

PART I: INTRODUCTORY

Chapter I: The attainment of inter-regional Balanced Growth

In India, as in almost all other countries of the world, economic development is welfare oriented, and among the welfare ideals of economic growth, the balanced development of all the constituent regions of the country is a dominant content. It is believed that such an even pattern of development would further the ends of equitable distribution of income for all the sections of the population and the efficient utilization of the national resources in all parts of the country. Speaking of the process of growth is such, only a transmission of the growth momentum evenly over all the potential regions of the country is considered to satisfy the conditions of a real national take-off. It is assumed that at this stage, the economy would attain its optimal geographical dimensions in the real sense.

The national economy is a system of regional economies. The regions naturally present varying growth patterns and prospects depending on the availability and situation of their growth determinants. To analyse the problems of the inter-regional balanced development of any particular system of regions it takes a clear insight into the characteristics of these governing factors in addition to the delineation of a valid regional system. These and other preliminary issues are examined in this Part. The identification of the determinants of regional demarcation, the method of demarcating and evolving the system of regions, the

analysis and the method of employing the regionality concept for tackling the combined problem of spatially ordered economic growth; and finally the examination of the rationale and the meaning of inter-regional balance in the context of Indian Planning - are the issues taken up here

Inter-regional Balance in India

It seems to have been vaguely realised in the Indian Planning process that a rigorous policy of balanced development would militate against the tempo of development, particularly in the take-off stage. Probably, because of this, thoughts are not focussed on this issue right now with all the seriousness it warrants. Even on such basic concepts like region and balance, official clarification is not available

^{b lan} ² ^{rw} It is, however, given in the planning policies of the country that there should be equitable distribution of wealth and income, and optimum utilization of the national resources. An equal marginal return situation for the investment resources in all the regions ensures the most efficient utilization of the national resources, and an equal per capita income position is an indicator of an even distribution of income, taking however, that for both the purposes, the regional system is valid within the purview of the national policy. Then it is possible to define inter-regional balance as a state of inter-regional economic situation where per capita income as well as marginal returns on investment in all the regions are equal

If such a state of balance could be continually maintained then all the regions as well as the national system will be at their respective optima. For the nation will be at its optima

if all the valid constituents of the system too are at their respective optima. If the regional system is given, and if it is also given that the national optimum is sought to be constructed through the regional optima, then, in a situation where all the regions are at their optima, the nation should also find itself in an optimum situation.

Here it is necessary to make clear that both the regional system and the aggregative principle of national optimum are given by the national policy and that they are not the product of exclusive economic principles. Hence economic analysis comes in a bit late. In all such value loaded propositions, the limitations of scientific analysis need to be clearly recognized.

Moreover, by balanced inter-regional development there need not necessarily be (and generally there would not be) national economic maximization. What is being maximized is the national welfare, defined to encompass both the efficiency and equity considerations and sought to be realized through the regional system. Accepting the equity consideration, and avoiding the forced migration of the population, the synthetic criterion of equimarginal returns and equi-per capita income ^{is} considered (to be) the most satisfactory condition of inter-regional balance.

So the country ^{is} looked upon as an aggregation of regions. Its pattern of income distribution and resource utilization are viewed at from the regional level. The development of these regions is meant to enlarge the geographical and the functional dimensions of the national

economy Such an enlargement is prompted and regulated by certain accepted principles of the national development policies Therefore, the growth of the economy in geography and content, with the balanced development of its constituent regions, is accepted as the national good It is necessary to emphasise that at this point, value judgements and economic principles coalesce into a practical code of national development

Under such a principle of development, the broad targets are fixed at the national level while the detailed schemes of development are worked out on the regional basis in such a way that the ideals of economic growth are realised right from the regional levels The regions thus become vital geographical entities as the primary units of the developmental process They are the planning regions - regions through as well as for, which development planning is undertaken

The Region defined

Much depends on the construction of the regional system A planning region may be formally defined as a geographically contiguous area with certain common or complementary characteristics, that are material to the purpose for the accomplishment of which the regions are sought after The regional demarcation criteria may relate to the current situations, problems and potentialities of the regions and may govern the course and pattern of their future development programmes

The deterministic factors commonly reckoned with in the demarcation of the regions are the natural resource endowment physio-agronomic conditions, industrial pattern, transport relations, etc By virtue of their geographically variant

forms of manifestation, these governing factors could bring about, alone or in groups, major differences between the regions. Since most of the differences are ultimately reflected in the composition of the regional dividend, it is appropriate to characterise that the rationale of regional dividend composition and the pattern of economic possibilities largely determine the regional pattern.

Land economy - a major determinant

In the early stages of development, with land economy predominating, the physio-agronomic characteristics of the land go a very long way in devising the regional pattern. The land economy produces the economic pattern in its own right, and in addition, it generates a stratum of industries based on its raw material resources. These industries, in their turn, and by virtue of their subsequent effect, may establish a chain of other industries, and together, they reinforce (the) differing patterns primarily established by the land economy.

Agriculture has almost invariably been the most important constituent of the land economy. As a result, often it alone speaks for the entire land economy in demarcating the regions. Similarly, decisive influence may be forthcoming from other extractive sectors like forestry, mining and fisheries, if they, or their derived industries in the locality, are potential enough to pattern the regional economy. Depending further on the practicable size of the regions and the geographical variations in the sub-characteristics of each of these major determinants, regional boundaries may be finally drawn up. Therefore, what ultimately shapes a region is the geographical dimension of the behaviour, or the set of behaviour, of the

factor, or the group of factors, that most decisively bears on the process of planned transformation. And in the early stages of development with the land economy predominating geographic and physio-agronomic characters will pattern most of the regions.

Very often, there have been also operating other factors that dominate or submerge the pattern generally established by the extractive economy. Transport relation, ports and industrial complexes are the common factors disturbing this conventional pattern. They are, many a time, capable of reshaping or forming a region exclusively of their own. Here also they primarily alter the rationale of sectoral composition. As in other cases, here also it is the rationale of sectoral composition that broadly characterises and demarcates the planning regions.

Method of Regional Demarcation

To be systematic and accurate, the definite sequence, which the task of regional demarcation could follow may be laid down here.

Any pre-existing system or systems of regions, for whatever purpose they might have been conceived will form the preliminary ground for collecting and classifying the information bearing on the demarcation problem.

Subject to the considerations of the size of a region, elucidated later, each region should have differing deterministic endowments. Within each region there should be certain uniformity as to these endowments so that the difference between parts of the same region should generally be substantially less than the difference between two regions. If

there is no difference in the deterministic endowments

there is no need to dissect the homogeneous area

The information on a variety of governing factors, roughly classified according to their importance in the economy, should be collected. This may relate to geography and climate, mineral, agricultural, forest, fishery and water resources, physiography, system of land use, pattern of transport, communication and commodity flow, level of economic development, etc. In addition, administrative arrangement, cultural affinity, historical tradition, pattern of social and cultural values, and a host of other less tangible and yet important factors may have to be taken into consideration in the final analysis.

A practical consideration following from the above is that either the region or the constituent units thereof shall be such that the data on important indices are either readily available or can be made available on that basis.

A region must comprise only contiguous areas. Subject to the general limitations of the size of the region, it may be preferable to have two regions of the same character than one with undue heterogeneity.

It is practicable to have a permanent regional system, though as a matter of isolated event, necessity may arise from time to time to redraw the boundaries of the same regions.

As a rule, it is preferable to have regions of uniform size. It may, however, vary depending on the specific factors encountered in each case, and, as a rough guide, it may be tentatively laid down as to fall within the limits of ten to twenty thousand square miles.

When once a primary stratum of regions is drawn out, considerations may be given to the evolving of an hierarchy in the regional system. Such a hierarchy is considered useful to have separate aggregates of the varying optima of the determinant conditions and vital consequences at the convenient levels in planning, effectuation and observation. For this purpose, the primary regional units may be regrouped into larger areas depending on the primary characteristics of these areas material to the planning process. This arrangement is particularly helpful in bringing together similar, contiguous regions, that have been divided for the reason of retaining a proper inter-regional size relationship. Quite naturally, these areas in their turn add up to that large planning unit, the State.

Within the primary regional hierarchy, separate regions for famine eradication, river basin development and for such other specific purposes could also be designed with limited functions and usually for limited duration. These specific purpose regions, also called the functional regions cease to exist when the function connected with their origin and operation no longer exists. In the course of time they will be assimilated in the general hierarchy itself.

An imposing consideration in the demarcation of the planning regions is the administrative convenience as the planned economy leans heavily on the administration. The administrative districts of the State are therefore quite compelling as planning units. It is to the districts that one has to turn to for the data on various matters concerning the designing and the appraisal of the plan for the agency to suggest the details of the plan and above

all, for the agency to execute the plan. The plan is a part of the administration in India, and there is no separate comprehensive network of planning administration.

Satisfying most of the canons governing the planning regions, the district may be usefully adopted in most of the cases for the planning purpose. It must be however realized quite clearly that it is not because it is an administrative district, but because ^{it} more or less adequately serves the purpose of geographically delimiting the process of planning among various regions that the planning is geographically classified according to the districts. Still there may be instances where the district may clearly militate against the purpose and in the existing form may do more harm than the difficulties of readjustment would. It is no use under such circumstances, to struggle with the old pattern. Instead it would do good to reshape.

Delineation of regions in Mysore State

In the delineation of the planning regions of Mysore State undertaken in Part III, the concept, sequence and method adopted have been more or less similar to the above sketches. As it has not been possible to get complete and correct data on a large number of indicators, necessary to construct the regional system, no attempt has been made to weigh them and construct a single index from the incomplete data. The raw data, reshaped wherever necessary and possible, have been the major source of guidance.

It had further justification. The tradition of administrative regions in the State being very deterministic, further refinement of the data appeared unnecessary. So

the basic units of planning regions are identified with the districts, the basic units of administration. Any area within each of such regions that partakes more of the character of any other region, is also identified, so that a compromise with administrative set up should not ultimately result in the false representation of the regional character.

These regions are further regrouped into five major regions on the criterion of homogeneity of the deterministic factors. Since there is no specific localised problem or potentiality warranting the creation of functional regions, no such supplementary regional units are recognized in Mysore State. However, there are certain areas in each region with major problems or potentialities peculiar to them alone. They have been singled out and analysed separately within the general analytical scheme of the regions of which they form a part.]

Regionality of the development factors

Part II 13 [Before passing on to the next Part, a brief (observation) on a particular characteristic, namely 'regionality', of the regional growth determinants, is necessary. For this characteristic, perhaps more than any other, helps explain simultaneously, the growth and spatial pattern of the regional economy. So the identification of the concept of regionality of the growth determinants would be a useful step for the analyses undertaken in Parts II and III.]

The regionality behaviour of the developmental factors relates to the regionally differential bearing of the growth determinants like enterprise, capital, raw material, labour, transport, market, cooperative services etc. on the dependent

economic activities. The differential significance is founded on the differentials in the endowment or availability of these factors, coupled with their imperfect inter-regional mobility. ^{When deficiency in relation to the requirement} occurs in the supply or service of a particular factor in a region, that region is rendered unsuitable for all the activity decisively depending on that factor for origin or operation. However, other kinds of activities to which it has no relevance may still find this region a good location and perfect operational environment as well.

Since adequacy is a relative concept, the inter-regionally differential significance may, however, not be quite manifest if the requirements of a particular factor do not outpace the availability. So also perfect inter-regional mobility as well as the availability of the substitutes compensate the differential endowment. Therefore, to be regional a factor must be ^{relatively} deficient and its substitutes and mobility conditions imperfect. And moreover, it could be regional only in relation to the units of production on which it has an economic or technical bearing. So quite obviously, the significance of a growth determinant in the growth of the regional economy depends primarily on the range of economic units to which it could appear a regional factor by virtue of its ability to have an inter-regionally differential impact on them. Secondly, it depends on the strength of the inherently regional traits of the factors, like undue inter-regional variations in endowment, availability and imperfect inter-regional mobility. Therefore the growth rate and growth pattern of a region are conditioned by the adequacy of the major growth determinants, taken together with their inter-

regional mobility characteristics and conditions. The scope of such discriminatory growth is enhanced further by the complementarity of these regional factors with other generally abundant and mobile factors, which add to the scope and significance of their utilization. Thus determining the economic possibilities and patterns of the regions, the growth determinants also largely characterise the regional differentiation while demarcating the regions. Most of these factors are unevenly and inadequately distributed over the regions. Their inter-regional mobility may be imperfect due to sheer impossibility or significantly high or uneconomic cost of movement. It may be even the legal restrictions, regional loyalties or mere inertia. Under all such instances, these factors may come to have inter-regionally variant bearing on the growth of the dependent activities. Such a tendency is conveniently characterised as regionality.

By virtue of the regionalit, these factors govern the origin and growth of the economic units among various regions with decisive variance, leading to discriminatory rate and patterns of regional growth. ^{cs} It takes no lengthy explanation in an inter-regional setting with free factor and commodity movement, the alignment of the competitive cost situation with a particular region for a given product is founded on the stickiness of some factor or the other essential in its production, that could not be moved economically between regions and that is not evenly distributed among them either. The consequences of the stickiness or imperfect mobility and the differentiation in the cost characteristics of such governing factor, rigidity determines the location or operation of the dependent productive units. A summation of a series of such rigidity controlled location provides the necessary

preliminary stratum of the industrial economy of a region. They in turn, lead to the establishment of a good many more. Obviously, at the root of this chain mechanism lies the structural significance of the growth determinants, that are available in the region, regional in character and are capable of attracting locally deficient, non-regional, complementary factors from other regions. Therefore, by evolving the concept of factorial regionalism, it is possible to dissect the regional growth mechanism, and lay (thereby) the growth process in the past and explain the conditions and the prospects for the future.

In the identification of the growth potentiality and in ensuring the growth prospect through the provision of the needed growth requirements, it is necessary to reckon with the regional characteristics of the growth factors, in addition to the more obvious question of their adequacy. So, for a rapid growth, a greater availability of the factors, highly regional in themselves and also bearing decisively on a large number of dependent activities, is essential. If such regional factors are adequate, and their cost character too is competitive, they will be able to attract their less regional, complementary factors even from other regions. Therefore, a regional factor, while ensuring the materialization of its own potentiality within the regional boundary can also make good the deficiency of other non-regional, complementary factors necessary in its utilization.

It must be made clear here that the growth components of a regional economy could be considered elastic in supply provided the cost characteristics in that region are competitive. This possibility is a privilege of the regional economies which are open systems unlike the national economy which is a closed one. /

So, an abundance of non-regional factors in a -

region may not in itself ensure the location and development of their dependent activities. They may tend to stray off to other regions where their complementary, regional factors exist, if they could not be adequately utilised in their original home. Therefore, in the regional development policy of an open economy the identification of the growth determinants of each region should go hand in hand with the identification of their regional characteristics in the given setting of economic possibilities.

In the early stages of growth most of the growth determinants are regional in their spatial character as a large portion of the industrial economy would be founded on the extractive raw materials which are inherently regional. Because primarily in their endowment, there is generally characteristic regional differences. They are, besides, generally bulky, difficult to move, costly to transport and require huge transport capacity. So, industries based on them will tend to be located at their sources. Apart from raw materials, the overheads too prove regional. Transport for instance, is tied to a particular area and tends to attract activities where it is available. A railway line makes a world of difference in the commercial feasibility of the regions where it is and is not available. The regionality may beset others too. With the backwardness of the economy coinciding with its unintegrated nature inter-regional mobility of capital, enterprise labour and other cooperative services may be thoroughly unsatisfactory and as a result they too may assume regionality significance in the growth process. All told, the discriminatory rate and pattern of regional growth could be, then largely explained

by the regionality characteristics of the growth determinants and their adequacy

Analytical insight apart, there is another method by which the bearing of these location and development factors on the origin location and growth of economic activities could be assessed. And that is by collecting the opinion of the economic enterprises. This is no doubt an indirect method, but as the factors are incapable of directly responding to an empirical study, only the units of production could be relied upon to give an account of these factors. In principle it is nothing but studying the governing through the governed to assess the resultant situation. As stated earlier, the survey in Part II of this thesis is indeed for their empirical confirmation particularly in the field which appears as the exclusive sphere of observation in Part III also.

So in the empirical examination of the factorial situation of Mysore State economy undertaken in Part II, in addition to assessing the general adequacy and situation, emphasis is also laid on the understanding of the regionality characteristics, and their general bearing on the growth and spatial pattern of the regional economic activity. In Part III too, where the synthesis of various regional economies of Mysore State is taken up, the role of each of these major growth determinants is examined in this light.

The task of regional synthesis in that Part is more exacting in the context of the standards set here. It implied the application of all the delineated theoretical principles in the regional demarcation, in the identification of their situation problems and potentialities and in the evolution

of a normative pattern of future growth process that would establish a continuing state of inter-regional balance. Because of various limitations in the basic data, instead of strict application, the principles had to be merely adhered to. Only rough indicators of major significance have been employed for regional demarcation and the weight of administrative tradition and expediency have been thoroughly recognized. In view of the deterministic bearing of the factors actually considered in the demarcation, it is, however, unlikely that either a greater refinement in the indicators or an extension in the coverage would lead to recasting the regional boundaries.

Even while prescribing the normative pattern for the future, the nature and extent of the data that could be gathered did not permit drawing right away, a blue-print of a long run investment pattern of Mysore State, capable of ensuring equal per capita income in all the regions while satisfying the equi-marginality conditions.

A welfare and efficiency oriented course of future development of Mysore State is all that could be attempted in that part. A delineation of the broad pattern of sectoral composition based primarily on the resource pattern and other deterministic strategies of development is considered sufficient for providing a clear picture of the early phase of development that may stretch to about the year 1985. This is accomplished having regard to the fact that the sectoral composition in each region would largely fulfil the long run growth objectives by establishing a proper composition and density of the productive sectors in relation to the depending population. This is also rendered consistent with the efficiency and equity conditions of growth as the most desirable

pattern for each region to bring it on a par with the national standards is prescribed. The basic growth determinants are clearly identified and the bearing of their relevant characteristics and situation particularly of regionality and adequacy, on the future growth prospects is analysed. Considerations of inter-regional components in the development of each region are also kept in view throughout. The scope and the method of improvement in other needed components of regional growth are also examined.

The scope of this Part is on the whole, introductory. It provides a rational setting and a necessary frame of reference to the empirical study of the industries in Mysore State undertaken in Part II and also to the synthesis of the regional economies of the State undertaken in Part III. Its purpose is in the main to set the stage and to provide the necessary back drop.