CHAPTER I
INTRODUCTION

Development planning specific to a relatively small and homogeneous geographical unit, has been a part of our planned development strategy almost from the beginning. We have seen expressions of regional planning in various developmental programmes. The Community Development Programme laid stress on decentralisation of development efforts, and gave us a development administration whose focal point was the block. Intensive agricultural programmes of the Sixties were supposed to be area specific. Panchayatraj bodies which came into being more or less at the same time were expected to become agents of decentralised development. The current decade saw the emergence of a number of area specific programmes like Drought Prone Area Programme (DPAP), Small Farm Development Agency (SFDA), Marginal Farm and Agricultural Labour (MFAL), Command Area Development Schemes, Rural Industrial Projects, District Industries Centre, Tiny Sector Development etc. But these schemes and programmes are found to be disjointed and not fully integrated with a definite strategy or policy frame. Even though, the First Five Year Plan has recognised the importance of balanced regional development it did not formulate a definite strategy. We have seen that at policy level, the Industrial Policy of 1956 within the ambit of the
Second Five Year Plan aimed at formulating a strategy for backward area development. Both these documents pleaded that in view of resource constraints, balanced regional development could be conceived as a long term goal. The Second Plan, however, gave prominence to the recommendations of the National Development Council that 1:

1. Programme for setting up decentralised industrial production should be undertaken and
2. In the location of the new enterprises the need for development of different parts of the country should be kept in mind.

It can be understood that industrialisation is conceived as the main strategy for backward regional development. But experiences taught us that the industrial development strategy has yet to be fully successful to realise its objective of regional development. Many committees have brought this fact to the fore. The belief that the locations of the public sector plants would attract considerable private sector investment in ancillary industries through the "sub-contracting" and through the incentives of industrial infrastructure was not realised fully. Owing to a simultaneously operating policy of the

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1 Govt. of India, Planning Commission, Second Five Year Plan, New Delhi, 1956.
provision of basic industrial commodities at an uniform price throughout the country benefited the rich regions through their comparative advantages and this policy acted as the architect of the undoing of the regional industrial development strategy. As a result of it we see that private investment preferred to locate at developed areas for all their spatial and agglomeration advantages.

The failure of the above strategy of industrial development resulted in the twin problems of social tension in backward areas and in developed areas due to over-congestion the problem was earnestly taken up by the Govt. and it has culminated into the scheme of financial incentives like Fixed Capital Subsidy and grant for those new industries set up in backward regions. In 1971, a scheme for giving outright grant or subsidy amounting to 10% of fixed capital investment of new units having a total fixed investment of not more than Rs.50 lakhs was initiated in two selected districts/areas of the industrially backward states and in one district/area of each of the remaining states and also in the union territories.*

The Planning Commission on the basis of a set of criteria

*The backward states which were identified by the Pande Committee in 1969 are as follows: Andhra Pradesh, Uttar Pradesh, Madhya Pradesh, Orissa, Rajasthan, Bihar, Assam, Nagaland and Jammu and Kashmir.
has identified the backward districts for the purpose of providing the industrial financial assistance. The scheme was also made applicable to all those existing units if they intent to expand their fixed capital at least by 25 percent. This was made operational with retrospective effect from October, 1970. Subsequently, in 1972, the scheme was extended to 6 districts/areas in the former class of backward states and to three districts/areas in each of the later, with retrospective effect from 1971. In March 1973, the subsidy was raised to 15 percent subject to the ceiling of Rs. 15 lakhs. The scheme has continued in both the Fifth and Sixth Five Year Plans thereafter. The Central subsidy scheme combined with State subsidy scheme was mooted as a strategy to attract private investment into these backward areas. The scheme thus aims to encourage capital flows into these backward areas, which by definition are capital deficient.

The implicit objective of the strategy is to raise employment in the backward areas through the exploitation of industrial backward and forward linkages. On an apriori basis, it is observed that the incentive package containing

* Following criteria for the selection of the backward districts are used by the Planning Commission: 1. Per capita food grains/commercial crops 2. Ratio of population to agricultural workers 3. Per capita industrial output 4. Number of factory employees per lakh of population 5. Per capita consumption of electricity 6. Length of surfaced roads in relation to population or railway mileage in relation to population.
elements of 15 percent investment subsidy, concessional investment finances etc. are capital based and hence it leaves scope for relatively capital intensive industry to locate in the backward areas. However, studies in this line have shown that capital intensive industry can hardly be expected to have large employment potential. Alagh (1973)\(^1\), Subramanian (1976)\(^2\) and Nair (etal) (1976)\(^3\) separately sounded notes of caution on this aspect. Nair has highlighted this aspect through an empirical study in Karnataka and found that technological linkages of those industries located as a result of the incentive schemes with the region are non-existent. Skill intensity also found to be high and its supply is mainly from outside the region. This forces us to seek alternative developmental strategy for regional development and especially that of backward areas.

During the last quarter century, the concepts and approaches in regional planning has undergone considerable changes and diversification encompassing many facets of

regional problems. As a result, we find that the literature in regional planning in India and abroad has significantly grown. A review of these literature relating the regional planning approaches and issues is essential to formulate a desirable approach for backward regional development.

Regional Planning: A literature survey

Regional Planning continues to represent a strategy for growth and change at the sub-national level. It is a phrase whose use has been marked by varied definitions of the unit area under consideration. A diversity of policies and programmes have been encompassed under the related heading of 'regional planning'. A listing of strategies for change at the sub-national level include investment programmes for administratively defined area economies, projects aimed at improving the lot of population away from the 'Centre', plans for Metropolitan area development and for areas composed of a hierarchy of contiguous Urban places and their surrounding hinterlands.

That such a listing is heterogenous cannot be denied, but of greater significance here is their similarity of intent. Implicit in them all is the notion that the sub-national spatial unit, the region, is a valid areal entity for formulating and implementing a development strategy.
But while in certain context, the planning region is viewed as an isolated space, apart from its national environment, and often not necessarily an integral part of the national space economy. In certain other cases the concept of region is viewed as an interacting entity whose level and direction of development is a function of both its own internal dynamics and the inter-relationships among regions within a country.

The vast literature available on regional planning can be grouped into two sets concerning two types of problems (1) The rationale behind regional planning and (2) Identification of the domain of regional planning in terms of activity location. These two types of questions are asked by people concerned with any type of regional planning exercises, say District planning, Block planning, Resource Regional planning, etc.

The first question of rationality of regional planning has been discussed within the ambit of multi-level planning frame. The objectives of regional planning on which vast literature is available are either discussed in the frame of multi-level planning or region as an independent identity. Sau (1971)\(^1\) has lucidly shown that an adequate and operational

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\(^1\) Sau Ranjit, "Multi-Level Planning", EPW, Vol.33, 1971
theory of multi-level planning has not emerged either in India or abroad and any attempt to integrate the distinct sets of theoretical constructs of "decentralised planning" and "regional planning" have remained abstract formulations cast within the framework of a totally centralised and controlled economy.1

Under the circumstances of the lack of a structured multi-level planning frame, the rationale of regional planning is found to have been discussed with respect to the objective of regional planning within the existing system of centralised planning and in certain cases viewing "region" as an independent spatial identity. It is observed that the type of decentralisation postulated in the various formulations of regional planning is "Sectoral" rather than "Special" and the regional dimension required for the approach of the Decentralised planning is lacking.

The rationale of regional planning was thus found to have discussed with respect to various objectives of planning at a local spatial level. Three sets of arguments can be identified in this respect. Firstly, it is argued that in view of the wide regional variations in national endowments, attained levels of development and potentials, a

1Mundle Sudipto, "District Planning in India, Indian Institute of Public Administration, New Delhi, 1977."
common strategy of development will not be suitable for all regions and each region must have its own strategy of development particularly suited to its requirements.\(^1\)

It is also argued that detailed regional planning at the centralised level would be unmanageable and thus total planning problem should be partitioned according to certain criteria into sub-system problems.\(^2\)

The second line of argument is based on the theory of information cost and data availability for planning. Chakravarthy (1972)\(^3\) and Mathur (1973)\(^4\) have argued along the information cost theory of Marshack and Marshack (1959)\(^5\) that from the planning viewpoint, if a sub-system, e.g., agriculture and allied activities, requires a very large volume of data which is widely dispersed over the economy, then information cost, if used for the centralised decision making, will yield negative net benefits.

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2 Dutta Choudhury, "A Methodological Note on Spatial Planning in India, Paper contributed to Planning Commission, 1973

3 Chakravarthy S, "The Planning Process in India"; An Appraisal and a Framework, Planning Commission, New Delhi, 1972

4 Mathur O.P (1973), ibid

The third line of argument states that local participation in the plan formulation will help to mobilise physical and financial resources for local schemes.¹

Even though, there is elaborate literature available on the objectives of regional planning it has been mainly recognised as a strategy to reduce regional income disparity. Various reasons are propounded for the phenomenon of regional inequality. Firstly, it is argued that particular places within a country where wealth can grow most easily are marked out as advantages, proximity to minerals or sources of power, or to areas particularly suitable for specialised crops, alternatively they may have naturally good communication, so that though their sources of supply are at a distance, they can be supplied to many sources rather easily.

Secondly, the structure of demand was also found to influence to determine which of the favoured regions will be the first to grow.² It has thus generally become recognised

Nath V, "Planning by Panchayat Raj Institutions", in Mathur and Narain, (1969), ibid
Raj K.N, "Planning from Below with Reference to District Development and State Planning", EPW, 6, 30-32, Special Number, July, 1971

that development process implies the inter-regional inequalities in growth rates. Once the unequal rates of growth develop, they will tend to perpetuate themselves due to the economies of concentration. Even though, region gets developed initially due to geographic advantages, the region will keep on growing because of the advantages of concentration and its geographic advantages may be over run.

Although the growth momentum is usually cumulative in the dynamic area it could under conditions spread some of its dynamism to other areas. In other words, the growth of the dynamic area can act as a centrifugal force in certain circumstances, but it could also act as a centripetal force and drain the marginal areas of any growth potential they might have had. Even though, growth can be transmitted from the dynamic to the static region through three basic channels: movement of goods, capital and labour; this factor mobility always made the developed region to grow faster at the cost of the less developed areas through its centripetal forces.


2 Baer Warner, "Regional Inequality and Economic Growth in Brazil", EDCC, Vol.12, No.3, 1964
The theory of polarised growth attempts to explain why economic development tends to become increasingly concentrated in certain 'poles of development', giving rise to regional disparity. The classical model of factor mobility as a force to equilibrate regional growth, known as the convergence thesis cannot be expected to remove regional differences in per capita income because regional disparity of per capita income is influenced by the resource endowment of regions. So even under situations of perfect mobility of factors it will not eliminate the income disparity, but will be helpful only to equilibrate the price of homogenous factors between regions and thus balanced regional development becomes an important objective of regional planning. If the dynamics of the situation is such as to result in a centripetal situation, equity consideration might force the government to undertake public action to reduce the

Myrdal Gumar, "Economic Theory and Under developed Region", Duckworth, 1957

2 Richardson H.W, "Elements of Regional Economics, Penguin, 1969

3 Armstrong Harvey, Taylor Jin, "Regional Economic Policy and Its Analysis", Philip Allan, 1978
regional imbalance.

The need for reducing regional gaps has been argued from many angles. Firstly, from the social justice objective, reducing regional gaps is one of the ways in which income inequalities can be reduced. Simply increasing regional per capita income of course may not reduce poverty in a retarded area if the increased income in this area is concentrated in the hands of the already rich. But nevertheless, a well designed programme for reducing regional disparities can diminish income disparity.

Secondly, reduction in regional gaps is necessary in order to accelerate growth of the national economy. This complementary relationship between reduction in regional gaps and accelerated national economic growth is due to the phenomenon that poor countries are characterised by large and growing regional disparities and the rich countries are generally characterised by small and diminishing regional gaps.\(^1\) Jeferry Williamson (1965)\(^2\) in his well known econometric study came out with

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1 Myrdal Gurnar, (1957), ibid

2 Williamson Jeferry, "Regional Inequality and the Process of National Development", EDCC, 1965
similar conclusion that in the long run the achievement of higher and higher levels of national income is accompanied by reduction in regional gaps.

The third reason for arguing for reduction in regional disparities is that a country's trade-off curve that is, the option between more unemployment and more inflation, is very closely related with the extent of regional integration or disintegration.\(^1\)

The location of industrial projects under short term criteria of efficiency would generally favour the more developed part of the country. Even though, arguments can be raised with respect to scarcity of capital, full utilisation of idle capacity existing in developed regions and the lack of resource elasticity in backward regions favour investment allocation in developed regions.\(^2\) But such one sided criteria of efficiency could never realise the growth potential of the different regions and elimination of disparities in the standard of living of the

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people in different regions.\(^1\) Besides, we have good reasons
to believe that the national income of a country would
increase with proper exploitation and organisation of
resources in the relatively less developed regions.\(^2\)
Moreover, resources at the local level is highly elastic
and it is left to the planners to formulate the right
approach and strategy for regional planning to maximise
human welfare; Regional planning has the responsibility
to answer this basic objective of social justice and human
welfare.\(^3\)

Another question with which regional planners are
concerned is the spatial level of regional planning. It
is relevant to note that in various countries, outside
USSR, planned direction of economic activity or a purposive
planned location of population or industry was undertaken
in relation only to specific problems such as development
of resource region, metropolitan region and depressed region.\(^4\)

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\(^1\) Sharma J.R, "Balanced Regional Development, Is it Possible", EPQ, Vol.1, No.18, Dec, 1966

\(^2\) Pathe P. Vasant, "Issues in Industrial Development of Backward Regions, A Case Study of Marathwada", IJRS, No.197, Oct, 1969

\(^3\) Vyas V.S, "Rural Development, A future Perspective", Lecture delivered at the School of Planning, August, 1979

\(^4\) Hischman A, (1958), ibid
These spatial units of planning has a distinct geographical area and should be homogenous in terms of social and economic structural characteristics.\(^1\) Evidently, the larger the region the lower will be the expected level of homogeneity and smaller programme region\(^2\) is assumed to be a better choice\(^*\).


\(^2\) Boudeville J, (1961), ibid


There have been two sets of views about the spatial unit of regional planning, especially in the context of a multi-level planning frame. The first view is that to reduce the information cost and to encourage local participation and to ensure the homogeniety criteria, a smaller level of spatial unit, at the Block level, is preferable.

The second view is that District is the ultimate reducible area for which data collecting machineries have developed\(^1\) and the compelling practical consideration favouring the choice of District as the unit of regional planning is the strategic role of Collectorate in Indian field administration\(^2\). But even at the district level, it is agreed, there are major gaps in this area of required data and information\(^3\).

While these arguments about the spatial level of regional planning continue, one can get satisfied with the answer given by Gadgil (1966)\(^4\) on this issue. To quote

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\(^1\) Dutta Choudhury, "Regional Planning", in Dunhan & Hilhorst, "Issues in Regional Planning", Institute of Social Studies, Mouton & Co., 1971

\(^2\) Mundle Sudipto (1977), ibid

\(^3\) Vyas V.S. "Decentralised Planning", in Mathur & Narain (1969)
Nath V, (1969), ibid

\(^4\) Gadgil D.R, "District Development Planning", Gokhale Institute of Politics & Economics, Poona, 1966
him, "The district is not a region as the term is usually understood... District development planning presents problems which are comparable with those of planning for the development of a larger state with a heterogeneous composition. The problems of planning at the state level are all met somewhat in a simpler form within the district development planning, somewhat simpler because of the degree of heterogeneity and complexity in a district would be necessarily less than that in a State".

The second question which has gained prominence in regional planning thought is the conceptual issues on the domain of regional planning. Three sets of approaches can be identified. Firstly, if regional planning can be viewed in a multi-level planning frame, then the sub-system of agriculture and allied activities need to be planned at the spatial unit of district.¹ A second approach is that if district planning is aimed at realising the growth potentialities of a region, then the region should concentrate on the 'economic base' or 'export base' activities in which the region has a comparative advantage.² It should

¹ Dutta Choudhury,(1973), ibid
² North D.C, "Location Theory and Regional Economic Growth", in Friedman & Alonso,(1975)
Mathur(1973), ibid
be stated that this approach of 'export based growth' has gained wide recognition in regional planning and thus need to be reviewed in the context of backward development of Developing Countries.

A third approach for regional (district) planning is the institutional approach\(^1\). This approach involves integration of a physico-geographic plan for socio-economic overheads with a plan for the conservation and development of natural resources like land and skilled labour, and building up the necessary institutional frame to co-ordinate and synchronise the integration of the above elements and to encourage local participation in the plan formulation and implementation. The institutional approach, even though, provides a frame for an integration of the basic socio-economic activities, has failed to provide a practical approach and methodology for district planning.

The principal contribution of Spatial planners to regional planning is the concept of "Growth Centre and Growth Poles" as a strategy and viable methodology for balanced development programmes. They argued that investments has to be considered in a spatial dimension, that

\(^1\) Gadgil D.R., (1966), ibid
although the efficiency of investments might be maximised by concentrating them initially in larger urban centres, equity considerations called for a policy of concentrated decentralisation, and that, in order to incorporate a spatial dimension into the planning for national economic growth, planning would have to encompass at least three levels of spatial aggregation, Urban, Regional and National. In this way, they claimed, that spatial integration of the national economy would be achieved*. When we seek for an appropriate strategy for regional planning an understanding of this very concept of growth centre as a strategy for backward area development is essential, especially within the perspective of developing countries.

**Growth Centre Concept:**

Policies of deliberate channelling growth to certain favoured places in order to achieve wider regional and national goals are advocated through this strategy. These favoured places have been variously termed as growth poles, centres, points, areas, axes and nucleus.

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Growth centre concept and growth pole concept are heavily linked, while the growth pole concept deals with 'economic space', growth centre concept connotes 'geographical space'. Growth pole theory is clearly wide ranging, indeed some would have it that it has at least the elements of the elusive, all embracing general theory of regional development and planning. The relationship between growth pole theory and development process was introduced by Perroux (1950). He considered it as a tool to explore the process by which activities, i.e., firms and industries, appear, grow and stagnate and sometimes disappear. The essence of the idea is that development is selective in its initial incidence, i.e. it is polarised. Following Schumpeter's lead, Perroux stated that economic development results from the adoption of innovations, then extending Schumpeter's view, Perroux implicitly advanced the main hypothesis that innovations occur in a dominant industry, and these innovations would be located in geographical clusters around the same industry. For these clustered imbalances he coined the name 'growth poles'.

The Perrouxian theory was modified by Boudeville (1966).²

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¹ Perroux, (1950), ibid
and made explicitly applicable to geographical space.
Since their first formulation, notions of growth poles and
growth centres have multiplied pace.

The initial concept of growth pole was as a means
to explore and highlight the complex process whereby
clusters of economic activities and industries, appear,
grow and stagnate overtime. A growth pole conception
of a group of firms or an industry which primarily generates
a new productive force and inter-relationships emphasise
a particular kind of orientation in the explanation of
economic growth and development. The impetus that shifts
the larger part of an economic system away from an existing
equilibrium state, and the propulsive mechanism that then
initiates its dynamic development, is a series of disjointed
thrusts involving the emergence of a series of poles of
sufficient potential to affect the wide range of contem­
porary production and consumption inter-relationships.

The second set of concepts have distilled from
parallel discussions among theorists of spatial organisa­
tion and regional growth. A large urban centre becomes
established on the basis of intrinsic or acquired locational
advantages and is able to attract specialised and potentially
dynamic activities which provide a self-sustaining momentum
of growth and change. Through the changing locational interdependencies of a hierarchically ordered 'system of cities' the new growth centre 'organises' a new spatial structure of production and inter-regional trade. In turn, this process of organisation and diffusion will transform the existing patterns of population and production concentration, cumulatively reinforcing and transforming the inherited national space economy.

Largely drawn from Moseley (1974)\(^1\), Jaya Appalraju and Michael Safier (1976)\(^2\) have specified the form of polarised development as a single complex phenomenon involving six interrelated conditions incorporating both growth pole and growth centre concepts:

(1) The presence of specific production, distribution and trade activities which are established at some minimum scale of operation and which have a potential for rapid and sustained growth,

(2) The establishment of direct and indirect linkages between the production and distribution activities with other activities,

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\(^1\) Moseley M.J, "Growth centres in Spatial Planning", Oxford, 1974

\(^2\) Jaya Appalraju & Michael Safier, "Growth Centre Strategies in Less Developed Countries", John Wiley & Sons, 1976
(3) The growth potential of economic activities to propel new economic productive forces and transform the structure of production involving adoption of successive innovation and specialisation,

(4) The evolution of organisation of activities within a distinct locational concentration,

(5) The growth or initial establishment of locations to realise externalities and infrastructural viability,

(6) The ability of concentration of activities to induce socio-economic development of surrounding settlements.

Successive attempts to introduce more precise definitions and theoretical refinements of these 'economic space' and 'geographical space' conceptual interactions have left unsolved questions and often generated confusions on every level of agreements pertinent to development planning strategies.

The development and spatial growth are partial field areas within temporal* and spatial economies respectively.

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1 Darwent D.F, "Growth Poles and Growth Centres in Regional Planning, Environmental Planning, No.1, 1969

Moseley (1974), ibid

* Temporal economics has two components - growth economics and development economics. Both deal with different questions, have diverse structures and use different units and types of analysis. Yet, they can be related and in fact, are commonly related to in research and policy making.
The possibility of relating their respective theoretical framework is a 'sine qua non' for the analysis of their interactions. It is because this condition is not actually met by economic analysis that existing attempts to study the relation between the two process are purely statistical manipulations of indices relating to the two.

The evolution of growth centre strategy as instruments for reshaping of development geography has followed a partial course. We can identify six different categories of growth centre projects which overlap in conception, i.e. (1) Infrastructure Growth Centres (2) Industrial Growth Centres (3) Regional Growth Centres (4) Rural Growth Centres (5) Service Growth Centres and (6) Metropolitan Growth Centres.

The first class of growth centre strategies concentrate on provision of infrastructure, which stress the importance of social overhead capital for economic development.

The second and third classes of growth centre, industrial and regional centres is a wider step and aims to reshape the structures of national and regional economy and society. These basic notions are closely related with a group of ideas expressed in contemporary writings of growth.

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1 Davis & Golden H.H, "Urbanisation and Development of Pre-Industrial areas", EDCC, Oct, 1954
and development by Rostow (1963)\textsuperscript{1}, Myrdal (1957)\textsuperscript{2} and Hirschman (1958)\textsuperscript{3}.

These first three classes of growth centres have a common emphasis on the direct use of large scale investment resources to generate structural changes through accelerated economic growth and the resultant technological and organisational spin-offs. Experience has taught that both the macro economic and micro spatial environments of most developing countries contain severe limits to the effectiveness of polarised development projects of this kind. Two basic kinds of constraints have been the restrictive size and 'absorptive-capacity' of small markets for industrial outputs, coupled with the capital intensive, low employment generating character of much of the industry involved. In addition, these centres have had a severely limited impact in transmitting development impulses through their surrounding areas because the linkages involved in the development of the centre itself have been largely with external suppliers and markets and because the derived demand for labour and for agricultural produce have stimulated

\begin{itemize}
\item \textsuperscript{1} Rostow W.W, "The take-off into self sustained growth", in Agarwal and Singh, Oxford, 1963
\item \textsuperscript{2} Myrdal Gunnar, "Economic Theory and Under Development", Duckworth, 1957
\item \textsuperscript{3} Hirschman A (1958), ibid
\end{itemize}
migration. Besides, the technological dualism have limited the so called industrial development spread/trickling effect.

A fourth and fifth class of centre has become more widespread, i.e., the rural and service centres. In India they represent the 'Rural Growth Centres' of local Government Block Areas in selected districts. Rural and Service Centres intent to transform the structure of production and settlement on a local but more widely spread basis than their predecessors. The locational concentration of rural and service centres is based on the spatial allocation of a limited number of core units of productive or service capacity over an area, the addition of the whole range of 'Centre-Place' functions and localised rural industries and the attraction and settlement of population up to the size of a small town in which a minimum level of urban infrastructure is viable. In this case the socio-economic development of the surrounding areas is induced by the expected to take place through the inter-relationship of the centre and its surrounding settlements.

It is the very multiplicity and intricacy of the necessary 'leverage' on the local socio-economic structure that has made the rural and service centres so difficult to sustain and limited in effect. Inspite of the external investment oppor-
tunities experiences have repeatedly been a slow and localised series of changes in levels of productivity and adoption of new ideas and the mobilisation of local resources, skills and initiative has proved hard to induce. Moreover, the socio-economic relationships with rural areas also determine the spread effects on different types of activities and groups of people, and this is more obvious when the local activities have to be influenced by the external market opportunities.

The sixth and last class of growth centre has emerged in the form of the Metropolitan Growth Centre. The logic and content of such a centre is that they are concerned with the planning and management of city regions and the modifications of an existing mono-centric pattern of population and activity concentration.

Even though, experiences with type of centre is still limited it would be seen that the organisation, managerial and financial complexities of such an endeavour, plus the powerful 'dynamic conservatism' of established central city complexes, inhibits the successful promotion of an alternative focus well before it can reach a level of self-sustaining momentum.

The record of achievement of growth centre Strategy
conceived as a simple project and executed within the wide environment of economic and spatial organisation in India is very limited. The intrinsic nature and historical circumstances of our country and the prevailing conditions of poverty, inequality and underdevelopment offer a difficult environment in which to establish a centre or set of centres able to modify existing structural relationships in production, distribution and organisation. It has become evident that most spatial and regional planning policies which incorporate growth centre strategy involve a contradiction of terms. In general, the designated centres have not been foci for structural transformation of space, but rather have been encapsulated within and contributory to, the pre-existing geography of development and change.

If the economic activities determine spatial structure and this relationship can be the other way also and if the spread effect or diffusing effect of economic activities in terms of centripetal and centrifugal forces is the result of socio-economic structural relationships in the given


situation there need not have any uniform spread effects, since this structural relationship varies from situation to situation according to local socio-economic relationship. This socio-economic structural relationship produce a set of adaptability, transformability and propelcity according to the social behaviour pattern. If this hypothesis of social behaviour pattern and innovation diffusion effect and development spread effect of socio-economic activities is agreed upon, understanding the behaviour of the society for any given service unit of activities is very important to estimate the development process that will be generated out of a growth centre strategy. Accordingly, the nature and intensity of these spatial and functional interactions varies from developed regions from that of backward and depressed regions.

The so called centrifugal and centripetal effect in a settlement is the result of the socio-economic structure of a settlement. The distinct socio-economic groups and activities in a settlement decide the nature and intensity of the socio-economic interaction in terms of service utilisation and distribution production activities of the society. To be more explicit the level of socio-economic inequality in terms of production relation and social relation may influence the distribution of the income and service utilisation. We can assume that the income distribution
and the level of income determine the distribution of economic activities that are to be demanded from the market system and the social equality in terms of power structure influence the level of public service utilisation\(^1\). All these socio-economic parameters peculiar to the underdeveloped regions act as a limitation to the growth centre concept and thus to its success. Thus, it can be said that this strategy cannot be employed as a 'standard methodology' without contextual modification for regional development and it should be applied only after the socio-economic pre-conditions of income growth and better income distribution and the removal of inequality in service utilisation are satisfied.

The Export Base Approach of Regional Development:

We have observed that the Growth Centre Strategy emphasises on the direct use of large scale investment to generate accelerated economic growth and resultant technological and organizational spin-offs. This necessarily implies large scale investment in industrial development programme and thus accepts industrialisation as the regional development strategy. Industrial Planning in backward areas is usually looked at from two aspects, based on demand and resources in terms of raw materials. "Export base approach" is the main demand based approach in the regional economic

\(^1\) Narayanan Nair E, "Growth Centre Concept and Development Planning", *Artha-Vikas*, July-Dec. 1978
base studies. This approach assumes that the only reason of concentration of economic activities in a central location is the higher income made available to the producers of the region through the increased returns made available as a consequence of economies of scale. This approach also assumes the 'spin-off' effect of this increased returns to other factors of production of the region through the forward and backward linkages. For many industries, the achievement of such scale, however, requires production far in excess of demand by the local market. This leads to regional specialisation and the institutional factor necessary to permit the exploitation of such economies of scale and such economies are obtained through trade among regions.

The regional trading system is undoubtedly open and free of restrictions within national boundaries. In such a situation, it is possible to draw upon the theory of comparative advantage as an explanation of regional patterns of production and export specialisation. The best known explanation of the origins of comparative advantage, and hence export specialisation, is the Heckscher-Ohlin theorem, which argues that regions will specialise in the production and export of commodities that use their relatively abundant factor intensively. Hence, this approach envisages that an exogenous investment transferred into the region will
generate a multiple of regional income through the regional factor employment and other production linkage dynamism.

Under this approach, a region's growth is closely tied to the success of its exports and may take place either as a result of the development of new exports or as a result of the improved position of existing exports. The concept of the export base in regional analysis is called on as the major autonomous variable determining the level of regional income.¹

Theoretically the export base theory of regional growth stems from foreign trade multiplier concept in comparative static analysis². Besides, its emphasis on the external demand on the regional income growth which makes other factors such as domestic investment and shifts in consumption pattern as subservient. This theory has been interpreted as an important stage in the sequence of regional growth³. The first stage in the economic history of most regions is one of a self-sufficient subsistence economy in which there is little investment or trade. The second stage starts with

improvements in transport, the region develops some trade and local specialisation. A second stratum of population comes into being carrying on simple village industries for the farmers. Since the materials, the market and the labour are all furnished originally by the agricultural population, the new industrial superstructure, is located with reference to that basic stratum. With the increase of the regional trade, a region tends to move through a succession of agricultural crops from the extensive grazing to crop production to intensive cultivation and cash crop and livestock production. An important stage in the regional dynamic growth path occurs with the increased population and diminishing returns in agriculture and other extractive industries, the region is forced to industrialise. Industrialisation means the introduction of the secondary industries on a large scale. The early stages of industrialisation are based on the products of agriculture and natural resources. If industrialisation is to continue, mineral and energy resources become critical. In this stage the region largely depends on its exports and the external demand and thus the external investment plays an important role in the regional income growth. The final stage of

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1 Hoover E.M, "Location Theory and the shoe and leather industries", Cambridge, Harvard Univ.Press, 1937

2 Hoover & Fisher (1949), ibid
regional growth is reached when the region specialises in tertiary industries producing for export. Such a region exports to less advanced regions capital, skilled labour and other specialised factor resources.

The starting point for reshaping the view on the regional economic growth through the concept of export base theory might well be started with the insights of the studies by Innis H.\(^1\) Innis' research establishes the crucial importance of the export staple in shaping new economies. The term 'staple' means the chief commodity produced and marketed by a region. It is customarily thought of as describing products of extractive industry. But for growing regions this exportable commodities included products of secondary and tertiary industry as well.\(^2\)

The success of an industry in producing an exportable commodity can be understood in terms of the principles of location theory. Distance inputs\(^3\) are conceived to be simply another factor of production whose price is the

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2 North D.C (1975), ibid

3 Isard W, "Distance Inputs and Space Economy - The conceptual Framework", Quarterly Journal of Economics, LXV, May, 1951
transport rate and whose optimum combination with other factors can be determined by the principles of substitution. The development of an exportable commodity reflected a comparative advantage in relative costs of production, including transfer cost. Distributive transfer costs have served to limit the extent of the export market. From the viewpoint of the region the demand for the exportable commodity was an exogenous factor, but both processing and transfer costs were not. The ceaseless effort of new regions to get centrally subsidised internal improvements, state aid for industrial developments, etc., are a part of the continuous effort of each region to reduce transfer costs to better the competitive positions of its export.

The regional growth dynamic due to the export stimuli is analysed through its linkages with regional residentiary activities. As a region's income grows indigenous saving will tend to spill over into new kinds of activities. At first, these activities satisfy local demand, but ultimately they become export oriented. This movement is re-enforced by the tendency of transfer costs to become less significant. As a result export bases of regions become more and more diversified, and they tend to lose their identity as regions. Ultimately we may expect with longrun factor mobility more equalisation of per capita income and a wider dispersion of
The export base approach of regional growth was criticised by many regional economists on many grounds. Its advantage over the neo-classical approach is that it stresses the role of demand factors. But it offered little insight into the conditions likely to have dominant effect on growth. The role of factors internal to a region, for instance, such as local initiative and the government development programmes, are entirely ignored. The importance of regional market as opposed to export markets in promoting regional growth especially for backward regions is emphasised by Dickinson in 1947.\(^1\) It has been argued that the sensitivity of a region to adjust to fluctuations from the external stimuli may sometimes be counter productive and this is more true for underdeveloped regions. The sensitivity of the region to fluctuation depends on the income elasticities of the exportable commodities. Clearly regions that specialise in few products with high income elasticities will have more violent fluctuations in income than more diversified regions.\(^2\)

The regional growth process discussed earlier is a

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1 Dickinson R.E, "City and Regionalism", 1947

2 Vinings, "Location of Industries and Regional Patterns of Business Cycle Behaviour", Economtrica, XIV, January, 1946
natural growth process. Industries become export base after meeting local demand and in order to realise the scale economies in terms of transfer cost and large demand the residentiary activities should be developed\(^1\). But in under-developed regions where industrialisation being considered as an externally induced strategy of growth, export oriented and capital intensive industries form the basic sector. Due to the incentive policy of the Government, industries are being attracted to these backward areas mainly to avail of these incentive schemes which help to reduce their transfer cost and to make their competitive position better. This phenomenon itself nullifies the very objective of regional growth, chiefly because these industries which are mainly export oriented came into operation as an exception to the stages of regional growth and as such do not have the desired linkages with regional economy. Regional linkage multipliers become weak mainly due to the undeveloped residentiary activities. The chief factor for this undeveloped industrial superstructure is the low level of regional income and the unequal income distribution. Given the population, boundaries, transport network and costs, markets and factor endowment, a region must divide its energies between residentiary and export activities\(^2\).

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\(^1\) Tiebout Charles M, "Exports and Regional Economic Growth", in Friedman and Alonso, (1975)

\(^2\) Tiebout Charles M(1975), ibid
Indian Experience:

The planning process at any national level stems from the political organisation. In a federal structure the responsibilities of national planning is not only to diversify national development objectives over geographical spaces but also integrating and harmonising the development objectives of the various subnational units.

Hitherto, there has been insufficient spatial or regional dimension in Indian planning. Soon after independence, when the planning process started in the country the objectives of planned development worked out without squarely facing the question inherent in the planning process of a multi-regional economy involving politically identical sub-national interests. Even though, economic growth during 1950 and 60's was probably somewhat more rapid in the developed states than the less developed area\(^1\), significant regional disparities in development existed and the investment pattern as postulated in our planning framework has likely increased the disparity rather than decrease it\(^2\).

In the past few years, however, Indian planners have

\(^{1}\) Rath N, "Regional development in Indian Planning", EPW, Vol.5, No.3,4,5. Jan, 1970

became increasingly concerned with the problem of regional disparities. The gross regional disparities have been due actually to the inherent structural conditions of Indian economy and hitherto mobility of factors whereby market distortions have created a bias in growth in selected areas. The tensions evoked later in the centre-state relation about the resource allocation paved the way for a balanced regional development strategy. The developments of agitations for creation of separate state of Telengana and location of a second petroleum refinery in Assam, also the controversy over location of the fifth public sector steel plant and developments of waters of river Krishna and Narmada have emphasised the political overtones of regional development. These developments indicated dissatisfaction with policies and programmes related to regional development.¹

While statements were made in official documents as well as in Parliament* about the desirability of regional balance and the need to diversify the economic activities that have to be contemplated in the different regions on the basis of their problems and potentialities, it is observed

¹ Rath N (1970), ibid

* For instance second five year plan and subsequent plan documents, like Industrial Policy resolution of 1956.
An important feature of Indian planning till the study of eastern U.P.* has been that the comparison of the levels of development of backward areas has always taken the state as a unit of analysis. This study, however, brought out the importance to look at the intra-regional disparities and the areal context of regional planning.

There was concurrently an attempt to formulate what is termed as area development programme. But this approach could be traced back to the pioneering attempt at the district planning done by Sir Viswasarayya (1939)\(^1\), and later by the Sarvodaya team led by Shri Anna Shaheb Sahasrabudhe (1956)\(^2\) at Korapur in Orissa. Their main contribution was that they suggested that area development should aim at the removal of poverty and economic activities, especially industries, should be planned at the micro-level in accordance with local resource and need. Interesting studies were followed leading to the Wardha Plan**. The district

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\(^1\) Sir Viswasarayya M.V., "District Planning", 1939


* Report of joint study team on Eastern District of U.P.1964

**A series of bulletins from the Institute of Regional Development Planning (1964) and the publication on District Development Plan, Wardha, by the Gokhale Institute of Politics and Economics, Poona, (1964) provide the main features of Wardha Plan.
development plan for Wardha prepared in 1964 is the first of its kind in India. This attempt provided a frame for the development of a region with the active participation and cooperation of the people and the involvement of popular representatives in the plan formulation and implementation. The chief conceptual contribution of this attempt was the concept of 'mandi centres' or market centres which are envisaged to be both the nuclei of rural services of all kinds and the growth points of resource-based and consumer goods industries. However, stress was given on schemes than developing an approach and strategy for balanced regional development. To quote Gadgil, "the plan highlighted the difficulties of lack of coordinated effort and lack of adequate knowledge regarding local problems and their correct solution. Synchronisation of effort was neglected under the existing system of implementation of individual schemes. Organisation seems to be of central importance everywhere. Without careful organisation a large programme employment benefits cannot be canalised to appropriate sections".

Even though few other studies undertaken earlier were

2 Gadgil (1965), ibid
3 Refer Studies, Gadgil D.R, "Economic Effects of Irrigation" Gokhale Institute of Politics and Economics, Poona, 1948
Balakrishna R, "Regional Planning in India", Bangalore Printing and Publishing Co., Bangalore, 1948
Prasad Kadamath, "The Economics of a Backward Region in a Backward Economy, A Case Study of Bihar in relation to other States in India", Book Agency, Calcutta, 1967
essentially descriptive and historical and inevitably often
general in their interpretations, it can be to their credit
that they focussed the importance of local character of the
problem in the general background of an underdeveloped
economy.

In 60's a systematic attempt has been made by the
National Council of Applied Economic Research in the study
of Indian regional planning. This organisation has surveyed
the resources at the state level mainly to investigate the
technically and economically feasible resource base and
other development potentialities of these specific geograph­
ic regions over a time perspective.

Again, during the same period, we find that the
Maharashtra State Government formulated policies to give
special allocation to backward region of Marathawada.
Besides, attempts in certain areas cutting across state
boundaries but having economic significance have also
brought to the forefront the concern over intra-regional
disparity. The third plan also emphasised the resource
utilisation for regional development and studies like
south east resource region were undertaken1, wherein

1 Govt. of India, Town and Country Planning Organisation",
South East Resource Regional Plan, Preliminary Report",
1968
resource based regional development approach was tried out. Another instance where the resource based development approach tried out was Damodar Valley Corporation\(^1\) which can be said to be the same model as TVC, the pioneering effort in Regional planning. But these attempts were treated with specific reference to the local physical, social and economic problems and failed to give guidelines to formulate an integrated regional development policy.

The development of Panchayat Raj institutions\(^2\) brought in a new dimension to the whole problem of regional planning. This institution tried to provide an integrated framework for rural development by integrating agriculture, community development and rural infrastructure. We also notice the emergence of urban development efforts in their regional setting through the setting up of Metropolitan organisation\(^3\). While the former involved in activities of a more or less localised nature wherein integration of the activities were not visualised, in the case of latter, the effort was more or less confined to land use in the city.

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1 Hamilton E. Richard, "Damodar Valley Corporation, India's Experience with TVA Model, "Indian Journal of Public Administration, Vol.XV, No.1, New Delhi, 1969
2 Govt. of India, Planning Commission, "First Five Year Plan, 1950
3 Delhi Development Authority, Bombay Metropolitan Regional Development Authority, Calcutta Metropolitan Planning Organisation, etc.
We have observed that from the Fourth Plan onwards a large measure of policy commitments to balanced regional development were formulated. Prior to the third plan, the policy towards regional disparities was ad-hoc and an adjunct of the Industrial Policy Resolution. During the Fourth Plan, problem of regional disparity was attempted to tackle at three angles. Firstly, reduction of inter-regional income difference through fiscal policies, second, development of resource frontier regions, and lastly local planning. But it is observed that the performance of these policies were not very encouraging. In terms of allocations of central assistance to states, certain states like Madhya Pradesh, Orissa, Rajastan, Kerala, benefited from equity consideration, but low income states like Bihar and Uttar Pradesh received per capita central assistance below the national averages. In terms of industrial location and decentralisation, private capital movements were extremely sensitive to market conditions which operated on the principle of profit maximisation. Thus despite incentives, subsidies and other measures, 62.1% of the total investment subsidy upto the end of 1974 went to high income states and 34.7% to low income states. In terms of location of industrial estates, 43% of these estates were located in cities having population above 1 lakh compared to 37.6% in cities of 20,000 - 100,000 size.

The moderate success of the above attempts paved the way to social tensions in backward areas owing to its explicit reasons of backwardness and poverty in backward region and over congestion in advanced region forced the Planning Commission to set up two committees specially for industrial development (1) the Pandey Commission (1969)\textsuperscript{1} to identify backward areas and (2) the Wanchoo Committee (1969)\textsuperscript{2} to consider the nature of concession to be provided in these backward regions. Early in the Fourth Plan a scheme of financial assistance was drawn up in which 229 backward districts were selected. The subsequent attempt in the Fifth Plan and Sixth Plan led to the new trends in rural industrialisation; District Industries' Centre, Block planning and other decentralised planning approaches were taken up at various levels*.

Based on the past concentric growth of Indian cities and polarisation of economic activities, the need for decentralisation was felt among Indian planners and they

\textsuperscript{1} Pandey Commission, "Report of the Working Group for Identification of Backward areas", Planning Commission, 1969

\textsuperscript{2} Wanchoo Committee, "Report of the Working Group to recommend fiscal and financial incentives for starting Industries in Backward Areas", Govt. of India, 1969

shouldered their attempt on the concept of growth centre as a strategy for balanced area development. Foremost in this attempt was the Pilot Research Project in growth centres launched during the Fourth Plan. Subsequently many experiments were done in many parts of India and notably at the National Institute of Community Development. Another dimension of this strategy was the study done by the Stanford Research Team (1968). This study based on its cases of eighteen Indian cities of different population sizes has showed that cities having population range between 1.30 to 3.00 lakhs can be considered as the least cost option for industrial growth. This conclusion was the basis of the approach to develop the small and medium towns as growth centres.

The last twenty years of planning at the regional level saw the emergence of a host of area specific programmes like the setting up of Industrial Estate, Tribal development programme, Command area development programme, Drought Prone

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2 Stanford Research Team, "Cost of Urban Infrastructure for Industries as related to City Size in Developing Countries India Case Study", Menlo Park, California, 1968

* Another dimension to the spatial planning has been provided a recent concept of 'cluster approach' which seems to be very promising, see V.M. Rao, "Rural development and the Village - Perspectives for Planning for Development", Sterling Publishing, New Delhi, 1980. Since this book was available only during the later part of this study, this concept could not be studied in detail.
area programme, Small Farmer Development Agency, Marginal Farmer and Agricultural Labour, and recently the Block Level Planning. But experiences of these schemes are not very encouraging.

Considering the crucial role assigned to the industrial estate programme for modernising and promoting the small scale units and promoting the growth of backward regions available evidences indicate that this programme has not always achieved its objective and majority of the units in these estates have less linkages with the region and are generally linked with large industrial cities of the country.

Experiences in the agricultural development programmes have also shown that these programmes have bypassed the needy and deserving sections of rural community. Most of the agricultural production programmes have proved to be lopsided not only between crops but also between categories of producers. The benefits are mostly cashed by large and middle class farmers in the intensive irrigated areas.


Inevitably the distance between insecure and dry areas and the irrigated and between the large and small farmers has been greatly widened in the process\(^1\). Available evidences suggests that under the impact of the intensive agricultural development strategy the landowner's income per unit of land increased between 50 and 100 percent and that of the labour between 25 and 35 percent. Thus, while labourers and landowners both benefited from agricultural development, landowners cornered most of the benefits\(^2\). Moreover evidence from Punjab, Western UP, Bengal and Tamil Nadu shows that income disparity among different classes of landowners has increased\(^3\). Two decades of favourable terms of trade to agriculturists\(^4\) did not benefit those below the poverty line. Since the outlets were not adequate to invest this vast accumulated surplus within the traditional frame of agriculture by the top strata of rural society they were diverted to money lending activities and purchases of land and other farm

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\(^1\) Gaddgil D.R, "Planning without a Policy Frame", EPW, Feb, 1967
\(^4\) Hanumanth Rao, "Technological Change and Distribution of Gains in Indian Agriculture", Macmillan, 1975

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Saini G.R (1976), ibid
Nanjamma Chinnappa, (1977), ibid
assets. The result is the transformation of non-owning cultivating peasant into landless and the reduction of the cultivating unit of the small owner-cum-tenant cultivator. A good portion of this net surplus is flown back to the urban areas as a consequence of their economic and social interaction with the urban system. Even though, this increase in net surplus may have a percolation effect on the small farmers in certain regions, this effect found to be only marginal, on the contrary this leads to an increase in the price level of industrial commodities too. The poorer sections of rural community are thus caught in pincers.

Backward area development strategy:

Till late the underlying idea of Regional Development Planning was that human welfare will flow from the relentless pursuit of economic growth; that economic growth would most possibly result from rapid industrialisation, that rapid industrialisation, would be accommodated most efficiently in a few Metropolitan Centres from where its benefit would "spread" to the rest of the regional territory, that planning

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2 Jose A.V, "Trends in Real Wage Rates of Agricultural Labourers", EPW, Review of Agriculture, March, 1974

3 Mitra, Ashok, "Industrial Growth and Income Distribution", Social Scientist Special Number, Jan-Feb, 1977
for growth, industrialisation, and urbanisation could be accomplished only through co-ordinated central planning; and that co-ordinated central planning was a technical task that would be solved through complex mathematical planning techniques.

The 1940's witnessed a serious study of the economics of underdevelopment with the consideration of the problems of economies characterised by economic dualism. Industrialisation of backward areas as a strategy for development was suggested to tackle the problem of mass disguised rural unemployment on the premise that it will be easy to transport capital to labour than otherwise. Since then many economists have suggested that economic growth is found mainly on the expansion of non-farm industries which has been rather critically commented as 'Industrial fundamentalism'. Lewis (1955) and later Fei and Ranis (1964) and Jorgenson (1961) presented rigorous models of development of a dual economy.

5 Fei and Ranis, "Development of the Labour Surplus Economy; Theory and Policy", Homewood, 1964
and emphasised for a balanced approach of agriculture and industrial development.

In India a clear formulation of this industrialisation strategy of backward area development was provided in the Second Five Year Plan widely known as Mahalnobis strategy\(^1\). This strategy gave prime importance to the basic industries and it visualised that investment in this sector will generate an increase in the demand for consumer goods and this planned increase in demand has to be met by the increased supply of consumer goods by the small-scale and cottage industries.

The accelerated industrialisation strategy visualised the rapid expansion of a large scale manufacturing sector, a basis of future growth and capital accumulation, full employment, higher levels of living and increased self sufficiency. Unfortunately the results of this strategy were not at all what had been hoped for. By the mid 70's it had become clear that, far from being the high road to development, the strategy of accelerated industrialisation had generated and was continuing to generate and re-inforce a homogeneous set of economic, social and spatial structures that confounded the rhetoric of national objectives. We

shall call them the structures of dualistic dependency. In the "vertical" dimension dualistic dependency displays a set of opposing structures. The organised sector exercises dominance over the traditional household sector, an urban-based elite dominates the growing proletariat and a capital-intensive, imported technology successfully competes against a labour-intensive, indigenous technology. In their "horizontal" or spatial dimension, dualistic dependency finds expression in one or, at best, a small number of highly urbanised, "core regions", which, in turn, control the development path of regional economies in their periphery. Besides the dualism, this strategy was unsuccessful to reduce income disparity and in fact accentuated it. Again, we find that the strategy objective of building up the productive capacity within region, has failed to materialise. Many presumed intersectoral linkages based on planned regional economic activities have not evolved; often the only identifiable effects have been impacts deemed "non-developmental", in particular the expansion of final demand and service functions.

1 Dougous Paaw and JohnC. Fei, "The transition in open dualistic Economies, Theory and South East Asian Experience", Yale Uni. Press, 1973

2 Appalraju and Safier, "Growth Centre Strategies in LDC" in Development Planning and Spatial Structure, Gilbert Alan, (ed) London, John Willy, 1976

A number of reasons have been forwarded for the failure of the desired regional spin-offs. Partial explanations are found in the lack of local supporting infrastructure, the centralisation of administrative bureaucracy, be they those of the government or private enterprises, and the need for longer gestation periods before local developments can be expected to occur. Taken together such contentions would seem to form part of a broader questioning that has permeated the development literature for some time. It is held that traditional development strategy with its accent on accelerated industrialisation and aggregate economic growth, has been unable to spread the benefits of development with in a region either economically, socially or politically. The result observed, by many, is that this growth strategy for regional development, against its hope of eliminating disparities, has set in motion the reserve process: polarisation. Disparities associated with all facets of development have been indeed pronounced. The call is out for a new development approach, one whose primary goals are equity and popular participation in the management of the development process.

Yet, the question is asked, has the old strategy really failed us? An answer must lie with an evaluation of its ability to attain its prescribed goals, levels of output and distribution of the benefits of the developmental programmes.
The phenomenon of objective poverty situation and the structural and spatial dualism have come to the fore and given rise to a call for new objectives and priorities. It may be that the traditional model is ill-suited to the new tasks and thereby out-lived its usefulness.

What this means for the process of regional development and regional planning needs a close examination. It may be helpful from the perspective of an underdeveloped region. It can be argued that the primary objective of most regionally-located large-scale capital-intensive public and private investments has been the attainment of national investment goals without sacrificing regional development. The important observation of Charles L. Levin (1964)\(^1\) that it is not necessary that the maximisation of regional development objective function may be always consistent with the maximisation of national development objective function need to be kept in mind. Regional investment, whether determined by the activities' natural resource requirement or influenced by national development policies, were interpreted primarily as points of space. The emergence of linked activities and the desired economic outcome through

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\(^1\) Charles L. Levin, "Establishing Goals for Regional Economic Development", Journal of American Institute of Planners, 1964
the regional linkages between the "lead" sector and the region was assumed and was not considered as the specific spatial impact for which one plans. Dissatisfaction with the area effects of accelerated industrialisation strategy at the regional level has called for the introduction of more distribution oriented strategies of spatial development. It is important to note that even the recent Industrial Policy of the Janata Government which gave importance to small-scale industries bound to fail to achieve its objective of people participation and spatial decentralisation because of its basic characteristic of its technological linkage with the large-scale industries and with the upper income groups in an economic sense.\(^1\) This means that priority in a new strategy should be given to the amelioration of the situation of those occupying the rural productive base, in particular to agricultural labourers and marginal and small farmers and their urban counterparts. The idea of a symbiotic relationship between agriculture and industry and town and country has returned to the fore in nowadays development thinking. Thus a new notion of agricultural led growth and "agri-politan development"\(^2\) is being espoused.

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2 Friedman and Douglass M, "Agropolitan Development: Towards a New Strategy for Regional Development in Asia", in UNCRD, (1975)
Besides, the above problem has a social aspect which needs to be understood. Development is a social process, which makes the growth of the material base of the economy ever widening, expressing itself in cumulative growth of the net national product. This is largely made possible through the social evaluation of the resources the society possess providing commodities with the help of the such resources. While each social structure has its own cultural appraisal of the physical assets in their possession, it remains to be the major contribution of capitalism as a social structure to present the social evaluation through the instrument of market and through it the growth as well as the development of the material resources. It may be useful to point out that all cultural appraisals done in pre-capitalist or natural economic, social structures generally remain at an individual or group evaluation of the resources. In contrast under capitalism the evaluation is through the anonymous market, which requires each individual participant to maximise his profit. This difference in the system of evaluation, historically it appears, is the major contribution factor of the present pattern of development of the resource base.1

In the Indian context, however, the character of the cultural appraisal is not fully market oriented and contains still large areas where the evaluation is of the semi-non-monetised economy and that of a pre-capitalist type. The basic characteristic of this type of economy is the low level of income and levels of living and the influence of social values and practices in demand pattern and labour utilisation thus leaving little scope for a strategy of industrial development based on the principle of "Economies of Scale" to succeed in erradiating the desired forward and backward linkages for regional development. Given the low level of income and the poverty of a given region, it can be reasonably conjectured that the existing consumption of industrial commodities can be low and the region may have heavy import leakages, but if the purchasing power of the rural masses can be enhanced a large potential increase in the production of those sectors of industrial commodities which have a direct linkage with the majority of people can be realised. This brings us to the crucial importance of internal market in the development of the region. The pre-condition for the stabilisation of the internal market is the increase in the level and distribution of the regional income and a symbiotic relationship of the rural and urban systems. This calls for a supplementary and complimentary
integration of agriculture and industry. Hence, industrialisation cannot be a homogeneous concept, it should be the outcome of two different strategy approaches. First, it should be the logical outcome of a Sector Strategy involving a viable 'Residentiary and Export Oriented Industries' and a proper product mix involving the scaling down of modern large scale technology to reach the majority of small producers in rural community. Secondly, it should be a part of an integrated regional development strategy.

The present study is aimed at developing an appropriate approach which integrates the major sectors of a backward region. We make a modest attempt to build a Regional Development Model for a backward district of Gujarat, Surendranagar.