Regional planning in India: A Review

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Abstract

Spatial development is taking place in an accelerated scale in the developing countries. It is no more restricted to urban boundary. Economies of agglomeration are stretching the geographic limits beyond urban and rural periphery to a greater region. It's not unusual for many developed economies but the scale and magnitude of such expansion is never experienced before. Regional expansion has many consequences in economy, environment and society. But it also has reasonable connection with globalization and global economic movement. The juxtaposition of global connection and local delivery makes it an interesting topic to study. India being one of the rapidly growing major economies can learn from the experience of already developed economies about the regional spatial connotation of economic growth. The course provides a learning practice from the global case studies about the opportunity, challenges, and achievement. With the implementation of industrial corridor, India will experience drastic change in regional networking. Regionalization has never become important in India before. The course will create a structured debate on India's probable strategies for regional growth.

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Introduction

The understanding of development depends on the way it is defined. In 1995 Jonathan Crush, a global development studies professor at Queen's, formulated in his book 'Power of Development' that development depends on who defines it, and for whom. As the origin of the concept of development lay in the western world, it remained Eurocentric for a considerable period and laid significant emphasis on the 'capitalist form of growth', or in the 'growth of national income'. Regional development was thus interpreted differently in different contexts; the only convergence was at a point where 'regional development' dealt with the process at the spatial scale.

It is important to understand why certain individuals, group and regions are poor compared to others. The reason for existing low levels of economic performance and lower levels of standard of life are often believed to be complimentary to each other.

Gunnar Myrdal, a Swedish Nobel-laureate economist, 1957, summed up 'poor are poor, as they are poor'; explained later as the vicious cycle of poverty. The existing gaps are the result of market-oriented policy of the governments across the world. The evidence from China presented in 2004 by Sylvie Demurger et al. in their paper 'Geography, economic policy and regional development in China', Harvard Institute of Economic Research, reveals that the coefficient of variation, a measure of disparity, across provinces was lower before adopting the open-door policy; however the coastal areas benefited as compared to the rest of the country.

As noted in 2003 by economist R Mackay, in his paper 'Twenty-five years of regional development' published in Regional Studies, poor laws were a debilitating aspect of policy making, which over a period of time allowed the northern regions of United Kingdom to lose their industries due to the exhaustion of coal mines and also due to the shift in the mechanical source of energy—from coal to oil.

In the aftermath of the great depression in 1929 and 1930, which affected most of the capitalist economies, the concept of laissez-faire, a policy of minimum governmental interference in the economic activities of individuals and society, was opposed and active state intervention in restructuring of the economy was slowly accepted. This acceptance provided a ready market for production units. The new economic order based on Keynesian 'demand management', D Roosevelt's 'new deal', and Joseph Stalin's model of 'centralized planning', especially top-down approach, started restructuring the economic space across the world at national and sub-national order. The initiation of regional planning in post independence India has to be placed in this context to understand the intricacies of the structure of the state, the dominant group, the capitalist production system and the people spread across regions of India.

Independent India began its journey under the rubric of a mixed economy. The years between 1952 and 1992 are normally categorized into three periods namely: ad-hoc period (1952-55), period of initiation (1956-67)' and period of consolidated planning (1968-91).

The year 1991 remain a watershed in the economic history of India, when the 'open economy' format was adopted, supposedly based on global competition. Whether India benefited or not; who in India benefited; who accumulated wealth by dispossessing whom; which class emerged as a ruling class; whether the character of the ruling class remain the same across the country or became divergent across the nation-state; all have a bearing on planning processes and strategies.

The focus here is on the changing character of planning and its implications for the economy and people in the last 20-25 years. The last two-three decades of planning could be termed as 'period of rhetoric', as this period has seen loud claims but little action. The analysis of the plan and non-plan expenditure indicates that successive years have witnessed a systematic withdrawal of universal welfare schemes to minimize the fiscal deficit and to meet the global standard of cutting subsidy.

The debate began with a general acceptance that the process of development does not start at the same point of time and that means that some regions are behind in the process. According to multiple scholars like August Losch, Gunnar Myrdal and Francois Perroux, the reasons for this (non)uniformity is natural conditions and historically created differentiation that lead to comparative advantage based on resource endowment.

Before Independence

The Britishers paid attention to the development of only those regions of their colony, (especially Port Cities; like Calcutta, Bombay and Madras) which served their economic interests the most.

This is how the historical forces guide the development of port towns such as Bombay, Calcutta and Madras, these cities in turn functioned as the nucleus for further development of Maharashtra, West Bengal and Tamil Nadu respectively. On the other hand, resource rich regions such as Jharkhand, Orissa and Madhya Pradesh lagged behind. e discriminatory development of some regions during the British Raj, became evident by linking the hinterland with the port towns by the railways. These port towns worked merely as outputs of the metropolitan economy. Before First World War, industrial investment was con-ned to only two nodes: Bombay and Calcutta. During 1930's, some more centres emerged on the industrial map of the country such as Ahmedabad, Delhi, Kanpur, Madras, Madurai and Coimbatore, these were engaged primarily in cotton textile manufacturing.

After Independence

On 14 August 1947, Nehru had declared: 'Many years ago we made a tryst with destiny, and now the time has come when we shall redeem our pledge. The achievement we celebrate today is but a step, an opening of opportunity, to the great triumph and achievements that await us'. He reminded the country that the tasks ahead included, 'the ending of poverty, ignorance, disease and inequality of opportunity'. these were the basic foundations on which India embarked upon its path of development since gaining Independence in 1947. The purpose of this talk is to analyze how much India has really achieved in the last 55 years in full-filling the aspirations on which it was founded. India initiated planning for national economic development with the establishment of the Planning Commission. The aim of the First Five Year Plan (1951–56) was to raise the domestic savings for initiating growth and to help the economy resurrect itself from colonial rule. The real break with the past in planning came with the introduction of Second Five Year Plan.

The industrialization strategy articulated by Professor Mahalanobis placed emphasis on the development of heavy industries and envisaged a dominant role for the public sector in the economy. The objectives of industrial policy (in Second Five Year Plan) were; a high growth rate, national self-reliance, reduction of foreign dominance, building up of indigenous capacity, encouraging small scale industries, bringing about balanced regional development, prevention of concentration of economic power, in a few hands reduction of income inequalities and control of economy by the State. The strategy underlying the first three plans assumed that once the growth process gets established, the institutional changes would ensure that benefits of growth trickle down to the poor. But doubts were raised in the early 1970's about the effectiveness of the 'trickle down' approach and its ability to banish poverty. Further, the growth itself generated by the planned approach remained too weak to create adequate surplus; which is a prerequisite for the 'trickle down' mechanism to work. The Fifth Plan's (1974–79) course of action began by initiating a program, which emphasized growth with redistribution. To accelerate the process of production and to align it with contemporary realities, a mild version of economic liberalization was started in the mid 1980's. Three important committees were set up in the early 1980's. First, Narsimhan Committee focusing on the shift from physical controls to fiscal controls; Second, - The Sengupta Committee on the public sector improvement; and the Third was the Hussain

Committee on trade policy. As a result some progress was made in the process of deregulation during the 1980's. Two kinds of deliquescing activities took place. Firstly, thirty two groups of industries were delicensed without any investment limit, secondly, in 1988; all industries were exempted from licensing except for a specified negative list of twenty six industries

Conclusion:

India has grown and changed enormously over the past 65 years. One thing that has not changed, however, is the socio-spatial unevenness that characterizes the country despite all policy intentions across different policy regimes. If anything, the unevenness has become sharper and manifested itself in diverse forms. In the first half of the post-independence era, the state used centrally-directed industrial and infrastructural policies as a means of overcoming regional disparities. However, in a slow-growing, autarkic economy, in which agriculture grew even more slowly, the urban-rural divide and other disparities were only exacerbated. Following a shift in economic policies after more than three decades, the state has attempted to become an enabler by simultaneously putting in place policies which embrace the global and those that attempt to be more sensitive to local needs. Unfortunately, these attempts have demanded local institutional and human capacities that have not been built up except in pockets, mostly urban. Consequently, the changes have only served to show up regional disparities even more sharply or, as the adage goes, plus ça change, plus c'est la même chose.

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