ABSTRACT OF THE THESIS:

EFFECTIVENESS OF FISCAL INCENTIVES FOR SETTING UP INDUSTRIAL UNITS IN BACKWARD AREAS WITH SPECIAL REFERENCE TO SELECTED UNITS IN MAHARASHTRA (1985-1995):

INTRODUCTION: Economic growth with social justice is the most challenging task confronting mankind to-day. Globally, industrial manufacturing is the instrumentality of choice for transformation of predominantly agrarian economies into strong and prosperous industrial societies. However, it has been universally experienced that spatial imbalances and regional disparities are inherent in the very process of industrialisation and the industrial mode of production.

A Regional Development Policy, based on a mix of fiscal incentives and subsidies as well as infrastructure, has a positive role to play in cushioning the effects of hardships flowing from inequalities of economic opportunity immanent in the process of industrialisation.

This study is an attempt to assess the effectiveness of the industrial incentives schemes of the State and Central Governments in India in terms of the national goals of speedy industrialisation in general and balanced industrial development of backward regions in particular.

OBJECTIVES OF THE STUDY:

1. To appraise the efficacy of fiscal incentives for setting up industrial units in backward regions in Maharashtra during the study period (1985-1995).
2. To evaluate and interpret the response of the industrial entrepreneurs, as a distinct class of change agents, to the fiscal incentives offered by the Government for setting up industrial units in backward areas in the context of achieving industrial dispersal and reduction of regional disparities.

3. To study and assess the relevance of Non-Tax Locational Determinants (economic, financial and social infrastructure) in the plant location decisions of entrepreneurs, as a distinct class of change agents, in the light of the declared State policy of industrial dispersal and balanced industrial development of all backward regions.

HYPOTHESIS: In harmony with the objectives of the Research Study, the following hypothesis has been formulated:

“A judicious mix of fiscal incentives and infrastructural facilities is essential for achieving balanced industrial development of a Backward Region.”

STUDY PERIOD: The Study Period of 1985-1995 was chosen primarily with constraints of data availability in mind. The study period also assumes significance on account of the momentous paradigm shifts which took place in India’s economic policies during that period. The time horizon of the study period (1985-95) represents the decade when the Indian State initiated a transition from the heavily controlled and tightly regulated economy modelled on the old Soviet pattern to the era of economic liberalisation typified by the competitive market economy.
Research Method, the Sampling Technique Deployed and Sample Size:

1. On account of its inherent universality and flexibility, the well known method of Exploratory Research was chosen. Similarly, for sample selection, the technique of Purposive Sampling (A Non-Probability Sampling Technique) was chosen. In this context, the following factors were found to be positively relevant:

   (i) The absence of a suitable sampling frame containing a list of all cases in the research population which should concurrently incorporate all the recipients of the benefits of fiscal incentives.

   (ii) As a class, the industrial entrepreneurs constitute a homogeneous body of tax-payers symbolised by identicality of profit motive, interest in industrial growth, risk-proneness, willingness to rough it out and to work hard, and, to utilise fiscal incentives for industrial progress.

2. Thus, the purposive sampling technique aimed at ensuring maximum homogeneity in the sample was adopted. It deserves to be emphasised herein that both the Exploratory Research Method and the Purposive Sampling Technique (a Non-Probability Sampling Technique) do not envision or postulate Testing of the Hypothesis.

3. Defining Criterion for Identification of Eligible Units: Entitlement to tax holiday benefits u/s 80 HH/80 HHA/80 I/80 IA/ of the I T Act, 1961 in the developing areas of Maharashtra was adopted as the defining criterion for identification of eligible industrial units for the purpose of our study.
4. **Additional Criteria for Identification of Eligible Units:** The following additional criteria for identification of Eligible Units in conjunction with the aforesaid defining criterion were employed:

   (i) The eligible unit should be an income tax payer from a developing area.

   (ii) The eligible unit should be endowed with a valid Registration with the competent authority.

   (iii) Any unit, the inclusion of which in the judgment of the researcher, is likely to enrich the sample.

5. **Sample Size:** A sample size of 287 Units was finalised in terms of the aforesaid criteria.

**STRUCTURE OF THE STUDY:** The broad framework of the study embraces eight chapters. In Chapter I, we have highlighted the egalitarian philosophy and the constitutional mandate underlying the policy of fiscal incentives. It also incorporates an overview of the progress of industrialisation in India in a historical perspective with special reference to the locational pattern of industry. In Chapter II, we scan the overall international experience in the evolution of a policy for the industrial development of economically depressed regions. In this context, the shaping up and the implementation of Regional Policy in U.K., France and Italy, Belgium, Thailand, Bangladesh, Phillipines, Pakistan, Denmark, Nepal, Fiji, Ireland, Luxembourg, Malaysia and Israel has been reviewed. Chapter III contains a survey of the literature on Industrial Location Theories dating back to Weber’s Theory of Plant Location propounded by him in 1909. Chapter IV analyses the Regional Disparities in India. It has been divided into two separate
Sections I and II dealing with Inter State Imbalances and Intra-State Imbalances respectively. In Chapter V, we have undertaken a survey of the literature pertaining to Research Methodology with special reference to Research Methods, Sampling Techniques and the Significance of the Hypothesis. Chapter VI mainly deals with Field Study and Analysis of Primary Data pertaining to our Survey Sample of 287 Units. Chapter VII contains a Comprehensive Analysis of the Hypothesis on the basis of the findings of the Field Survey as contained in Chapter VI as well as the secondary data obtained from specified sources. In Chapter VIII, we weave together the various strands of our analysis in the preceding chapters to arrive at Conclusions, Policy Recommendations and Related Areas of Study.

Conclusions and Policy Recommendations:

1. **Overall Picture of Warped Development**: Our analysis demonstrates an overall picture of distorted development in India and a highly skewed locational pattern of industries characterised by Regional Disparities in industrialisation both in the inter-State and the intra-State context.

2. **Entrepreneurial Perceptions and Preferences about Fiscal Incentives and Infrastructural Facilities in Backward Regions**: Our analysis of primary data demonstrates

   (i) that the entrepreneurs look upon the fiscal incentives as material locational factors in their plant location decisions.

   (ii) that, in developing areas, there is a noticeable linkage between strong entrepreneurial preference for tax incentives on the one hand and lack of infrastructural excellence on the other hand.
(iii) that, amongst state-level fiscal incentives, Sales-Tax Incentive enjoys the highest level of popularity with the entrepreneurs.

(iv) that, amongst four specified considerations, (other than tax incentives) in plant location decisions of entrepreneurs, highest pull is exerted by cheap land, cheap labour, availability of loan and local resources in that order.

(v) that, there is considerable time lag between announcement of location-specific tax incentives by State/Central Government and Development of Infrastructural Facilities and, hence a relatively strong preference for fiscal incentives in developing areas.

(vi) that, entrepreneurial preferences for fiscal incentives and infrastructural facilities represent the leading priorities of entrepreneurs in developing areas, and, that, there is no inherent conflict between these two categories of entrepreneurial preferences.

3. Fiscal Incentives and Infrastructural Facilities: Mutual Interrelationships and a Judicious Blend in the context of speedy Industrialisation of Backward Regions: Our analysis positively indicates

i) that industrialisation of Backward Regions is, in substance, a process of induced industrialisation; and, that a positive outcome of such a process is contingent upon planned incentivisation of the industrial environment in Backward/Developing Regions through a judicious mix of fiscal incentives and infrastructural facilities; and,
ii) that both Fiscal Incentives and Infrastructural Facilities originate in Public Revenues i.e. FISC. Whereas Fiscal Incentives represent revenue foregone by Government before it reaches the treasury or the public exchequer, yet infrastructure is brought into existence by actual expenditure of public revenues. Thus, for all intents and purposes, both fiscal incentives are creatures of the “FISC” and can be aptly described as “FISCAL TWINS”.

(iii) that both fiscal incentives and infrastructure are endowed with inherent incentive value for plant location sites.

(iv) that, infrastructure has a stronger incentive value for entrepreneurs and its benefits are far more enduring than those of fiscal incentives.

(v) that, a “sound and developed infrastructure” has a “strong incentive value” for entrepreneurs and inflows of entrepreneurial capital;

(vi) that, although high quality infrastructure has a stronger incentive value in stimulating investment than fiscal incentives, yet the very process of creation of infrastructural facilities and services suffers from the formidable initial disadvantage.

(vii) that, the trait of quick and easy materialisation of fiscal incentives coupled with the attributes of mutual trade-off and interchangeability which fiscal incentives share with infrastructure is highly relevant in Locations/Areas/Regions characterised by infrastructural inadequacy or lack of infrastructural excellence.

(viii) that, in the ultimate analysis, industrialisation and economic growth in Backward Regions have to be driven by infrastructure on a self-
sustaining basis in an environment of ever-growing infrastructural excellence coupled with a gradual phase-out or elimination of fiscal incentives.

(ix) That, in view of the imperatives of economic growth in Backward Regions, the judicious blend of fiscal incentives and infrastructural facilities must be tailor-made for every backward region taking into account their specific needs.

4. **Growth Model of Metropolitan District of Greater Bombay: A Pace Setter in Economic Growth:** Our analysis shows that
   
i) the Growth Pattern of Greater Bombay District, most leading district in Maharashtra and in India, is an outstanding example of infrastructure-driven growth and constitutes a spectacular case study where there is a remarkable degree of trade-off between high quality infrastructure and fiscal incentives to the extent that fiscal incentives were rendered redundant.
   
ii) the unparalleled growth registered by the Metropolitan District of Greater Bombay sends out several loud and ringing signals for the speedy industrialisation of Backward/Developing Regions.

5. **Regional Disparities (Inter-State Imbalances):** Our analysis of the secondary data in this regard shows
   
i) that, in the inter-state context, regional disparities are present across all the States and in all the sectors of the national economy.
   
ii) that Maharashtra is the most leading industrialised and urbanised State in India; that, during the study period, Maharashtra was on top

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with the highest Compounded Annual Growth Rate (CAGR) of 5.33% for NSDP per capita at constant (1980-81) prices.

iii) that, in contrast with the leading State of Maharashtra, Bihar emerges as the sunset State in India. Its NSDP per capita is lowest amongst all the States in our Sample of 17 States.

iv) that, Bihar and Maharashtra are studies in contrast and symbolise in themselves extremes of inter-State disparities in India.

v) that the number of BIMARU States has increased from four to eight indicating widening of inter-State disparities in terms of NSDP per capita at constant (1980-81) prices.

vi) that, despite decades of planned economic development, more than half of India's population (as per 1991 census) domiciled in eight laggard States, have an NSDP per capita which has been consistently below the national average.

vii) that only six States out of our sample of 17 States were found to be leading States in the industrial sector: Maharashtra, Gujarat, Tamilnadu, West-Bengal, Punjab and Karnataka (ranked in that order).

6. Regional Disparities (Inter-District and Inter-Regional Disparities):

Analysis of Secondary Data:

(A) Our analysis of secondary data shows

(i) that inter-district disparities are a wide-spread phenomenon in India as a whole
(ii) that the quality of infrastructure plays a vital role in industrial growth in the districts.

(iii) that, in the national context, the range of inter-district variation in developmental levels is huge.

(iv) that the ratio of developed to developing/backward districts works out to 1:4 at the national level; while this ratio comes to 1:5 in Maharashtra w.r.t. the national average.

(v) that Districts of Beed and Ghadchiroli in Maharashtra represent the "core of Backwardness".

(vi) that, as per computations of Net District Domestic Product (NDDP), Mumbai District is the single largest contributor to Maharashtra’s State income i.e. Net State Domestic Product (NSDP).

B. Inter-District disparities in Maharashtra & Analysis of Primary Data:

Analysis of Primary Data, based on our field survey, substantiates the prevalence of inter-district disparities in the State of Maharashtra. And, it shows beyond doubt

(i) that, the District of Pune, after Bombay District, is the most leading district in Maharashtra.

(ii) that, in terms of the Sample Average, only seven districts of Pune, Nashik, Thane, Aurangabad, Kolhapur, Ahmednagar and Jalgaon are above the Sample Average; and, other sixteen districts are below the Sample Average.
(iii) that, the two Districts of Beed and Ghadchiroli appear at the bottom of the Below Average Districts and embody the very "essence of backwardness".

(iv) that the predominance of Pune District in our study region is attributable to the long history of relatively high infrastructural superiority of Pune District.

C. Inter-Regional Disparities in Maharashtra & Analysis of Primary Data: Similarly, the Analysis of Primary Data as derived from our Field Survey brings into sharp focus the inter-regional disparities in the leading State of Maharashtra. It indicates clearly

(i) that Western Maharashtra is the most highly industrialised region in Maharashtra.

(ii) that industrial growth is highly skewed in favour of Western Maharashtra.

(iii) that the relative superiority of Western Maharashtra in the industrial sector has its roots in the infrastructural lead it enjoyed since the formation of the unified unilingual State of Maharashtra in 1960.

(iv) that the other three regions were correspondingly disadvantaged on account of their initial infrastructural lags

(v) that the inter-regional disparities in Maharashtra have their origins in the infrastructural leads and lags of an inter-regional nature
D. Developmental scenario in Maharashtra: that, on balance, Maharashtra, the most urbanised and industrialised State in India, emerges as the State characterised by several contrasts. It exhibits all the typical attributes of a developed as well as an underdeveloped State. The acuteness and severity of the inter-regional disparities in the industrial sector in its various regions, namely, Western Maharashtra, Vidarbha, Marathwada and Konkan Regions indeed stand out.

7. Regional Disparities in Industrialisation and Uneven Spread of Infrastructural Facilities and Services: Our analysis shows

i) that Locations with high quality infrastructure exercise a powerful magnetic pull on Entrepreneurial Capital on account of the positive correlation and strong and recognisable links between infrastructure and economic growth.

ii) that weak and poor infrastructure, which is a characteristic feature of Backward Regions, acts as a strong disincentive for entrepreneurs and for inflows of entrepreneurial capital.

iii) that poor performance in Backward Regions and infrastructural inadequacies are inter-related.

iv) that the forces inherent in the process of industrialisation in obedience to Myrdal's Law of Circular and Cumulative Causation coupled with the strong magnetic pull and incentive value of locations with developed infrastructure lead to uneven spread of infrastructural facilities and services.
v) that a judicious blend of fiscal incentives and infrastructure alone can effectively weaken the hold of the Infrastructural Trap in Backward and Developing Regions and thus convert the Vicious Circle of Infrastructural Poverty and Industrial Backwardness of such Regions into a Virtuous Circle of Infrastructural Development and Industrial Growth.

8. Industrialisation and Urbanisation: Our analysis demonstrates that there are deeply embedded bonds between industrialisation and urbanisation.

9. Regional Disparities, Infrastructural Divide and Political Separation: Our analysis establishes that Regional Disparities (whether Inter-State, Inter-Regional and Inter-District) have an enormous spread in India in all the sectors of the national economy; that, viewed in this perspective, the situation in India is potentially explosive and the socially and economically disadvantaged regions may become the hotbed of political separatism if regional inequities and lack of infrastructural excellence are allowed to persist.

10. Judicious Blend of Fiscal Incentives and Infrastructural Facilities- An Alternative Policy-Mix:
   i) On the basis of our analysis, a judicious blend of Fiscal Incentives and Infrastructural Facilities emerges as an alternative policy-mix for the rapid and balanced industrialisation of Backward Regions.
which are known to suffer from weak and undeveloped infrastructure (economic, financial and social).

ii) In the context of the aforesaid judicious blend, the positive role of the following additional inter-linkages, trade-offs and complementarities deserves a special mention as noticed by us during our study:

a) Inter-linkages between industrialisation and urbanisation.

b) Inter-linkages between urbanisation and economic growth.

c) Inter-linkages between urban infrastructure, urbanisation and industrialisation.

d) Inter-linkages and a clear correlation between sound infrastructure and economic growth.

e) Complementarities between economic, social and financial infrastructure.

f) Complementarities between the dispersal of industries to developing areas and new growth centres.

11. Allied Developmental Issues:

(i) Predominance of the SSI Sector in Developing Areas.

(ii) Emergence of Road Transport as the Most Preferred mode of Transportation of Raw Materials and Finished Goods and its high level of relevance in the choice of Plant Location Sites.

(iii) Lack of Infrastructural Excellence in Developing Areas.

(iv) Critical Deficiency in several Infrastructural Sectors in Developing Areas.
12. **Managerial Failures:** During the course of our study, we have noticed a few major failures in the managerial systems at the Centre and the States. These are enumerated below:

(A) **Failure of the Central Government to allocate State-specific Growth Targets for individual States in the National level Five Year Plans.**

(B) **Absence of a sound Data Management and Statistical System in the Champion State of Maharashtra.**

on the basis of our analysis, we have concluded that, the existing state of affairs is not conducive to academic studies and research in this important area of Public Finance and Industrialisation of Backward Regions.

**Policy Recommendations:** Some of the important recommendations are indicated below:

1. The Backward Regions/ developing areas/Backward districts, whether located in Developed States/ Backward States should not be treated as a single combine or cluster for the application of a uniform formula for their rapid and balanced industrialisation.

2. As a judicious blend of Fiscal Incentives and Infrastructural Facilities is indeed a developmental imperative for any Backward Region/District/Area, the judicious blend should be specifically designed and geared to the distinctive needs of the Backward Region.

3. The Planning Commission determines the growth targets for the National Economy as a whole in the documents pertaining to Five Year Plans. It
should simultaneously ensure that the National Level growth targets are fully sub-served and progress towards the State-specific Growth targets should be regularly monitored and published.

4. Transfer of fiscal resources to the States should be linked to actual level of performance with regard to State-specific Growth Targets.

5. The Planning Commission and the Central Statistical Organisation should make concerted efforts directed towards data management at the level of districts as well as the States all over India.

6. The growth differentials in the States and poor performance in the laggard States should be analysed periodically.

7. Since SSI sector has emerged as the vehicle of industrial growth in developing areas and as the very mascot of Regional Equity, it should be encouraged in every manner to become a strong, competitive and powerful player in the industrial sector in India.

8. The definition of “infrastructural Facility” in S.80 IA of the I. T. Act, 1961 dealing with tax holiday benefits should be expanded to embrace all classes of infrastructure, namely, economic, social and financial.

9. The disbursement of State-level incentives should be decided on the basis of objective criteria so as to bring in more transparency and reduce the element of bureaucratic discretion.

10. An All India Service, styled as Indian Development Administration Service, should be constituted under the aegis of the Planning Commission.
Contribution to Advancement of Knowledge:

1. The subject of Industrialisation of Backward Regions is not merely a study of the nature and significance of fiscal incentives per se but is essentially a study of a multi-disciplinary nature involving inter-play of key elements of industrial manufacturing, economics, geography, technological change, human and organisational behaviour, factors governing inflows of entrepreneurial capital, behavioural school of social sciences, predominant political philosophy of the Government, the spirit of entrepreneurship in the people of a region and the ceaseless pursuit of prosperity inherent in human beings.

2. In Backward Regions, the process of industrialization has to be externally induced as the industrial environment in such regions suffers from low levels of incentivisation on account of the prevalent injudicious mix of fiscal incentives and infrastructure. The level of incentivisation of the industrial environment in such Regions can be enhanced only through a judicious mix of fiscal incentives and infrastructure with due regard to the central role of infrastructure which has the built-in trait of enhancing the productivity of all factors of production, and, in the process, ensuring efficient and effective utilization of all resources.

3. a) Both Fiscal Incentives and infrastructure are “Fiscal Twins” as funds for both have their origin in public revenues (i.e. FISC). In developing areas, both fiscal incentives and infrastructure share attributes of mutual trade-off and inter-changeability. Both of these have also underlying unity of purpose, namely, industrialisation of backward regions. In developing areas/ backward regions, there is
a marked preference for fiscal incentives in view of the lack of infrastructural excellence in such regions.

b) In the inter-state context, there is a fierce inter-state competition amongst the various states in India to woo and lure away investors and the package of fiscal incentives is sought to be used as a bait for this purpose. But, there is no evidence of inter-state competition in infrastructural excellence or best economic performance.

c) In a majority of our States, the concept of Single Window Facility for eligible entrepreneurs has found ready acceptance though the level of implementation varies from State to State.

4. a) In India, industrialisation has been pursued in a manner which is largely oblivious of considerations of regional equity and distributive justice despite five decades of centrally planned economic growth.

b) With development divorced from regional equity and with all the features of a developed and under-developed state, the industrial landscape in the leading State of Maharashtra is a virtual microcosm of the industrial landscape in India.

5. Regional disparities in industrialisation are an offshoot of the uneven spread of infrastructural facilities and services. And, locations with weak and poor infrastructure are inevitably drawn into an Infrastructural Trap leading to a vicious circle of Infrastructural Poverty and Industrial Backwardness in such locations.

6. Regional Disparities in Economic Growth and Regional Inequalities in Economic Opportunity in any country can acquire explosive and disruptive tendencies particularly when a polity like India’s, with its ethnic, linguistic
and cultural diversities, is faced with wide-ranging regional inequities and discontent.

7. a) Pervasiveness and complexity of industrial backwardness in the various States of India will be obvious from the fact that there are backward regions not only in Backward States but also in relatively Developed States.

b) Because of the strong links of infrastructure with economic growth, it is verily the superior quality and quantity of infrastructure which distinguishes the developed state of Maharashtra from the laggard state of Bihar; the Developed Regions of Western Maharashtra from the Backward Regions of Vidarbha and Marathwada or most developed District of India, namely, Greater Bombay District from District Godda, the most Backward District of India.

8. a) India suffers from a stunningly high level of inter-district variation in developmental levels as typified by the lowest growth level of the most Backward District Godda (in Bihar) and highest growth level of the most developed District of Greater Bombay (in Maharashtra). Greater Bombay District is 100 times more developed than District Godda. In this respect, Greater Bombay District is indeed a district non-pareil in India.

b) The vast variations in inter-district development levels and consequently the constraints which retard the process of development are indeed diverse and are not at all the same everywhere. Additionally, such constraints are, in the main, buttressed by the uneven spread of infrastructural facilities and...
services, and material differences in the growth potential and resource endowments of such district / planning regions. Thus, a certain degree of uniqueness characterizes each district/planning region as regards its set of developmental problems and their solution. Accordingly, the application of a uniform mix of fiscal incentives and infrastructure for each district/planning region is positively unrealistic in the national context.

9. Mumbai Model of Economic Growth: Despite denial of Fiscal Incentives, Greater Bombay District finds itself at the peak level of economic growth in Maharashtra as well as in India. This is a far reaching achievement with tangible pointers to the future. Such an achievement is attributable to the fact that the District Economy in Greater Bombay is wholly infrastructure-driven without any dependence on fiscal incentives. It is noticeable that the Growth Pattern of Greater Bombay District constitutes a clinical case study which is centered on a significant trade-off between high quality infrastructure and fiscal incentives leading ultimately to redundancy of fiscal incentives. The ultimate redundancy of fiscal incentives is indeed the logical consummation of the process of self-sustaining infrastructure-driven economic growth. The Mumbai Model of Economic Growth yields the following leads in the context of speedy industrialization of Backward / Developing Regions in India:

(i) That the economy of a Region cannot grow without a sound infrastructure.
(ii) That high quality infrastructure brings about a comparatively more powerful stimulus for entrepreneurial capital than fiscal incentives.

(iii) That fiscal incentives and high quality infrastructure possess the attributes of mutual trade-off and interchangeability.

(iv) That fiscal incentives alone are inadequate on their own to nurture the incentivisation of the industrial environment of Backward/laggard regions as the infrastructural threshold levels in such regions are on the low side.

(v) That locations where infrastructural quality has not yet attained high levels of excellence, a judicious blend of infrastructure and fiscal incentives is positively called for in the transitional phase till high quality infrastructural facilities are in place.

(vi) The judicious blend of fiscal incentives and infrastructure must provide for gradual elimination and phase-out of fiscal incentives consistently with the growth of infrastructural excellence in backward regions.

10. a) Both industrialisation and urbanisation, with strong bonds for each other, are cast in the mould of economic processes and constitute, in themselves, an essential mechanism for industrialisation of Backward Regions.

b) **Urban Infrastructure** (a mix of economic, social & financial infrastructure) provides the vital connecting link between industrialization and urbanization. With urban infrastructure, being their principal hub and linchpin, industrialization and urbanization go hand in hand. The pace of growth of urban infrastructure is a
material factor in plant location decisions, spread of industrialization and further growth of urbanization. Thus, whereas fast urban growth accelerates industrial growth, any sluggishness in urban growth retards the process of industrial growth.

11. In Backward Regions, road transport enjoys massive preference over other modes of transport for transportation of both Raw Materials and Finished Goods. Thus, as a supremely important infrastructural sector, road transport has a vital role to play in the industrialisation of Backward Regions and Balanced Regional Development. The primacy of Road Transport has also imparted high degree of flexibility in the choice of Plant Location Sites.

12. High quality managerial systems constitute the bedrock of successful implementation of national programmes of economic and industrial growth. In this context, the managerial systems encompass setting up growth targets at the national level and disaggregation of the national level growth targets into State/Region specific growth targets, and, publication of such growth targets. This is bound to encourage a contemporaneous public debate on the shortfalls in performance and identification of bottlenecks in real time. Remedial measures can then be applied in real time. This also presupposes the existence of robust data management and statistical systems in this vital area of public finance. Unlike the Korean Model, the Indian programme has suffered substantially from monumental managerial failures in this regard, as highlighted above, which have, in turn, notably contributed to the persistence and widening of Regional Disparities in India.
13. It is notable that the pace of implementation of the Central scheme of even establishment of the first lot of 100 growth Centres in India has been agonisingly slow since its commencement in the year 1990-91. At this rate, the process of setting up of Growth Centres across the whole country in the context of a sound regional development policy is bound to take several decades.

14. The emergence of Mega-Metropolitan Complexes and the evolution of industries, whether geographically dispersed or concentrated, have strong synergistic inter-relationships with technological innovation, infrastructure (economic, social & financial) and regional growth & economic development.

15. The success stories of the smaller states of Haryana and Himachal Pradesh, carved out of the Indian state of Punjab in 1966, has generated positive academic interest in the creation of smaller states in India from a managerial perspective and from the view point of better governance.