

DC8A Regional Planning

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Regional Imbalances in India

Spectacular growth attained by some regions and in some sectors in India, after independence, is in contrast to low levels of development still prevailing in many parts.

The reasons for these regional imbalances are rooted in historical processes and in varied levels of natural resource endowment in various regions of the country.

During the British rule, different regions had different levels and size of surplus creation and absorption because of the variation in production relations in different regions and variation in production levels due to differential efforts in different regions.

The process of urbanisation at that time was based on the strategy of exports of primary goods and consumption of machine-made imported goods. As a result of this, some port towns like Kolkata, Mumbai and Chennai and some princely state capitals got a head-start over other regions. These princely state capitals emerged as centres of consumer goods and generated centripetal development around them.

And the port towns of Kolkata, Mumbai and Chennai acted as nuclei of growth for the states of West Bengal, Maharashtra and Tamil Nadu respectively.

After the initial head-start, slowly a merchant- capitalist class with the capacity to invest in industry emerged and the twin processes of industrialisation and urbanisation moved hand in hand.

Progressively, education opportunities came up to support business and administration through a class of clerks and lower officials. Western education was quick to come because of the contacts between the hinterland and the European metropolis. Gradually, a middle class consisting of lawyers, doctors, intellectuals and skilled personnel came up.

While these regions were experiencing development on modern lines, other regions lagged behind due to decline of handicrafts and other non-agricultural professions with the advent of machine-made imports. Once a region gets an early start, infrastructure comes in and a cycle of development starts. Employment opportunities come up. These conditions attract migration from poorer regions.

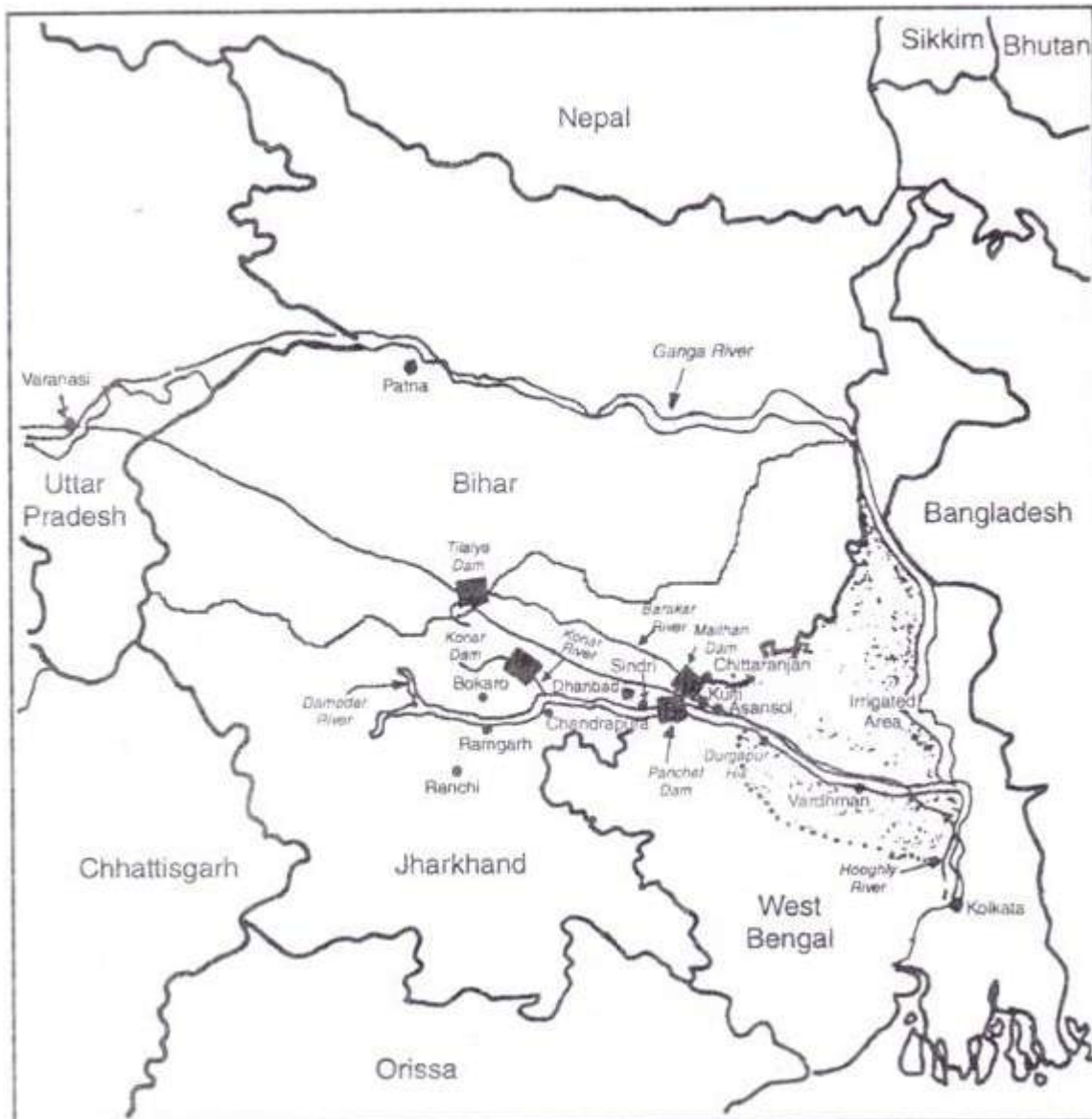
The migrants generally include healthy, dynamic and enterprising sections who also take their savings along with them. Those who are left behind include mainly women, children and the elderly.

As a result, the demographic structure of the underdeveloped regions gets distorted. The developed regions also attract most of the investment and credit. In contrast to the developed regions, a reverse cycle of underdevelopment gets initiated in the poorer regions.

At the time of independence, there were great regional disparities among various regions in terms of per capita income, per capita consumption education and health facilities, infrastructure, employment etc. Because of initial political instability, this disparity had serious implications.

Therefore, it was felt that the state had a major role to play in removing disparities. This commitment was reflected in the Constitution and in planning objectives, but there was a drift away from these goals because of the strategic position of the ruling classes, and the macro and sectoral model of development which was adopted by our planners.

Two major institutions, which were expected to work towards reducing the regional imbalances after independence, were the Finance Commission and the Planning Commission. Although the recommendations of the Finance Commission have aroused interest in regional disparities, it has not had much role to play because of the following reasons.



Map showing the Damodar Valley Project.

1. The removal of disparities in the living conditions has not been a specific term of reference for the commission.
2. Planning Commission has been given greater say in disbursing funds to states.

Top 9 Causes Responsible for Regional Imbalances in India

Here we detail about the nine major causes responsible for regional imbalances in India.

1. Historical Factor:

Historically, regional imbalances in India started from its British regime. The British rulers as well as industrialists started to develop only those earmarked regions of the country which as per their own interest were possessing rich potential for prosperous manufacturing and trading activities.

British industrialists mostly preferred to concentrate their activities in two states like West Bengal and Maharashtra and more particularly to three metropolitan cities like Kolkata, Mumbai and Chennai. They concentrated all their industries in and around these cities neglecting the rest of the country to remain backward.

The land policy followed by the British frustrated the farmers to the maximum extent and also led to the growth of privileged class like zamindars and money lenders for the exploitation of the poor farmers. In the absence of proper land reform measures and proper industrial policy, the country could not attain economic growth to a satisfactory level.

The uneven pattern of investment in industry as well as in economic overheads like transport and communication facilities, irrigation and power made by the British had resulted uneven growth of some areas, keeping the other areas totally neglected.

2. Geographical Factors:

Geographical factors play an important role in the developmental activities of a developing economy. The difficult terrain surrounded by hills, rivers and dense forests leads to increase in the cost of administration, cost of developmental projects, besides making mobilization of resources particularly difficult.

Most of the Himalayan states of India, i.e., Himachal Pradesh, Northern Kashmir, the hill districts of Uttar Pradesh and Bihar, Arunachal Pradesh and other North-Eastern states, remained mostly backward due to its inaccessibility and other inherent difficulties.

Adverse climate and proneness to flood are also responsible factors for poor rate of economic development of different regions of the country as reflected by low agricultural productivity and lack of industrialization. Thus these natural factors have resulted uneven growth of different regions of India.

3. Locational Advantages:

Locational advantages are playing an important role in determining the development strategy of a region. Due to some locational advantages, some regions are getting special favour in respect of site selections of various developmental projects.

While determining the location of iron and steel projects or refineries or any heavy industrial project, some technical factors included in the locational advantage are getting special considerations. Thus regional imbalances arise due to such locational advantages attached to some regions and the locational disadvantages attached to some other backward regions.

4. Inadequacy of Economic Overheads:

Economic overheads like transport and communication facilities, power, technology, banking and insurance etc. are considered very important for the development of a particular region. Due to adequacy of such economic overheads, some regions are getting a special favour in respect of settlement of some developmental projects whereas due to inadequacy of such economic overheads, some regions of the country, viz., North-Eastern Region, Himachal Pradesh, Bihar etc. remained much backward as compared to other developed regions of the country. Moreover, new investment in the private sector has a general tendency to concentrate much on those regions having basic infrastructural facilities.

5. Failure of Planning Mechanism:

Although balanced growth has been accepted as one of the major objectives of economic planning in India since the Second Plan onwards but it did not make much headway in achieving this object. Rather, in real sense, planning mechanisms has enlarged the disparity between the developed states and less developed states of the country.

In respect of allocating plan outlay relatively developed states get much favour than less developed states. From First Plan to the Seventh Plan, Punjab and Haryana have received the highest per capita plan outlay, all along. The other three states like Gujarat, Maharashtra and Madhya Pradesh have also received larger allocation of plan outlays in almost all the five year plans.

On the other hand, the backward states like Bihar, Assam, Orissa, Uttar Pradesh and Rajasthan have been receiving the smallest allocation of per capita plan outlay in almost all the plans. Due to such divergent trend, imbalance between the different states in India has been continuously widening, inspite of framing achievement of regional balance as one of the important objectives of economic planning in the country.

6. Marginalization of the Impact of Green Revolution to Certain Regions:

In India, the green revolution has improved the agricultural sector to a considerable extent through the adoption of new agricultural strategy. But unfortunately the benefit of such new agricultural strategy has been marginalized to certain definite regions keeping the other regions totally untouched.

The Government has concentrated this new strategy to the heavily irrigated areas with the idea to use the scarce resources in the most productive manner and to maximize the production of food grains so as to solve the problem of food crisis. Thus the benefit of green revolution is very much restricted to the states like Punjab, Haryana and plain districts of Uttar Pradesh leaving the other states totally in the dark about the adoption of new agricultural strategy.

This has made the well-off farmers much better off, whereas the dry land farmers and non-farming rural population remained totally untouched. Thus in this way new agricultural strategy has aggravated regional imbalances due to its lack of all-embracing approach.

7. Lack of Growth of Ancillary Industries in Backward States:

The Government of India has been following a decentralized approach for the development of backward regions through its investment programmes on public sector industrial enterprises located in backward areas like Rourkela, Barauni, Bhilai, Bongaigaon etc. But due to lack of growth of ancillary industries in these areas, all these areas remained backward in spite of huge investment made by the Centre.

8. Lack of Motivation on the Part of Backward States:

Growing regional imbalance in India has also been resulted from lack of motivation on the part of the backward states for industrial development. While the developed states like Maharashtra, Punjab, Haryana, Gujarat, Tamil Nadu etc. are trying to attain further industrial development, but the backward states have been showing their interest on political intrigues and manipulations instead of industrial development.

9. Political Instability:

Another important factor responsible for regional imbalance is the political instability prevailing in the backward regions of the country. Political instability in the form of unstable government, extremist violence, law and order problem etc. have been obstructing the flow of investments into these backward regions besides making flight of capital from these backward states. Thus this political instability prevailing in some backward regions of the country are standing as a hurdle in the path of economic development of these regions.