

[Introduction](#) || [Planning Commission](#)[Chapter-1](#) || [2](#) || [3](#) || [4](#) || [5](#) || [6](#) || [7](#) || [8](#) || [9](#) || [10](#) || [11](#) || [12](#) || [13](#) || [14](#) || [15](#) || [16](#) || [17](#) || [18](#) || [19](#) || [20](#) || [21](#) || [22](#) || [23](#) || [24](#) || [25](#) || [26](#) || [27](#) || [28](#) || [29](#) || [30](#) || [31](#) || [32](#) || [33](#) || [34](#) || [35](#) || [Conclusion](#) || [Appendix A](#) || [Appendix B](#) || [Appendix C](#) || [Glossary](#)**Chapter 9:****BALANCED REGIONAL DEVELOPMENT****I. GENERAL APPROACH**

Balanced development of different parts of the country, extension of the benefits of economic progress to the less developed regions and widespread diffusion of industry are among the major aims of planned development. Successive Five Year Plans seek to realise these aims in larger measure. Expansion of the economy and more rapid growth increase progressively the capacity to achieve a better balance between national and regional development. In striving for such a balance, certain inherent difficulties have to be met, especially in the early phases of economic development. As resources are limited, frequently advantage lies in concentrating them at those points within the economy at which the returns are likely to be favourable. As development proceeds investments are undertaken over a wider area and resources can be applied at a large number of points, thereby resulting in greater spread of benefits. In the interest of development itself, the maximum increase in national income should be achieved and resources obtained for further investment. The process is a cumulative one, each stage determining the shape of the next. In some fields, as in industry, intensive and localised development may be inevitable. Along with this, in other areas, the aim should be to provide for more dispersed advance in sectors like agriculture, small industries, power, communications and social services. Equally with industry, investment in economic and social overheads helps to create numerous promising centres for growth. Once a minimum in terms of national income and growth in different sectors is reached, without affecting the progress of the economy as a whole, it becomes possible to provide in many directions for a larger scale of development in the less developed regions. A large country with extensive natural resources, viewing each phase of its development in the perspective of a long-term plan, has the means not only to realise a high and sustained rate of growth but also to enable its less developed regions to come up to the level of the rest.

2. The two aims—increase in national income and more balanced development of different parts of the country—are thus related to one another and, step by step, it becomes possible to create conditions in which resources in terms of natural endowment, skill and capital in each region are fully utilised. Sometimes the sense of lagging behind in development may be due not so much to a slower rate of overall growth in the region as to inadequate or tardy development in specific fields, such as, agriculture, irrigation, power or industry or employment. In each region the nature of the problem and the impediments to rapid development in particular fields should be carefully studied, and appropriate measures devised for accelerated development. The essential object should be to secure the fullest possible utilisation of the resources of each region, so that it can contribute its best to the national pool and take its due share from the benefits accruing from national development.

3. The growth potential of each region should be fully developed, but the precise manner in which this goal is achieved and the stages of growth will not be identical. Some regional factors, such as those connected with physical features and geographical location, cannot be easily altered, but there are others which can be influenced by raising levels of education and skill, developing power and, generally, by applying science and technology on a larger scale. Large scale industries, specially basic and heavy industries, frequently serve as a spearhead of intensive and broad-based development. However, not all regions can offer equally favourable conditions for the development of industry. It is also possible to over-estimate the significance of the location of large industrial units in relation to the living standards of the bulk of the population. There are many examples, both of countries and of regions within a country, in which, with limited development in industry, an appreciable rise in living standards has been achieved through the fuller utilisation of local natural and human resources. There are also instances of areas around massive projects where no great impact on the levels of living of the people is to be observed. Apart from the basic and capital goods industries and other large industries, there are other industries whose possibilities need to be fully explored, such as labour intensive industries of the traditional type, small scale industries of the modern type, agricultural processing industries, forest industries, assembly operations and recreational industries. Each region should endeavour to identify, plan for and promote industries which are specially suited to its conditions and for which it can provide relatively greater facilities.

II. POLICIES FOR REGIONAL GROWTH

4. The general approach set out above was expressed through a variety of policies and programmes which were embodied in the Second Five Year Plan. Among the most important of these were :

1. the priority given to programmes like agriculture, community development, irrigation, specially minor irrigation, local development works, etc. which spread over the entire area within the shortest possible time;
2. provision of facilities such as power, water supply, transport and communications, training institutions, etc. in areas which were lagging behind industrially or where there was greater need for providing opportunities for employment;
3. programmes for the expansion of village and small industries; and
4. in the location of new enterprises, whether public or private, consideration given to the need for developing a balanced economy in different parts of the country. In particular, this aspect was to be kept in view where the location of an industry was not determined almost entirely by the availability of raw materials or other natural resources.

In addition to these measures, the Second Plan envisaged an effort to promote greater mobility of labour between different parts of the country and to organise schemes of migration and settlement from more to less densely populated areas, The Plan also suggested that there should be continuous study of the problem of regional disparities and suitable indicators of regional development should be evolved.

5. In drawing up and implementing the Second Plan, the regional aspects of development were dealt with in three different ways. Firstly, through the plans of States emphasis was given to programmes which had a direct bearing on the welfare of the people in different parts of the country. Secondly, special programmes were undertaken in particular areas where development had either received a temporary setback, or was being held back by certain basic deficiencies. In the third place, steps were taken to secure more dispersed development of industry which, in turn, creates conditions for development in several related fields.

6. Programmes of agriculture, community development, village and small industries, irrigation and power, communications and social services have the widest coverage, and aim at providing basic facilities and services to people in all regions. Since these programmes are included in the plans of States, it is largely through the shape given to State plans and the changes through which they pass in the course of the Plan period that the benefits of development are carried to every part of the country. River valley projects formed a most important segment in the plans of several States and large investments have been made in multi-purpose projects like the Hirakud, Kosi, Chambal, Rihand, D.V.C., Bhakra Nangal, Koyna and Nagar-junasagar. These and other projects were essential for the development of vast regions in the country, some of which suffered from scarcity or unemployment or were otherwise poorly developed. Implementation of agricultural production and community development programmes, and of education and health schemes also carried the benefits of development to the remotest areas.

7. In addition to these general or overall programmes of development, both in the First and the Second Plan, special schemes were formulated for particular areas which had difficult problems to face. Thus, in 1953-54 a programme of permanent improvements in scarcity areas was taken in hand in several States at a total cost of about Rs. 40 crores. The programme included medium as well as minor irrigation schemes, construction of embankments for flood protection and land reclamation and contour bunding schemes. Again, in-1957, when scarcity conditions developed in some States, the problem was studied and additional development programmes were taken up. For less developed areas situated in different States, such as, Vidharba and Marathwada, the eastern districts and other backward areas in Uttar Pradesh and hill areas in Punjab and Uttar Pradesh, the States concerned have frequently provided for special outlays within their plans, and have made special arrangements for the representatives of such areas to participate in making their own plans. In States like Madhya Pradesh, Orissa and Assam, additional programmes have been undertaken in areas inhabited by backward classes. These include roads and communications, multi-purpose development blocks, forest cooperative societies, and measures to improve upon the existing systems of shifting cultivation. A study of the problems of inaccessible areas in different States has also been undertaken by the Ministry of Food and Agriculture.

8. As regards the diffusion of industrial activity, so far as the larger industries are concerned, economic and technical considerations are always important and in practice only marginal deviations are feasible. The disadvantages which particular areas may have for the location of the larger projects are not always basic or irremediable for at times they may reflect only the lack of basic facilities and services. In the location of public sector projects, the claims of relatively backward areas have been kept in view wherever this could be done without giving up essential technical and economic criteria. The location of several important projects like the steel

plants has been determined on the basis of expert study and on economic considerations. But as they are situated in areas which were hitherto industrially backward, the latter will benefit. Similarly, schemes for the development of certain natural resources such as lignite deposits in Arcot, iron ore in Orissa, bauxite deposits in Salem and lead and zinc deposits in Rajasthan will benefit areas which have been relatively less developed.

9. While, in the selection of sites for basic capital and producer goods industries, proximity to raw materials and other economic considerations have naturally been important, it was felt that in a wide range of consumer goods and processing industries it was possible to foster regional patterns of development. These include cotton textiles, sugar, light engineering industries such as bicycles, sewing machines, electric motors, radio receivers, re-rolling of steel and non-ferrous metals from billets and semis, moulded plastics and manufacture and further processing of bulk drugs from penultimate products. Typical examples are the establishment of textile units in Rajasthan, Orissa, Assam and Punjab; sugar factories and distilleries in Andhra Pradesh, Madras, Mysore and Maharashtra; steel re-rolling mills in Assam, Madhya Pradesh, Kerala and North Bihar and tyre and tubes factory and electric lamps factory in Kerala. In the case of light engineering industries, the decision to sell steel at a uniform price at all rail-heads is an important step taken during the Second Plan for securing their wider dispersal. The policy followed regarding the licensing of new units in the sugar industry has assisted development in the peninsula. Similarly, new cotton textile mills have been encouraged to come up in areas in which the industry had not so far developed.

10. To some extent the development of new processes and new uses of raw materials has assisted in the spread of industry. Thus, a beginning was made with the use of bagasse as a raw material for paper, and a number of paper factories based on the use of bagasse have been approved for being set up in sugarcane growing areas. In Uttar Pradesh a synthetic rubber plant is being established on the basis of alcohol, which was formerly being used mainly for admixture with petrol. A decision has been taken to license pig iron plants, each up to a capacity of about 100,000 tons, in areas where non-metallurgical coals locally available could be used, if necessary, along with coke produced from metallurgical coal. Besides increasing the production of pig iron this will ensure dispersal of the industry. In encouraging such developments care has of course to be taken to ensure that a balance is maintained between regional distribution and considerations of economy in production.

11. Village and small industries are spread all over the country and various forms of assistance provided by the Central and State Governments are made available in the areas according to the programmes which are undertaken. Industrial estates have been set up in all States, and increasingly they are to be located in the smaller towns and rural areas.

III. REGIONAL POSSIBILITIES IN THE THIRD PLAN

12. With development on a scale larger and more comprehensive than in the recent past, the Third Plan provides extensive opportunity for the development of different parts of the country. Some of the most important programmes in the Plan fall necessarily within the plans of States. In drawing up these plans, the broad objectives have been to enable each State to contribute its best towards increasing agricultural production, to secure the largest measure of increase in income and employment feasible, to develop social services, in particular, elementary education, water supply and sanitation and health services in the rural areas, and to raise the levels of living for the less developed areas. Thus, State plans are intended to be oriented towards greater production and employment and the welfare of weaker sections of the population. Every effort has been made to propose outlays for different States after considering their needs and problems, past progress and lags in development, specially in social services, communications and power, likely contribution to the achievement of major national targets, and potential for growth, as well as the contribution in resources which they could themselves make towards the financing of their plans. In assessing the needs and problems of different States, such factors as population, area, pressure on cultivated land, commitments carried over from the Second Plan and those arising from large projects, and the state of technical and administrative services available have been taken into account. Thus, as far as possible, an attempt has been made to consider both national and State priorities. Taken as a whole, the size and pattern of outlays in the States under the Third Plan are calculated to reduce disparities of development between different States, although, in the nature of things, this is a process which must take time.

13. In addition to the role assigned to the plans of States, there are several important features in the Third Plan which will enlarge the possibilities of development in areas which have in the past been relatively backward. Thus, for instance, the intensive development of agriculture, extension of irrigation, village and small industries, large-scale expansion of power, development of roads and road transport, provision for universal education for the age-group 6—11 years and larger opportunities for secondary, technical and vocational education, improvements in conditions of living and water supply, and programmes for the welfare of scheduled tribes and castes and other backward classes will go a long way to provide throughout the country the foundations for rapid economic development. Poverty and under-employment are specially acute in areas with heavy pressure of population and

in those with scanty development of natural resources. The large programme of rural works, which it is proposed to undertake during the Third Plan, will help expand opportunities for work in these as well as other areas. In some parts of the country, there will be considerable development in plantation industries, specially tea, coffee and rubber. Large industrial projects, river valley projects and others described later will also serve as vital centres for future growth.

14. Industrial location and development areas.—As explained earlier, for basic industries location has generally to be based on technical and economic considerations. Moreover, in the case of industries which may be able to export a significant proportion of their output, in the national interest the location of new or additional capacity has to be guided by the need to secure economies of scale and to enhance the ability to compete in foreign markets. But, subject to these broad considerations, the needs of areas which have the necessary potential for industrial development should be kept in view in the selection of sites for industrial projects both in the public and the private sector. The general approach has to be to avoid further concentration of industrial activity in areas where considerable development has already taken place or has been planned, but expansion in existing industries in such areas cannot, of course, be ruled out if it leads to greater economies in production. Similarly, as far as possible, care must be taken to set up new industries away from large and congested cities.

15. From decisions regarding location of projects in the public sector which have been reached so far, it is apparent that there will be a fair measure of dispersal and various regions will have a significant share in industrial development. As examples the following may be cited: expansion of the Rourkela steel plant and fertiliser factory in Orissa ; Nunmati oil refinery, fertiliser plant and use and distribution of natural gas in Assam; phyto-chemical plant, expansion in fertiliser capacity and construction of a shipyard in Kerala ; the synthetic drugs factory. Visakhapatnam dry dock and expansion of Hindustan Shipyard, Praga Tools and the Andhra Paper Mills in Andhra Pradesh ; the security paper mill, basic refractories project and expansion of Nepa mills, the Bhilai steel plant and the Heavy Electrical Project in Madhya Pradesh ; the antibiotics factory, fertiliser factory, refractories plant and expansion of precision instruments factories in West Pradesh ; development of copper deposits in Rajasthan ; a machine tool factory in Punjab ; surgical instruments plant, raw film project, pilot iron and steel plant, Neiveli lignite high temperature carbonisation plant, teleprinter factory and a steel rolling mill in Madras; oil refinery in Gujrat; and a cement factory in Jammu and Kashmir.

16. In the licensing of industrial projects in the private sector also, the claims of underdeveloped regions are kept in view and locations in such areas are suggested to prospective industrialists. The progress, programmes and production targets of a number of industries in the private sector are examined from time to time with a view to securing the location of new capacity on a zonal basis. It is recognised that in future there should be even greater stress in these directions. For example, it is proposed that the new textile mills to be established in the Third Plan period should, by and large, be distributed in regions where at present there is little capacity. Similar studies have been conducted in respect of some of the light engineering industries. Among illustrations of important projects in the private sector which are expected to be set up during the Third Plan in the less developed regions may be mentioned an aluminium plant and cellulose acetate factory in Uttar Pradesh ; a fertiliser factory, a nylon factory, caustic soda-P.V.C. factory and a zinc smelter in Rajasthan; synthetic rubber, poly-ethylene and carbon black projects and paper pulp factory in Assam ; and an automobile rubber tyre factory and expansion of several existing plants in Kerala.

17. The Industrial Policy Resolution visualised that facilities such as power, water supply and transport should be made available in areas which are at present lagging behind industrially or where there is greater need for providing opportunities for employment, so that suitable industries could be established there. To give effect to this suggestion, the Third Plan includes a proposal for setting up 'industrial development areas' in backward regions. In such regions in selected areas basic facilities like power, water and communications are to be provided, and factory sites developed and offered for sale or on long lease to prospective entrepreneurs. The scheme has been drawn up primarily to promote medium-sized industries, but it is anticipated that, along with these, there will be wider scope for establishing small-scale industries, specially those of an ancillary character. It should also be possible to establish industrial estates within or in proximity to the proposed industrial development areas. The scheme has been broadly accepted by States and specific proposals are being worked out.

18. Large projects as nuclei of regional growth.—The benefits of a large project accrue in greater measure to the population of the region in which it is located if certain related or complementary programmes and schemes are undertaken. Therefore, as an essential feature of planning, every major project should be regarded as a nucleus for integrated development of the region as a whole. Around the new irrigation projects for instance, a whole group of schemes aiming at the development of improved agriculture, horticulture, market centres and pisciculture and other industries should be taken up. Iron and steel plants and other large industrial projects provide the basis for the development of small and medium industries and programmes of education and training and other activities. Such possibilities of development exist in all large regions in which new resources will be developed

during the Third Plan, such as, Dandakaranya, the Rajasthan canal area, and the regions served by the Tungabhadra, Nagarjunasagar, Koyna, Chambal and several other projects. Problems of a somewhat different kind are posed by the growth of metropolitan cities and of large and growing cities. In metropolitan regions like Calcutta, Delhi, Bombay or others, it is necessary to pursue a series of programmes aiming at balanced regional development, including appropriate land and housing policies, establishment of new-towns and decisions regarding the location of industries. Thus, in different types of regions the preparation of regional or area development plans should be undertaken at an early stage in the Third Plan. In this way, the benefits flowing from the location of new and vital centres of activity or the creation of new sources of wealth can be greatly increased and far more, widely distributed.

19. Role of technological developments.— Development potentials of different regions need to be studied in relation to the possibilities which arise from advances in technology and science. For example, the handicaps of certain regions such as Assam, Gujarat and Rajasthan arising from lack of deposits of coal may be materially reduced as hydel power, oil and atomic energy become available. From a long-term point of view, this factor is of great importance in regional development. Similarly, improvements in transport and communications are already bringing distant regions nearer, as for instance in the case of Assam, Jammu and Kashmir and parts of Orissa, Madhya Pradesh and Rajasthan, and making it possible for them to share more fully in the general economic advance. Increase in the supply of electric power and the extension of rural electrification are important factors in opening up new possibilities of regional development. Several of the less developed areas in the country will register considerable progress in these directions during the Third Plan.

20. Education and training.—In areas which are less developed, lags in education are among the greatest handicaps in achieving rapid economic progress. Expansion of the general educational base through the programmes of free and compulsory primary education and provision of facilities for technical training is likely to make a steadily increasing contribution to the development of the less advanced regions. Financial provisions for these programmes have been made in the plans of States, but it is necessary to ensure that the resources earmarked for the development of primary education in the less developed areas and for the education of girls are effectively utilised. Facilities for the training of engineers, doctors, agricultural specialists, craftsmen and others are already being distributed throughout the country. The requirements of the population of relatively less developed areas in which new industrial projects may be located should be particularly borne in mind when programmes for technical, vocational and secondary education are implemented.

21. Labour mobility.—In some parts of the country, there has been for long considerable mobility of labour. For instance, labour from Bihar works in the tea plantations in Assam and labour from Rajasthan works on roads and irrigation projects in Punjab and elsewhere. The redeployment machinery set up at the Centre and in the States for different areas assists movement of skilled personnel to new projects. The question of migration and mobility of labour is of course a wider one. The scope for transferring large numbers of unskilled workers from the more densely to the less densely populated parts of the country may at present be relatively limited. However, it is apparent that skilled and semi-skilled workers can move from one area to another with much less difficulty and are absorbed more readily wherever the local economy is developing rapidly. It is, therefore, necessary that in areas of high density, besides assuring their own intensive development to as great an extent as possible, technical training programmes should be expanded considerably, so that a body of trained workers also become available for work elsewhere.

22. Personnel for development.—The level of development depends to a considerable extent on the availability of competent administrative and technical personnel and on the growth of a class of small and medium sized entrepreneurs who are prepared to venture into new fields and take risks and more generally, on the development of local initiative and leadership. Attention should be given to these, aspects of development, for they point to handicaps which cannot be removed merely by providing resources to an under-developed region.

IV. STUDIES IN REGIONAL DEVELOPMENT

23. Continuous study of economic trends and rates of growth in different areas and of the programmes bearing on the less developed regions is useful in formulating programmes for more balanced regional development. Underdeveloped areas which need special attention have to be more closely identified, their resources surveyed and the factors influencing their development examined. The concept of a 'region' also needs to be defined more clearly. There are regions within States as well as those which extend beyond them and, depending upon the purpose in view, different concepts may be employed. Within every State, there are areas which are more under-developed than others. As explained earlier, problems of regional development also arise in a variety of other contexts, as for instance, in areas around major projects, areas where new resources are being developed, and metropolitan regions. For assessing levels of development in different regions, indicators of development based on agricultural production, industrial production, investment, unemployment, electricity consumption, irrigated area,

value of output by commodity producing sectors, level of consumption expenditure, road mileage, primary and secondary education and occupational distribution of population, are useful, but they must be compiled on the basis of accurate statistical data and should be strictly comparable for different States or regions. Some work on these problems was done during the Second Plan, and it is proposed to continue it with the help of a special study group with which the Central Statistical Organisation, State Statistical Bureaus and the Indian Statistical Institute will be associated.

24. As a comprehensive indicator of economic progress estimates of 'State income' are of considerable interest in studies of development in different States and regions. There are complex questions connected with concepts, definitions and techniques of estimation of 'State' and 'regional' income, and these have a bearing on the practical value of various estimates. 'State income' may be considered either as the income originating within the boundaries of a State or as income accruing to its residents. The first concept corresponds to the 'domestic product' for the country as a whole, and the second to 'national income'. For a comparative study of the level of industrial and economic development among the States or regions, it is sufficient to have an estimate of income originating within the 'State' or 'region'. The estimates of income accruing to a State, on the other hand, may serve as a broad measure of the economic welfare of the residents of the State as a whole. In view of the importance of estimates of State income in future Plans, it has been agreed that the Central Statistical Organisation should undertake, in cooperation with State Statistical Bureaus, the task of preparing estimates of State income on a comparable annual basis. These estimates will have to be prepared on the basis of commodity production and income originating. Estimates of income in certain commodity sectors such as agriculture, industry, etc. on a comparable basis may be taken up in the first instance.

25. While estimates of State and regional income and compilation of data in respect of selected indicators would be useful, it is even more important to carry out systematic surveys for identifying the problems of different regions and assessing their needs and potentialities. Scientific and technical surveys in various fields are undertaken by agencies such as the Geological Survey of India, the Bureau of Mines, the Oil and Natural Gas Commission, the Central Water and Power Commission, the Indian Council of Agricultural Research, the Council of Scientific and Industrial Research and others. Techno-economic surveys of several States and Union Territories have been undertaken by the National Council of Applied Economic Research. The survey of the Damodar Valley region by the Institute of Technology, Kharag-pur, and the universities of Calcutta and Patna, has reached an advanced stage. The Indian Statistical Institute has undertaken regional surveys in Mysore and Kerala as part of its scheme of study of the problems of regional planning. The bench-mark surveys and other studies of the Programme Evaluation Organisation and the Agro-Economic Research Centres provide information regarding the problems of rural areas at various stages of development. The city surveys and other studies organised under the auspices of the Research Programmes Committee offer valuable data bearing on urban and regional development problems. Surveys of metropolitan regions like Delhi and Bombay and those proposed for Calcutta have also considerable importance for planning. Thus, as a result of several steps which have been taken in recent years, a wide range of technical, economic and social data regarding the problems and possibilities of regional development have become available, and will assist planning for the future.

26. Development of regions and of the national economy as a whole have to be viewed as parts of a single process. The progress of the national economy will be reflected in the rate of growth realised by different regions and, in turn, greater development of resources in the regions must contribute towards accelerating the rate of progress for the country as a whole. Excessive emphasis on the problems of particular regions and attempts to plan for their development without relating their needs to the requirements of the national economy have to be guarded against, for, in the final analysis, it is as integral parts of the country that different regions can best hope to realise their full potential for growth. Balanced regional growth emerges eventually from a whole series of connected developments, many of which are of a long-term character. Over the short period, advance towards the goal will frequently seem small and incomplete. This is true for individual regions and, equally, for the national economy as a whole. Whatever the present shortcomings, the aim must be that over a reasonable period all regions in the country should realise their potential for economic development and should attain levels of living not far removed from those of the nation as a whole. Progress in different regions must, therefore, be watched carefully, and additional steps taken to speed up development in particular areas which are found to be seriously lagging behind. In the perspective of long-term development, with the economy advancing rapidly towards the stage of self-sustained growth and with steady rise in the living standards of the people, regional and national development are essentially two different facets of a common objective.

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