CHAPTER IX

CONCLUDING OBSERVATIONS

The prime concern of this study has been an inquiry into the process of uneven spatial development in a developing economy, federal India. With special attention on the problematic of chronic backwardness in certain regions, we have critically analysed the role of planning in reducing regional imbalances by following industrialisation as a major strategy. Through a detailed case study of Orissa, one of the most underdeveloped Indian States, ours is an attempt at understanding the dynamics of "backwardness" within the framework of Central Planning and the adherence to the Western idea of modern sector development as the path to progress.

Introducing the study with a critique of uneven development and regionalism we have examined various theoretical propositions concerning regional development, from classical, neo-classical to marxian, neo-marxian approaches. Although neo-classical theories of regional "self-balance" have continued to retain a dominant position, for reasons of unrealistic assumptions and the incapacity to explain unevenness in growth in various regions, they have been subject to serious scepticism almost in the same way as the marginalist school.

As opposed to the regional self-balance theories, the imbalance theories, promoted by the non-Left liberals, reject the idea of a balanced growth between regions within a capitalistic system. Without making serious attempts at explaining the underlying processes and also being opposed to the 'equilibrating'
tendencies of the market forces, these institutionalists have strongly advocated state intervention as the key to correcting imbalanced growth. The later developments (late seventies onwards), within the broad interventionist approach have come from two distinct groups\(^1\) of Western regional planners/development economists, commonly known as the diffusionists, making a case for "modernising" the rural sector as part of planning process in the Third World, especially the newly industrialised countries.

The interventionist approach, could be more easily accommodated in the planning process and became exceedingly appealing to a majority of planners of the world. The faith in the "transformative" capacity of the state, through "benevolent" public policies, consequently, found expression in the growth of national and regional planning, international aid agencies and the emergence of a large bureaucratic apparatus. The thrust on area development as well as sectoral growth enhancement reduced the question of uneven development to an appendage to the overall national "economic" development programme. The regional problem was overshadowed by the so-called "national" growth process.

In a totally different sphere, especially during the seventies, the issue of uneven development attracted substantial attention by the marxist scholars of political economy, who, in their effort to explain the process, took recourse to the underdevelopment/dependency theories (UDT) as has been used to characterise differential growth of nations, the poor vs. the rich.

\(^1\) The two approaches are (i) agropolitan development and (ii) outward-looking rural industrialisation.
Despite considerable criticism of the UDT model itself and the inherent logical limitations of applying the same at a different 'scale' (i.e., from global to the local), this body of literature certainly provides useful economic explanation at understanding the issue of underdevelopment. However, it still remained inadequate so far as the question of persistence of the structures of exploitation was concerned.

A radically different perspective has been presented by a group of marxist geographers, whose reasessment of space in critical social theory has provided a fairly bold and sufficiently convincing explanation in understanding regional imbalances. By conceptualising the existence of many "spaces" or "geographies" within a single national boundary, they have attempted to explain the empirical outcomes of geographically uneven development through the nexus between the spatial form and the social process. Moving further from the typical marxian study of "place exploiting place", the proponents of radical geography or human geography as they have come to be known as recognise the distinctive politics, histories, cultures and above all classes of different 'peoples' between regions. They hold that the role of the state cannot be comprehended without reference to the class structure of a specific society and also the relationship between the regional socio-political groups with the state. This relationship is necessarily discreet and cannot be generally assumed. Being both critical and accommodative of various other 'social' disciplines, this line of analysis offers potential clues at examining perpetuation of underdevelopment in certain regions, as compared to others.
However, this "revolutionary" approach of human geography has mostly concentrated upon the regionalism question within developed capitalist societies, closely analysing issues like urbanism, post-fordism and post-modernism. Hardly any important theoretical work has been done with reference to developing countries with traditional mode of production still prevailing. This has, indirectly though, reinforced the interventionist school of thought, leading to an absence of a proper theoretical perspective in the planning processes of many Third World nations, who, for whatever reasons, have often looked forward to Western patterns and have rarely innovated useful mechanisms by/for themselves.

It is in this overall theoretical context that we have critically examined the role of Indian planning towards attaining one of its most explicit objectives — reduction of regional imbalances. This analysis assumes significance precisely due to the fact that inter-State disparities have actually widened over the last four decades of planning. Whereas various plan documents have certainly recognised this disturbing feature of the economy, the absence of a clear-cut spatial planning has created an obvious vacuum in the planning process. However, as can be noted from the plan statements as well as various Industrial Policy resolutions, the most crucial instrument for tackling imbalanced growth has been the strategy of industrialisation. Investment planning remaining the cornerstone of national planning a number of steps have been taken to encourage location of industries in different parts of the country in both private and public sectors. The underlying theme of such a strategy has been that, the location of industries, both private and public, would have to be guided strictly by techno-
In pursuance of the strategy of industrialisation during the first two decades of planning large scale public investments were made mainly in the key sectors. A major proportion of such investments went to four most backward States of Assam, Bihar, Orissa and Madhya Pradesh in the form of an oil refinery and three steel plants. It is to be noted that these regions were richly endowed with the relevant raw materials and hence it was natural to locate the resource-based industries there, purely on techno-economic considerations. That these industries were set up in backward regions was purely incidental. Further, the policy of Freight Equalisation prevented these States from reaping whatever benefits legitimately would have accrued to them otherwise. The very fact that no attention was given to technical skill formation, employment generation and ancillarisation at the local level suggests the lack of regional economic interest in national planning. The planning process geared essentially at achieving economic growth has grossly neglected the region-specific social and institutional rigidities. The glaring instances of 'steel cities' in the heart of the tribal hinterland stand out as sore thumbs of development. The local community has never been accommodated in the move towards modernisation.

In view of the growing economic distances between the States, the subsequent two decades witnessed increasing state activity towards promoting industrialisation in the lagging regions. As part of this two important policy measures were given emphasis (i) financial support in the form of Central investment subsidies and
through all-India term-lending financial institutions; (ii) industrial licensing to be used as a negative instrument in curbing undesirable regional concentration of capital. An indepth-analysis of the trends and distribution of the above incentives across major states has revealed that the advanced States have been necessarily favoured or have cornered a larger share of the benefits in the name of developing backward districts within them. Eventually, the backward States for whom the schemes were primarily meant have received meagre shares and have remained industrially lagging as before.

As far as industrial licensing system is concerned, we have found that the largest proportion of it has been sanctioned in the industrially advanced States. Manipulation of licensing procedures and exertion of political pressure have resulted, on the one hand, in concentration of economic power in the hands of a few big industrial capitalists, who have tended to locate units in and around developed urban-industrial centres and, on the other, in pre-empting local private investment in backward areas. Thus, it is obvious that the Central measures of industrial dispersal have, in fact, failed in reducing inter-State disparities.

For one thing, most of the backward States have grown excessively dependent on Central assistance for their developmental needs as resource generation within the State has naturally become a difficult proposition. Even those backward States rich in natural resources have not been able to generate sufficient income within the economy as their resources are being diverted to serve public
sector units in the "national" interest.

Further, although the per capita investment in non-departmental undertakings in some backward States is relatively higher it must be remembered that this component forms a very small fraction (less than 10 per cent) of the total Plan transfers to the States. It has been observed that the growth of an industrial base, especially of small and medium type, depends to a large extent on a buoyant agricultural sector. Our analysis concerning the impact of Green Revolution as a major agricultural development strategy has shown gross neglect of backward States in terms of provision of inputs and also investment in irrigation. This further strengthens our earlier argument that the so-called strategy of industrialisation in order to bring about regional development has been both inadequate in content and biased in treatment.

The process of disparate development during the post-colonial period is difficult to comprehend strictly within the functioning of "planned" strategies. In fact, this process had certainly set in at least during the two centuries of British colonial domination. An analysis of current Indian development cannot be complete without referring to the historical roots of the differentiation process. Assigning significance to the study of uneven development in a historical perspective, we have analysed the major aspects of British rule which shaped different regions differently. The colonial domination, on the one hand, effected a process of deindustrialisation in rural areas and, on the other, promoted concentration of growth in terms of large scale industrialisation, urbanisation and trading activities in a few
port cities to its convenience. The lopsided growth of the regional capital was at the cost of emergence of enclave type economies, particularly in resource-rich States like Bihar, Madhya Pradesh and Orissa.

The experiments in land systems and the consequent variations in the emerging socio-economic patterns, to a large extent affected the regional growth process significantly. Specifically, the areas that came under the zamindari system remained enmeshed in a typical semi-feudal exploitative agrarian structure characterised by scanty investment within the sector. This was particularly true in the case of eastern India. With a dynamic commercial agricultural base, western India saw the growth of a strong regional capital, which also had the advantage of being subjected to lesser European control. Though in eastern India also Calcutta emerged as a major industrial centre, the regional entrepreneurial class could not prosper due mainly to prolonged European domination of capital and declining agriculture. Additionally, the massive investment in public works, especially in railways and irrigation systems, were mostly concentrated in the north-western and southern regions from which they benefitted substantially. Thus, the protracted spell of British rule and its policies, aimed mainly to bolster the growth and prosperity of the homeland, had eventually rendered eastern India the most underdeveloped region in the country.

Moreover, within eastern India the economy of the province of Orissa had been shattered due to the absence of major public investments in creating an infrastructural base, frequent onslaught of severe 'natural' calamities like famines, floods and cyclones,
and massive drain of resources from its hinterland, particularly to the Calcutta metropolis.

Further, the agrarian economy was caught in a low-growth monocrop syndrome and lacked dynamism of any kind, while the industrial sector revolved around low value added crude processing activities.

The post-colonial economic scenario of the overwhelmingly agricultural State has continued to present a dismal picture where both the factors and techniques of production have been operating within a stagnant socio-economic framework. As far as structural shifts are concerned, both the agricultural and industrial output share has been negative, and a drop in agricultural workforce has not been adequately compensated for by a meagre rise in industrial workforce. Though of late there has been a prominent upward shift in the tertiary sector, this seems to be superficial in the absence of a dynamic industrial base. It must also be noted that the existing industries are predominantly natural resource based, characterised by absence of diversification and low value-added manufacturing. An analysis of commodity flows has revealed that Orissa is one of the largest trade surplus States in the country with a substantial outflow of natural resources, whereas manufactured goods account for a major proportion of imports.

An usual economistic approach, however, seems to be inadequate to capture the complexities of such prostrate performance of the economy. For a realistic understanding of this process it is essential to focus on the underlying political factors at work. It is with this in mind that we have presented illustrative case
studies of major infrastructural development (the proposed rail link and Paradeep Port) and location of a public sector steel plant. One major point that emerges from the above cases is that political interference of various kinds and at various levels could thwart the legitimate demands of underdeveloped regions.

By way of concluding, this study has established that there is a glaring mismatch between the proclaimed Plan objective of reducing regional imbalances through the instrument of industrialisation and its actual implementation. Over four decades of planning in the country has not certainly been able to check the process of differential development between the advanced and the backward States. The interplay of bureaucratic interference and political pull factors has resulted in the Centre blatantly favouring certain States with powerful lobbies, which, in turn, belied the promises of planning and laid bare the inherent weaknesses of the pattern of development in a federal set-up. In fact, it has lately been realised even by the planners that, "economic forces are helping the regional 'haves' as against 'have-nots' and that the design and implementation of Indian planning has been much too weak to neutralize these forces".  

The crucial question that remains to be asked is whether the thrust on industrialisation, or for that matter, promotion of modern sector, is a meaningful and justifiable strategy of development in a diverse society like that of India. The absence of a well-conceived and realistic regional development perspective,

taking into account different cultural, political as also geographical conditions of 'peoples', seems to be a major flaw in the process of planning in India. Also, the fact of continuance of colonial modes of production in most chronically backward regions renders the efforts of planning ineffective.³

Taking the case of Orissa, the assumption of existence of a homogeneous society, is to start off with a wrong premise. Even the broad distinction between the tribals and the non-tribals, prompts one to probe into the need for and response to such Western-influenced blanket strategies. It is essential to recognise that in a federal structure, development of a region depends to a large extent on the ability of the political 'vanguards' within the State to effectively articulate the regional interests. Unfortunately, the State politics is dominated by a "firmly saddled" middle class drawn from the upper castes, who has been historically antagonistic to depressed classes. They have hardly understood the real needs of the underprivileged. Further, this middle class, is entangled in contradictions within itself. On the one hand, it has not been able to break away from the traditional pre-capitalist agrarian structure in which it is rooted and, on the other, it cannot free itself from the pressures of capitalist development at the national level.⁴ The very existence and growth of this section of the society in State politics, bureaucracy and professional cadres, derives greatly from facilitating the

³ For a recent discussion on Indian planning and regional disparities see, Sarup, Anand and Brahme Sulabha (1990), Ch.VIII, pp. 84-99.
⁴ For interesting insights into the role of the middle class and the 'tribe-caste dialectic', see, Mohanty, Manoranjan (1990) and Pathy, Jaganath (1988), esp. Ch.1, pp. 11-60.
operation of national political and economic processes within the State. Consequently, this class has at best attempted to replicate "national development strategies" at the State level. Thus, its strategy of industrialisation has not been capable of stimulating linkages between the traditional and modern sectors; and the neglected agriculture has failed to help the emergence of an entrepreneurial class in the State. The very many area development programmes have hardly made any impact on the stagnant economy.

The nexus between the parasitic middle class and the powerful Centre has effectively aborted possibilities of appropriate alternative strategies of development for the different 'spaces' within the State. That in a matured planned economy, with a history marked by distortions in development, the character of the political leadership has remained exploitative and rooted in feudal value system to a large extent explains the incapacity of a spatial 'trickle down' strategy to work faster.

In a typical federal set-up, the development of a federating unit hinges upon its relationship with the Centre; its relative bargaining position vis-a-vis other competing States; and the degree and nature of social heterogeneity within. Given this, any standard development strategy from above has generally failed, as it has not been able to evoke the expected responses from the differentiated classes within a target administrative unit, i.e. the State. This failure is not just a reflection of an improper strategy, or even its implementation per se, but a consequence of
refusal to appreciate the cultures, societies, histories and environs of many peoples living in many spaces. It is precisely for this reason that any strategy of development must take cognisance of the specificities of the 'geographies'. 