PROCEDURE OF THE STUDY

The study attempts to empirically investigate the working of the regional bodies constituted to make recommendations for the development of Rayalaseema, a backward region in the State of Andhra Pradesh. Even though, a brief account is given on the Ceded District Economic Development Board (CDEDB) and the Rayalaseema Development Board (RDB) constituted respectively in 1941 and 1944, the case study contains in detail the working of the Rayalaseema Planning and Development Board (RPDB) and the Rayalaseema Planning and Development Committee (RPDC). A separate chapter is devoted for each, but for the purposes of conclusions, they are treated as one, because except in name, there is no difference in their style of functioning.

The present study concentrates itself as mentioned above, mainly to the working the RPDB and RPDC. RPDB was constituted in 1969 and it functioned up to 1973. The RPDC was constituted in 1974 and functioned up to 1979. As the Central Government refused to renew the Six Point Formula funds for the accelerated development of backward areas in the three regions of Coastal Andhra, Telangana and Rayalaseema, from March 31, 1979, the RPDC had its natural end.
and was not revived since then. So the period of study confines itself to about ten years from 1969 to 1979.

OBJECTIVES OF THE STUDY:

The specific objectives of this case study are:

i. To know the causes for regional backwardness and find a cure for it.

ii. To formulate proper regional development policy and planning, and indicate its implications.

iii. To trace the growth of regional planning in India from the First to the Sixth Five Year Plan.

iv. To survey the evolution of regional planning in relation to Rayalaseema.

v. To examine the working of the two regional bodies, RPDB and RPDC and

vi. To know how far they had been successful as recommendatory bodies, in making the Government to accept their proposals and implement them for the development of the region.

METHODOLOGY:

The study is based to a large extent on the internal sources like the publications of the Planning and
Cooperation Department, Government of Andhra Pradesh, Hyderabad, on the development of Rayalseema. Primary sources, like the Government Orders, Proceedings of the minutes of the meetings and Agenda Notes of the RPDB and RPDC were consulted profusely for collecting the data and compiling the tables. Most of the proceedings and Agenda Notes were typed and cyclostyled and very few were printed. The Members of the Legislature who were the members of the RPDB were personally contacted and their opinions were noted down in order to relate them to the priorities of sectors given in the thesis. The old files available in the Zilla Parishad Office, Kurnool, were consulted to fill the gaps in the information not available with the Planning Wing of the State Secretariat, Hyderabad. The volumes of the Debates of the Andhra Pradesh Legislature, preserved in the Library attached to the State Legislature Secretariat, were thoroughly examined to find out the views expressed by the members during the sessions, on several aspects of the formation of RPDB and RPDC.

On the basis of the sources mentioned above, it was possible to know

i. The number and nature of proposals made by the members.
The priorities of sectors indicated by them for the development of Rayalaseema.

The schemes they wanted for inclusion in the Fourth and Fifth Five Year Plans.

The financial allocations they indicated for each sector.

The interest the members have shown through the numbers of meetings they attended.

The nature of action taken by the Government on the proposals made by the members of the RPDB and RPDC.

**DETAILS OF ANALYSIS:**

The working of the RPDB and RPDC as proposal making bodies, is divided into five parts. Part I studies the dynamics of the number of meetings held, the nature of proposals made by the members, and the sectors on which they laid emphasis. Part II attempts at analysing the contents of proposals in each sector. It is possible by knowing the number of proposals made on each scheme in each sector. That scheme or schemes which contained more proposals is considered to be the basis to measure the
preference given to them by the members. Part III classifies the types of action taken by the Government on the proposals made by the members as "reply awaited", "under consideration", "not considered", "accepted" and "not accepted". This classification is made with a view to find out how far the RPDB and RPDC have been effective as recommendatory bodies. We cannot limit the effectiveness of recommendations to only those cases which are "accepted" by the Government. If the proposals are "not accepted" or "not considered" it does not mean that the RPDB and RPDC were ineffective and their formation was a wasteful exercise. It is because, their function was only of advisory nature. If some of the proposals are "not accepted" or "not considered", the responsibility does not lie with those bodies, but with the Government whose hands are tied with financial, legal and political constraints. Part IV deals with the allocations suggested by the members, to the various sectors, of the funds made available for the development of the region. The sectors for which higher percentage of expenditure is suggested, indicate the greater importance given to them in the order of priority. Part V analyses the interest of the members shown through the number of meetings attended by them. As the
attendance was not recorded in the proceedings of the RPDB, but only in the proceedings of the RPDC, it formed the basis to measure the interest with which the members participated in the deliberations. The members who put in more than 50 per cent attendance can be considered as active and the others, passive.

In the absence of any guidelines, the procedure followed in analysing the working of the RPDB and RPDC is purely mine. I adopted my own method in classifying the proposals, sectors, schemes and the type of action taken by the Government. There may be a better method of analysis which may avoid lot of overlapping and lack of clarity found in the present work. But those shortcomings may be condoned with sympathy, and by understanding the difficulties involved in carrying out such a study which may be the first of its kind in India.
CHAPTER I
REGIONAL PROBLEMS AND DEVELOPMENT POLICY

GROWTH OF INTEREST IN REGIONAL PROBLEMS - A WORLDWIDE PHENOMENON:

The middle of the twentieth century has witnessed the beginning of interest of every Government in the world in removing the regional disparities. Geographers, economists and planners have all become involved in the process of recording and analysing economic disparities, both between and within regions. They have striven to understand how these disparities have come about and to identify what effects they have on the economic relations of regions within the nation state. The value of these enquiries has been augmented by the increasing efforts of governments to control and plan their economies. In almost all cases, such type of government action has included efforts to improve the lot of less prosperous regions and to contain the growth of more prosperous ones. Thus, achieving economic equality, not only among the individuals, but also

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1 See "Area Redevelopment Policies in Britain and the Countries of the Common Market": Area Redevelopment Administration, U.S. Department of Commerce, January, 1965, p.11. "The problem of great and lasting differences in prosperity between different areas within each country is not a new one but it is only in the last thirty years or so that national governments have become willing and have considered themselves able to influence the distribution of regional prosperity, and it is only since 1945 that integrated regional policies have been developed and resulted in legislation."
among the regions has become the "sine qua non" of every modern State. In view of this new aspect in the development strategy of the present day governments, it may not be improper to say that this is an "era of regional development planning", and an explosion of "regional analysis" in the literature of economic studies.  

**A REGION: WHAT IT MEANS:**

Before analysing what the problems of a region are, and how to solve them, it is necessary to know what a region is. An almost unavoidable temptation, when first coming to grips with the problems of defining a region, is to assert that it is simply "a major division of a country".  

In fact it is not so simple as this. The conceptionally unique problems which are mainly empirical in character, centre round the difficulties encountered in

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2 Cf. L. Needleman (Ed.) *Regional Analysis - Selected Readings* (Penguin Books Ltd., Middlesex, England, 1969), p. 7. "Regional analysis as a special study has existed for barely twenty years. But in that period there has been such a proliferation of articles of such diversity of subject matter and treatment, that survey articles and books of reading have become not only possible but necessary if students are to find their way through the dense inter-disciplinary thicket of the subject. The major textbook in the field "Methods of Regional Analysis" by Walter Isard contains about one thousand bibliographical references and that list was compiled as long ago as 1960. By now the bibliography of relevant works must have increased by many hundreds of items even allowing for a merciful absolescence among earlier studies".

defining a region. For the purpose of assessing regional problems and dealing with them, the term "region" is to be interpreted in a specific sense.

DEFINITIONS OF A REGION: 1

1. TRADITIONAL APPROACH:

Traditionally three different approaches have been used in defining and demarcating a region. (1) The first approach stresses homogeneity. This view of a region as a natural homogeneous area is based on the idea that separate spatial units can be linked together as they exhibit uniform characteristics like similar patterns of production, consumption and distribution, similar topography or climate and uniform social attitudes or political outlook. (2) The second emphasises nodality or polarisation, usually around some central urban places. "Nodal regions are composed of heterogeneous units like cities, towns and villages which are closely inter-related with each other functionally". The functional interconnections are re-

5 Ibid., p. 67.
vealed in flow phenomena which does not occur at even rates over space. The heaviest flows tend to polarize towards and from the dominant node or nodes, usually large cities. Around each node there will be a zone of influence or spatial field in which interaction of many kinds take place.

(3) And the third is programming or policy oriented, concerned mainly with administrative coherence and unity between the area being studied and available political institutions for effectuating policy decisions. Strictly speaking these definitions are not mutually exclusive.

"In fact", as J.R. Meyer rightly observes, "all regional classification schemes are simply variations on the homogeneity criterion and it is somewhat misleading to suggest otherwise". Thus, a programming or policy region is essentially homogeneous in being entirely under the jurisdiction of some one or a few specific government or administrative agencies; a nodal region is homogeneous in that it combines area dependent on some trade or on a specific centre.

2. DEVELOPMENT APPROACH:

Friedman and Alonso made a four-fold classification of regions on "development" criterion.  

regions consisting of large urban centres of industry and possessing high potentialities for further expansion. (2) Developmental axes which are elongated corridors along principal transport routes linking metropolitan regions. Their prospects for development is directly proportional to some function of distance separating them. (3) Frontier regions contiguous to old development regions which expand simultaneously with the old regions, unlike the non-contiguous frontiers taking their own time to develop. (4) Depressed regions are the rest of the parts of the country characterised by declining or stagnant economy.

3. PLANNING APPROACH:

A national policy on regional development must not only take into consideration the above classification, but also demarcate the region in terms of planning objectives as follows. (1) Highly industrialised regions which are likely to assume objectives of deglomeration, restrictions on growth of production and so on. The reasons for such tendency are that further concentration of means of production in this region will be unproductive and the fundamental objective of improving living standards may be detrimentally affected by further industrialisation. (2)

Agricultural regions of low inputs and low yields requiring enrichment of the poor soils and the introduction of suitable crop patterns. (3) Industrial-cum-agricultural regions, in which the hierarchy production objectives in industry and agriculture should be determined on the basis of series of calculations of the economic effectiveness as resulting from different criteria of choice between industry and agriculture. (4) Regions with tourist attraction for which the basis of approach should be the development of transport and staying facilities. The above examples are only illustrative and not exhaustive of defining the area of a region.

4. **ECONOMIC SOCIAL OR POLITICAL APPROACH**

An area is treated as a region not only based on characteristics of development or planning but also on economic, social or political factors. There are examples of the people in a region sharing a consciousness of belonging to a single community. A consciousness of this kind is, of course, often produced by the economic circumstances like direct or indirect dependence on a particular industry or group of industries producing for the outside world. In this simplest case it may spring from difference
of predominant occupation and way of life especially in
regions that are mainly agricultural or mining. "But it
may spring from quite different factors: language or manner
of speech, religion or sect, race or tribe, traditional
memory of things done or suffered - in short, from all the
influences that, with the addition of an aspiration to
complete political dependence, make a national conscious-
ness". These factors can produce regional boundaries
that have very little pure economic validity.

**REGIONAL DISPARITIES: FACTORS RESPONSIBLE:**

1. **DEMOGRAPHIC FACTOR**

   Thus it is very difficult to establish suitable
criteria for determining what a region is. Despite diffi-
culties in defining a region the problem of "regional
dualism" or the existence of regional income differentials

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10 Cf. Forest G. Hill (May 1962) "Regional Aspects of Eco-


"Although definition of the term region and the demar-
cation of spatial units can become difficult, regions must be defined in terms of the purpose of one's inquiry and the available data and tools of analysis".
is being easily recognised now-a-days in every country. It naturally gives rise to the question why there should be serious differences in the levels of income and employment among the regions. One of the root causes, for which the inequality between regions can be attributed to, is the demographic factor. Natural increase in population depends upon social, religious, technical, medical and economic factors. In extreme cases economic factors may be decisive, as when sheer starvation prohibits further increase. The non-economic characteristics of a society, namely social and religious, more often influence the population growth. For instance, rural communities because of their ignorance and superstition show more rapid natural increase than urban ones and contribute to inter-regional discrepancies in many countries.

2. DEMAND FACTOR

Besides differences in the fertility of the population of a region, another more importance reason for inter-regional disparities is the existence of difference

in the rate of growth of demand. For the purpose of our analysis, employment may be distinguished as "basic" and "non-basic" (or local). The latter is that, which has engaged directly or indirectly in producing goods and services that necessarily end by being absorbed locally. House building, medical and other personal services, domestic electric supply, retailing etc., are obvious examples of non-basic employment. The basic employment consists in the production of goods for export outside the region. Increase in "basic" employment only, will carry with it a proportionate extra amount of local employment. Therefore, the growth of employment and income in a region depends solely upon growth of "basic" employment in it. Where "non-basic" employment predominates, there poverty is an inevitable consequence.

3. STRUCTURAL FACTOR

A region may have a growth advantage over others for any of the three immediate reasons: firstly, there may be advantage of specialisation in industries that are doing well generally due to shift of demand for their products or due to their faster advancing technology. It is

illustrated by the phoenix-like rise of modern Japan as an economic power due to its capacity to absorb and improve on technological advances and on unfailing ability to overcome innumerable trade barriers through keen competition.\(^{13}\) Secondly, there may be advantage because of advantageous location, availability of resources or human and social attainments. Lastly, specialisation in the particular industries with its physical and human endowments give advantage to the region. The phenomenon of specialisation in textiles is exemplified by the prosperity of Lancashire and Yorkshire in the nineteenth century. The proportions in which these three components are mixed varies from case to case. For instance one notices that regions having traditionally agricultural structure are mostly suffering, while those having manufacturing structure are mostly gaining in the present-day world.

4. "SCALE" AND "DYNAMIC" FACTORS

Faster growth in one region than in others is connected with what Myrdal called "cumulative and circular causation".\(^{14}\) They can be called for short "scale" and


"dynamic" mechanisms respectively. The first consists in the existence of economies of large-scale and similar circumstances working against the stability of the inter-regional distribution of activity. The second consists of the ways, by which the rate of growth of population feeds back a positive influence upon its own level. Beyond a point, net addition to population, of the physical equipment of roads, public transport, water, electricity, sewerage, health and educational facilities diminish the quality of their service. These burdens, more than outweigh any advantage gained by having the existing facilities more fully utilized. In the long run when physical facilities and trained manpower have been adjusted to the demand for their services, there will still be a point, beyond which more population means an increased burden on the community as a whole and a set back to its progress.

5. CAPITAL-OUTPUT RATIO FACTOR

The capital output ratio has definite relationship to growth. Suppose in a region, the capital-output ratio is a half. Half of this extra capital formation will in-


volve about one and a half per cent of the labour force in useful employment in the region. This extra-capital-forming activity and employment in the region will generate another addition to regional income through the ordinary multiplier mechanism. Given time to local services and the like, to adjust to this extra income, it might rise employment by another one or two per cent. In the opinion of A.J. Brown and E.M. Burrows "any increase in the rate of employment and economic growth in one region in comparison with other, would set up pressures to increase the gap still further". 17

6. PUBLIC FINANCE FACTOR

Operation of the machinery of public finance is yet another factor contributing to the differences in economic opportunity between regions. In a depressed region, the public authorities naturally suffer from declining local revenues but the claims on their resources may be unusually high because of the relative large incidence of poverty and unemployment. Their local taxation rates, therefore, tend to become higher than elsewhere and the

quality of the public service they can give become lower. With the result the industry and the residents tend to go elsewhere making the local depression grow from bad to worse. 18

7. OTHER FACTORS

Once a region acquires a faster rate of growth than others the average age of its buildings and other structures tends to become lower than elsewhere. So also the average age of the people becomes lower. It is due to the net immigration into the region. Net immigration tends to reduce the average age because immigrants tend to be young adults who start young families. Growing communities, therefore, acquire an association with newness and liveliness which may further help to draw other people and firms into such regions. Regions of slow growth or of declining population become associated with the opposite qualities.

INDICATORS OF REGIONAL BACKWARDNESS:

1. LOWER INCOMES

The factors that contribute for the regional imbalances may differ from country to country. But almost

all countries have a regional problem due to the existence of great and lasting differences in prosperity between different areas within each country. There are many indices that can be used to measure regional backwardness. According to G.H. Borts, the first one is average level of income. The people in a distressed region have lower average incomes than in other regions of a country. Or, if the incomes are increasing, the rate of increase is noticeably less fast or actually declining. There will also be large income differences between individuals within the region.

2. HIGHER RATES OF UNEMPLOYMENT

Similarly, communities in backward regions have higher rates of unemployment than the rates prevailing elsewhere. Any community does not like having high rates of unemployment. Unemployment rates may be high either because of lot of people are subjected to the risk of relatively short average periods of unemployment or, because a relatively small number of people face the prospect of long periods of unemployment. Unemployment rate in any country 19

provides an indication of variation of economic opportunity between one region and another. Higher unemployment is apt to mean less security for those in work and less hope for those who seek work.

3. HIGH RATE OF MIGRATION

Another indicator of regional backwardness is outward migration, particularly of the young and vigorous or the better educated from backward regions. Most of the inhabitants do so unwillingly due to lack of total opportunities and out of distress. The outflow of potentially higher earning members will lower what little purchasing power there is in the region. On the other hand, their immigration to prosperous area, will add to the inflationary trends of such regions for a number of years. Thus emigration hits unfavourably the depressed as well as a prosperous region.

NEED FOR GOVERNMENT INTERVENTION:

Given the existence of inter-regional differences in prosperity and the indicators of backwardness, the dilemma

faced by any government is, whether or not to intervene in an attempt to reduce these differences and if intervention is considered appropriate, how to intervene most effectively. In principle the government can decide these questions using the standard cost-benefit framework by first deciding what its objectives are and the relative weights it attaches to each of its objectives. The government can then attempt to forecast how its objectives will be affected in the absence of government intervention and also what will be the effect of specific intervention policies. The government then can choose the policy which results in the highest value of the government's objective function.

**REASONS FOR GOVERNMENT INTERVENTION:**

1. **RESTORING EQUILIBRIUM BETWEEN PROSPEROUS AND DEPRESSED AREAS**

Criticism of government intervention in regional matters is not wanting. It is sometimes argued that such

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intervention is unnecessary since free market forces are capable of restoring equilibrium on their own and also that intervention is likely to be harmful since giving aid to depressed regions and restraining growth in prosperous regions is to reward failure and to punish success. In answer to these criticisms it may be said that whether helping depressed regions rewards failure or not depends on the sort of help given. Encouraging expanding firms located in prosperous areas to set up branches in depressed areas by offering them substantial cash grants is to neither reward failure nor to discourage enterprise. As for the belief that market forces if left alone will restore equilibrium, for some countries at least, the evidence suggests, that as far as regional unemployment is concerned either there is no net movement towards equilibrium or that such movement is very slow indeed. Experience shows that inter-regional differences in unemployment tend to persist for long periods and only when governments step in with appropriate policies, equilibrium can be brought between the regions.\(^{22}\)

2. RAISING OF NATIONAL OUTPUT

The high unemployment and low activity rates that characterise the regions which remain depressed are evidence of reserves of unused labour resources which if employed could raise national output substantially. Public intervention is therefore justified on the basis that the value of the increased output so obtained would far outweigh the costs of intervention. Such an argument would satisfy any national government one of whose objectives is to increase national output per head.

3. REAPING POLITICAL ADVANTAGE

Another argument for public intervention, which appears cogent to an elected government, is that electors in depressed regions where unemployment is high and mounting tend to vote for opposition party candidates. The government may well be encouraged to spend considerable sums of money in promoting increased employment, when to do so, produces such net social benefits to the community and to the party in power.
REGIONAL POLICY

Once it is established that the government is justified in intervening, the question that then arises is how the government should intervene most effectively. The answer depends partly on what the government wants to achieve in their regional policy and partly on the nature of the regional problem in each particular case. The extent to which policy makers feel themselves challenged by the problems and the political constraints within which they have to operate vary greatly from country to country. "But according to Harberger, any wise policy should surely attempt to assess the strength of regional economic forces and strive to channel them for the achievement of social and economic goals". 23 Any policy aspect of regional growth should be related to such aspects as: what instruments should be used to increase the rate of growth of a region? What alternative strategies are available for the growth policy? Which government measures should be used to induce expansion of underdeveloped areas? Which measures can be undertaken to prevent over agglomeration? 24

INSTRUMENTS OF REGIONAL POLICY:

1. CONTROL OF OVER AGGLOMERATION

The first and foremost instrument to realise the goal of regional policy is, checking the amorphous growth of modern cities by the national governments through formulating elaborate 'Zoning' laws and prescribing specifications for the size of the buildings for specific areas. In addition, large scale land use planning should be introduced by demarcating a 'green belt' in the surrounding area. The financial difficulties of many city administrations have created disastrous situations. Heavy taxation of industrial and commercial buildings in association with their control by licencing has to be applied to augment the finances of the city corporations as well as to relieve congestion. The growth of congested areas can be checked by promoting their decentralisation by means of building satellite or new towns. Excessive growth of cities can also be checked by introducing the policy of subsidisation of emigration of workers and industry to the neighbouring areas.

2. TAKING THE WORKERS TO THE WORK

The problem areas are generally those regions in which the growth of jobs has been inadequate to meet the
growth of people wanting them. The important aspect of policy framing is whether to reduce this mismatch by taking the work to the workers or the workers to the work. Taking the workers to the work is neither very successful nor very popular. It is clearly not a very good policy as the incomes would deprive the residents of jobs that they would otherwise have had. Antagonism may also develop between the old residents and new immigrants. The former may begin resenting and even resisting migration. It also diminishes the rate of inflow of industry seeking the available labour in the region. Another reason against labour mobility is, if it is from countryside to the big cities it will create socially and politically undesirable problems.

3. TAKING WORK TO THE WORKERS

Instead of taking the work to the workers, the better policy, would be to take the work to the workers by creating jobs in potentially labour surplus areas. Employers can be tempted with the offer of subsidies on capital expenditure and on their wage bills, with loans on favourable terms, with tax concessions, with providing factory buildings

at favourable rents and with housing provision for managers and key workers. Arnold C. Harberger suggests paying premia for the managerial and technical personnel for leaving comfortable life for which they are accustomed in cities and deciding to live in a backward region.  

4. CREATION OF GROWTH POINTS

Promising growth points can be selected in an agricultural or a mining area for the development of a region. Provision of a network of transport facilities, water and electric amenities, will make the industries, to come to the area on their own. Such of those points in the region which have accessibility to the main existing centres of economic activity in other regions can be chosen for growth purposes. A well planned growth point is a potential natural growth point and the usefulness of the growth point strategy in regional planning depends on whether or not intra-regional focal centres exist in market economies.  


5. ESTABLISHING INDUSTRIAL COMPLEX

One more instrument of regional policy relates to establishing an industrial complex. Where industrial establishments depend upon one another in such a way that they benefit by being close together, no one of them will be anxious to go to another area. But difficulty arises in persuading a considerable number of units to agree to a particular scheme. It is a strategy that will be more effective when the state is itself in a strong position to step into fill gaps in the jigsaw, with public enterprise. This strategy is more necessary, the more remote the location in question is, from industry of any of the relevant kind.

6. ENCOURAGING INDUSTRIAL LOCATION

The location of industries has become one of the important aspects of regional economic growth. Any spatial strategy of regional development starts with the provision or improvement of the regional infrastructure—communications, water supply, electricity, schools and hospitals—as a necessary condition for the new enterprise to come in.

and bloom there. But to attract enterprise by providing infrastructure also is expensive. Instead, it would be more economical for the government to provide cash inducements in the form of cheap loans, capital grants and tax remissions. Thus, improvements of infrastructure has its own limitations when used alone. But the charge against cash incentives is that they operate more powerfully on capital-intensive industries. It is an odd way to assist regions whose chief trouble is surplus labour. However, subsidies on employment confer an immediate benefit on all enterprise in the relevant areas in proportion to their employment. Like any cash inducements, they have an additional effect in stimulating the economy of the assisted regions by increasing regional demand. There is also a strong case of bringing improvements in the quality of labour through education and training when they are below the national average. Vocational training and retraining are obviously of great importance in any modern or moderning society.

7. NEGATIVE CONTROLS

Apart from the above inducements, the main means of getting enterprises to go where they are wanted, is by
issuing industrial licences, controlling office buildings, limiting the floor area and imposing surcharge on the construction costs, if the scheme in question violates the rules. Enterprises proposing to expand should be made to consult with the government with a view to allow themselves to be diverted elsewhere. Comprehensive legislation to control industrial location is also recommended. A judicious combination of positive measures to influence the location of industry and negative measures like direct control on factor movements is necessary for effective implementation of regional growth policy.

Regional policy is necessarily a function of Central Governments and should not be left solely to State governments. Centrally directed policy is called for, because the origins of regional differences are largely national in character and should be tackled at national level and to achieve national goals. A.J. Brown and E.M. Burrows are of the opinion that "regional policy should be largely concerned with accommodating differences of interest between regions." If it is left to the State or regional governments it may result in the breakup of nations. Whatever powers are given to regional governments to formulate

development policies within the region, the function of making these policies consistent with one another, and engineering the inter-regional funds and factors of production must be performed at the centre. The whole process of arriving at a regional policy is helped also, if the initiative in proposing broad and consistent regional planning targets comes in the first place from the Centre. Whether the regional policy is a success or not is difficult to answer because one has to compare to what would have happened in the absence of the policy with what has happened after the implementation of the policy. Regional policy can quite quickly have an effect upon the flows of people and of jobs. It takes much longer to change the inter-regional differences of economic opportunity rooted largely in differences of economic structure which can be altered only slowly or in some cases in locational advantages or disadvantages which may yield, if at all, only to technological change.

REGIONAL POLICY: A LONG-RUN PROCESS

The most important thing to understand about regional policy is that it is not for the most part a means of quickly, and once and for all, putting right a dispo-
tion of people and jobs that was wrong; it is a means of moderating the effects that arise from long-term changes taking place against various frictions, or, sometimes, of a more or less permanent tendency towards mislocation that has to be equally permanently resisted. It has arisen in the last two generations to an important place among the economic concerns of governments in a great many countries largely because the economic structure of the world is changing fast. In the ever-changing phenomenon, ups and downs occur in the conditions of the regions. Prosperous regions, may become more prosperous because of the initial advantage they had in the developing process. The less prosperous regions also may change, but not to the extent of catching up with their prosperous counter-parts. The result is that the national governments should have to continuously formulate the regional policies to suit to the changing conditions. Therefore one has to expect that regional policies will stay and continue to stay permanently as an integral part of the national policies of the modern governments. Professor Forest G. Hill says "short-run policy is not enough; a long-run developmental policy is equally important and it must give explicit attention to needed structural changes affecting different regions and sectors". 31

The regional development policy is linked with regional growth. "The term regional economic growth can be used interchangeably with development and expansion". According to S. Kurznets "Regional economic growth is the substantial increase in the volume of an economic variable of a spatial subsystem of a nation". To be more specific, it can be defined as "an increase in the total real value of income in a region".

INDICATORS OF REGIONAL ECONOMIC GROWTH:

1. INCREASE IN THE WELFARE OF A REGION

A few variables can be chosen as indicators of economic growth. Growth may be interpreted as an increase in the welfare of a region. This interpretation pre-


supposes that the concept of total welfare can be meaningfully defined. Because the problem of measuring total welfare by interpersonal comparison has not yet been solved and because intertemporal comparisons of welfare situations are inconclusive due to changes in the preference patterns, this approach to the meaning of growth is not accepted generally by the economists.

2. INCREASE IN THE OUTPUT OF A REGION:

Growth can be understood as an increase in the output of a region. The term may refer either to the productive capacity or to the actual volume of production in the region. This concept emphasises the increase in output which is produced by the factors of production that are employed in an area. This means that for the measurement of output, the area concept of income estimation is applied. All the final commodities produced by the factors of production available in the region will be included in

the regional output even if some factors may be owned by the residents of other areas.

3. INCREASE IN THE FINAL SET OF COMMODITIES:

Economic growth may also be defined as the increase in the set of final commodities which are available to the region. This concept takes into account the effects of trade on the availability of commodities, as the supply of final goods may be increased through the exchange between regions.

STAGES IN THE GROWTH OF A REGION:

Though the indicators to economic growth vary, there is a typical sequency of stages through which regions move in the course of their development. This sequency may be outlined as follows: (1) The first stage of the development of a region is one of self-sufficient subsistence economy in which there is little investment or trade. The basic agricultural stratum of population is simply located according to the distribution of natural resources. (2)

The second stage comes into existence with the agricultural community consisting of farmers and labourers starting simple village industries from the materials and the market furnished originally by the agricultural populations. (3) The third stage consists of the developments of inter-regional trade, with the inhabitants taking to dairy farming, poultry keeping, gardening, sericulture and other commercial occupations. (4) Fourthly, when the agriculture begins yielding diminishing returns and with the increase in population industrialisation is started on a large scale. Though in the beginning, industrialisation is based on agricultural products, it switches on later to mining and manufacture of goods. It includes metal industries, chemical industries, oil refineries, glass and cement industries and the like. When there is adequate electricity available, industries requiring large amounts of power, like ferro-alloys and special steels, can be set up without any difficulty. (5) The final stage of regional growth is reached when a region specialises in industries producing for export. Such a region exports

its capital, skilled personnel and special goods and services to less advanced regions.

REASONS FOR UNEVEN GROWTH OF REGIONS:

1. BACKWASH AND SPREAD EFFECTS

The peculiarity with every country is, that the development has not proceeded evenly within its boundaries. It may start at a few centres which may become the focal points of growth, transmitting to wider regions. According to Gunnar Myrdal some pockets of an economy start developing by virtue of their natural advantages such as facilities for raw materials and cheap power and are nurtured by investments attracted by internal and external economies available there. They develop and draw savings and labour for the rest of the economy to be concentrated there so that the other regions remain underdeveloped. It is known as the 'backwash' effect.42 When these regions reach a certain stage of development, benefits of such development will spill over to the adjoining areas. With the increase in the level of development more and more

areas will come under developmental activities and in this way they will be affected by such "spread effects". Other areas will be considered uneconomic for investment due to scarcity of space, raw materials, labour and transport bottlenecks. Therefore no investments will be diverted to comparatively less-developed areas and they continue to be less developed.

2. **EMERGENCE OF GROWTH POLES**

To Hirschman, economic progress does not appear everywhere at the same time and that once it has appeared, powerful forces make for a spatical concentration of economic growth around the initial starting points. The theory of location and the nearness to industrial atmosphere provide ample material for this economy to lift itself to higher income levels. Thus it will first develop within itself one or several regional centres of economic growth. The need for the emergence of "growing points" or "growth poles" in the course of development process means that the inter-regional inequality of growth is an inevitable consequence of growth itself. The ability to grow

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of a particular area or sub-area for a long time will make backwardness elsewhere, inevitable. If the tendency manifests itself along clearly worked geographical lines, the result is emergence of progressive and backward regions. The situation may again lead to a clustering of investment around the initial growth point leading to depressed income levels in other regions. Schultz is of the opinion that economic growth proceeds more rapidly near "growth poles" due to operation of agglomeration economies and the plants being attracted from other sites. Another reason is that input markets operate efficiently in and near these centres without impediments for factor equalisation. Workers easily shift to better paying jobs and investments easily shift to investments with better pay offs. The information about new opportunities is complete, the distance between workers and opportunities is less and the distance between surplus capital and investment opportunities is minute. The third reason is that urban atmosphere is more conducive to innovation and technological change.
3. TENDENCIES OF THE CENTRE TO GROW AT THE COST OF THE PERIPHERY

"The process of economic growth does not automatically lead to reduction in regional disparities". According to Friedman in the initial stages there is a strong tendency towards further concentration of activities in large centres. It is called as the tendency of the "centre to grow at the cost of the periphery". This is because of the availability of transport, communication, banking, insurance, skilled labour and so on. But concentration of industries in cities increases the disparities between the city and the rest of the country in income patterns, consumption between cities and the rural areas in the periphery.

The uneven growth of the regions as revealed in the above analysis, has become the cause of concern of every modern nation. All most all countries have adopted regional planning as a technique for removing the regional disparities.


disparities and to facilitate the growth of the national economy. The goals of regional economic policy should be full employment, higher standard of living and higher output and income in a region. To achieve these goals, any planned attempt should adopt the strategy of attaining self sufficiency in food and industrial crops, rapid industrialisation with particular emphasis on the development of basic and heavy industries and provision of adequate infrastructure for economic development of a region.

CONCLUSION:

The existence of regional disparities has attracted the attention of almost all the governments in the world since the middle of the twentieth century. Before analysing why regional disparities exist an attempt is made to define a region. The criteria based on tradition, development, planning, and economic or social factors have been taken into account to explain what a region is. But all these classifications vary with one another and lead us nowhere. So the best approach to define the

Regional disparities exist due to differences in the levels of population, levels of employment, availability of natural and human resources, existence of economies of scale, operation of capital output ratios, adoption of financial policies by the public authorities and the quality of immigrants. These factors are responsible for a region to be rich or poor. The indices to judge the poverty of a region are, the lower incomes of its inhabitants, higher rates of unemployment and large scale emigration to other areas. The question that arises next is, whether the government should intervene or not, in reducing the regional disparities. As free market forces cannot succeeded in that direction, government is justified in stepping not only to achieve equilibrium among the uneven regions, but also to raise national output and reap political advantage by the party in power through a proper regional policy.

Any regional policy should, have in its list of preferences, the checking of unwieldy growth of modern cities, creating jobs in potentially labour surplus areas,
selecting and developing suitable growth points, establishing proper industrial complex, encouraging industrial location in depressed regions by providing the necessary infrastructure, cash inducements and tax concessions, and by adopting proper licensing policy. The regional development policy must necessarily be a function of Central Government because the regional differences are largely national in character.

The regional development policy is linked with regional growth which means an increase in the total real value of income in a region. The first indicator of economic growth is the increase in the welfare of a region. But as welfare is a vague concept, growth can be measured in concrete terms of increase in the output and in the set of final goods available to the region. Economic growth has a sequence starting with self-sufficient subsistence economy followed by the setting of rural industries, developing of inter-regional trade, industrialisation on large scale, and specialisation in producing for export. In spite of the best efforts of the governments, development or growth is not proceeding evenly and the disparities among regions are widening. It can be attributed to backwash and spread effects, emergence of growth poles
and the tendency of the centre to growth at the cost of the periphery. Such trends can be set at naught and balanced regional development can be achieved by adopting a planned strategy to attain self-sufficiency in food and commercial crops, to industrialize rapidly and to provide adequate infrastructure in the regions afflicted with underdevelopment.