CHAPTER I

INTRODUCTION

The intrinsic character of capitalistic development is such that differential growth between regions becomes an inevitable consequence. This is precisely because the growth of capital does not occur smoothly on a plain surface with homogeneous resource endowment, labour supply and transport facility in all directions. It is, in fact, implanted, grows and spreads within a richly variegated geographical environment, which encompasses great diversity in the "munificence" of nature and in labour productivity, which is 'a gift, not of Nature, but of a history embracing thousands of centuries'. This phenomenon of uneven development has been subject of much debate in the context of developed and developing nations. It has also come to occupy prime place as far as the question of intra-national disparities in development is concerned. Whereas much attention is given to the question of imbalanced growth within advanced capitalist nations and an ever-growing series of interventionist "solutions" have been proffered, convincing explanations unravelling the latent "real" causes are yet to emerge from the deliberations. The concurrent upsurge of mainstream regional development theories and the radical human geography approaches reflects the prevalent academic concern in the field.

The distinct hiatus in the literature relates to the absence of serious reflections on the problematic of perpetuation of regional underdevelopment within developing nations. Moreover, the
dynamics of uneven development within a traditional and a relatively depressed socio-economic framework has remained a neglected dimension. What, however, has been documented in detail with regard to developing countries are various aspects of state intervention modelled after Western experience -- the policies of regional planning. The technicalities of the nexus between the territory and the function have acquired the central position in tackling issues of regional imbalances, relegating serious attempts at comprehending the enigmatic question of growing uneven development to the background. This is a precarious situation as it may lead/has led to the growth of regional separatist tendencies.

Considering the size and diversity of a country like India, the issue of disparate development has emerged as a formidable challenge to the federal political structure. Given that regional imbalances certainly had its roots in the colonial past, state intervention in the form of national planning has been pursued in India with the pronounced objective of reduction of disparities between regions. As established by numerous studies, over forty years of "planned" development has not only failed in containing the imbalanced growth, but has actually in many ways, contributed to the accentuation of this undesirable feature of the Indian economy. That many regions have hardly improved their social and economic well-being, whereas few others have managed to grow at a much faster rate, points not only to the inefficiency of the planning mechanism, but also to the inherent weaknesses of the very policy of state intervention without a proper understanding of the process of uneven development.
For one thing, within the planning framework, with a view to develop a "modern" India, substantial thrust was given to the strategy of industrialisation, both in the public and the private sectors. It has been believed that would not only bring in prosperity to the nation, but through encouraging location of units in the "backward" areas, would help removing regional disparities in the country. The policy of industrialisation as the central means to promote depressed regions has been certainly followed, but the results are the least impressive -- the States which remained at the lowest rungs of industrial development during the sixties, continue to remain (in fact, their shares in total industrial output have often declined) in the same position even after the lapse of seven Plan periods!

The dynamics of underdevelopment of certain regions, richly endowed with natural resources, is not simply a matter of "economic" enquiry. The totality of the process of deprivation of the chronically "backward" regions cannot be understood without examining the role of state in dismantling the institutional and social rigidities within specific regions towards effecting balanced development. The question of adequacy and legitimacy of the strategies needs to be raised and one has to go beyond the mechanical exercise of ranking States on the basis of per capita State or sectoral income. The process and performance of overriding strategies must be assayed in order to appreciate the "real" constraints to development and also whether the development of one region necessarily leads to that of another.
It is in this overall context that we would make a detailed inquiry into the role of planning as the most prominent form of state intervention, using industrialisation as the major strategy to tackle the issue of uneven spatial development, especially, the phenomenon of backwardness, mainly industrial, in one of the most underdeveloped Indian States, Orissa.

Keeping the aforesaid broad objective in view we have adopted the following scheme of analysis.

Introducing the study with a detailed critique of the theoretical propositions concerning uneven development and regionalism, in Chapter II, we have examined the limitations and usefulness of such concepts in furthering our understanding of the complex process. We have covered various approaches concerning regional development issues, from classical, neo-classical to neo-marxian.

Chapter III presents a discussion on the Indian planning over the last four decades with special reference to its proclaimed objective of reducing regional unevenness. We have specifically dealt with the evolution of investment planning with its emphasis on industrialisation. We have evaluated various such policy measures with reference to their role in reducing inter-State disparities, particularly in terms of industrial performance.

In order to trace the colonial antecedents of regional imbalances in India, in Chapter IV, we have discussed the impact of British policies on the growth or decline of regions. Through this historical perspective we have tried to locate factors behind
the persistence of backwardness in eastern India and, within it, the State of Orissa.

Chapter V presents the post-colonial economic scenario of Orissa, with reference to the State’s overall sectoral performance and specifically in agriculture and trade, the two crucial sectors of the regional economy.

A thorough analysis of the industrial structure of Orissa has been carried out in Chapter VI within an inter-regional framework, with special emphasis on the following: location quotients, specialisation coefficients, estimation of various structural coefficients and technical ratios in order to indicate the specific constraints facing industrialisation, cost structure and profit pattern, labour-productivity relationship etc and a decomposition analysis of the manufacturing value added.

As a pure ‘economic’ analysis seems to be inadequate to capture the complexities of the process of prostrate industrial growth, we have examined the case of neglect of infrastructural development in terms of the proposed rail network connecting the mineral-rich hinterland the major ferrous and non-ferrous mines in the inland region to the coastal transport outlets; and the development of Paradip Port with the complete facilities of a major port. The details of various levels of decision making, bureaucratic interference, political full factors, and blatant instances of favouring certain States with stronger lobbies all reveal the facets of politics of development. This has been done in Chapter VII.
We have also examined, in Chapter VIII, the case of location of a steel plant in the State, recommended on purely techno-economic considerations during the Third Plan. The dynamics of Centre's neglect of the State's claim provides basic clues to the functioning of the federal structure itself.

The concluding Chapter IX serves as a synthesis of summary and findings of the study. It attempts at pointing out the significance of the social and institutional constraints within a given spatial structure, in order to explaining the issue of perpetual regional underdevelopment in a developing economy. It also raises questions regarding the adequacy and efficacy of the interventionist approach by the state.