

UNIT 20 PROBLEMS OF NATIONAL UNITY : REGIONAL IMBALANCES

Structure

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20.0 OBJECTIVES

This unit describes the processes of regionalisation of the vast sub-continent of India. Some of the problems of National Unity arise out of these processes. These create regional imbalance - some regions of the country forging ahead leaving others behind. After going through this unit, you will be able to understand and explain the following features of the problem of regional development in India :

“Region” as a concept

The Colonial Legacy and the Regional Structure

The Changing Pattern of Regionalisation in Agriculture and Industry

Planning for Balanced Regional Development.

20.1 INTRODUCTION

Regional disparities are the result of our unfinished task of nation building. These reflect essentially the inadequacies of the development strategy followed since independence and its failure to correct the distortions brought about by colonial rule. Of late, these tensions have

acquired alarming proportions and are threatening to strike at the very roots of the nation state. This has brought to sharp focus the need of better understanding of the pattern of regionalisation, the nature of regional imbalances and their changing structure over time. This unit introduces you to this problem and its impact on national unity.

20.2 REGIONS AND REGIONALISATION

There were not very many studies on regionalism in India until the late forties excepting the works of Dudley Stemp, Pithawalla and Kuriyen. Of course, the famous economic historian, R.C. Dutta, had drawn attention to the consequences of regional variations of the land tenure system in British India, such as the Permanent Settlement in the East, the Temporary Settlement in the South etc. The British had sought to partition Bengal for political reasons in pursuance of their policy of 'Divide and Rule'. The ethos of the national movement, which originated partly in the successful battle against the partition of Bengal, was surcharged with the idea of United India fighting for freedom. The issues relating to regionalisation and regional balance occupied a back-seat, consequently, although the Constitution of India could only build on the Govt. Of India Act, 1935, which had created the structure of Provincial Governments.

Socio-economic differentiations within the country, however, started accelerating quite early soon after independence and the States Reorganisation Commission had to go into the question in depth. The Central Government's early attempts were, none the less, aimed at a high rate of growth of the economy through concentration of investment in comparatively developed regions and in select sectors. This was to utilise the urban industrial infrastructure inherited from the colonial regime.

A few regional designs were, however, worked out during the fifties for certain policy matters, based largely on physiographic factors. The Census of India (1951) revived the concept of natural regions, and identified five resource regions. The Reserve Bank of India worked out a regional scheme based on physical and demographic factors. Individual researchers also attempt to study the conditions of regions along similar lines. Particular interest was shown on the demarcation of agrarian regions since the middle of the fifties.

It may be observed that attention to regions in India during the fifties remained by and large the responsibility of geologists, geographers and agricultural experts, concerned with the delineation of resource regions. But, the policy making process either ignored the regional dimension altogether as was the case with the Industrial Policy Resolution of 1956 (which totally lacked a regional perspective), or shifted the focus to linguistic and ethnic factors, as was reflected in the Report of the States Reorganisation Commission in 1955. The socio-economic development aspects of regions did not receive due emphasis in the formative phase of regionalisation exercises in India.

The studies relating to regions and regional imbalances came to incorporate the socio-economic dimensions in a meaningful manner since the early sixties. **Economic regionalisation of India** by Sengupta and Sdasyuk (1961), brought out by the Census of India, 1961, was a major effort in this direction. In 1962, the Planning Commission initiated a study to identify the backward regions based on a set of socio-economic indicators. These clearly showed that Indian economy was not only backward but was also characterised by regional imbalances.

Check Your Progress 1

- Notes :**
- i) Use the space given below for your answers.
 - ii) Check your answer with the model answers given at the end of this unit.
- a) “Regions” in India may be defined :
- i) Solely in terms of rainfall
 - ii) Solely in terms of height above sea level
 - iii) Solely in terms of language
 - iv) Solely in terms of cropping patterns
 - v) Solely in terms of density of the Urban population
 - vi) A combination of all the foregoing plus a few other socio-economic characteristics, such as, distribution of landholdings, availability of bank credit, incidence of landlessness, incidence of tribals, etc.
- b) Tick mark (✓) whichever of the above six alternatives you consider correct.

Explain in four sentences why you consider your answer to be correct. If you have any answer other than the above six, you may also give that answer along with the reasons.

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20.3 COLONIAL DISTORTIONS AND REGIONAL STRUCTURE

20.3.1 The Agriculture Scene in the Colonial Period

India with its vast alluvial plains and a generally warm, humid climate has been one of the major agricultural regions of the world since the dawn of civilisation. It was primarily the surplus generated from agriculture which provided the base for flourishing civilisations in ancient and medieval times. It is, therefore, clear that British Imperialism acquired in India a well-developed agricultural sector by all contemporary standards. But the colonial administration effected agriculture in many ways.

Firstly, the proportion of workers dependent on this sector increased; secondly, the area under cultivation stagnated; thirdly, investment on land and irrigation systems was marginal; and lastly, the production responsibility was increasingly passed on to the people who did not own the land. All these led to significant decrease in the productivity of land and labour. The adverse effect of these factors on agriculture, however, was not uniform in all the regions of the country. The gap in agricultural productivity between the north-western and eastern regions of the Indo-Gangetic plains widened significantly during the colonial period. While the former showed positive trends, the eastern region suffered very badly.

The decision to make large scale investment in building the railway network in eastern India, with Calcutta as its vertex, curbed investment in irrigation. Besides, a disproportionate share of the meager amount made available for irrigation went to north-west India. During the first fifteen years of the twentieth century, the combined share of Bengal, Bihar and Orissa in the total capital outlay in irrigation was about five per cent, while that of Punjab was above forty per cent. India at the time of independence, thus, inherited a stagnant agricultural sector with serious regional imbalances.

20.3.2 Industrial Development during the Colonial Period

The British acquired one of the relatively developed industrial economies of the world when they conquered and incorporated India into their empire. The Indian Industrial Commission (1961-68) was of the view that “when merchant adventurers from the West made their first appearance in India, the industrial development of this country was not inferior to that of more advanced European nations”.

Not only was the Indian segment of the British Empire Particularly rich in terms of the historical traditions of craftsmanship and technical expertise, it was endowed with exceptionally rich industrial resources. The Indian Industrial Commission was of the opinion that “the mineral deposits of the country are sufficient to main most of the called key”, which could not have been said about many of the then developed countries.

The colonial administration, however, was not interested in development of this industrial base. They transformed the agro-industrial India of the ancient and medieval period into “An Agriculture Farm of England.” The industrial policy of the government, particularly in the pre World War - I phase, followed the injunction from the British Capitalist class to transform India into its raw material appendage and a market for its manufactured goods. This resulted in directed de-industrialisation of the country.

The process of industrial growth initiated during the colonial period, therefore, was feeble and inverted in character with its predominant emphasis on consumer goods. Due to the absence of a capital goods sector, which had laid the foundation of self-reliant industrialisation in European nations, the industrial structure in this country stood on weak grounds. Though the British described India as one of the “leading industrial nations of the world” at the Geneva Conference (1922), it was in fact insignificant.

The process of industrial development was not merely structurally inverted but also regionally distorted. The old, large urban centres like Surat, Dacca, Murshidabad and several of the small and medium towns that could have acted as growth centres for the development of a modern industrial sector, experienced fast decay. A top heavy spatial hierarchy with the port cities of Calcutta, Bombay and Madras at the apex emerged on the scene. The establishment of a few export processing and consumer goods industries in the port enclaves and some of the small towns, acting as satellites to the former, could not make a dent on the low share of industries in the workforce. Also, the erstwhile princely states were left virtually untouched by this limited process of industrialisation.

A port-oriented centrifugal network of transport, dependent basically on the railways, was established at phenomenal costs. This resulted in the emergence of enclaves of industrial

development around the few port cities. As a result, the industrial map of colonial India was characterised by resource rich regions remaining industrially underdeveloped, barring a few exceptions. The new developments in the field of industry and transport were highly localised and their impact on the total economy was, at best, marginal. On the eve of independence, the presidency states, wherein the above-mentioned port cities were located, claimed over seventy per cent of the industrial workforce as well as output of the country. Their share in the total production of engineering and electrical goods was 82 per cent and in the chemical industry, above 87 per cent. The combined share of the minerally rich states of Bihar, Orissa and Madhya Pradesh to the total industrial workforce, on the other hand, was less than twenty per cent.

It may thus be concluded that the British policies during the late nineteenth and the twentieth century permitted a process of industrialisation which was quantitatively weak and structurally inverted. Also, this left the resource rich regions in Madhya Pradesh, Bihar, Orissa, Karnataka, etc., virtually untouched, while a few islands of industrial growth, specialising in certain primary processing consumer goods industries, emerged around the large cities.

Check Your Progress 2

Note : i) Use the space given below for your answer.
ii) Check your answer with the model answers given at the end of this unit.

- 1) The following features characterize the regional structure which developed during the colonial period :
 - i) The gap in agricultural productivity between the northwestern and the eastern regions of the Indo-Gangetic Plain widened.
 - ii) Railways developed to connect major port cities like Calcutta, Bombay and Madras, to their hinterlands.
 - iii) Large scale investments in developing railways took place at the cost of investments in irrigation.

Do you think these characteristics indicated positive developments helpful to our country. If not, why? Give your answers in two sentences for each of the characteristics.

20.4 CHANGING REGIONAL PATTERNS OF AGRICULTURAL DEVELOPMENT SINCE INDEPENDENCE

The changes brought about within the agricultural segment of the Indian economy since independence have been of far reaching consequence. The agrarian reforms initiated in the fifties loosened the feudal claims and permitted the use of technological inputs on a large scale. These in turn weakened the environmental constraints. The annual compound growth rate in the value of

agricultural output was above three per cent during the fifties, which fell to about two and a half per cent during the sixties. The average growth rate came down to less than two per cent in the seventies. It is now showing signs of recovery in the eighties, but is highly unstable. The instability is generally sharper in regions where minor irrigation through wells and ponds predominate.

The increase in the agricultural output has been associated with increased absorption of technological inputs. There has been phenomenal increase in the number of tractors, tube wells, amount of fertiliser, etc., per hectare of net sown area along with the enhancement of the area under cultivation itself. It is important to note that although the share of agriculture together with the other components of the primary sector in the national income has gone down from about sixty per cent in the early fifties to less than thirty-five per cent in the eighties at constant prices, there has been no corresponding shift in the workforce structure.

A large portion of the total increase in the agricultural output, specially since the early sixties, can be attributed to the increases in the productivity of land brought about through technological inputs, viz. seeds, fertilisers, mechanisation, etc. This is in contrast to the area increases which explained much of the growth in output during the fifties. The Government had made a conscious choice to fight the food crisis by concentrating the limited capital inputs in selected districts with “potentialities” of development. This naturally increased land and labour productivities in these districts, mostly in Punjab, Haryana and Western U.P. and parts of Tamil Nadu, Coastal Andhra Pradesh, and some other districts in the rest of the country.

The green Revolution is the term used to describe the growth in agricultural output by the seed-fertiliser-irrigation-tractor technology. This has thus turned out to be a rather localised phenomenon. Of the forty-nine National Sample Survey regions for which data on agricultural inputs were available, for seventeen regions, claiming more than forty-five per cent of the net cultivated area in the country, the change in the productivity of land during 1962-75 has been either negative or positive but extremely low, viz. less than Rs. 10 per hectare per annum. The gains in land productivity has gone down in as many as twenty-seven regions claiming more than fifty per cent of the net sown area. All these regions together can be taken to describe the ‘Hungry Belly’ of the country, whose boundaries spread out in all directions extending from the Uttar Pradesh Himalayas in the north to the Nilgiris in the south, from Thar in the west to coastal Orissa in the east. The fourteen regions figuring in the category of high land productivity in the early seventies, cornered about 44, 50 and 60 per cent of the output in 20 per cent of the land. The application of fertiliser, tubewell and tractor per hectare works out to be even higher. Since the strategy of development was to maximize the rate of growth of output by concentrating technological inputs in a few relatively advanced regions with development potential, the dynamics of change brought about a sharp differentiation between the rich and the poor regions.

This clearly means that in terms of agricultural development there has been accentuation of regional inequalities. The increase in inter-state as well as intra-state inequality in labour productivity, has been noted by several scholars. The study by a Working Group set up by the Planning Commission reports that inter-state inequality has more than doubled between 1961 and 1981.

20.5 INDUSTRIAL DEVELOPMENT SINCE INDEPENDENCE AND THE REGIONS

A programme of planned economic development was launched in the country through massive public sector investment and a system of controls imposed on the private sector. The average growth rate of gross value added per annum in the manufacturing sector was accelerated in the early sixties-more than eight per cent per annum. In 1965-66, however, the growth rate dropped down to about one per cent and in the following year, the value added in the manufacturing sector declined in absolute terms. The growth rate did not rise in the subsequent years to reach the level of the early sixties or even that of the fifties. From the eighties, however, one is noticing a tendency towards gradual improvement in the growth rate of industrial sector and also that of the overall economy.

The set-back in the industrial sector in the mid-sixties, which has started off a recession in the Indian Economy, was responsible for bringing to the fore questions relating to the regional spread of industries.

The inter-state inequality in the level of industrial development increased significantly in the first decade of development planning in India. The fifties marked a period of rising regional imbalances in the per capita income from the secondary, i.e., the industrial sector. Data compiled by the National Council of Applied Economic Research (NCAER) at 1960-61 prices reveal that the coefficient of variation across states in the per capita income from the secondary sector moved up from fifty per cent in 1950-51 to fifty eight per cent in 1960-61. The study, however, concludes that after this initial phase, industrial inequality across the states has shown continuous decline. The series published by the Statistical Bureau of different states, adjusted to match the NCAER estimates, show that the inequality index has gone down from 58 per cent in 1960-61 to 47 per cent in 1975-76.

The Task Force set up by the Planning Commission of **Housing and Urban Development** (1983) has shown that the inter-state inequality in per capital value added by the factor sector at constant prices declined during 1960-81. The coefficient of variation was 92 per cent in 1960-61 which went down to 67 per cent in 1970-71. This became 62 per cent only in 1980-81. Analysis based on indicators like per capita industrial output, share of manufacturing sector in the State Domestic Product, proportion of workers in non-household industrial activities, manufacturing units or employment therein per thousand etc. also suggest that inter-state inequality, which had increased during 1951-61, got stabilised or showed marginal decline in the subsequent decades.

However, examining the changes during 1973-78 in the spatial and sectoral composition of the industries reported in the Annual survey of Industries (A.S.I.), one study demonstrates that decline in the inter-state inequality during recent years cannot be established conclusively. It also shows that while the combined shares of the top three states in the total number of units, output and fixed capital have gone down for several industries, the shares of the top nine states have gone up marginally. An analysis of the most recent A.S.I. data too does not clearly establish the thesis of regional dispersal of industries. The only significant change is the fall in the relative positions of Maharashtra and West Bengal. This can be explained in terms of slowing down of the process of industrial concentration in Bombay and Calcutta due to the serious human problems of congestion and various shortages which are called, 'Diseconomies of Agglomeration', in these cities. It may also be argued that West Bengal experienced significant deindustrialisation during sixties and early seventies partly due to labour and other associated problems; such as, shortage of electricity and this cannot be attributed to the Government policy of industrial dispersal.

The credit of the reduction of inter-state inequality, as noted above, must go to the policy of urban industrial development followed by almost every state in the post-independence period. Many among the state governments came forward to provide high level economic infrastructure and urban amenities in their state capitals and a few other centres. These highly subsidized facilities attracted the relatively well-to-do into these centres, including the senior administrators, professionals, entrepreneurs and highly skilled workers. The government often took the responsibility of providing these facilities either directly through its departments or by setting up Corporations, Boards, etc., for this purpose. In either case, the required funds came from the Government Exchequer. The municipal bodies in these centres generally has much better tax as well as non-tax revenue base, and could spend much more in providing the basic municipal services, compared to other small towns. These centres, thus, enjoyed the benefits of subsidised infrastructure and public utilities that overwhelmingly outweighed those of capital subsidy and other incentives provided in the backward regions. Industrialists, therefore, preferred to locate their units either within the cities or in their periphery. This also helped them in their interactions with various governmental bodies, financial institutions, etc., located in these centres. Finally, this enabled them to obtain the skilled workers, executives, etc., for their firms who were also attracted by the high quality residential environment created through these facilities in some parts of these cities.

20.6 GROWTH RATES AND REGIONAL DEVELOPMENT

The changing structure of regional imbalance may also be analysed in terms of aggregate levels of development articulated through per capita State Domestic Products (SDP) or other aggregate measures, in addition to the sectoral perspectives, discussed above. As a part of an international exercise, one study investigated the pattern of inter-state inequality in India during the fifties and concluded that the decade marked the first phase of the development process characterised by accentuation of spatial imbalances. But it suggested that after this initial phase, regional imbalance is likely to go down with development in India.

These conclusions were challenged by a few scholars who demonstrated that the inter -state inequality has narrowed down during the fifties. More importantly, the scholars are almost unanimous in their finding that the inequality, instead of showing a declining trend, has sharpened in subsequent decades. The increase in inequality was significant particularly, during the seventies. The Task force set up by the Planning commission reporting on Housing and Urban Development showed that the coefficient of variation in the per capita SDP has increased from 23 per cent in 1961 to 26 per cent in 1971. This rose further to 33 per cent in 1981.

Recognising the limitation of per capita income as a measure of overall development, scholars have attempted to aggregate a large number of socio-economic indicators to articulate such a total process of development. These statistical exercises too generally suggest that inter-state inequality has not gone down since the sixties. It is interesting that the indicators of economic infrastructure and social amenities, like percentage of villages electrified, literacy rate, schooling, banking and medical facilities per thousand population, etc., show marginal decreases in inequality in their inter-state distribution. The accentuation of imbalance in the overall development, or in per capita SDP may, therefore, partly be attributed to increases in inequality in agricultural development. It was noted earlier that the indicators of technological inputs in agriculture like irrigation intensity, proportion of area under irrigation or under commercial crops and use of fertilizer, tractor, etc. Per hectare, too, show an accentuation in inequality during the

sixties and seventies. This has resulted in sharper regional differentiation in labour productivity in agriculture. It may be argued that despite a less unbalanced development of industries, economic infrastructure and public amenities across the states, the inequality in the overall levels of development did not register a decline, largely due to the imbalance in agriculture, which still employs about seventy per cent of the total workforce in the country.

With regard to the spatial pattern of industrial development, economic infrastructure etc., one may add that inter-state inequality gives only a partial picture. It has been argued above that there has been a concentration of infrastructural facilities and social amenities in a few large cities which has led to agglomeration of industries in these centres. This has increased imbalances within the state boundaries and contributed to rural-urban dichotomy. The policy of industrial dispersal and provision of infrastructure and basic amenities in the backward areas can, therefore, be said to have met only with limited success.

Check Your Progress 3

- Note:** i) Use the space given below for your answers.
ii) Check Your answer with the model answers given at the end of this unit.

- 1) Do you think that in course of planned development since independence inter-state inequality has increased ? If so, describe in five sentences the main indicators of such a development.

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- 2) If overall development of a state has to be measured by per capita State Domestic Product (SDP), describe in three sentences how the growth rate of this indicator has behaved across the states, and why.

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20.7 THE INSTRUMENTS OF BALANCED REGIONAL DEVELOPMENT

The most important factor promoting balanced regional development in the country has been the direct investment of the central government through public sector undertakings. It is indeed true that the poorer states enjoyed higher per capita investment during the fifties and early sixties. This was primarily due to the availability of appropriate raw-materials like iron ore, coal, limestone, etc., in those states that had to be developed and utilised for industrial growth. The steel plants alone accounted for more than one-third of the total central investments during the sixties in the state of Bihar, two-thirds in Madhya Pradesh and ninety per cent in Orissa. However, based on the data for the later period upto 1979, one can argue that the bias in favour of the poorer states in the central government investment does not appear to be very significant. The transfer of resources through various Finance Commissions for non-plan purposes during late sixties and seventies, too, fails to establish a clear pattern in favour of the backward states, perceptible during the fifties and early sixties. A few among the middle income states have succeeded in obtaining relatively high shares in the total non-plan resources during the late sixties and seventies.

The transfer of resources through the Planning Commission to the states under various plans has been guided by the objective of balanced regional development. During the period 1951-81, the backward states like Uttar Pradesh, Bihar and Madhya Pradesh received large amounts in per capita terms, although a few among the developed like Maharashtra and West Bengal also have been allocated large per capita plan funds.

The controls exercised by the government on the location of private industrial units through regulative mechanism does not seem to have been very effective as revealed by the pattern of sanction of industrial licences. The Hazari Committee which reviewed the functioning of the Licensing Policy during the period 1959-66 felt that this could not promote regional development in the country. This suggested that the already better industrialised states have fared better in obtaining new industrial licenses. This may be due to the fact that these states were in a position to lobby more effectively through their Industrial Development Corporations and were often able to ensure that applications for licenses within their territory succeeded.

An analysis of the spatial pattern in the approval of the licences issued during 1953-85 provides interesting insights into the functioning of the Licensing Policy. The share of the few industrialised states in the total licences sanctioned decreased during the period. This, however, did not benefit the states in the bottom rung of industrial development. With the decline in the dominance of the high income states like West Bengal and Maharashtra, those that came up in the industrial map are the middle income states like Gujarat and Karnataka. The proportions of the licences claimed by Kerala and Bihar, for example, declined during the period, while those for Madhya Pradesh and Orissa remained stable at the low level of the fifties. Also, the three states of Maharashtra, Gujarat and Tamil Nadu claimed more than one-third of the total licences issued in the country even in the mid-eighties, although this was considerably less than the average figure for the previous years.

These imbalances in agricultural development and the issue of industrial licenses are partly responsible for the inequality in the distribution of institutional credits. Funds disbursed by the development-cum-financial institutions like Industrial Development Bank of India (IDBI), Life Insurance Corporation, State Financial Corporations, etc. In the states and Union territories of the

north-east are estimated to be quite low. Poorer states like Bihar, Madhya Pradesh, Uttar Pradesh, Himachal Pradesh and Rajasthan, to report low figures of institutional credit. The bias in favour of the industrially developed states happens to be much more pronounced in the sanctioning of advanced by the commercial banks. Fortunately, there have been changes in the strategy of credit disbursed by IDBI, the largest term lending institution in the country, noticeable particularly since the mid-seventies. The Bank has allocated a substantial portion of its total credit in favour of the declared backward districts.

20.8 PLANNED DEVELOPMENT, REGIONAL SPECIALISATION AND SECTORAL INTERDEPENDENCE

Inheriting a stagnant agricultural sector and a weak and distorted industrial base, independent India faced the colossal challenge of accelerating its growth and of correcting the colonial distortions in the regional structure of the economy. The government adopted a programme of massive investment in the basic industries, concentrating the available resources in few selected pockets and at the same time, disbursing funds in every state to stabilize agriculture and promote the growth of industrial and service sectors. The first, which may be designated as the 'Agglomerated Pattern', is based on capital intensive, large scale manufacturing units in a few big cities and their immediate neighbourhood. The second pattern may be designated as the 'Dispersed Pattern' and this is less capital intensive and is spread over small towns and rural settlements.

An analysis based on indicators articulating these two distinct patterns of industrialisation and economic growth reveals that eight of agglomerated development dominate the industrial map of India. Among these, five have come up around the cities of Calcutta, Bombay, Madras, Bangalore and Jamshedpur surrounded by regions with low levels of dispersed industrialisation. The first three are based on the major port towns of colonial India and suggest that the inherited spatial structure still dominates the hard core of industrial based regions. The genesis of growth in Bangalore and Jamshedpur - Dhanbad regions can also be traced back to the colonial period, although their high growth since independence is primarily due to significant government support. This process often had negative effects on agricultural productivity and resulted in deindustrialisation, i.e., decline of traditional industries and crafts in small towns and surrounding rural areas. The other three cores of agglomerated growth developing around Delhi, Ahmedabad and Ludhiana-Jalandhar are, however, accompanied by the process of dispersed industrial development. The latter process extends over Kerala, parts of Andhra Pradesh and Karnataka in the South, Delhi, Haryana and Punjab in the north and Gujarat, parts of Maharashtra and Madhya Pradesh in the centre. Kerala provides a good example of rural and small town based industrialisation and this pattern is emerging in a few other southern regions as well. The presence of agglomerated industrialisation in many of these regions except Bangalore is, however, slowing down their overall growth. Gujarat, Punjab and Haryana seem to have achieved some success in connecting the process of dispersal with agglomerated industrialisation. This is being supported, in no small measure, by agricultural development in these regions.

It may be argued that the acceptance of the inherited colonial structure as the bias for future development has led to wider disparities in agricultural development. It has led to only a limited spread of territorial industrial production complexes, comprising technologically linked activities utilising the local resources. Strong intra-regional linkages have not emerged in the resource rich

but economically less developed regions. While steel mills were set up in the backward states, the engineering industry with strong technological linkages with the former flourished in and around a few large cities. The production complexes were, thus, fragmented by the “kidnapping of innovative and profitable components of the production system from the backward areas to the urban industrial centres. This quality also emerged in case of the new centres of industrial activity set up with massive public sector investment like Bhilai, Bokaro, Bhopal, etc. One can move from a centre of the most advanced ferrous metallurgy or heavy electrical equipments to a neolithic hinterland within a distance of twenty or thirty kilometers, in case of many of these cities.

The gains of dispersed industrialisation, on the other hand, have been fully well distributed across space and among different sections of the population. The unfortunate aspect of this process of industrialisation, however, is that this cannot go very far, or even survive in the long run, without being integrated with the agglomerated pattern and, through this, with the national market. The National Commission for the Development of Backward Areas (Sivaraman Committee) has recommended setting up of one hundred centres of agglomerated industrial development linked up with the regional economy through a system of production and marketing linkages. While agglomeration without dispersal has led to enclaves in the past, dispersal without agglomeration has the danger of resulting in technological backwardness and inefficiency. It would, therefore, be important to integrate the two different processes of industrialisation and of agricultural development within the regional economy. The production system in a region must be developed, based on the local resource availability, connecting the former with the demands of the national market along with the local demand. This is possible only if plans are prepared with a regional perspective both at the national and state levels. This highlights the role and importance of planning and government intervention for achieving the objective of balanced regional development in India in future years. And balanced economic development of the regions of India, is one of the cornerstones of our country's national unity.

20.9 EFFECTS OF REGIONAL DISPARITIES

Existence and continuance of regional inequalities and imbalances create various types of tensions in a country which is multi-ethnic and multi-religious with various ethnic-religious groups concentrated in some states, these tensions became a serious challenge to example where because of regional disparities there emerged a sense of alienation leading to separatist tendencies. Similarly, the movements for creation of Jharkhand and Uttarakhand states are also to a great extent because of neglect of these regions. Though these movements by no definition are separatist or anti-national, they do pose challenges to social harmony.

On the other hand, the development efforts and benefits concentrated in certain states and regions have also given birth to vested interests. For instance, in areas where Green revolution was introduced and has been successful, the new rich farmers class has become economically and politically important. They are now interested in perpetuating the concessions and facilities which were given to them. Thus it is now becoming difficult to divert the resources to under-developed regions or states. Similarly, in the states with industrial growth, workers are opposing the arrival of labour from other states to protect high wages and better service conditions they have got because of rapid industrialisation.

As a whole, both in developed regions and backward regions, there is growing a strong feeling of regionalism. This is also stimulating parochial, communal and sectional organisations. In India

today, a large number of inter-state, inter-community and to a great extent centre-state tensions are because of the persistence of regional imbalances. The need for a balanced development, therefore, is important in the interest of both national integration and people's welfare.

Check Your Progress 4

- Notes :** i) Use the space given below for your answers.
ii) Check your answer with the model answers given at the end of this unit.

- 1) Give your idea of how balanced regional development can take place and what its instrument would be.

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20.10 LET US SUM UP

India, being a country of sub-continental magnitude, is characterised by wide variations across regions in terms of natural endowments of climate, soil, minerals, forests, water regime, etc., as well as linguistic, demographic and socio-economic characteristics. Economic forces can either make best use of these regional variations and develop the regions equitably, or may exploit resources only to accentuate inter-regional disparities. Economic forces in colonial India led to a distorted pattern of development across regions in which narrow-base, urban agglomerations, such as the port cities and railwaynodes of Calcutta, Bombay and Madras were kept floating, so to say, in a sea of backwardness. Similarly, whatever industrial and agricultural growth took place, was also restricted to narrow regional bases. In the post-independence period, agricultural and industrial development has taken place along a broad front, but the deformities of the colonial period have not been eliminated fully. Moreover, the new technologies, such as the Green Revolution in agriculture has accentuated inter-regional disparities. While industrial development across the Indian states has been less uneven than before, there is some evidence to show that, perhaps inequality of per capita income, inter-state as well as between rural and urban sectors, has widened. Balanced regional development and specialisation has to be carefully orchestrated through intersectoral linkages of territorial resource based production complexes.

20.11 KEY WORDS

Arithmetic Mean : It is an average of a set of valued of a variable obtained by dividing the sum of the values of their number.

Correlation : When two variables are associated with one another, they are said to be correlated. For example, the correlation between quantum of rainfall and yield of foodgrains in any region of our country is generally positively correlated, i.e., they move in the same direction. The correlation is negative when two variables move in opposite directions.

Fixed Capital : It is a term used to indicate durable means of production, i.e. those inputs in the productive process, such as tools, machines and equipment, buildings, etc., which are not exhausted in one single period of production.

Gross National Product of Factor cost and Constant Prices : The Gross National Product (GNP) is the aggregate value of what a nation produces after deducting the value of materials used up in the process. The GNP at factor cost is arrived at by adding the incomes of the various factors of production- land, labour, capital and entrepreneurship. From this, indirect taxes are deducted and subsidies that are given by the government are added on. That gives the GNP at factor cost. Since the value of money keeps changing as prices change, GNP is also measured with reference to the price levels prevailing in a particular year, and holding them constant. This is GNP at constant prices.

Net Sown Area : This is total area under cultivation at any given point of time. If it refers to a year, it does not take into account the number of times an area is sown to crops cover the crop seasons during a year. An area sown more than once is counted only once.

Non-Plan Resources : In general, resources are divided into physical resources and financial resources. In the context of planning, financial resources are categorised into : Plan resources and Non-Plan Resources. Non-Plan resources are those which are required to finance non-plan items of public expenditure. All items which are not included in the current plan are non-plan items. Some of the important items of non-plan public expenditure are on defence, law and order, administration, etc. For administrative convenience, Planning Commission looks after resources for the plans and Finance Commission takes care of non-plan resources.

Permanent Settlement : A land tenure system in colonial India devised by the British whereby an individual was granted permanent right to collect land rents from a specific area in exchange for a fixed annual payment to the British administration.

Physiographic Factors : These are the physical and natural characteristics of a country, or a region in a country, such as climate, i.e., temperature and rainfall regime, characteristics of the soil, its relief, properties and composition, vegetation cover, natural resources, etc.

Productivity : It is a ratio of a particular measure of output, either in money or physical units to some index of input use. For example, labour productivity means how much of output would a unit of labour, using certain equipment produce.

Region : A region is a spatial/territorial unit of a national economy defined by a range of natural, physical characteristics, and resources, demographic and socio-economic characteristics, with respect to which the region may be considered homogeneous. The choice of characteristics to define a region depends on the purpose of analysis and policy.

Special Hierarchy : In the course of socio-economic development, spatial units of a national economy develop a system of interdependence in which, in terms of resources, infrastructure,

such as transport and communication, energy supply, education and health facilities, etc., some areas become highly developed and other areas become functionally subordinate to them. This pattern of the space economy is characterised as spatial hierarchy.

Standard Deviation : It is a measure of dispersion of a variable around the arithmetic mean.

State Domestic Product : This is defined as the aggregate value of all goods and services produced within a state of the Indian Union after deducting the value of materials used up in producing the same, irrespective of whether any claim is laid on a part of this product by people residing outside the state.

State Per Capita Income : From the state domestic product, claims of people living outside the state are deducted and incomes of the residents from outside the state are added; the sum thus arrived at, when divided by the population of the state, gives the state's per capita income.

Value Added by Sector : It implied the contribution of a sector of the national economy to the national product which is arrived at by aggregating the value of its output and deducting the value of materials used up in producing that output, including purchases from other sector. It is also the sum payments made to its factors of production - labour, land, capital and entrepreneurship.

20.12 SOME USEFUL BOOKS

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Mitra, A. : 1961, *Levels of Regional Development in India*, Census of India, Vol. I, Part IA (I), Government of India New Delhi.

Nair, K.F.G. : *Regional Experience in a Development Economy*, Delhi, 1982.

Sengupta, P and Sdasyuk, G.V. : 1961, *Economic Regionalisation of India- Problems and Approaches*, Census of India, Vol. I, No.8, New Delhi.

20.13 ANSWERS TO CHECK YOUR PROGRESS/ EXERCISES

Check Your Progress 1

- a) vi)
- b) A region is best defined in terms of a wide range of characteristics, for an agricultural country, rainfall, relief and cropping patterns are important. These are physical characteristics. Similarly, distribution of land holdings, bank credit, landlessness, incidences of tribals, etc., are also important as socio-economic factors. Urbanisation and occupational patterns are important determinants of development. Hence, a region is best

defined in terms of a combination of these characteristics with respect to which it is more or less homogeneous.

Check Your progress 2

- 1) Go through the entire Section 20.3 and you will get your answers.

Check Your Progress 3

- 1) Go through Sections 20.4 and 20.5, look for the indicators of development such as productivity of labour and land, per capita sectoral income, etc., and you will get your answers.
- 2) Go through Sections 20.6 carefully and look for the variations in per capita State Domestic Product as a measure of development as well as for the limitations of this measure. You can then write out the answers.

Check Your Progress 4

- 1) Go through Sections 20.7 and 20.8, look for the effects of licensing policy on the development of backward areas, disbursement of bank resources and term lending institutions across states, and take account the pros and cons of agglomerated versus dispersed development pattern to write out the answers.