinces of Bengal was 973 (35.46%), Bombay was 613 (22.3%) and Madras 427 (15.6%). During 1938–39, Bengal increased its share by 6% at the expense of Bombay and Madras (Awasthi 1991).

After Independence on 14 August 1947, Nehru had declared: 'Many years ago we made a tryst with destiny, and now the time has come when we shall redeem our pledge. The achievement we celebrate today is but a step, an opening of opportunity, to the great triumph and achievements that await us'. He reminded the country that the tasks ahead included, 'the ending of poverty, ignorance, disease and inequality of opportunity'. These were the basic foundations on which India embarked upon its path of development since gaining Independence in 1947. India initiated planning for national economic development with the establishment of the Planning Commission. The aim of the First Five Year Plan (1951–56) was to raise the domestic savings for initiating growth and to help the economy resurrect itself from colonial rule. The real break with the past in planning came with the introduction of Second Five Year Plan (Nehru-Mahalanobis Plan). The industrialization strategy articulated by Professor Mahalanobis placed emphasis on the development of heavy industries and envisaged a dominant role for the public sector in the economy. The objectives of industrial policy (in Second Five Year Plan) were; a high growth rate, national self-reliance, reduction of foreign dominance, building up of indigenous capacity, encouraging small scale industries, bringing about balanced regional development, prevention of concentration of economic power, in a few hands reduction of income inequalities and control of economy by the State. The strategy underlying the first three plans assumed that once the growth process gets established, the institutional changes would ensure that benefits of growth trickles down to the poor. But doubts were raised in the early 1970's about the effectiveness of the 'trickle down' approach and its ability to banish poverty. Further, the growth itself generated by the planned approach remained too weak to create adequate surplus; which is a prerequisite for the 'trickle down' mechanism to work. The Fifth Plan's (1974–79) course of action began by initiating a program, which emphasized growth with redistribution. To accelerate the process of production and to align it with contemporary realities, a mild version of economic liberalization was started in the mid 1980's. Three important committees were set up in the early 1980's. First, The Narsimhan Committee focusing on the shift from physical controls to fiscal controls; Second, The Sengupta Committee on the public sector improvement; and the Third was the Hussain Committee on trade policy. As a result some progress was made in the process of deregulation during the 1980's. Two kinds of deliquescing activities took place. Firstly, thirty two groups of industries were delicensed without any investment limit, secondly, in 1988; all industries were exempted from licensing except for a specified negative list of twenty six industries.

The Tenth Five Year Plan was set up for the less developed States, high level of capital investment, initiative towards the better governance and institutional reforms to make the targeted investment effective, Rashtriya Sam Vikas Yojana (RSVY-National Equal Development Plan) were a few goals that were formulated to support the development initiatives in various backward states and regions. Whereas during the Eleventh Five year plan, several important programmes and Yojanas were setup for the less developed States, like; Pradhan Mantri Gram Swaranjayanti Swarozgar Yojana (PMGSY), Indira Awas Yojana, National Rural Health Mission (NRHM), Sarv Shiksha Abhiyan, Supplementary Nutrition Programme (SNP).

Five year plan with their emphasis

5 year plan	Year	Emphasis
First	1951-56	Agricultural sector
Second	1956-61	Basic and heavy industries
Third	1961-66	Export promotion
Fourth	1969-74	Self-reliance
Fifth	1974-79	Growth with social justice
Sixth	1980-85	
Seventh	1985-90	Food, work , and productivity
Eighth	1992-97	Human development
Ninth	1997-2002	
Tenth	2002-07	Growth with equity & distributive justice.
Eleventh	2007-12	

Strategies for economic development

Economic planning in India: The pattern of economic development in India is very significantly affected by government planning. The direction of the development pattern of the various sectors and the relative priorities within each sector are determined by the five year plans. The planning machinery consists of planning commission, National development council and state planning councils.

The planning commission - The planning commission was set up in March 1950, by a resolution of the government of India with the following functions:
• To make an assessment of the material, capital and human resources of the country, including technical personnel, and investigate the possibilities of augmenting such of these resources as are found to be deficient in relation to the nations requirements.
• To formulate a plan for the most effective and balanced utilization of the country's resources.
• To indicate those factors to the government which prove an obstacle in the economic development.
• To evaluate the plan from time to time the progress achieved in every stage of plan and also to suggest remedial measures.
• To advise the centre and the state government from time to time on special matters referred to the commission.

National Development council - The national development council is headed by the prime minister and is composed of union cabinet ministers, chief ministers of states and union territories and members of planning commission. The secretary of the planning commission acts as secretary of the NDC, and the commission is expected to provide such administrative and other support as necessary. The major functions of the NDC are as follows:

- To prescribe guidelines for the formulation of the national plan including the assessment of the resources of the plan.
- To consider the national plan as formulated by the planning commission.
- To consider important questions of social and economic policy affecting national development.
- To review the working of the plan from time to time and to recommend such measures as are necessary for achieving the aims and targets set out in the national plan.

State plans - State plans account for about one half of the total outlay of the government under a five year plan. The subjects that come under state jurisdiction include such vital sectors of development as agriculture, small industries, irrigation and power, roads and road transport, and education and social services. The successful implementation of the major national policy objectives depends upon the successful implementation of the state level plans.

Economic development is taken to mean growth plus progressive changes in certain crucial variables which determines the well being of the people. Economic development is much more than growth. It typically refers to improvements in literacy rates, life expectancy, and poverty rates.
<u>Government schemes to reduce illiteracy</u>: The *Sarva Siksha Abhiyan* was launched in 2001 to ensure that all children in the age group 6-14 years attend school and complete eight years of schooling by 2010. Important components of this scheme are the Education guarantee scheme and alternative and innovative education meant primarily for children where there is no formal school within a radius of one kilometre.
The centrally sponsored *District education programme* launched in 1994 has so far opened more than 160,000 new schools, including almost 84,000 alternative schools. Of the estimated population of 205 million in the age group 6-14 years on March 1, 2002, nearly 82.5%. The high drop rate has been adopted to attract children to schools is a matter of major concern. One of the most popular schemes adopted to attract children to schools in the mid-day meals program launched in 1995.

<u>Government strategies to alleviate poverty</u>: Eradication of poverty has always been one of the key objectives of governments in its five-year plan. To reduce poverty, the government has given importance

to education, reservation of seats in government jobs, and increasing empowerment of women. After liberalization in 1991, India is adding 60-70 million people in its middle class every year. Some of the important programs that were brought by the government to eradicate poverty were as follows:

• Rural employment program & Food for work program: Launched in 1980's, which attempt to use the unemployed people to generate productive assets and build rural infrastructure.

• Rural employment guarantee bill: Passed in august 2005 by Parliament of India, this is the biggest program to alleviate poverty in terms of cost and coverage, which promises 100 days of minimum wage employment to every rural household in 200 of India's 600 districts.

Regional Disparities in the Post Reform Period

Economic liberalization and hard budget constraints have reduced the role of the centre in allocating resources to the states. This has heightened the regional inequality. The increasing role of private investment has provided greater autonomy to the states to take the initiative to grow. The abolition of industrial licensing ensured that private investment, both foreign and domestic, would go to the states, where productivity gains would be the greatest. Investors sought a decent legal administrative system for pursuing business, infrastructure in the form of power, telecommunication and roads, and a skilled and disciplined work force have been provided to improve productivity. The level of state plan expenditure was only about 10% of the investment, did not make a dent on growth. Orissa, which had the highest state plan to GSDP allocation (7.10%), grew at 3.25%, while West Bengal with the lowest plan to GSDP ratio (2.70%) grew at 6.90%. The fastest growing states out of the 14 for which comparable data was available between 1991 and 1998 are Gujarat, Maharashtra and West Bengal; all grew at rates greater or around 7% per annum. The middling states were Tamil Nadu, Madhya Pradesh, Rajasthan, Karnataka, and Kerala, which grew at the rate of 5.5 to 6% per annum. Madhya Pradesh, Tamil Nadu, Kerala, West Bengal, Gujarat, Maharashtra and Karnataka improved their growth rates within the reform period. Rajasthan's growth rate declined marginally from 6.60% during 1980–1990 to 5.85% in the period 1991–98. Punjab, Haryana, Bihar, Uttar Pradesh and Orissa declined in terms of growth rates. The problem states were Bihar, Uttar Pradesh, and Orissa. These three states carrying about a third of the population of the 14 states under consideration also had the greatest number of poor (Nath 2009).

Regional disparity is a ubiquitous phenomenon of the developing countries like India. The co-existence of relatively developed and economically depressed states and even regions within each state is known as Regional Imbalance. Regional disparities may be classified on the basis of natural resources, man-made, inter-state or intra-state, whole or sectorial. 'Economic Backwardness' of a region can be indicated by symptoms like high population pressure on land, excessive dependence on agriculture, absence of large-scale urbanization, low productivity in agriculture and cottage industries. Maharashtra, Uttar Pradesh, West Bengal, Gujarat and Tamil Nadu were share at a higher level of NDP. Annual average growth rate was high in Karnataka (6.91%), West Bengal (6.88%), Gujarat (6.79%) and Maharashtra (6.06%). e annual average growth rate can be seen at a moderate level in Orissa (5.52%), Rajasthan (5.11%), Andhra Pradesh (5.65%), Tamil Nadu (5.65%), Kerala (5.86%), and Haryana (5.37%) during the period from 1990–91 to 2004–05. On the other hand, the annual average growth rate is seen to be at a lower level in the states of Uttar Pradesh (2.79%) Assam (3.18%) Madhya Pradesh (1.78%), and Punjab (4.37%). Among these states, Bihar saw a negative growth rate (−0.99%) in the context of annual average growth rates among the Indian states.