CHAPTER-1

ISSUES IN MACRO AND MICRO LEVEL PLANNING
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1.1 Introduction:

Economic development generally is the outcome of resource endowments, utilisation and their best use for specific region, by society or a group. There are aptitudinal and social factors that are responsible for economic progress. Factors like social and economic institutions, degree and efficacy of state intervention and extent of market also play specific roles in the process, direction and spread of economic development. Customs, know-how and trading differ from place to place. The factors like capital accumulation, education and technology etc. determine the progress, however they vary from place to place and region to region in different degrees. Economic backwardness is, many a time, a result of natural resources constraint in an area e.g. in the form of poor soil or insufficiency of water. This can be mitigated to some extent, with progress of science and technology. Resources, such as human skill, enterprise and administrative talents, tend to get concentrated in some regions. Backward regions can grow fast efficiently and effectively with proper utilisation of existing resources using proper technology. In this sense balanced regional development contributes in sustaining the growth processes in the long run for the country as a whole. Balanced regional development is referred to be the fulfillment of basic minimum needs for food, shelter and clothing.
etc., but satisfactory level of development is practically within the reach of all regions of the country.

Economists have viewed development process in different ways. Before one can think of measures for the development of backward areas, one is confronted with the problem of identification of homogeneous areas. The aim of all economic activities is to achieve higher level of consumption. From this viewpoint, per capita consumer expenditure can be considered as a good indicator of economic development of a region.

"Despite major strides in development in the last three decades in World Economy, millions of people still struggle for bare survival. The developing countries have been the victims in this 'development drama'. The famous quote 'poor are poor because they are poor', still holds good. Every year, about 18 million people die from hunger and hunger related diseases, of which 15 million are children (WCED, 1987)"¹. Over 500 million people are chronically hungry. The benefit of substantial increase in food production in the decades that have rolled over seem to have skipped this segment of population. In fact in the last four decades the number of poor has grown. "The material condition of life for large number of people is worsening year after year. This was widely discussed by the World Community

more than a decade ago". The benefits of the rapid economic growth, thus, have not reached in equal proportions to all groups of society and the number of poor and unemployed has not shown substantial decline. This has proved to be a costly affair for rich as well as poor countries.

Economic Planning implies deliberate control and direction by central authority for the purpose of achieving definite target and objective within specified period of time. Today when the standard of living, full employment, increasing income of general masses, reducing inequality and above all eradicating poverty are the main aspects to be dealt with by planning.

The need for planning in the underdeveloped country is stressed by the necessity of removing widespread, unemployment and disguised employment in such economies, capital being scarce and labour being abundant, the problem of providing gainful opportunities to an ever increasing labour force is a difficult task. It is only centralised authority, which can solve this, but in the absence of sufficient enterprise and initiative, the planning authority is the only institution for planning for the balanced development of an economy. For rapid economic development, underdeveloped country requires the development of agriculture and the industrial sectors. It also requires the

establishment of social and economic overheads (infrastructural facilities), the expansion of domestic and foreign trade sector in a harmonious way. All these require simultaneous investment in different sectors which is only possible under development planning.

1.2 Development and Issues at Micro-Level:

An integrated approach to development would require some sort of area planning i.e. planning for use, conservation and development of the growth potential of each area, in the light of its own needs and resources.

The level of living at regional level can be considered as an important indicator of development. Therefore in order to examine the regional imbalances in development, the micro level data are very important; however, they are not easily available. Per capita income is one of development indicators however, it is not possible to get information at taluka level about this indicator. In Indian scenario, district is considered as a planning unit, hence the relevant data for planning at district level are available but not at taluka level, though taluka can be considered as the more homogeneous unit for planning rather than district.

Some difficulties are experienced in the analysis and exposition of development in a specific area. Consumer expenditure data for example, are not available for regions below
the state level. Thus per capita income estimates are prepared for the state level only.

1.3 Issues in Growth and Inequality:

It is observed that inequality in rural areas is always less than that in urban areas. Kuznets gives a thesis of an inverted U shaped relationship between growth and distribution. In early stages of development, income inequality is high, which further increases with the passage of time. But in the later stage of growth it decreases. The importance of the farm sector as a contributor to gross product and employment also decreases in later stages of growth. The change of industrial base towards capital intensity is apparent. Still labour's share in production process is more than capital's share in production in developing economy. It is believed that the lack of employment opportunities in rural areas might be expected to cause increased overall inequality.

Low increase in per worker product is often accompanied by the increase in population. Economic growth is a result of not only aggregative changes, but also the result of structural changes. Kuznets explains three shifts in production structures associated with modern economic growth: (a) movement away from

agriculture, usually referred to as industrialisation (b) changes in structure within industry and particularly in manufacturing and (c) shift in the structure of the service sector.

"In many developing countries there is a rapid growth of GNP which is accompanied by increased unemployment. Growth in GNP is also accompanied by unequal income distribution. The two phenomena - (a) growing unemployment and (b) increasing of unequal distribution - are interconnected".\(^4\) The income level of labour class or rural population is low, because they fail to get employment in the modern sector, however, unemployment cannot be treated as a proxy for poverty. The removal of poverty and creation of employment and maintaining equality in income distribution are supplements to each other. By preparing and framing the policies to meet the basic needs and improve the condition of the poor, the overall development of an economy can be achieved.

The strategy for development must consist of (a) elimination of poverty and (b) reducing inequalities in income distribution. There are many problems about these objectives. If the objective of poverty elimination is defined in relation to the average living standard, it comes closer to the objective of reducing inequality. The objective of reduced inequality is indeed,


1.4 Growth and Redistribution:

A number of interacting elements determine the choice of strategies. Important among them are the initial situations, the structure of decision making and its power base and technical possibilities. These strategies can be categorized in following manner (a) high growth rate and trickle down, (b) redistribution through growth which again can be either radical or incremental.

1.4.1(a) High Growth Rate and Trickle Down:

The strategy of high growth is broadly the strategy of high growth with conventional approach. It is based on the assumption that (a) elimination of poverty can be left to the government, which will cast its distribution framework effectively, and (b) without any active intervention of the government, high growth of GNP shall automatically raise the level of living of the poor through a trickle-down mechanism. Rapid growth will ultimately lead to better distribution after some time-lags. Further, in
the context of these assumptions, government does not feel the need to redistribute actively, because it believes that poverty will automatically be eliminated by the trickling down process. High rate of growth is likely to increase income at every level. This is one of the main reasons for emphasising a high rate of saving. The government can, for example, achieve this by resorting to (a) an appropriate tax policy, (b) public expenditure and (c) redistribution policies.

The high level of skill required in modern technology leads to shortages of skilled workers and therefore tends to add an element of quasi-rent to the wages of these workers. The opportunity of migration and demand for skill workers to advanced area, provides further pressure on their incomes. As a result inequalities are increased. The high growth policy tends not only to generate inequalities but also to establish the position of economic power that makes it extremely difficult for the government to combat it by effective policies. The trickle-down strategy is one of pursuing objective of high growth with the conventional approach, and to aim at elimination of poverty as a consequence of rising absolute income levels throughout society, including the income levels of the poorest.

An alternative to the trickle-down strategy is one of deliberate intervention. Redistribution of resources to the poorer sections of society, also raise their relative position. In the short run, policy of redistribution should have the effect of raising the absolute income level. In the long run, the
levels of income of the poor depend on growth in aggregate incomes and change in the share of the poor under the alternative strategies. In the context of the clearage between the market orientation of the economy and the interventionist policy, it is argued that low growth rate is accompanied by higher distributive interventions. In case of Pareto optimality, even though the economy is not growing very fast, with the help of an interventionist policy mix, welfare of the people can be increased.

1.4.2 (b) **Redistribution:**

There are two types of redistribution (A) Non-incremental and (B) Incremental.

1.4.2.1(a) **Non-incremental Redistribution:**

In case of the first there is a redistribution of the existing assets. Redistribution of income, is undertaken by the Government through fiscal measures without redistribution of assets e.g. by progressive taxation of income, though this has not been proved to be successful in all the countries. Still redistribution of assets through policies of land reforms and widespread ownership or nationalisation of industrial property can prove to be useful particularly to the low income group. This policy includes radical reforms of institutions to give to the poor greater access to educational and health services, credit and technology and other infrastructural benefits.
1.4.2.2 (b) Incremental Redistribution:

Incremental Redistribution is redistribution at the margin i.e. with progressive increments in income. This type of redistribution involves taking from the better-off sections of the society by way of progressive tax structure. The tax collected as revenue is also to be redistributed among the worse-off sections of society.

This policy aims at taking away the extra income that would accrue to the richer class and redistribute it to the poorer class. Redistribution would take the form of providing investment resources to the poor, so that redistribution would give them permanent source of income rather than a temporary one. This would increase their consumption levels. This policy leads to the higher growth rate of the incomes of the poor. As it means a lower rate of growth for the higher class, and a higher rate of growth for the lower class, without any absolute reduction in the level of income of the society.

"To be successful, the strategy required is to see that the policies will not significantly reduce the growth rate of GNP as conventionally measured. This redistributive policies are likely to lead to a higher growth of this redefined target than the conventional non-redistributive trickle down strategy. It is
clear that the new redistributive strategy must not adversely affect the conventional GNP growth rate.6

1.5 Development Process:

The development process can be explained in different forms. There are three schools of thought with different views. These schools of thought are (a) Price Mechanist (b) Radical and (c) Technologist.

1.5.1. A. PRICE-MECHANISTIC APPROACH

Price Mechanist researchers argue that low production, low productivity, inequality and unemployment can be eliminated from a country by setting correct prices of different factors which serve as signal as well as incentives.7 They believe that development efforts may consist of some faulty policies. In this process government favours the large firms by setting the wrong price for capital, labour, foreign exchange rate and finally for the products and services of public enterprises. If the government sets the right price, economic growth is faster. In development process there are many evils created by foreign investment. The multinational enterprises incorporate the


dominance in certain products. They dominate the market of developing countries and exploit the society. Due to better knowhow in business such enterprises affect the terms of trade of such countries. The main reason for exploitation may be due to faulty price policies and price distribution. This pressure may further accentuate wrong incentives.

It can be concluded that correct pricing is not enough where ownership of economic power is concentrated in a few hands. This by itself, can make matter worse. This does not mean that correct pricing, combined with other policies has mean part in the development process.

1.5.2 B. RADICAL APPROACH:

The Radicals, believe in redistributing assets, power and access to income earning opportunities. They are of the view that only through such 'structural' and institutional reforms' development can be achieved whether peacefully and gradually, or by revolution and quickly, can growth and equality be achieved. Many of them argue that revolution is a necessary condition for economic development but it is the prevailing environment of a country on which the approach can be finalized.

1.5.3 C. TECHNOLOGIST APPROACH:

The Technologist approach the problem by interlinking poverty, unemployment, inequality in incomes and low productivity
of factors of production. They believe that this problem can be eliminated through optimum technological innovation and introduction. Discovery of high yielding varieties in wheat, maize, rice etc., serve the case in point. Industrial technology, public health, low-cost housing, birth control, nutrition etc., are issues that require research for the solution of maladies. The Technologists are right, as neither price and incentives nor 'structural changes' can solve a problem where the appropriate technological solutions just do not exist. When it has to be invented or discovered where the incentives are too weak or to produce 'automatically' the right solution.

Historically, technological development strategy has been followed by some capitalist economies. They follow, 'redistribute and educate now and grow later', strategy. The study of some economies was done by Irma Adleman. It is more consistent with current demographic trends and time scales. Irma Adleman concludes: "There is also evidence that entire package of resource redistribution, massive education and labour intensive growth policies must be adopted in that sequence to achieve rapid success. Incomplete version of this programme such as land reform alone or education without labour-intensive growth, have not worked properly. For the advanced countries which follow first pattern, economic development did eventually

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benefit, as to achieve development it takes much longer time, roughly two or more generations".

1.6 Experience of Macro and Micro Planning:

The first attempt was made to evolve rational development plan for India before World War II. A plan of economic development was necessary for India's development. Eight leading industrialists took a lead in planning. The Bombay plan was published in January 1944. It proposed to increase agricultural output by 130%, industrial production by 500% and services by 200% within 15 years of time. It proposed an investment of Rs. 10,000 crores. It remained a non-starter, just like other plan, known as People's Plan, put forward by M.N. Roy. Political and military events were too fast to allow any sincere effort in this direction. It was only in 1948, that a Committee of the National Planning released a series of reports on planning in India.

On 6th April 1948 the first Industrial Policy was declared. This policy outlined the future pattern for India's Industrial development. On 26th Jan. 1950, the new Constitution of the Republic of India came into force which initiated the Directive principles of state policy, that would enhance the development of the state.

In March 1950, the Planning Commission was set up to prepare a plan for the most effective and balanced utilisation of
Country's resources. In July 1951, the planning Commission issued a draft outline of First Five Year Plan.

Since the fruits of the big plans had not reached to the lower level i.e. district level and level below districts, the policy makers stressed the need for decentralized planning for development. The Planning Commission had decided to study guidelines for undertaking planning at District Level. A working group was set up under the chairmanship of C.H. Hanumantha Rao in 1982. The Report of the Working Group on District Planning was presented in May 1984. This report discussed the approach of decentralisation and recommended it for the district level planning.

It is necessary to be clear of concept of district planning. It requires some theoretical as well as conceptual understanding regarding the basis of performance to be undertaken.

District planning is a kind of area based sub-state planning the need for which arises in order to supplement the national and state level plans with more detailed examination of the problems; viz resources and potential of local areas that is district, so that investment programmes, can be diverted to the particular needs of each district. In short, district planning implies

evolving the developmental programme of the district, consistent with the specific needs of the people, the growth potential of the area and available budgetary allocation. This search, ended since the Fourth Five Year Plan. In the new approach to development which has been under implementation since the Fifth Five Year Plan, poverty alleviation, unemployment and social inequality have received greater attention. Thus, this theme has become the Central theme in various rural development programmes. In this connection, it is necessary to adopt "Management by Objective". Management of development programmes and project for said objectives of total development has become relevant and crucial issue. The mechanism of planning and decision making should transfer from upper level to lower level i.e. state to district and to the people according to their problems. They can organise and appropriate programme activities with the measure of active community support. All this can be made possible if the planning and decision making processes are decentralized to regional and local level, particularly to districts and blocks in the country.

There are certain steps which have been taken for decentralisation of administration from state to district. The planning and decision making function is confined to higher-ups of administration with the local population only, associated with their activities that concerns their development and welfare. For this purpose, institution like District Planning Board have been constituted in many states. They are functioning with some autonomy in local decision making, though this position differs
from state to state. If at all, decentralised planning is to make headway the said institutional mechanism should be broad based and local representatives should be involved by giving them greater degree of autonomy in local decision making. Therefore delegation of many administrative and financial functions and other measures has to be systematically worked out. Thus planning methodology and its capabilities at the local level will be strengthened. One can realise that all such changes are necessary but the implementation is not easy, as decentralisation is a hard policy which has to come up against many inherent constraints in our system. The main constraints are basic data and qualified personnel for planning.

In the concept of district planning, the district is taken as sub-system of multi-level planning. The totality of all planning activities at the level of sub-system would be with a single district planning body which would determine the priorities and allocate funds accordingly among the various development sectors. It is necessary to pinpoint the integrated aspect at the district plan, with the plans at the higher level as well as at the lower level. In order to bring in this integration between different area levels, effective information flows should be organised between the district and the state and between district and block. This is a pre-requisite for which appropriate institutional mechanism plays an important role.

The district planning concept will only be complete, if
there is co-ordination of fundamental functionalities required of district planning and the existing structure of administration. A bold step has to be taken for administrative re-organisation from state level downwards which is not easy. One way is to increase the autonomy for planning given to district planning bodies. In doing so, the result would be that large part of public resources would be mobilised and controlled by district itself. In such a concept the District Planning Board will have its own decision making authority and control on overall development functions assigned at district level.

Considerable functional fragmentation has occurred at the district level, in the way district administration has grown in the context of various poverty alleviation programmes are undertaken for achieving redistribution with growth. This can be noticed since the Fifth Year Plan period, due to the proliferation of a large complement of planning activities which are limited to specific sectors or problem of activity viz. Command Area Development Programme, D.P.A.P, Tribal Area Development Programme etc. The ask of the district planning is to co-ordinate these desperate efforts into consistance framework. Under the present circumstances one thing can be done is to ensure necessary linkages and infrastructural support needed for these programmes. It is accepted that this kind of ex-post facto integration of small area plans into overall district plan is a difficult proposition.

Thus District planning implies building up of capability and
authority equal to its task. The capabilities referred to are not only of professional skills or technical nature but also involve political and economic power, on the basis of which decision could be made and implemented. The Panchayati Raj as well as local government institutions should play a crucial role in the district planning process.

District Planning finds its relevance in the context of national objectives. This could be seen as follows:

1. Increase the rate of growth of the economy, by increasing efficiency in the use of resources and their improved productivity.
2. Modernisation for achieving economic and technological self-reliance,
3. Reduction in poverty and unemployment
4. Development of indigenous source of energy, with emphasis on conservation and efficiency in energy use,
5. Improving the quality of life of people particularly those who are economically and socially handicapped through a minimum need programme,
6. Strengthening the redistributive bias of public policies and services for the poor by which reduction in equalities of income and wealth is obtained.
7. Promoting policies to control population through family planning.

District Planning has become more important after considering the following facts:

1. Equitable distribution of benefit of development,
2. Provision of basic human needs of target population,
3. Provision of gainful employment
4. Effective participation in decision-making especially by poor.
5. Maintenance of an ecological balance, without this, development of the present will be at the cost of development in the future\textsuperscript{11}.

The above matter emphasises the elements of a local development strategy and their intra-relational objective thus, would be,

1. Increasing production
2. Reduction in unemployment, and
3. Eradication of poverty

The working group recommended that the focus of district plans should be on attainment of the objectives stated above. In order to attain the objectives at the local level, there are certain pre-requisites which should be fulfilled.

\textsuperscript{11} Ibid. p.5
1.6.1 Prerequisite for district planning

For successful and effective implementation, it requires many prerequisites. Certain important multi-level planning procedures and practices are not enough but number of administrative or organisational devices to improve the efficiency, effectiveness and responsiveness of various level of administration are to be considered. For this, sustained action at the state level is necessary. Political commitment, some measures for the disaggregation of allocations, delegation of administrative and financial power, evaluation of new pattern of administrative behaviour, building up of capabilities and instruments of control, establishment of participatory structure and mechanism along with needed trained personnel should be taken into account.

This matter also has been discussed by the working Group on District Planning, which mentions:

"1. Defining the scope and contents of a District Plan.
2. Disaggregation of plan funds from the state to district level on appropriate criteria.
3. Establishing a suitable organisational framework for District Planning.
4. Effecting certain Administrative Decentralisation Measures,
5. Establishing a proper District Planning Machinery.
6. Establishing a District Planning Unit at the state-level,
7. Making arrangement for training of personnel."¹²

¹² Op.cit. p.41

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In order to make the district planning effective it is necessary to know the scope and content of District Plan.

1.6.2 The Scope and Content of A District Plan

It is understood that planning should cover all aspects of social and economic life of community of area. It also involves management of natural resources. In operational terms, it becomes necessary to pay attention to technicality recognised as a plan at the local level. Formally such plans exclude various activities like, general administration, management of many of the resource and institutions and activities relating to development which have been referred to non-plan side of the state. In short, it is necessary that every activities outside the formal plan frame as, elements which focus on formal development, should be included. Planning is a system to achieve optimum results with limited resources. The important aspect concerning comprehensive plan at the district level takes into account the total situation at the district level. This will help to correct the steps taken for planning frame to achieve the optimum results.

This can be done by allowing plan fund to be utilised in some essential maintenance of development programme that suffer from inadequate funds. The working group has recommended that there should be no bar on incurring some essential maintenance expenditure from the plan funds.
The formal plan consisted of large number of activities. These plans included scheme relevant to villages, some to a group of villages or block; the district or state as a whole. For the purpose, all the programmes of the plan should be divided into two parts, those which are relevant to district or sub-district unit and another which are relevant to more than one district. The first may be labeled as district level programme and second as state level programme. The differentiating principle is to work out on different geographical levels on the basis of specific incidence of benefit has distinct advantage in planning. This would avoid the overlapping of functions. This method has been adopted by many states like Maharashtra, Gujarat, Karnataka, etc. The close examination of functions allocated to the district of such states have showed that some anomalies do exists and revisions are continually being made. Maharashtra has classified the schemes into three groups viz. state level scheme, divisional level schemes and district level scheme. Maharashtra had to discontinue the divisional scheme due to administrative complexity. The working group recommended two fold classification for schemes, at district level and state level schemes by the state.

1.6.3 District Planning Unit at the State Level

For co-ordination and success of planning capacity at district levels, the state Government has to make certain arrangement. The arrangements stated by Working Group are like:
"(A) develop studies in respect of inter-district Variation within the state;
(B) develop suitable criteria for distribution of grants to the districts;
(C) develop criteria for earmarking funds for the blocks;
(D) help the District Planning Offices in initial years as peripatetic team to develop technically sound comprehensive plans;
(E) evaluate and develop district planning methodology and practices, and
(F) integrate the district plan with that of the state"13.

1.6.4 District Planning Methodology

After fixing the objective, the Planning Commission experimented in formulating integrated development plan in selected districts e.g. Karnal (Haryana), Hoshiarpur (U.P.) and Mysore (Karnataka). This attempt was given up due to some difficulties. It is because of the guidelines which are not followed by respective State Governments. The Planning Commission has a definite role and responsibility i.e. to help the states for preparing and implementing the district plan.

In planning phase following different steps should be taken for district plan. This in form of simple methodology for district planning "(1) Formulation of objectives of district plan (2) Compilation of data for district planning, (3) Profile of district in relation to basic objectives, (4) Formulating the main strategy and thrust of district planning, (5) Analysis of existing programmes and projects with reference to the strategy outlined above and proposals regarding,

(a) modification of the ongoing programme and projects,
(b) proposals for removal of inter-block disparities,
(c) assessment of unemployment, under employment and proposals for manpower planning,
(d) inclusion of new projects and plans
(e) inter-linkages between various projects and programmes,
(f) organization and management to ensure that no implementation gap exists,
(g) assessment of resources for allocation to various programmes and projects,
(h) a statement of physical and financial components of district plan,
(i) statement of spatial dimensions of district plan,
(j) relationship and links between the district plan and state development plan"\(^\text{14}\).

This methodology is normative. This explains the process to be followed. It discusses that the district will be free to plan for each sector. This may not be true for all the states. District Plan objectives may differ from District to district and state to state. But in terms of basic objectives, they appear to be similar in every state. District Planning has a well integrated structure for implementing micro level plans. Moreover, the planning and implementation in a district can easily be co-ordinated. The district level planning has its own drawback and limitation to which the implementation of planning of the district level could not be undertaken successfully by state Government. In the absence of strengthening of planning machinery and planning process, the governments commitment to agriculture, employment, allocation of funds, may not result in desired type of development of rural economy. Therefore, keeping this factor in mind the Government had appointed a Working Group on Block level Planning under the Chairmanship of M.L. Dantwala to prepare guidelines for block level planning and the way in which it should be coordinated? The block level planning is based on the local resources and the activities have to deal with local problems.

The goal of national planning and objectives of economic policy are already discussed. The objectives of block level planning should match with national goals and it cannot move on its own. Still, it is necessary to know about the objectives of the block level planning. Its main objectives are:

1. To increase the income and employment opportunities by optimum utilisation of growth potential of area,

2. To ensure that weaker sections of the population gets greater proportions to gain of development i.e. small, marginal farmers, artisans etc.

3. To fulfill, minimum need programme, health and medical facilities, drinking water, housing, education and supply of essential commodities through a public distribution system;

4. Creation of social and economic infrastructure to achieve above objectives;

5. Existing institution and organisation to be oriented for protecting the interest of poor and protect them from exploitation.

6. Utilizing the labour for larger period and for better productivity in employment and for under-employed in existing occupation by upgrading the technology and imparting of skills. To set up non exploitative credit institution to provide credit at low interest rate with easy instalments and also to set up the institution for better marketing and extension service.
7. Proper holding and ownership of assets with more egalitarian structure;
8. Reduction in residual unemployment through public works.

Block level planning is expected to intensify development process and strengthen development potential while doing so, developmental machinery and planning process have to be geared up. This would accelerate the implementation of ongoing development programme at block level and it may also help in identifying new areas for feasible development. For the better operations and smooth running of planning and to fulfill the basic need for higher growth potential, planning for socio-economic infrastructure is necessary.

1.6.6 Planning for Socio-economic infrastructure

Block level planning is not only for using local resources and channelizing their effective use for production and services. It also inherits equitable distribution of goods and services to all the villages for which it is undertaken.

Spatial planning is systematic effort for facilities like transport, roads, market, education etc., which can be used to their maximum by the inhabitants of the area. If this aspect is not given proper attention, the result may not be optimum. Proper flow of infrastructure investment would help to facilitate proper use and linkages both in terms of men and material and utilizing facilities. In an unplanned development situation an agricultural market and process may be established.
in different places and the educational schools particularly higher education institution or health centers nearby in other villages. The important thing to be stressed is that it is advantageous in planning to create facilities in a single block location. In this location, the farmers may come and sell their products and can also purchase household goods. If the planning at the local level is not integrated, the village will not be in a position to have access over their requirements in terms of adequate services. The villages would compete and none would reach viable stage in satisfying the overall needs of the people. In spatial planning to achieve optimum growth of infrastructure, it is essential to rationalise the locations of different sectorial investment programmes.

The block should be in the support of neighbouring block and should not be seen in isolation even with district. Social and economic infrastructure have manifold functions which provide services to the local people. The Britishers viewed their administrative departments for better socio-economic grip. They converged all departments under one potential administrator at the district level. Generally this arrangement of consolidating main functions inclusive of political decisions under one roof was considered inseparable for the last century. It was community development programme that diversified and led to decentralised development programme. It is this theme where block as an area unit covering nearly all the sectorial services have come in existence. The Panchayati Raj System further made an attempt to decentralise to 1-2 village of 6-10 village to
provide service to the people. The divided blocks have not succeeded in converging inter-sectoral services nor have been a powerful unit both in administration or political planning.

In the block level planning system, there are three major activities for which decisions have to be taken for their proper location. They are like:

1. The main projects and supporting subsidiary projects that are identified in the area, in the productive sectors of the economy.
2. Providing infrastructural facilities to all sectors of economy like electricity, roads, market yard, warehousing etc.
3. Setting service organisations at the grass root, like co-operatives etc., which support the poorer section of society.

Infrastructure plays an important role in generating economic and social activities. As an example, in rural growth centres other facilities mentioned above are useful part of services. Therefore such services are provided in many locations. These services should be accessible to the local population and should be within the minimum distance so that services can be utilized by the local population. Thus the growth centre and service centres play a very important role and is essential part of area planning.
Basically the selection of location for infrastructure have three constraints, i.e. finance, travel distance and size and requirements of population. Proper planning would involve in finalizing existing norms for population and distance on the basis of the existing facilities and then setting up the proper distance within district and population standards considering the constraints of local geography and settlement pattern. The Fifth Five Year Plan discusses some norms for standard for service to the population under the scheme of "National Minimum Needs Programme".

The distance norms and standard does not explains the existing conditions or geographical area. The standard should be applied to any specific area. The standards should be based on the local conditions in which they may prove realistic step in local planning process. Therefore, it is necessary for planner to ascertain existing situations and set proper distance and population standards.

All the available resources should be utilised by making an inventory of infrastructural facilities. Services should also be taken into account. The most important criteria to formulate and implement the block level planning depends upon the correct data collection. The data should be of quality and quantity of such services. Thereafter such programme can be drawn on the basis of its analysis. It is also essential to decide first, what would be the package of basic service that make rural area or group of villages socially and economically viable. Secondly, the minimum
population threshold and distance standard where such services are available should also be taken into account. It is recommended that social and economic services provided to people should be within half or one hour travel time distance. It should be within the range 3 to 5 kilometer from any village.

The main focus of attention on the primary service centre between the block head quarter and village can be integrated in viable sub-block micro region. It should be a viable micro region. As such it should work as a prime mover for increasing income, employment and ideally reducing inequality. This can be done by certain public works programmes on roads, minor irrigation, soil conservation etc. to provide for employment creating scheme. The scheme should be based on transfer of resources to the labour class. In doing so integrated multisectoral concept should be used through labour intensive technology. Secondly the functional scale should be large enough to create economic impact. Lastly better technical planning should result in better management.

It is not only Government department alone that can formulate the programmes, implement and monitor it. Voluntary agencies also have played significant role in promoting society's welfare. Some of such voluntary organisations have developed the competence to successfully, formulating the plan and implement programmes in specific sectors of economy. Still it is not sound to say that responsibility to preparing integrated area plan can be handed over to a voluntary agency. Some of them are
competent and expert, yet, their presence is very limited. The expertise of voluntary agencies in preparing plan, implementation of sectorial plan, advise and suggestion can be undertaken specifically. The state government can involve voluntary agencies in one or two tasks where their competence can be useful in block level planning.

1.6.7 Public Participation

Public participation at all stages of planning is necessary and important, there are some limitation. It has been said that since the rural community is not homogeneous, it would be necessary to ensure the weaker sections in the planning process. Not only that public should recognise the problem of financial and technical constraints of planning.

1.6.8 Process and resources inventory

For the purpose of integration of the block and district plan, authorities have to hold session with planning team and give them broad indication of (a) total state plan and its priorities, (b) financial constraints of the plan, (c) and details of existing schemes towards which the expenditure is to be diverted. Planning starts with compiling resource inventory. It can be extracted by mutual consultation. The consultation can give the actual idea of purpose of inventory. Generally, it is based on analysis of past performance, the success and failure, constraints, natural endowments, technology, organisation and
institution and development potential. It also includes the position of weaker section, all these should be done on the basis of specific model for development. Socio-economic infrastructural facilities on spatial basis enhance the local growth potential.

1.6.9 **Spatial Planning for Socio-economic infrastructure**

It is a procedure of making the most rational decision by bringing together, infrastructure of economic development with social services for integrated rural development. The total movement of men and material, better utilization of facilities and a lower costs of infrastructure investment would be the result of the integrated area spatial plan. Infrastructural planning function is a prime mover in employment generation not only in agriculture or rural industries but also in providing basic needs.

1.6.10 **Structural and institutional changes**

Structural and institutional changes are important particularly in agriculture structure and institutional set up. As it seeks the need of rural poor and protect their interest. To sight one such example, the record of rights in land in many districts have proved to be big obstacle in implementing land reforms, expanding irrigation facilities or input or for credit. Block level planning pays priority to this matter. This institution or facilities should be provided to masses during
lean period or particularly when poor gets exhausted; in the time
when he needs. Such institutes should help rural industry also
which in its turn generates income and employment.

1.7 Regional Imbalances and planning Process in India

In second Five Year Plan, Government stressed on development
of basic and heavy industries which may be useful for creation of
infrastructural facilities and basic needs. The agro-based and
key industries established in the country's Third Five Year Plan
were for self-sufficiency and agricultural development. The
Third Five Year Plan document, considered the following issues for
national planning.

(A) (i) Balanced development of different parts of the country,
(ii) extension of the benefits of economic progress to the
less developed regions, (iii) diffusion of industries region
wise. i.e. decentralisation,

(B) In striving for a balance, many inherent difficulties are
met, and later economic development is achieved. As
resources are limited, advantage lies in concentrating them
at those points within the economy at which the returns are
likely to be favourable. In a process of development, heavy
investments are needed so that the resources could be
diverted to a larger number of development activities.

16 Planning Commission, 'The Third Five Year Plan', Govt. of
India, (New Delhi), 1961, (pp. 142-153).
In some fields of industry, intensive and localised development is inevitable. Thus, it becomes necessary to disperse and take advantage of sectors like agriculture, small industries, power, communication and social services. The stress was made on balanced regional development by (i) adequate dispersion of industries both in public and private sector, (ii) integrated development of agriculture and industry and (iii) developing large industrial projects, as 'nuclei of regional growth'.

A programme was undertaken to increase national income and balanced development of different parts of the country related with each other. It becomes a necessary condition in which resources in national endowment, skill and capital in each region are fully utilized.

The growth potential of each region should be fully realised but the precise process of its achievement and stages of growth must not be identical and should be considered dependent on their natural resources.

Even after four decades of planned economic development process the spatial difference in socio-economic development have continued to increase. Conventional regional growth theory suggests that major cities should lead to catalytic impacts on

17 John P. Lewis, Quiet Crisis in India, (New York), (1964), pp. 182.
surrounding regions. It is also advocated that large industrial plants should be located in the backward regions of the country to generate employment and entrepreneurship among the local people.\textsuperscript{18}

1.8 Identification of backward areas: (PLANNING PERIOD)

During the Fourth Five Year Plan, the Planning Commission appointed a commission to suggest criteria for identifying backward areas. The group suggested 15 different indicators covering information on population, social and economic overheads. These indicators included both the sectors viz. agriculture and industry.

The National Development Council (NDC) at its meeting held on September 13, 1968 decided to give due weightage for development of backward areas and transferring the resources from centre to the states. In the meeting some members did refer to the difficulty of identifying backward region. However, majority of the members favoured transfer of resources to those states which have per capita income below the national average.

The Fifth Finance Commission also distributed a part of the revenue from excise duties to the backward states on the basis of

\textsuperscript{18} E.A.J. Jonson, 'Urban Concentration in Developing Countries' Development Digest, Vol.X(3), (1972), pp. 100.
two factors namely (a) the per capita income of a state and (b) an integrated index of backwardness which was based upon six criterion.

Data on per capita income have been often used for identifying the backward regions. Figures of per capita income are expected to reflect the level of development of a particular region. It can be argued that the causes of backwardness may be many and varied. However the causes need not be confused with the result of backwardness. The policy objective is to remove economic inequalities. The index of per capita income has certain limitations and must therefore be used with caution. The difficulty of using per capita income as a single indicator may be all the more useful when the backward regions have to be identified at the district level or taluka level. The working group of Planning Commission suggested criteria for industrial identifying backwardness of a state. The working group suggested six such criteria for selecting industrially backward states as well as selecting backward districts. Pande\textsuperscript{19} Committee has given criteria for identification for industrially backward states and union territories. The Committee has given the following indicators for identification.

\begin{itemize}
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The Committee also identified the backward districts, states and union territories. The criteria were:

1. The Districts which were outside a radius of 50 miles from large cities or large industrial projects.

2. Poverty of the people indicated by low per capita income from the lowest to 25 per cent below the state average.

3. High density of population in relation to utilization of productive resource and employment as indicated by:
   (a) Low percentage of population engaged in secondary and tertiary activities, (25 per cent below the state averages may be considered as backward).
   (b) Low percentage of factory employment (25 per cent below the state average may be considered as backward).
   (c) Non-utilization or under-utilization of economic and natural resources like mineral, forest etc.

4. Adequate availability of electric power or likelihood of its availability within 1 to 2 years.

5. Availability of transport communication facility or likelihood of its availability within 1 or 2 years.
All these factors were emphasised in order to arrive at the indicators of development the backwardness. The indicators selected by Pande Committee do not appear to be specific or comprehensive. The reason may be that the Committee was interested only in the specific problem of identifying industrially backward areas. However for better factual results it would be necessary to add more meaningful indicators relating to agriculture when the attempt is made to determine the overall backwardness of any region.

1.9 **Indicators of Backwardness - Gujarat Bureau:**

In this regard, Government of Gujarat accepted the criteria suggested by the Planning Commission. Bureau of Economics and Statistics, Govt. of Gujarat in 1968, identified talukas in order of relative levels of economic development. With special incentive and programmes, it tried to reduce the regional imbalances.

Among the indicators selected by the Bureau were as follows.

1. Literacy rate in rural areas (persons of age-group five and above,
2. Percentage of workers in tertiary sector to total workers,
3. Percentage of agricultural workers to total workers,

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20 Govt. of Gujarat has accepted the indicators published by the Directorate of Information, Govt. of Gujarat, July 1968 for showing talukas in order of relative levels of economic development.
(4) Net area sown per agricultural worker.
(5) Percentage of gross area irrigated to gross area sown,
(6) Percentage of area sown more than once to net area sown,
(7) Hospitals beds per lakh of population,
(8) Percentage of urban population to total population,
(9) Percentage of area under food crops to total area under all crops,
(10) Cultivable area per agricultural worker,
(11) Density of population (per square mile) for identifying the backward area.

Some of these indicators point out the level of development. Some indicators are of less importance as density of population, cultivable area per capita, cultivated area per capita and percentage of area under food crop belong to this category.

1.10 Hathi Committee:

A Committee under the Chairmanship of Shri Jayasukhlal Hathi was appointed by Government of Gujarat in 1969. The Committee was specifically asked to identify the backward talukas for balanced growth of the state. From its preliminary report, it is noticed that Committee accepted and followed the ranking of the talukas based on the indicators as given by the Directorate of Information and Bureau of Economic and Statistics. The Committee identified 56 talukas as backward talukas. It was

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suggested that some spatial Programmes should be under-taken for their upliftment. Hathi Committee used eleven indicators for balanced growth for taluka. They are as follows:

(1) Percentage of urban population to total population,
(2) Percentage of scheduled tribes population in the rural areas,
(3) Percentage of literates in rural areas,
(4) Percentage of workers engaged in primary sector,
(5) Percentage of double cropped area to net area cultivated,
(6) Percentage of irrigated area to total area sown,
(7) Percentage of area under food crops to total area under cultivation,
(8) Percentage of area under rice and wheat to total area under food crops,
(9) Consumption of fertilizers per acre under cultivation,
(10) Percentage of villages with railway station at a distance of less than five miles,
(11) Percentage of villages with main road at a distance of less than five miles.

The committee undertook the study for three districts which were highly dependent upon agriculture. It was thought that when a general study for the state as a whole was planned, one should consider the inclusion of certain additional indicators from population characteristics, economic overheads, and other factors such as the infant mortality rates, life expectancy, number of registered doctors per lakh of population, per capita electricity consumption and per capita investment in registered factories.
The development attained by various regions cannot be measured in terms of progress achieved in one or two spheres such as agriculture, industry or infrastructure. The indicators selected for preparing a general index of development should be objective, relevant and measurable. Given the available data, taluka seems to be a more appropriate unit to be adopted as a region. No study can be undertaken without sufficient and reliable data at taluka level. Therefore, district had been adopted as a unit of identification so far by other researchers.

1.1 I.G. Patel Committee:

Hathi Committee, was appointed for finding out backward talukas by using a sectoral base. The indicators like irrigation, electricity, roads, transportation and communications for development of a region were included to study and identify the backward talukas of state. Govt. of Gujarat again appointed a new Committee (1983) Chaired by Shri I.G. Patel, for suggesting development of backward area.

The terms of reference were as under:

(1) It was to point out the existing level of development of different talukas in the state based on the report of Hathi Committee.

(2) This Committee was to suggest a suitable time bound strategy for development of these backward talukas suggesting and recommending the financial requirement for existing administrative set up and to implement the suggestion.
Reviewing the prevailing grant-in-aid pattern of backward talukas of the state and to suggest necessary modification.

To recommend, appropriate steps for development of backward talukas or special backward area spread over talukas in the state.

In doing so the Committee used three set of indicators

1. Economic Indicators
2. Infrastructural Indicators
3. Quality of life indicators.

In all, this committee used 25 indicators. The list of indicators is given in Appendix-1.1.

The Committee used ranking method and worked out a composite index for development. The Committee has classified talukas into four major groups.

1. Most backward,
2. Backward,
3. Relatively developed,
4. Relatively more developed.

These groups were formed taking state level average value as a cut-off point. In the first instance, talukas were divided into two groups. Thereafter each group was divided into two sub-groups. The Committee was in favour of an integrated area development approach, involving horizontal and vertical...
integration of activities. Talukas were classified according to developmental level.

The Committee added some more indicators, as follows:

(1) Number of electric pump sets,
(2) Number of tractors,
(3) Number of milk co-operative societies,
(4) Number of registered factories,
(5) State transport facilities,
(6) Post and telegraph facility,
(7) Number of bank offices,
(8) Number of branches of co-operative and agricultural banks,
(9) Number of schools,
(10) Percentage of doctors and drinking water facility.

Thus it can be stated that the Committee has emphasised physical quality of life as well as infrastructural facilities, while taking economic indicators in classifying backward talukas. Hathi committee and I.G. Patel Committee developed indicators for identification between talukas in the state based on sociological, industrial and agriculture aspects.

1.12 The Role of Tertiary Sector

Tertiary sector plays an important role in development of economy, being complementary to secondary and primary sectors. It includes trade, transport, banking and insurance, public administration, etc. The growth of these sub-sectors result in
growth of NMP (Net Material Product) and NDP (Net Domestic Product). Madhusudan Datta argued that there has been no significant difference between the rate of growth of NMP (Net Material Product) and NDP (Net Domestic Product) for Indian economy. This has been so despite of the rapid growth of the tertiary sector. In this context Datta briefly analyses the implications of rapid growth of distributive trade and transport services for NMP. His study took a quick look at the growth of services in the context of NMP. It also classified the growth of services rendered by 'public Administration and Defence' which are excluded from NMP. NMP is better than NDP as an indicator of economic progress of an LDC (Less Developed Country). Growth of trade in India is intimately linked with the group of material production. Datta critically looks at the growth of the sub-sector, Public Administration and defence which is excluded from NMP, over a reference period.

The point that is often missed is that the value added in the tertiary sector does not constitute the difference between NDP and NMP. Large part of the value added in the tertiary sector is incorporated into the value of material goods.

In order to understand the complementarity between trade and material productions, Datta divides trade services into two parts Viz., intermediate trade and final trade. Intermediate

trade is manifested in material inputs of production, while final trade is related to trade in the final goods. While only one third of the total demand for foodgrain is distributed through trader, the corresponding proportion of final industrial goods is considered higher in value terms. Therefore a gradual decline in the share of foodgrains in total value of final material goods would tend to raise the share of final trade in NDP.

In India, the share of the tertiary sector in NDP at factor cost increased from 24 per cent in 1950-51 to 37 per cent in 1983-84. This was mainly due to planning which was directed towards rapid industrial growth and investment in successive plans. During this period sub-sectors like trade, hotel and restaurants contributed about one third of the total value added. Transport and communication was another major sub-sector which accounted for about one sixth of the income originating in the tertiary sector. A smaller but very rapidly growing sub-sector was 'Banking and Insurance'. Its contribution to the value added in the tertiary sector has increased from 3.9 per cent to 7.0 per cent. It also appears that the factor cost estimates are more suitable for study of relative growth rates of NMP and NDP - Where tertiary sector plays an important role in the economy.

1.13 Chapter Scheme

The thesis has the following chapter scheme.
The next chapter focuses on different approaches and examines various studies on development through micro level planning, along with that other strategies are discussed.

The third chapter looks into approaches to empirical study. The methodology as well as the objectives of the study are presented in this chapter.

The fourth chapter deals with analysis of districtwise data on development of Gujarat. This chapter considers indicators that show the relationship with each other.

Chapter fifth presents profile of development developed through ranking of talukas and attempts at identifying different indicators leading towards the difference in development.

Chapter six analyses the districtwise and talukawise infrastructural position and physical quality of life for different periods of time.

The last chapter gives the summary of the study and outlines the policy implication, suggestion along with limitation for micro level development.
List of Indicators used by The Committee for the Development of Backward Areas' 1984, Government of Gujarat, Gandhinagar

I. Economic Indicators

A. Agriculture

1. Net propped area per agricultural worker (1979-80)
2. Percentage of area sown more than once to net area sown (1979-80)
3. Percentage of Gross Irrigated area to Gross cropped area (1979-80)
4. Number of electric pump sets and diesel engines per 1000 hectares of gross cropped area (livestock - 1982 G.C.A. 1979-80)
5. Number of tractors per 1000 hectares of gross cropped area (livestock 1982) GCA 1979-80)
6. Percentage of villages having milk cooperative societies to total inhabited villages (1-10-1982).

B. Non-Agriculture

Urbanisation

7. Percentage of urban population to total population (1981).

Industries

8. Number of registered factory workers per lakh of population
9. Number of registered small scale industrial units per lakh of population (31.3.83)
10 Percentage of workers in household industries to total workers (1981)
11. Percentage of secondary and tertiary workers to total workers (1981)

II. Infrastructural Indicators

A. Power

12 percentage of population of electrified villages and towns to total population of talukas (1.10.82)
B. Transport and Communication

13 Length of surfaced (pucca) roads per lakh of population (1979-80)
14 Length of surfaced (pucca) roads per 100 sq. kms. (1979-80)
15 Percentage of villages having all weather S.T. facility to total inhabited villages (1979-80)
16 Number of post and telegraph office per 100 sq. km of area (1978-79)
17 Number of bank offices of scheduled banks per lakh of population (31.10.1982)
18 Number of cooperative banks and primary agricultural cooperative credit societies per lakh of population (1978-79)

III Quality of Life Indicators

A. Literacy

19 General literacy rate of taluka (1981)
20 Female literacy rate of taluka (1981)
21 Rural literacy rate of taluka (1981)
22 Number of secondary and higher secondary schools per lakh of population (1978-79)

B. Health

23 Number of hospital beds lakh of population (1978-79)
24 Percentage of villages having an allopathic or ayurvedic doctor to total inhabited villages (1.10.1982)
25 Percentage of villages having drinking water facility to total inhabited villages (1.10.1982)