CHAPTER THREE

REGIONAL DISPARITIES,
REGIONAL PLANNING AND
DEVELOPMENT STRATEGIES
IN
INDIA
CONTENTS

3:1 INTRODUCTION

3:2 REGIONAL DISPARITIES IN INDIA
   3:2.1 INTER-STATE DISPARITIES
   3:2.2 INTRA-STATE DISPARITIES

3:3 REGIONAL PLANNING IN INDIA
   3:3.1 CRITICAL APPRAISAL

3:4 INDUSTRIALLY BACKWARD AREAS: IDENTIFICATION AND DEVELOPMENT STRATEGIES
   3:4.1 THE PANDE WORKING GROUP
   3:4.2 THE WANCHOO WORKING GROUP

3:5 CONCLUSION
3:1 INTRODUCTION

In this chapter an attempt is being made to present the regional planning and development strategies.

In its preliminary setting, the chapter presents the regional disparities, both inter-state and intra-state as also the indices for measuring the magnitude of the problem.

In its succeeding stage, it presents regional planning in India and the developmental strategies to eradicate the disparities. The discussion has come to a close with suitable conclusion.

It is a fact beyond doubt that development of economically depressed regions, exploitation of skill, expertise and capital of each region and fuller exploitation of available resources constitute a net gain to the national income pool. With a view to enlarging the national income cake and bettering the quality of life of the people, the stalwarts of the Indian national economy cultivated the well-cherished objective of achieving balanced regional development. The policy-designers presumed that ‘spatial development’ would help in securing fullest possible utilisation of resources of each region and contribute its best to the national pool and take its due share from the benefits accruing from national development. To translate this vision into concrete reality, they exercised the practice of establishing “key industries” in economically depressed regions presuming that its “trickle down effects” will attract other industries, boost
ancilliarisation, open out new markets and create more employment for the masses.

The factual review has brought home the conclusion that the objective of achieving balanced regional development has been largely defeated. The ground reality has been that the prosperous regions are getting richer while the backward regions are growing poorer.

With the proclamation of New Economic Policy in 1991, it was anticipated that the package of New Economic Reforms might induce certain desirable changes in harnessing the development potential of less-developed but resource-rich regions. If international development experience is any guide, mere opening up of the economy cannot lead to industrial development of the less developed and predominantly primary producing regions unless deliberate policy measures are called for to achieve this aim.

A survey conducted by Federation of Indian Chamber of Commerce and Industry (FICCI)\(^1\) (1995) which used triple variable, viz., :

a. industrial entrepreneurial memoranda filed;

b. per capita investment ;and

c. proposed investment and state between August 1991 and October 1994 revealed that :
1. there is distortion in the flow of investment;
2. increased investment has flown to industrially advanced states;
3. ten states have accounted for 88 per cent of the total proposed investment which is of the order of Rs.3.25 crore.
4. the states according to ranking include Maharashtra, Gujarat, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh, Tamil Nadu, Rajasthan, Karnataka, Haryana and Punjab.
5. the share of eastern and north-eastern states in total investment has been as meagre as 5.14 per cent.

Thus dwindling investment in economically backward regions will aggravate regional disparities unless the Government steps in special concessions in the best interest of backward regions.

3:2 REGIONAL DISPARITIES IN INDIA

The regional disparities manifest themselves both in the form of Inter-State and Intra-State disparities. It is presented analytically as follows.

3:2.1 INTER-STATE DISPARITIES

The Inter-State disparities are projected as follows.

INDICATORS OF DISPARITIES

Following are some of the indicators of Inter-State disparities:

1. Index of disparity;
2. Indices of Income, poverty and unemployment;
3. Agricultural indicators;
4. Industrial indicators;
5. Infrastructure indicators;
6. Social service indicators; and
7. Resource allocation indicators.

Some of these indicators and their findings have been displayed.

1. INDEX OF DISPARITY

It is measured as a ratio of the per capita income of the most affluent state to that of the one at the bottom. This index which stood at 2.88 during the Sixth Plan, moved up marginally to 2.97 during the Seventh Plan before widening to 3.29 in the early nineties based on the data for four years ended with 1993-94.

2. INDICES OF INCOME, POVERTY AND UNEMPLOYMENT

The indices relating to income, poverty and unemployment reflects that:

i) about 72 per cent of total poor population is concentrated in seven States of Andhra Pradesh, Bihar, Madhya Pradesh, Maharashtra, Tamil Nadu, Uttar Pradesh and West Bengal;

ii) the poverty ratio in Bihar is 25 times the poverty ratio in Punjab;

iii) there exist wide regional disparities. Further these disparities have tended to widen over the years. The co-
efficient of variation of State Domestic Product per capita rose from 25 per cent in 1950-51 to 35 per cent in 1993-94 showing significant rise in disparities.

3. **INDUSTRIAL INDICATORS**

The Industrial Indicators for 1991-92 reveal that the highest value added by manufacture per capita (VAMP)² was recorded in Maharashtra and Gujarat. At the other end were Bihar and UP with the VAMP levels of the order of one-fifth of Gujarat and Maharashtra level.

4. **INFRASTRUCTURE INDICATORS**

The Centre for Monitoring Indian Economy (CMIE)³ Index of Infrastructure Development having assigned 100 to all-India reflect that:

i) the index varies from 211 in Punjab to 32 in Arunachal Pradesh;

ii) excluding the hilly areas, Punjab and Maharashtra have the highest per capita consumption of power. Uttar Pradesh and Madhya Pradesh have the lowest;

iii) Kerala and West Bengal are most advanced in respect of road length whereas Rajasthan, Orissa, Madhya Pradesh and Jammu and Kashmir are very backward in this respect.
5. SOCIAL SERVICE INDICATORS

In line with Human Development Index (HDI) presented by UNDP in its Human Development Report for different countries, Setta Prabhu and Chetterjee\(^4\) (1994) have constructed HDI for 17 Indian States. The HDI varies from a low of 0.0858 in Madhya Pradesh to a high of 0.7343 in Kerala. India’s HDI is 0.439.

Conclusively the movement of various indices of development reflect persistence of and in some cases an increase in inter-state disparities.

Regional disparities manifest themselves through socio-economic indicators as well. It is reflected in Table 3.1.

Viewed from the angle of socio-economic indicators it is evident that there exist wide disparities amongst different states. The States of Punjab, Haryana, Gujarat, Goa, Maharashtra, and Karnataka are better placed.


**TABLE - 3.1**

Select Socio-economic Indicators for Different States

<table>
<thead>
<tr>
<th></th>
<th></th>
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<td>18</td>
<td>34</td>
<td>1819</td>
<td>22</td>
<td>428</td>
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<td>2086</td>
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<td>25</td>
<td>1630</td>
<td>80</td>
<td>414</td>
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<td>31</td>
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<td>1750</td>
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<td>NA</td>
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<td>NA</td>
<td>12</td>
<td>79</td>
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<td>NA</td>
<td>17</td>
<td>NA</td>
<td>31</td>
<td>76</td>
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<td>18</td>
<td>Orissa</td>
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<td>400</td>
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<td>200</td>
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<td>30</td>
<td>1440</td>
<td>90</td>
<td>633</td>
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<td>24</td>
<td>23</td>
<td>520</td>
<td>29</td>
<td>209</td>
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<td>21</td>
<td>Sikkim</td>
<td>NA</td>
<td>NA</td>
<td>09</td>
<td>NA</td>
<td>17</td>
<td>83</td>
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<td>22</td>
<td>Tamil Nadu</td>
<td>2030</td>
<td>33</td>
<td>34</td>
<td>1400</td>
<td>42</td>
<td>311</td>
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<td>23</td>
<td>Tripura</td>
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<td>NA</td>
<td>15</td>
<td>NA</td>
<td>17</td>
<td>50</td>
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<tr>
<td>24</td>
<td>Uttar Pradesh</td>
<td>1547</td>
<td>35</td>
<td>20</td>
<td>470</td>
<td>59</td>
<td>149</td>
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<td>25</td>
<td>West Bengal</td>
<td>1930</td>
<td>28</td>
<td>27</td>
<td>1510</td>
<td>36</td>
<td>154</td>
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<td>26</td>
<td>1050</td>
<td>32</td>
<td>242</td>
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### 3:2:2 INTRA-STATE DISPARITIES

Regional disparities exist not only between the states, these can also be traced between different regions of a State. The Planning Commission has laid down test identifying backward districts. These are as follows:
1. Per capita food-grains/commercial crop production,
2. Ratio of agricultural labour to total population,
3. Per capita industrial output,
4. Number of factory employees per lac of population,
5. Number of persons engaged in secondary and tertiary activities per lac of population,
6. Per capita consumption of electricity, and
7. Length of surfaced roads/railway mileage in relation to population.

Using these criteria, the Planning Commission has constructed a composite weighed index for all districts in each State. According to Prasad, K.N. (1993) as many as 246 districts have been designated as backward. Of these 246, as many as 118 districts have been identified as "NO INDUSTRY DISTRICTS". (Please see Annexure-II.)

Table 3:2 projects relevant information pertaining to backward districts.

The information presented in Table 3:2 displays microscopic picture of intra-district regional disparities. Of the 30 States and Union Territories, 16 State/Union Territories fall under the category of economically backward areas (100 per cent). The other States which have more number of backward districts include Madhya Pradesh (80
### TABLE – 3:2

State-wise Division of Backward Districts

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>State/Union Territories</th>
<th>Total No. of districts</th>
<th>Total No. of backward</th>
<th>Per cent</th>
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<td>1.</td>
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<td>23</td>
<td>14</td>
<td>60.9</td>
</tr>
<tr>
<td>2.</td>
<td>Bihar</td>
<td>52</td>
<td>38</td>
<td>70.1</td>
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<td>Gujarat</td>
<td>25</td>
<td>11</td>
<td>44.0</td>
</tr>
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<td>Haryana</td>
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<td>Kerala</td>
<td>14</td>
<td>07</td>
<td>50.0</td>
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<tr>
<td>6.</td>
<td>Karnataka</td>
<td>27</td>
<td>11</td>
<td>40.7</td>
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<td>7.</td>
<td>Madhya Pradesh</td>
<td>45</td>
<td>36</td>
<td>80.0</td>
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<tr>
<td>8.</td>
<td>Maharashtra</td>
<td>33</td>
<td>14</td>
<td>42.4</td>
</tr>
<tr>
<td>9.</td>
<td>Orissa</td>
<td>30</td>
<td>08</td>
<td>26.7</td>
</tr>
<tr>
<td>10.</td>
<td>Punjab</td>
<td>17</td>
<td>05</td>
<td>29.4</td>
</tr>
<tr>
<td>11.</td>
<td>Rajasthan</td>
<td>32</td>
<td>16</td>
<td>50.0</td>
</tr>
<tr>
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<td>Tamil Nadu</td>
<td>29</td>
<td>09</td>
<td>31.0</td>
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<td>Uttar Pradesh</td>
<td>83</td>
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<td>49.4</td>
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<td>West Bengal</td>
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<td>72.2</td>
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<td>12</td>
<td>100.0</td>
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<td>Jammu and Kashmir</td>
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<tr>
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<td>Manipur</td>
<td>08</td>
<td>08</td>
<td>100.0</td>
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<td>100.0</td>
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<td>13</td>
<td>100.0</td>
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<td>24.</td>
<td>Goa</td>
<td>02</td>
<td>02</td>
<td>100.0</td>
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<td>25.</td>
<td>Mizoram</td>
<td>03</td>
<td>03</td>
<td>100.0</td>
</tr>
<tr>
<td>26.</td>
<td>Andman and Nicobar Islands</td>
<td>02</td>
<td>02</td>
<td>100.0</td>
</tr>
<tr>
<td>27.</td>
<td>Dadra and Nagar Haveli</td>
<td>02</td>
<td>02</td>
<td>100.0</td>
</tr>
<tr>
<td>28.</td>
<td>Daman and Diu</td>
<td>02</td>
<td>02</td>
<td>100.0</td>
</tr>
<tr>
<td>29.</td>
<td>Pondicherry</td>
<td>04</td>
<td>04</td>
<td>100.0</td>
</tr>
<tr>
<td>30.</td>
<td>Lakshadweep</td>
<td>01</td>
<td>01</td>
<td>100.0</td>
</tr>
</tbody>
</table>


per cent), West Bengal (72.2 per cent) and Bihar (70.1 per cent). In respect of Karnataka, it is 40.7 per cent.

In its recent study the CMIE conducted in 1996 has brought forward the problem of intra-regional disparities with lot of clarity.
Making use of the District domestic Product (DDP), the study has been confirmed that:

1. the more developed the State, the more iniquitous is the pattern of development in the State;

2. the districts classified as backward districts by the State appears to have higher per capita DDP than the so-called non-backward districts;

3. relatively developed or under-developed districts tend to be spatially concentrated ignoring the intervening State boundaries.

3:3 REGIONAL PLANNING IN INDIA

Since the proclamation of Second Industrial Policy Resolution in 1956, there has been growing recognition of spatial development (regional balanced development). Outlining its implication, the Second Five Year Plan clearly admitted that:

"in any comprehensive plan of development, it is axiomatic that the special needs of less developed areas should receive due attention. The pattern of investment must be devised as to lead to a balanced regional development. The problem is particularly difficult in the early stages when the resources available are very inadequate in relation to needs. But more and more, as development proceeds and large resources become available for investment, the stress of developmental programmes should be on extending benefits of investment to under-
developed regions. Only this can be a diverse economy be built up”.7

The Third Five Year Plan devoted a separate chapter to “Balance Regional development”. Along with the Second Plan, it mentioned the need and necessity to locate basic industries in industrially backward regions to create more jobs, eradicate unemployment and poverty through direct attack and multiplier effect. But it was soon realised that the ‘spread effects’ of public sector projects located in backward areas were far below expectations.

The Fourth Five Year Plan concentrated on the identification of backward regions for purpose of granting concessions and financial assistance to industries in such regions. A package of incentives and subsidies was chartered to attract the entrepreneurs to channelise their investment in such areas. These programmes continued during Fifth Plan as well.

The Sixth Five Year Plan concentrated on drafting befitting schemes to eradicate regional disparities. A high level National Committee for Development of Backward Area (NCDBA) was set up to examine and identify backward areas as also to review the effectiveness of concessional finance, investment subsidy in location of industries in backward areas.

The Seventh Plan categorically identified that the twin critical determinants of a region’s economic status were agricultural
productivity and human resource potential. These elements would play a significant role in reducing regional disparities. Enhancement in agricultural productivity in backward regions would help in reducing disparities in per capita income while human resource development would help in reducing regional disparities. The Eighth Plan did not take note of balanced development of all the States of the country.

3:3.1 CRITICAL APPRAISAL

Beyond doubt the Government during Five Year Plans initiated a number of measures to develop backward regions and reduce regional disparities but these measures could not yield desirable results. This is due to the fact that genuine regional planning is entirely missing. Whatever planning has been done at regional level was *ad hoc* in character since regional variables did not form part of overall planning strategy. The models which formed the basis of planning in India were sectoral in character and no regional variables were included. Thus regional aspect of planning never emerged in terms of inter-woven strategy of development. The steel plants set up at Bihar, Orissa and Madhya Pradesh stand testimony to this fact that the institution of public sector projects in backward areas could not generate spread effects and growth impulses.

In the dazzle of economic growth models emphasising the rate of investment as the growth determining and growth generating process,
we ignored the fact that where investment should be channelised to generate more employment.

Neglect of spatial factors and genuine regional planning also stems from the nature of plan formulation process which is highly centralised one. The role of the States is confined merely to bargaining for more financial resources and higher allocations. Their role in plan formulation continues to be negligible.

3:4 INDUSTRIALLY BACKWARD AREAS: IDENTIFICATION AND DEVELOPMENT STRATEGIES

Until recently, the regional approach was neglected. The resource-rich but less developed regions did not engage the attention of Indian planners. It was for the first time in 1968, the National Development Council (NDC) considered the problem of backwardness among the States. It recommended five-fold criteria for the identification of industrially backward States and Union Territories:

1. Total per capita income together with the contribution of industry and mining;
2. Number of workers in factories per lakh of population;
3. Per capita consumption of electricity;
4. Length of surfaced roads in relation to population and area of the State;
5. Railway mileage in relation to the population and the areas of the State.
The council soon realised that the units smaller than the State may be selected to charter suitable programmes to alter the economic map of backward areas. This idea led the NDC\(^8\) to appoint two Working groups, namely; -

1. **PANDEY WORKING GROUP** headed by B. D. Pande, for identifying industrially backward areas; and

2. **WANCHOO WORKING GROUP** headed by N.N. Wanchoo, for considering the fiscal and financial incentives and subsidies for encouraging investment in backward areas.

**3.4 THE PANDE WORKING GROUP**

In accordance with its terms of reference, the Pande Working Group engineered the criteria for the selection of backward States and the backward districts.

**A. SELECTION OF BACKWARD STATES**

The Group, having endorsed the feasibility of five-fold criteria of NDC, identified following States and Union Territories as industrially backward:

1. Andhra Pradesh,
2. Assam,
3. Bihar,
4. Himachal Pradesh,
5. Jammu and Kashmir,
6. Madhya Pradesh,
7. Nagaland,
8. Orissa,
9. Rajasthan,
10. Uttar Pradesh, and
11. All Union Territories except Chandigarh, Delhi and Pondicherry.

According to the Group, these States and Union Territories deserve special treatment for industrial development.

B. IDENTIFICATION OF BACKWARD DISTRICTS

The Pande Working Group recommended following indicator of backwardness for identifying backward districts in each State:

1. District outside a radius of about 50 miles from larger cities and large industrial projects;
2. Poverty of the people, as indicated by low per capita income – at least 25 per cent below the State average;
3. Low percentage of population engaged in secondary and tertiary occupations, i.e., 25 per cent below the State average;
4. Low percentage of factory employment – 25 per cent below the State average;
5. Non-utilisation or under-utilisation of economic and natural resources like, minerals, forests, etc.; and
6. Inadequate availability of infrastructure facilities like – electric power, transport, communication, water, etc.
The Working Group suggested that based on these indicators, 20 to 30 districts might be selected for the provision of special incentives during the Fourth Plan period on condition that the districts should possess developmental potential.

The recommendations of Pande Working Group were not acceptable to the State Governments because each State Government expected that its districts to be declared as backward and receive the concessions made available to them.

In view of such development the Planning Commission evolved following criteria to identify the backward districts in all States:

1. The per capita food-grains/commercial crops grown;
2. Ratio of agricultural labour to total population;
3. Per capita industrial output;
4. Number of factory employees per lac of population;
5. Number of persons engaged in secondary and tertiary activities per lac of population;
6. Per capita consumption of electricity; and
7. Length of surfaced roads in relation to population or railway mileage in relation to population.

The Planning Commission, in consultation with the financial institutions constructed a composite weighed index for all districts in each State. The Commission finally designated 246 districts and Union
Territories as backward districts to be eligible for concessional finance and other provisions. (Please see Annexure-III.)

3:4.1 THE WANCHOO WORKING GROUP

The Wanchoo Working Group worked on the fiscal and financial incentives to be provided for starting industries in backward areas. The Working Group recommended following measures:

1. Grant of higher development rebate to industries located in backward areas;
2. Grant of exemption from corporate income tax for a period of five years;
3. Exemption from import duty on plant and machinery and components imported by a unit located in backward district;
4. Exemption from excise duty for a period of five years;
5. Exemption from Sales Tax for a period of five years; and

The recommendations were broadly accepted by the Government and were implemented with some modifications.

With a view to expediting the process of industrialisation in backward regions, the Government chartered a series of measures such as identifying ‘No Industry District’, adoption of “Growth Centre Approach”, etc. These measures were taken to provide a package of graded incentives and subsidies for variety of purposes such as
development of infrastructure facilities, attracting the prospective entrepreneurs so also the private investment to the centrally notified backward areas.

3.5 THE NATIONAL COMITTEE ON THE DEVELOPMENT OF BACKWARD AREAS (NCDBA)

It was on 30th November 1980, the Planning Commission set up a high level National Committee on the Development of Backward Areas (NCDBA) to charter a suitable strategy for the development of backward areas. The Committee was headed by, B. Sivaraman, the former Member of Planning Commission. The Committee submitted its report in October 1987.

The terms of reference of the Committee were as follows:

1. to estimate the extent of inter-regional disparities in industrial development;

2. to evaluate the extent to which the planning process for industry and the operations of lending institutions have benefited different regions in the country;

3. to assess the impact of fiscal measures and schemes of concessional finance for promoting industrialisation of backward areas;

4. to identify the potential for industrial development in areas which have lagged behind; and

5. to recommend programmes and policy measures for influencing and controlling the locational pattern of industrial activity.
RECOMMENDATIONS

The Committee presented a report on 'Industrial Dispersal'. Its essential elements of policy are as follows:

1. GROWTH CENTRES

The industrial policy should encourage the location of industries in industrially backward States. The criteria for the selection of eligible centres should be:

a) population of 50,000 or more as per 1971 census;

b) they should have less than 10,000 workers in non-household manufacturing as per 1971 census; and

c) they should not be near 'existing centres'.

The "existing centres" may be defined as all centres with a level of employment in non-household manufacturing exceeding 10,000. Nearness may be defined in terms of following cut-off distance from each category of existing centres.

The Committee suggested for starting 100 eligible centres initially during Sixth Plan. The selected centres may be distributed between industrially developed and backward States in the ratio, 30:70. For this purpose, developed States may be defined on the basis of the value-added per capita in manufacturing in 1975-76, being above the national average. Based on this the State of Gujarat, Haryana,
Maharashtra, Karnataka, Punjab, Tamil Nadu and West Bengal may be considered industrially developed States.

UNIT OF IDENTIFICATION

The Committee recommended that the primary unit for the identification of backward areas should be the development block and administratively manageable too.

ENTREPRENEURIAL DEVELOPMENT

The Committee recommended that the organised efforts should be made to impart training to the entrepreneurs in backward regions.

In addition to these, the Committee suggested for the establishment of Industrial Development Authority as also certain modifications in existing scheme of incentives.

3.6 REPORT OF THE PROGRAMME EVALUATION ORGANISATION

The Programme Evaluation Organisation\(^\text{10}\) (PEO) conducted a field survey to evaluate the incentive schemes offered under Concessional Finance and Central Investment Subsidy in industrially backward regions since 1975. Its findings and suggestions are as follows:
IDENTIFICATION OF BACKWAD DISTRICTS

The PEO suggested that although district has come to stay as the unit for identification of backward areas, units smaller than the district, say a block, a tehsil or a growth centre seem to be more proper and purposeful.

INFRASTRUCTURAL FACILITIES

The development of infrastructural facilities such as power, transport and communication should not be developed at district level but at the State level.

CENTRAL INVESTMENT SUBSIDY

The PEO recommended for graded system in the rate of Central subsidy.

1. Industrially Advanced States 10 per cent
2. Industrially Backward States 30 per cent
3. Subsidy on Investment for plant and machinery:
   a. Large units 10 per cent
   b. Medium units 15 per cent
   c. Small units 30 per cent

In addition to this transport subsidy may be forwarded to backward areas.
3.7 RECENT POLICY NORMS

Investment is an important input in the process of economic development. It acts as a catalyst of socio-economic change. It is a resourceful tool in uplifting the socio-economic map of the backward regions. The experts in the realm of Development Economics opine that private investment does not stem up automatically. There are a host of factors such as the business environment, cost of borrowing capital, availability of capital, the expected rate of profitability over new investment, etc., which exert profused influence on encouraging private investment to come forward. It is, therefore, the policy-designers should create congenial environment to stimulate private investment to flow in backward regions.

Having taken note of the implication of private investment, the Government of India reviewed the scheme of incentives in 1983. A few glimpses of the recent policy norms are presented as follows:

INVESTMENT SUBSIDY

There is re-categorisation of backward areas into triple categories of “A”, “B” and “C”. Keeping in view the degree of backwardness, the subsidies have been earmarked. Categorisation of backward areas is presented in Table 3.3.
TABLE – 3.3

Categorisation of Bardward Areas

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of districts</th>
<th>Percentage of subsidies</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>134 No industry districts + special region districts</td>
<td>25 per cent of fixed capital investment (maximum of Rs. 25 lacs per unit)</td>
</tr>
<tr>
<td>B</td>
<td>54 districts</td>
<td>15 per cent of fixed capital investment (Maximum of Rs.15 lacs per unit)</td>
</tr>
<tr>
<td>C</td>
<td>113 districts</td>
<td>10 per cent of fixed capital investment (Maximum of Rs.10 lacs per unit)</td>
</tr>
</tbody>
</table>


2. INVESTMENT SUBSIDY TO NUCLEUS PLANTS

The nucleus plants are entitled to a Central Investment Subsidy from 15 per cent (subject to a ceiling of Rs.15 lacs) to 25 per cent (subject to a ceiling of Rs.25 lacs) depending on the category of the district in which such plants are proposed to be located. In addition to this such plants are entitled for following concessions:

1. Inter-corporate investment can be allowed on case to case basis to a ceiling of 30 per cent.

2. Convertibility clause stipulated by the term lending institutions is not to apply to nucleus plants for a period of seven years from the date of sanction or five years from the date of disbursement, whichever is later. If the nucleus plant is located in category “A” district, convertibility clause is not to be made applicable at all.

3. The State Governments are expected to nucleus plant a composite package of assistance including exemption from sales tax liability, grant of State subsidy on investment, etc.
In addition to these concessions, the Government has announced the facility of concessional finance, transport subsidy, concessions to MRTP/FERA companies, income tax concessions under Section 80 HH of the Income Tax Act of 1961 to industries in backward districts.

3:8 CONCLUSION

The Indicators of Disparities have confirmed that the national economy of India is seriously entangled into the cobweb of inter-State and intra-State disparities. These disparities are the direct offshoot of our neglect of spatial factors and lack of genuine regional planning. Since a sound regional economy makes a sound national economy, therefore, there is a pressing need for some pragmatic approach to combat the problem of regional disparities.
References:


2. VAMP, (1992), Value added by manufacturing per capita.


7. Second Five Year Plan Document.

8. NDC, (1968), National Development Council.


10. PEO, Programme Evaluation Organisation.