CHAPTER V

REGIONAL PLANNING IN INDIA

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CHAPTER V
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Planning as the term is now understood, didn’t exist during the latter part of eighteenth century. The idea of planning was implicit in the economic philosophy of the classicists. The classical economists, chiefly Adam Smith and Ricardo the doctrine of “laissez faire” or the view that the role of Government in the economy should be limited and the main business of society be carried on through the activities of private individuals operating on the principles of self-interest. In the classical system of free enterprise the objective of increasing the wealth of nations could be achieved by conscious planning at the individual level. Inshort, Micro planning of the individual entrepreneurs formed, the basis of Macro planning objectives of “Capital Accumulation.”

In the initial stages of development in the 1930s, regional planning was generally understood to mean natural resources planning, and thus, its role was confined to determining the ways and means of developing the natural resources of a region. With the passage of time, the emphasis on natural resources planning was reduced considerably as new dimensions of urban and Metropolitan planning, environmental planning, human resource and community planning, planning for problem areas, considerably enlarged the scope and content of regional planning.

In 1965, the united Nations launched its regional development programme as effort to accelerate and institutionalise the social learning process concerning regional development. The research component of the programme was allocated to “UMRISD”. The basic concept around which this programme was organised was to reap the lessons of earlier and current regional development experiences in the hope of accumulating some general propositions about the planning and practice of regional development which had wide applicability in time and place.

1) John H. Cumber land asserts (1977) :-

“Regional development, is treated as one aspect of development and change in these different geographic division of the nation. Regional economic development is defined as the spatial aspects of economic development that is now national economic development has occurred geographically.”


“Like planning at national level, regional planning has the objective of accelerating the process of social advancement of the community through the techniques of economic and (social) planning though the sphere of influence of a regional plan is restricted to a given region or area of the country. Within the overall frame work of a
national plan, regional planning is designed to formulate measures to assist the growth of certain regions while restraining the growth of others (if that becomes necessary), assist the Government in examining the regional implications of undertaking infrastructural developments and lay down detailed plan for economic activity in the different regions of the country."

J.M. Keynes developed his under employment theory in which he advocated government intervention for the purpose of regulating economic development. Keynes believed that the economy was not self-regulating and operated constantly under conditions of under-employment.

Harrod and Domar evolved a theory based on the experiences of developed economies. Their model was later extended to suit the conditions of underdeveloped countries and aimed at determining the rate at which investment must grow to achieve equilibrium. It considered two types of growth rates— the "Natural rate of growth", and the "Warranted rate of growth."

**REGIONAL DEVELOPMENT MODELS**

Growth does not occur everywhere at the same time, (It shows itself in points or poles decrossance with variable intensities) it spreads by different channels effects for the economy as a whole.

1) **The Spatial Equilibrium Model**

In a free economy, under conditions of perfect information and free movement of labour and capital, the system of spatial economic relationships would, if undistributed eventually return to state of equilibrium, consequently, an optimum allocation of resources would be achieved whenever the distribution of factors of production occurs in such a way that further shifts or transfer among uses and location are not possible without reducing the national output.

(3) According to Borts G.H. (1960) :-

"The underlying assumption of spatial equilibrium model are that as long as productivity and differentials among the regions persists, capital will move from low to high productivity regions and labour from the low wage to the high wage regions. The movement of capital and labour continue until marginal productivity and wage are equalized."
(4) Moraisney J.R. stated (1975): -

"With all assumptions of the neo-classical theory, this process ceases to exist when the ratio of marginal returns, commodity price ratios and factor price ratios become equal between regions. The one to one correspondence between commodity price ratios and the relative factor prices operates since the production function is linearly homogeneous."

5) Tarve J.D. Asserts (1956): -

"The neo-classists assume that the higher the accumulation of capital in a region, the lower would be the return due to diminishing marginal returns to capital. Skilled labour migrating from the more developed to the less developed region."

Substantial programmes serving to influence migration and/or replacement rate as well as programmes to increase employment opportunities to achieve a more rigid rate of improvement in the income levels of the poorer areas.

ii) The Export Base Models:

Such types of models assume that exports are the sole autonomous variable determining regional economic development. The economic growth of a region is largely dependent on the growth of export industries. The rate of growth of income of a region therefore varies directly with the rate of growth of exports.

The model work under the assumption that the growth of exports will induce residential industries leading eventually to the increased income of the region via multiplier effect. The ability of export sector to influence development is thus determined by the space effects it generates into residential industries.

iii) The Hirschman and Myrdal Models:

Both agree that economic development under free market condition could become unbalanced. It has its origin mainly in the initial advance due to some historical accident that something was started there and not at other places. Because, of the share initial advantage investment and factors of production start to concentrate in the area as a private investors consistently over-estimate the profitability of investments at the centre or the more developed area relatively to other areas.

The centre-periphery model of Friderman is a variant of this polarization model. The emergence of a structure will normally be accompanied by a series of displacements from the periphery to the centre of the
principal factors of production, labour, capital, entrepreneurship, foreign exchange and raw materials in unprocessed form. The major factor which tends to raise the regional inequality (after it had emerged historical forces) is the migration of capital and labour from the less developed to the more developed region.

Hirchman holds the view that economic growth occurs in certain leading firms and industries which could induce growth in related industries through forward and backward linkages. Because of the economies of concentration, investments will invariably be concentrated at the centre acting to strengthen the mechanism will induce growth in the hinterland through trade and transfer of capital to backward areas.

The existence of "Spread effect and Backwash effects" is also recognized by Myrdal, but the spread effects which operate mainly through trade, according to Myrdal have tendency to be weaker, than the backwash effects. Thus, lasting dualism in society may then be created between the advanced and backward regions.

If polarisation is pronounced it would lead to dualism which may also polarisation of this type is a serious threat to society because people from the rich region may consider themselves superior, adventurous, achievement-oriented compared to the people of less developed areas.

Hirchman states that there can be little doubt that an economy to lift itself to higher income levels must and will first develop within itself one or several regional centres of economic strength.

This need for the emergence of "Growth Poles" in the course of development process means that the interregional inequality of growth is an inevitable concomitant or condition of growth itself. Thus, the Geographical sense, growth is necessarily unbalanced.

Myrdal observed that the free working of the market forces in a developing country will work more strongly to create regional imbalance and to widen those which already exist as a rule rather than exception. The mechanism of spread effects should therefore be strengthened from the outset.

Boudevilla emphasized the regional character of economic space under three types of space viz. Homogenous, polarized and programmatic or planning space. Urban centre or pole, an agglomeration of large-scale key industries was
the counterpart of Perroux's pole in abstract economic space and from this urban centre development waves were emanated to and control was exerted, its region polarised space is closely related to the nation of hierarchy of urban centres ranked according to the functions they perform, a polarized region in a heterogeneous space whose different parts complement and support one another and where they have more exchange of goods and services with a dominant inter-regional urban centre or poles, than with neighboring regions.

**BALANCED GROWTH**

One of the principal objectives of Indian planning is balanced regional development (Since planning area of India) because of the glaring regional disparities in India, the Indian planners have accepted importance of balanced regional development. Some time the technique of unbalanced growth is adopted with a view to achieve balanced development in the long run. Balanced growth means a programme of coordinated growth of all sectors of the economy. Author Lewis in 1955 stated the theory in almost a rigid form.

6) Author Lewis stated (1955):—

"That various sectors of the economy must grow in the right relationship to each other or they cannot grow at all."

Balanced growth does not mean equal growth but growth in the proportion dictated by the different rates of growth of demand. Lewis taking agriculture and industry and pointing out the difficulties created by imbalance in the development of these two sectors. A rapid growth of industry calls for a correspondingly rapid growth of agriculture. Generally economic development is associated with services growing most rapidly and with the manufacturing output growing more rapidly than the total output of agriculture. The expansion in different sectors is in accordance with the income elasticities of demand for their products so that any serious bottlenecks and shortages are avoided as the economy expands.

7) According to Nurkse (1973):—

"With the balanced development of both agriculture and industry, surplus man power in agriculture will be better utilized and labour will be released. He considers "Balanced Growth" as the only method by which we can break the deadlock of the vicious circle of poverty. Balanced growth is important from the supply side. An overall enlargement of the market, people working with more and better tools in a number of complementary in the sense that
they provide a market, for and thus support, each other. Balanced program will attract foreign investment and capital. Social and economic overheads will be provided and market will widen. A balanced development program would have ensured a satisfactory standard of living to the entire population.

Rosenstein-Rodan is the author of "Big Push" says that:

Balanced growth plus indivisibilities Big Push balanced growth will reduce the divergence between the "Private and Social marginal returns." He acknowledges that under a system of simultaneous investment the private returns may not be high but it the external economies are included in the calculus of profitability, the social returns will be high.

Meier and Balwin agree the balanced growth will widen market and promote external economies. They agree that investment must be made on a broad front in order that various parts of the economy can move forward in balance because various parts of the economy are inter-dependent. Balanced growth brings complementary and mutually helpful development of agriculture and industry. Increased supply will be lifted by the increased demand of mutually complementary sectors.

Prof. Francois Perroux argues that, the policy of balanced growth is the complete anti-thesis of the haphazard piling up and incoherent juxtaposition of measures of intervention. According to him, balance growth secures viz., maximum real per capita product and minimum fluctuation in employment and output, diminution of disproportion between sectors and diminutions of tensions between social groups.

Balanced growth in the sense of a simultaneous development of all sectors and regions is not possible with the limited resources. A thin spreading may not help to bring about the structural changes so vital for spreading up development. Concentration of the limited resources on certain well chosen key sectors and regions will mean more effective utilization of these resources.

8) Paul Streeten Says (1963):

"Both doctrines have certain faults. The trouble with advocating unbalanced growth is that, for countries embarking on development unbalance is inevitable, whether they want it or not and Governments and planners do not need the admonition of theoretician. All investments create unbalances because of rigidities, indivisibilities, sluggishness of response both of supply and of demand in these low-elasticity economies and because of mis-calculations. The crucial question is not whether to create imbalance, but what is the optimum degree of unbalance, where to unbalance and how much in order to accelerate
growth, which are growing points, where should the spearhead be thrust in which slope would snowballs grow into avalanches."

The fastest possible growth of rate would be achieved by a judicious combination of the basic elements of both balanced and unbalanced growth. As development proceeds from the early stage to subsequent stage, the sense changes and then needed frame work of imbalance becomes less emphatic. But for development planning as such the strategy of balance within the frame work of imbalance may be taken to hold good, for this great caution is needed to ensure that the disproportions generated don't go beyond the safe limit.

**Essentials For Balanced Growth:**

Balanced growth solves both supply and demand problems of growth. Production of one is demanded in the other sector and one sector helps in the development of the other sectors and is in turn helped by them. Balanced growth will break the vicious circle of poverty and the economy shall never have the spectre of starvation while improved technology is being applied to the economy.

Balanced growth requires that investment be made in diversified fields rather than in some leading or active sections only. Project investment approach, is rejected in favour of "Balanced Development of the whole economy" approach. Equal importance is essential to agriculture or industry or also to heavy intermediate and consumer goods industries their development is regarded as complementary rather than competitive.

In balanced growth socio-economic overheads will generate external economies and the economy enjoys economies of scale of on larger scale and over wider fields. Development of the economy is not left to the "Irrational" doctrine of price mechanism. Nothing is left to chance and one group of people is not allowed to suffer other groups; for all groups profit.

Balanced growth is a means of stepping up the rate of growth when the external forces of advance, through trade expansion and foreign capital are sluggish or inoperative. Both short or long-run interests of the society are taken care of economy all along moves forwards balanced self-sufficiency. Balanced growth lays more emphasis on increasing the "Social marginal productivity of the country rather than the individual marginal productivity." And, capital output ratio are likely to change during the planning period.
It has been observed that Russian, Indian, Chinese, and American efforts for economic development are based on "Unbalanced strategy" while the west adopted the unbalanced strategy in unplanned manner. Presently, underdeveloped countries wish to end their economic stagnation so as to market it possible for them to advance on development path, they have no choice except to follow the strategy of unbalanced growth. But, the case for "Balanced Growth" rests on the need for a balanced diet.

**NEED FOR REGIONAL PLANNING**

Regional planning can be used as an instrument for a more directed regulation of the development of different regions through providing appropriate guidelines and principles for regulation of amount composition and phasing of investment. Regional planning is smaller a regional plan can include more specific suggestions about locational pattern and keeping the in view the structural peculiarities of the region, indicate appropriate methods for organizing productive activity for sustained economic development.

Regional planning endeavors to improve the organization of economic space in accordance with the indicated criteria or goals. The region has its economic sector, its politico-Govt. sector and its cultural institutional sector each of these broad components can be conceived of as furnishing the frame work of structure of the region.

The Development of basic and strategic mineral resources, regional planning co-ordinates local planning and is co-ordinated by national planning. Plan for geographical decentralization of development in agriculture or industries or selected services involves the regional approach but is not regional planning. The regional approach allows for the information of more rational plans in not only resources development but also in cyclical monetary and fiscal problems.

Regional problems and implications are varied and sometimes interlinked chiefly because regional planning as practiced is in some cases consciously or unconsciously divorced from the basic principles. Environment acting through function upon organism and organism acting through function upon the environment, thus place work flock constitute the interdependent element of single process and act, react and interact.

There is a two way chain-reaction: one, internal within region and the other, external with the neighboring or farther region. Each region should be planned in co-
ordination with adjoining or farther region which are interlinked Physically, Economically and Socially. The development of one region produces chain effects on the other region which are interlinked regional planning should be co-ordinated with national planning, policies and problems.

In Great Britain regional and area planning includes urban reconstruction, redevelopment, stabilization of industrial development, zoning of first class agricultural land and increasing the standard of social service.

In France national and regional planning policies are primary oriented towards decentralization and dispersal of economic and cultural development as a counter measure to over concentration in the Paris region.

Regional planning only establishes the general framework and indicates the developmental policy during the next fifteen or twenty years. And is the perspective plan for the region. Apart from defining aims of regional planning the Govt. will also have to express preference in transitional societies. The regional problem thrust itself on policy makers.

**OBJECTIVE OF REGIONAL PLANNING**

It is in fact necessary to react the objective and orientation of economic planning at national and regional level, shifting the center of attention from the "Acceleration of the rate of growth in the aggregate income, to lifting levels of living of the people." and most appropriate utilization of the available productive resources to ensure a universally shared improvement in the levels of living based on meaningful participation of the people in the process of development.


"The progress of nation depends in a real sense on the development of the weaker states."

Regional planning help to rural areas, through the establishment of growth foci and through linking the different villages, service centres, growth centres, and growth poles in an integrated manner. The main aim of regional planning is twofold. (i) reduction of regional disparities (ii) ensuring at least a minimum level of subsistence to the majority of people inhabiting the backward areas and living below the level of subsistence.
CONCEPT OF BALANCED REGIONAL DEVELOPMENT

Balanced regional development has been one of the central objectives of planning for development in India. The basic task of economic planning in India is to bring about a structural transformation of the economy so as to achieve a high and sustained rate of growth, a progressive improvement in the standard of living of the masses leading to eradication of the problems of poverty and unemployment and building up of a self-reliant egalitarian society.

10) According to Robert S. McNamara (1976) :-

"Economic development is no longer identified with a mere increase in GNP or even in per capita income. It is meaning less if development doesn’t enhance the live of individual human beings—particularly those individual whose circumstances are so wretchedly deprived as to constitute an in tolerable insult to human beings."

THE APPROACH OF BALANCED REGIONAL DEVELOPMENT IN THE PLAN PERIOD OF INDIA:

The first plan conceived balanced regional development as an integral part of the process of growth. The second plan approached to achieve it through the process of sectorial growth and linkages both of the plans assumed to reduce regional imbalance as a by product of sectorial growth and inter-actions.

11) The Second Plan Stated :-

"In any comprehensive plan of development it is axiomatic that special needs of the less developed areas should receive due attention. The pattern of investment must be so divided as to lead to balance regional development. The problem is particularly difficult in the early stages when the resources available are very inadequate in relation to needs. But, more and more, as development proceeds and large resources become available for investment, the stress of developmental programmes should be on extending the benefits of investment to under-developed regions. Only thus can a diversified economy be built-up."

In the third plan emphasis was laid on the multi-activities based approach to development in backward regions and areas.

12) The Third Plan Stated :-

"Balanced development of different parts of the country, extension of the benefits of economic progress to the less developed regions and widespread diffusions of industry are among the major aims of planned development."
The approach in third plan was to (i) help the states in reducing intra-state disparities (i.e., disparities among different regions of the state) and (ii) initiate new programmes and extend programmes adopted in the previous plans to reduce inter-state inequalities (i.e., inequalities between different states).

Special attention was sought to be given to backward areas, programmes to be implemented (a) intensive development of agriculture (b) extension of irrigation (c) promotion of small and village industries (d) large scale expansion of power (e) development of rail and road transport (f) expansion of education. (g) improvements in conditions of living.

A more specific and differential approach to backward area development as a policy instruments to reduce regional disparities was spelt out in the fourth plan.

The fourth plan took a comprehensive view of factors responsible for backwardness and propose that a Multi-directional area development approach be adopted in order to accelerate the development of backward areas. Since, each backward area represented a unique combination of factors, it was recognised that no uniform programme could be successfully conceived and imposed from the national level.

The fourth plan introduced a number of other schemes for the benefit of rural poor such as SFDA, MFAL, DPAP, CSRE, PI REP, etc., all these programmes were expected to benefit the less developed regions in comparison with the developed regions. In the fourth plan, identification of backward areas for the purpose of granting concessions and financial assistance to industries established in such areas and weightage to backward state in the allocation of central assistance. A number of state Govt’s, and financial institutions announced special concessions to industries established in the backward areas so that entrepreneurs could be attracted to invest in such area.

In the fifth plan, an essential prerequisite for the accelerated development was the evolution of appropriate location-specific strategies based on a careful identification of the causes of available for development.

For evolving an appropriate policy-frame and formulating operational programmes for backward areas, the fifth plan divided to broad categories:— (a) the areas which have un-favourable Physio-Geographic conditions, such as tribal, hill, dry etc. and (b) Economically backward areas which have adverse landmark ratio, lack of infrastructure or inadequate development of resource potentials. This two-fold
classification of backward areas was adopted for formulating differential strategies and programmes for development with a view to creating appropriate conditions and forces of growth in the less developed regions of the country.

The sixth plan provides an integrated approach to the problems of regional inequalities, the mechanism of area planning was adopted and the sub-plan approach was promoted so that the area plans could be integrated fully with the national development plan.

The Desert Development programme covered 126 blocks in 21 districts during the sixth plan period the idea underlying area planning and sub-plan was to effectively launch specific differential strategies and programmes for evolving and developing appropriate forces and relations of production to promote and accelerate the process of development in backward areas. Such differential approach to backward area development was taken to be the only alternative to progressively reduce regional inequalities in development in the country. Regional developmental programmes have considerable employment potential and their regional dimensions cannot be ignored.

The seventh plan correctly recognises that the two critical determinants of a region's economic status are agricultural productivity and human resource potential. Reduction in inter-regional disparities in these two elements will help greatly in the task of reducing regional imbalances.

(13) Seventh Plan Stated i—

"The orientation of agricultural strategy along with area development programmes for drought prone, desert, hill and tribal areas will help raise agricultural productivity in the backward regions which, given the high share of agriculture in income generation, will help to reduce disparities in per capita income."

Reduction of disparities in human resources potential is concerned, the seventh plan envisages universalisation of elementary education so that inter-regional disparities in educational status can be reduced. A component of the minimum needs programme like water supply, rural roads and rural electrification, and also seventh plan proposes to continue certain policy measures which seek to attack the problem of regional imbalance more directly.

Passed away seven plan in Indian planning, "Planning of the people by the people and for the people" was initiated through spatial planning exercise a regional planning model.

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EFFECT OF NATIONAL PLAN STRATEGY ON REGIONAL PLANNING

The prime goal of national planning is acceleration of overall rate of growth of the gross national product; for this India is directed to create conditions for expansion of private economic activity through public outlays.

Diversion of resources to lagging region would involve a high opportunity cost in terms of lower over all rate of growth. The benefits of faster development of the already developed regions are not likely to be transmitted to logging region. Continuous growth of developed centres along with non growth of the backward regions has been the outcome of the present approach to the developmental effort at the national level.

Considering the period of planning as a whole, the policies adopted by the Govt. are as follow:-

(i) Policies aimed at industrialisation of lagging region
(ii) Policies for development of irrigation, agriculture and allied activities.
(iii) Policies aimed at providing infrastructural facilities such as transport, communications in backward region.
(iv) Transfer of resources from centre to states in the form of plan assistance and discretionary grants in such a way as to reduce regional disparities.
(v) Special programmes for the development of backward and less developed regions.

Neglect of spatial factors and genuine regional planning stems from the nature of the plan formulation process which is a highly centralized one. The basic task in plan formulation is done by a planning commission at the centre and state Govt.'s. merely adjust their policies and programmes accordingly.

The equity objective requires that priority in aiding regions should go to those regions where the potential for high productivity is greatest. Thus, the problem arises how much aid be given to the backward region where the potential is very low. This problem can be resoved. Only by recognizing the nature of trade and explicit deciding how much cost in human welfare in one region should be borne in exchange region. The choice finally is political, not technical.

GRASS-ROOT PLANNING

Given the political will enlightened public opinion and commitment and co-operation from all concerned it should not be difficult to strengthen Panchayat Raj Institutions
and design grass-root level planning aiming at peoples participatory approach in achieving higher growth rate as well as improving the physical quality of life of our people and ameliorating poverty and in that way translate the dreams of Mahatma Gandhi in to a reality.

Grass Root level planning is meant for regional development; since 1970 it is practiced in India. Grass Root planning genuineness on the part of interested state to involve people for their planning as well as implementation. The local community should be given complete freedom to decide its own course and style of development. Within the overall frame work of national development and efforts should be made to minimize dependence on the Government.

The core aims of Micro level or Grass Roots level of planning are :— (a) identification of local needs and priorities (b) Removal of inter-sectorial and inter-regional imbalances in the district (c) increase in productivity (d) creation of employment potential (e) to give weightage to the backward and weaker section’s programme.

**ESSENTIALS FOR GRASS ROOTS LEVEL PLANNING**

(i) Planning body at the Grass Roots level is necessary to formulate relevant scheme.
(ii) A separate management body may be suggested where large investments are made.
(iii) People organization at Grass Roots level to ensure participation is an essential prerequisite.
(iv) Organization of household units on cooperative lines may also ensure participation.
(v) Improvement in the management skills of officials operating at field level requires training in new orientation.
(vi) Target orientation should give way to the genuine improvement in the quality of life of the region.
(vii) Changes in the local power structure through land reforms and other institutional changes.
(viii) It is also necessary that changes in the education and health services to make rural poor aware of their own needs and gains of development.

**VILLAGE PLANNING**

A village has its local economy with natural demographic financial and institutional resources. Village has social religious and recreational activities which involve the cooperation of the villagers. It has traditional and informal leaders who mobilize resources and organize actions of various sorts. Local educated village elites, ward members, block officials constitute village action plan. Villagers decide the priorities of development in terms of their own perceptions of needs of priorities.
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