

CHAPTER TWO

UNDERSTANDING DEVELOPMENT: A LITERATURE REVIEW

2.1 Introduction

The development theories are prominent topics of discussion amongst the researchers in the social sciences and advance researches in other earth sciences. There has been changing paradigm on the concepts, application and analysis of development aspects across the disciplines. The literature review tries to capture the relevant topics and literature necessary for the pursuit of present research by the author. The need to establish the linkages between the various thought processes, theories and practice in the context of World, India and Gujarat is necessary. In the context of the regional development study, the literatures referred provide linkages between the issues concerning the researchers, authors and thinkers across the spectrum of disciplines. The objective was to encompass the relevant findings, comments and observations by various authors on the subject, which provides guidance to the present work.

2.1.1 Defining Development and its nature

There has been a considerable debate over the meaning, definition, explanation and practice of the term development. This struggle over its meaning is intense even today, mainly because it is not a discrete semantic debate conducted by academics, but has direct impact on the lives of people. The term 'development' is used in relation to policy issues, administrative action, economic development, social change, institutional arrangements and political problems. The intensity and continuing nature of the development debate are different. As Goulet noted:

*"A prosperous society whose numbers are manipulated by an impersonal system is not developed, but distorted. A society has 'anti-development' if its 'development' breeds new oppressions and structural servitudes."*¹¹

In the above statement Goulet refers to change and not growth. All too frequently, development possesses economic growth consequences (mostly seen by economists while depicting income increases, new investment, more consumption etc). All that Goulet stated is

¹¹ Goulet, Denis, (1975): *The Cruel Choice: A New Concept in the Theory of Development*, Routledge, London and New York, Atheneum, p. X., 217.

conditions change. If the population sees it as an improvement that wealth is equalled (even if this involves a reduction in total wealth), this is 'development'.

'Development' meant differently to different group of academicians, Geographers like Richard Hartshorne, Ratzel, R.P. Mishra and other have identified development in terms of spatial relations between the settlements and their economic activities. Economists like J.M. Keynes (Modern Macroeconomics) and David Ricardo (political economists), etcetera identify it with economic productivity, and economic advancement. Sociologists like Marx and Engel, Weber, Verriar Elwin (Anthropologist credited for works on Central Indian tribes), Frank Gunder (dependency theory) and others identify the term with social change of social differentiation. The political scientists like Parthia Chatterjee (Post Colonial Critic – Political and Social Scientist in India), Benjamin Cohen (International Political Economy) and others have related development with democratization, participation, political capacity. Similarly, for the planners and policy- makers in United Nations and Planning Commission, Government of India 'development' represents administrative challenges to bring about desired changes in the socio-economic order, where progress would result through the implementation of government sponsored projects.

Sudha Mohan, a political scientist says about development that,

*'Development is not a static concept but a dynamic process that has come to mean different things at different periods, in different places to different people in different professions and organization. To liberals, it implies progress. To the conservatives it is gradual change and or the radicals it implies dramatic changes and betterment by rooting out the old order. For the religious, it is the new name for peace. Thus, as a process, it is never ending and complete. The term is used descriptively or normatively to depict a present condition to project a desirable future alternative.'*¹²

Development also stands for transformation, indicting qualitative and balanced change with orientation for the future. As Denis Goulet states "broadly viewed development is the entire gamut of changes by which any social system optimally attentive to the wishes of individuals and sub systems comprising, it moves away from a condition of life, widely perceived as unsatisfactory towards some condition regarded as 'humanely better'."¹³ Underlying the multiple perspectives and divergent viewpoints, there appears an interrelated

¹² Mohan, Sudha (2005): *Urban Development and New Localism : Urban Politics in Mumbai*, Rawat Publications, Jaipur, p.16

¹³ Goulet, Denis, (1975): *The Cruel Choice: A New Concept in the Theory of Development*, Routledge, London and New York, Atheneum, p. X.

and common concern- to bring about changes for betterment. This is evident in John D. Montgomery's assertion that "...development is usually conceived as an aspect of change that is desired, broadly predicted or planned and administered or at least influenced by governmental action"¹⁴

Development has historical, philosophical and ideological dimensions. In development debates, it is not just on 'what' is that we wish to develop and 'how' we want to do it. Also with what resources we wish to do it. Because of this reason, the question of goals arises in any discussion of fundamentals of development. As Rajni Kothari¹⁵ observes, '...development continues to be the principle parable of organised human consciousness.'

With the United Nations Development Programs (UNDP) involvement in the process of development with the nation and state, the 'development' also signifies advancing towards the realization of goals defined as desirable by the UN agencies. The concept of a goal for development does not presuppose that there is some 'unique' goal. Over a period of time, goals in, and for, a society may reflect not only changing opinion, but also changing reality. However, a UNESCO document on goals of development says, "Goals of development should not be confused with indicators or degree of development indicators such as gross national product or per capita income. Indicators are intended to tell us at best where we are and where we might be heading, not where we should be heading."¹⁶

2.1.2 Development Thoughts in Social Sciences

Development studies nurtured through multidisciplinary efforts, where Economists, Sociologists and Political scientists play the lead role, it is ironical that input of the Geographers has been minimal even though they have claimed to have many concepts and techniques relevant to the study of development. The spatial models of development are Myrdal's cumulative causation, Hirschman's 'trickling down' and Frank's 'development of underdevelopment'. Friedman's 'core-periphery' and Perroux's 'growth pole' and many such theories propagated by various social scientists.

¹⁴ Montgomery, J.D. and Siffens, W.J. (ed), (1966): *Approaches to Development: Political Administration and Change*, McGraw Hill, New York, p.259

¹⁵ Kothari, Rajni, (1988): *Politics and The People, Volume-II*, Ajanta Publications, New Delhi, p.II

¹⁶ UNESCO, (1988): *Goals of Development*, Belgium, p.9

In social studies development is also equated with social change which according to theorists like M.N. Srinivas (1973), Moonis Raza (1977), Aijazuddin Ahmed (1982), Atiya Habib and others emphasize that social change happens due to change in technology which brings changes in the economy eventually bringing changes in social institutions, art, religion and social outlook. As Aijazuddin Ahmad in his discussion on *Socio-Cultural Change in Developing Society*, points out link from social change to development as under:

*"It is necessary to emphasise that conceptually change is not unidirectional, it may be progressive or regressive. The concern for direction of change however, raises the inevitable questions of value system, which will provide the necessary logic for discriminating between positive and negative dimensions of change. The former, as the cumulative human experience shows, attained through institutionally directed intelligent interventions in the situation. Then it is called development as it brings about qualitatively new and irreversible sequence of change eventually leading to transformation. In the ultimate analysis what is desirable is not social change but social transformation."*¹⁷

The development studies draw theories mainly from development economics dealing with, production, expenditure, income, savings and investment paradox. The cyclic tendency of the theorists from production to investment mainly in economics literature continued not only in the classical economic thought but continued through the understanding the concept of development in the associated disciplines. Spatial nature of development has remained neglected except for in market analysis in devising the industrial location and central place concepts. The Sociologist's have viewed 'development' from the perspective of the micro community studies and temporal changes in the socio-cultural context of the space. Though very limiting the social scientists never adapted to the multi-disciplinary approach to the 'development issue' rather taken away by the subjective affiliations of the researchers. Often the social scientists found to be serving the historical ancestry particularly its colonial heritage in the developing countries. The lack of multidisciplinary research is common to geographers. Ackerman, Chorley and Haggett, Haggett and Chisholm have very rightly brought out this painful fact.¹⁸

¹⁷ Ahmed, Aijazuddin (ND): *"Socio Cultural Change in a Developing Society- The Case of India"*, CSRD, JNU, New Delhi, (Memo), p.2

¹⁸ Ackerman, E.A. (1963), Where is a research frontier?, *Annals of the Association of American Geographers* 53; Chorley, R. J., and P. Haggett, eds. 1965. *Frontiers in Geographical Teaching*. London: Methuen; Haggett, P. 1965. Changing concept in economic geography. In *Frontiers in Geographical Teaching*, ed. R.J., Chorley and P Haggett, 101-77. London: Methuen; Chisholm, N. 1966. *Geography and Economics*, London: Methuen

2.1.3 Changing Development Thought in Geography

The development in Geography has been the subject of discussion since the term 'areal differentiation' coined by Sauer in 1925 and popularized by Richard Hartshorne in his monumental work 'Nature of Geography' in 1939. The terms acquired a revered position in the context of regional geography, which has regained popularity and awarded central role in Geography post 1980s after initial subsidence during late 1960s. This emerged from the analysis of developmental disparity across the regions associated with the disparity in the patterns of investment and changing division of labour. The geographical point of view in the context of development has always been spatial during phases of history of geographical thought from the classical approach of chorology to idiographic and modern regional synthesis approach.

Ackerman (1963) while explaining regional development in Geography states that, '*Geography in the regional development context studies the spatial organization and spatial diffusion of activities that helps in understanding the development process.*' It is an area characterization and differentiation process, which Geographical studies adopts while studying a region. Studies dealing with spatial aspects of development are three types¹⁹. (a) Those, which use space as a mere framework to describe regional differences in development. (ii) those which employ space, particularly in terms of physical space and built environment, as an explanatory variable to analyze spatial inequality; and (iii) those which adopt space, with reference to the level and nature of its development, as a variable to be explained through historically developed politico-economic and social structures.

The recent research on globalization associated with development has also provoked Geographers to contribute towards showing role of Geography in globalization. Yeung (2002) concludes in his paper that, 'Economic geographers can indeed make a significant contribution to the study of economic globalization through our theorization of its inherent spatiality and scalar effects.'²⁰

¹⁹ Hinderink, J., and J.J. Sterkenberg (1978): "*Spatial ineuqlity in underdeveloped countries and role of government policy*". Tijdschrift Voor Economische en Sociale Geografie 69: 5-16. (quoted in Nina Singh: *Regional Development Studies and Geographic Research with Focus on Indian Geography*, p.150, Suryakant (ed) & et.al Reinventing Regional Development, Rawat, Jaipur, 2004, pp. 1-463

²⁰ Yeung , Henry Wai-chung, (2002): "*The Limits to Globalization Theory: A Geographic Perspective on Global Economic Change*", *Economic Geography*, ume 78, Number 3, July 2002, Clark University

2.1.4 The concept of “Spatial Development”

As regards to spatial development, Geography needs to look into the history, social and economic processes and changes within the area whether it is a nation or a specific region. In the context of spatial development of regions, this is more dependent on the internal socio-economic and its spatial setting. The externalities as described by the proponents of the earlier development theories as influencing the development process may be subject to few generalities.

According to Pal (2005), “the term ‘spatial development’ is a concept regarding the progressive changes which takes place over time in a bounded area which may be a nation-state (or a region/a sub-nation within the nation) through the socio-economic interactions—thus an area changes for the better in terms of output. For example, by changes in land use from the present to a more economically productive activity like woodland (forestry) changing into cropland (farming) because of an *interaction* caused by “factors of production”, that is, combination of the opportunities. Similarly, stock resources (the land and minerals) are available in the environment (living as well as workspace) of the area in terms of its inputs. The *stock* resources and *qualities and potentials* of the people inhabiting the area (through their activities) as “production process” seeking to transform itself in a normative suited to the unique *geographical historiography* of the area.”²¹

Traditionally, development in a spatial context is seen through the economic changes across a space be it in context of a region, state or nation. This links to economic productivity of the population in the relevant sectors of the economy. It is growth-linked development where the Gross National Product (GNP) is the output of the labour involved in the production related to the per capita income of the labour or work force. The GNP has to keep pace with the population growth and if GNP is growing at 7 per cent and population at 3 per cent then the economy expected to grow to 4 per cent per annum.

However, above may not be true for the “real” development indicators where the poverty and inequality between the different regions and nations have not changed much. The rich economies remain as richer as the poor economies remain poorer. The reasons are the imbalances between the spatial inputs (in terms of resources) and spatial outputs (in terms of income or productivity).

In his work Pal (2005) writes, ‘...well endowed with natural resources, Brazil, the biggest country in South America has ninth largest Gross Domestic Product (GDP) in the

²¹ Pal, Saroj (2005): *Lexicon on Geography of Development*, Concept Publication, New Delhi, p.1

world. Yet, the country remains wrecked by poverty and inequality.' United Nations (UN) figures show that 20 per cent of the population controls 80 per cent of the nation's wealth, and according to government statistics the wealthiest one per cent of the populace accounts for half of national income. At least half of the country's workforce in this country of 167 million people earns less than minimum wage of \$ 77 per month. It is rightly remarked: *Brazil is not a poor country, it's an unjust one*²².

Further explaining the outcome of development model through Gini Index Lamba (2005)²³, mentions,

'The richest 5 per cent of world people had 118 times the income of poorest 5 per cent. The income of richest 1 per cent is equal to that of the poorest 57 per cent.' On the cycle of poverty he further stresses on, *'Few assets and high debt decreased the capacity for future earning worsening cycle of poverty. The inequality in ownership of wealth and financial assets is much worse than inequality in income. It not only determines the future income but also future debts.'*

2.2 Development Theories and Planning Framework

The state has changed its stance from one set of theoretical inputs to another based on the group indulging in the helm of affairs in the macro economy. The changing paradigm of development from the developed to the belief of the under developed or the developing economies have not changed its perception from the macro concern to micro activity areas. The macro globalization and adventurous spate of the capitalism has reached at the doorsteps of the poor and struggling nations.

Since the Second World War, development has been synonymous with economic, social and political changes in the countries of Africa, Asia and Latin America. The developed, developing, less-developed, Third world countries and the 'South' is the classification for these countries. These are all diverse groups but with a common underlying need for development. However, there is no consensus about the meaning and it is a contested term with no general agreement as to what 'development' is or all about, stands for, and connotes. However, the central and dominant variable determining not only the conception and shape of development, but developmental success or failure in all human societies, is their politics.

²² ibid, p.5

²³ Lamba, Harinder (2005): *Rethinking Progress*, Dennis Book, Delhi, p.63

The processes of development in human societies always involve the organization, mobilization, combination, use and distribution of resources in new ways. The United Nations has thrice declared a special decade dedicated to development since 1960, in response to the needs formulated by the community of its member-states. In return, to pity assistance given through the aid agencies it is often thought that the *wealth of nations* is taken away by the developed nations and it's corporate.

The basic political economy of the world has not changed; many nations may have survived or failed to sustain the targeted development goals set during 1960s and 1970s. The countries that are facing the challenge on the little better way are dependent still on the cheap and excess labour forces. In addition, the developed countries like US and Europe utilises the services of these countries. Thus, the theories of development emerge from the post World War-II to recently the Millennium Development Goals.

India in the mentioned context has been adapting to the changing theoretical basis of development in its framework of planning.

According to Pal (2005), 'in India, the Industrial Policy Resolution was adopted in 1948 followed by its revised version in 1956, which set down the fundamentals for planned economic development with a strong ideological orientation for promoting a *balanced regional development*.'²⁴

Noted economists and statistician P.C. Mahalanobis provided the draft plan frame for the Second Five-year plan for 1956-1960 in 1955. In this plan, multi-sector version employed in establishing two sector targets for the national plan. The Mahalanobis model shares the assumptions of the economic growth model of Harrod-Domar that output is a function of capital only; that at equilibrium in the economy the output of any one sector will equal its stock of capital time its capital-output ratio.

Some of scholars accepted the strategy of planned economic development through an activist state as perhaps the right strategy under the prevailing conditions. The conditions mentioned below:

- (a) Private investments in basic industries and infrastructure were not forthcoming due to huge investments, long gestation period and low returns.
- (b) Private sector was found to be weak and ill equipped to face the challenges and

²⁴ *ibid*, p. 356

(c) Not willing to establish industries in the backward regions of the country.

Thus resulting in;

(a) Large public investment by the central and state governments in identified regions of the country.

(b) Dependence on the foreign capital and technologies resulting in collaboration with UK, USSR, France and other developed countries.

(c) Establishment of public enterprises justified to meet social and equity objectives.

However, given the investments made the national interest of profitability through productivity as a relationship between the investment and output generated was not seriously considered. If we look at the public sector investments during 1950-51 there were only 5 public sector units which rose to 248 in year 1999 (Public Sector Enterprise survey, 1998-99). Of these 248 units, 160 were in producing/manufacturing goods, 75 in service sector, 5 in construction and 8 units were in finance. The capital invested until 1998-99 was Rs. 2.737 trillion (US \$ 60 billion).

2.2.1 Harrod-Domar Theory (1946)²⁵

The beginning of the modern economic growth theory started with the independent work of Roy, E. Harrod in 1948 and Evsey D. Domar published in 1946. The basic idea of the Harrod-Domar model is that economic prosperity and growth occurs through reinforcing process of higher rate of savings and a lower capital-output ratio whereby capital accumulates. Given the assumptions of the model, the rate of an economy depends on two things; the propensity to save for investment and the capital-output ratio, a constant that turns capital into production, provide handy tools for triggering growth in time structure of production.

2.2.2 The Two -Gap Theory

Chenery and Strout (1966)²⁶ developed 'Two Gap' theory; they focused on the two main constraints to planned economic growth of a developing economy. According to

²⁵ Harrod, R. F. (1948): *Toward a Dynamic Economics: Some Recent Developments of Economic Theory and Their Application to Policy* (London: Macmillan) and Domar, E. (1946): *Capital Expansion, Rate of Growth, and Employment*. *Econometrica*, 14 (Apr.): 137-47

Chenery and Strout, the growth of developing economies limited by foreign exchange constraint, this is separate and independent of a saving constraint. Thus, foreign exchange constraint and the saving constraint constitute the two gaps in the “Two-Gap Theory.”

This model makes a distinction between (i) a saving gap, which is equal to the difference between domestic investment (I), and domestic savings (S); and (ii) a foreign exchange gap, which is equal to the deficit between imports (M) and exports (X). There is “ex-post” equality between the savings gap and the foreign exchange gap. The equality between the saving gap and foreign exchange gap is because the values of the variables I, S, M and X in national accounts are the values after the event. However, the two “ex-ante” gaps are not necessarily equal. In fact, during the process of planned economic development in an under developed country, one of the two “ex-ante” gaps is usually wider than another. In most cases, the foreign exchange gap is wider than the savings gap.

2.2.3 Modernization Theory

The kind of growth theory emphasized upon in the first development decade summarized by the modernization theory originated by French philosopher Marquis de Condorcet in his work *Sketch for a Historical Picture of the Progress of the Human Mind* (1795). He argued that expanding knowledge in the natural and social sciences would lead to an ever more just world of individual freedom, material affluence, and moral compassion. This was the most acceptable paradigm of the 1960s. As per Modernization theory, the outdated attitudes, institutions and skills in less developed societies results in problems. In other work by Emile Durkheim, a French Sociologists (1893) working on the ‘functionalism’ stressed, ‘the industrializing societies are largely responsible for their own problems.’²⁷

From the economic perspective, modernization implied industrialization, mechanization of agriculture and urbanization. Socially, it involved the weakening of traditional ties in societies and the rise of achievement as a basis of advancement. Culturally, it represented secularization of society and politically the rationalization of authority and the growth of bureaucracy. Perceived thus, modernization meant transformation of developing societies towards those types developed in Western Europe and North America in the past two centuries.

²⁶ Chenery H.B. and Strout, (1966): “*Foreign Assistance and Economic Review*”, *American Economic Review*, September

²⁷ Marquis de Condorcet, 1795; Emile Durkheim, 1893; Cited from http://en.wikipedia.org/wiki/The_Division_of_Labour_in_Society, Accessed on 26 May 2010

Modernization, to the critics of the theory, was closely associated with westernization. This was because modernization was a particularly 'Eurocentric' version of development. There was an inbuilt assumption in this theory that the developing countries, especially in their postcolonial period, were at the same stage as Europe a century ago. This theory relies on a belief that societies would evolve homogeneously with a top-down guidance and direction. Though Rostov saw his theory as an alternative to the Marxist theory, the key element even in his growth theory is capital formation. Interestingly, during this period, even the most influential political works of Gabriel Almond and Powell (1965)²⁸ saw political development as a wider process of modernization. The process of political modernization identifies with the institutional differences between the developing countries and the western democracies. The optimistic mood of modernization soon faded which prompted Almond to point out to the decline of the 'the missionary and Peace Corps mood prevailing during the 1950s and 1960s.'²⁹

2.2.4 Dependency Theory

By the mid-1960s, many critics started questioning the assumptions of the modernization theory, which resulted during the same decade, in another important development theory namely, the dependency theory. Dependency theory originates with two papers published in 1949 – one by Hans Singer and another by Raúl Prebisch. The authors observe that the terms of trade for underdeveloped countries relative to the developed countries had deteriorated over time: the underdeveloped countries were able to purchase fewer and fewer manufactured goods from the developed countries in exchange for a given quantity of their raw materials exports. The idea is known as the *Singer-Prebisch thesis*. This theory locates the sources of developmental troubles outside of the less developed countries. According to this theory, the problems of developing societies are the result of colonialism and economic exploitation. They are unable to industrialize, because they are forced to depend on the resources of foreign countries. Thus, whereas for the modernization theory, imbibing and emulation the western model would provide the necessary impetus for growth and thereby development, for the dependency theory it was this association with the western World that had landed them in a situation of dependency. This theory provided an alternative perspective of development found particularly in the third world.

²⁸ Almond, G.A. and C.V. Powell (1965): *Comparative Politics: A Developmental Approach*, Little Brown, Boston

²⁹ Almond, G.A. (1965): *Political Development: Heuristic Studies*, Little Brown, Boston, p.2.

One of the most significant scholars of this school was Paul Baran³⁰ in 1957 with his publication 'Political Economy of Growth' who viewed underdevelopment as an offshoot of an irrational capitalist system. For Paul Baran, the nature of capitalist penetration was such that it inhibited conditions for growth resulting in economic stagnation and social backwardness.

2.2.5 Marxism and Role of State

Karl Marx in his "The Manifesto of the Communist Party" (1848) dismissed the State as nothing more than 'a committee for managing the common affairs of the whole bourgeoisie.'³¹ Lenin proposed a strict relationship between the stages of economic development and types of state. Accordingly, parliamentary democracy is the form of state for competitive capitalism, the bureaucratic-military state emerges with monopoly capitalism and socialism replaces these with the 'the dictatorship of proletariat'.

Marx argued for a systemic understanding of socio-economic change. He argued that the structural contradictions within capitalism necessitate its end, giving way to socialism:

"The development of modern industry, therefore, cuts from under its feet the very foundation on which the bourgeoisie produces and appropriates products. What the bourgeoisie, therefore, produces, above all, are its own gravediggers. Its fall and the victory of the proletariat are equally inevitable."

— *The Communist Manifesto*³²

The role of government policies, acts and regulations, tariffs on the export and import, taxes and duties and so on affected the location and structure of economic units only indirectly until the socialistic revolution in erstwhile USSR. The revolution brought in planned economy and state control of production and distribution. Most of economies in the world are now planned economies, where the role of the State is crucial.

2.2.6 Sustainable Development and Millennium Development Goals

Since late 1980s, the Brundtland Commission³³ set to define Sustainable Development in its report related to environment and development as, sustainable development as

³⁰ Baran, Paul, (1957): "The Political Economy of Growth", Monthly Review Press, New York, p.149

³¹ Taylor & Flint, (2004): *Political Geography : World Economy, Nation-State & Locality*, Pearson, p.177

³² Marx, K. & Engels, F. (1848), cited from www.marxists.org/archive/marx/works/1848/communist-manifesto/index.htm *The Communist Manifesto*

development that *"meets the needs of the present without compromising the ability of future generations to meet their own needs."*

The definition by the commission has evolved over the years from the economic and environmental perspectives by various organizations, and researchers, who has looked the development objective since last three decades as sustainable. Notable among these were organizations affiliated to United Nations, Development theorists from across the continents and persons like Daly (1991), Dresner (2002), Anderson M. J (2002), Purvis and Grainger (2004), Amartya Sen (2000), P Das Gupta (2007) and others.

These deliberations accept failure of market, sustainability of environment, notion of capital in sustainable development etc. However the critique of the sustainable development concepts questions the emergence of sustainable concept in its purpose, consequences, vagueness of terms, basis and de-growth. This is based on the ownership, access and utilization of the resources, which would tend to benefit towards the future economic growth. The present economic planning in India based on these concepts and goals set by the United National Development Program (UNDP) under the MDG for Asia and India.

The development apart from the set theoretical basis mentioned above also relies immensely on the political economic thoughts prevailing in the country from time to time. India on its own has opted to choose the development path based on such political compulsions and scenarios. These may be due to impacts from the world political and economic actions and domestic power politics.

2.3.1 Economic Thoughts and Planning in India

*"Economic Planning is a conscious and carefully throughout process, initiated by state, for estimating potential wealth of the country and for utilizing the available resources as efficiently as possible with a view to fulfil some definite long term objective."*³⁴

The economic thought in the country influenced by many factors such as poverty of masses, Indian nationalism and anti-British movement, secular and socialist is constitution and its economic – geo-political linkages with the world. R.C. Dutt (1848-1909) initiated evolution of economic thought in his two books: (1) Economic History of India (two volumes) and (2) Famines in India (two volumes). The two books for the first time dealt with the economic

³³ United Nations, (1987): "Report of the World Commission on Environment and Development." General Assembly Resolution 42/187, 11 December 1987. Retrieved: 2009-03-12

³⁴ Ghosh Alak, (1988): *Indian Economy: It's Nature and Problems*, 25th Edition, The World Press Pvt. Ltd, Calcutta, p.60

history of the colonial India and conditions of agricultural population in India and its causes and remedies of famines in India.³⁵

Poverty in India during the British colonial empire attributed to low agricultural productivity due to lack of irrigation facilities and frequent famine in the country. The village industries collapsed due to its inability to face competition with machine made goods in England. The cottage industries killed by such imbalance in the trade between the colonial masters and trading communities in India.

The Grand old man of India, Dadabhai Naoroji (1825-1917) was instrumental in studying the poverty in India.³⁶ He was instrumental in propounding the '*Drain Theory*' where he estimated that the consequence of the foreign domination was the drain of the wealth of India into England. It can be asked that,

Whether similar drain theory be applied to transfer of resources from the less developed region to most developed regions?

Similar thoughts expressed by M.G. Ranade (1842-1901) in his "*Essays on Indian Political Economy*" (1898), who believed that mass poverty has been there in India even before the advent of British rule, which have been intensified by the impact of West on India. He identified two reasons firstly, there was too much dependence on agriculture and secondly, industries were not able to face the stiff competition from West. He also believed that inadequate credit facilities and defective land policy led to poverty in the country. He opposed the idea of Free Trade because it was detrimental to the interest of growing industrial sector of the country. He favoured balanced development of agriculture, industry and commerce, which was essential for promoting the economic development of India. On solution to population problem in certain 'regions', Ranade advocated a balanced redistribution of population by sending people from thickly populated areas to sparsely populated areas. He thought the State could play a role in the resettlement of People. He credited to be first economist who suggested planning.

The initial socialist ideology until early 1930s based on the studies carried out in order to prove a point that economic policies of the British colonial rule have made India

³⁵ Loknathan .V, (1985): *History of Economic Thought*, S. Chand & Company (Pvt) Ltd., Delhi, p.271

³⁶ '*Poverty and Un-British rule in India*' written by Dadabhai Naoroji (1870) after the extensive survey of the Bombay presidency for the years 1867-70 estimated the per capita to be Rs. 20 per annum. He also examined the import and exports figures between the years 1835 and 1872 and pointed out that the value of the exports exceeded that of imports by 500 million pounds. He was the first Indian to calculate national income on per capita basis.

poor. To achieve the goals of rapid economic growth with 'distributive justice' the Congress party had set up a National Planning Committee as early as 1936³⁷ to plan for India's development after independence.

2.3.2 Mohandas Karamchand Gandhi (1869-1948)

The father of nation, M.K. Gandhi had been critical to the modern economic approaches. He expressed that *"Economics that hurts the moral well being of an individual or a nation is immoral, and therefore sinful."* (1921). He thought that industrialization on the large scale would "necessarily lead to passive or active exploitation of the villages as the problems of marketing and competition come in." He thought the development of rural civilization based on self-sufficient villages would result in decentralization of political and economic power. He believed that Industrialization would not remove poverty in India. As he puts it, *"We know that each nation has its own characteristics and individuality. India has her own; and if we are to find out a true solution for her many ills, we shall have to take all the idiosyncrasies of her constitution into account and then prescribe the remedy. I claim that to industrialize India in the same sense as Europe is to attempt the impossible."*³⁸

2.3.3 P.C. Mahalanobis

He is father of statistics in India. He was economic advisor to the first Prime Minister of India, Pundit Jawaharlal Nehru. For the planned development of India, P.C. Mahalanobis suggest one sector, two sectors and four sectors model of development.

2.4.1 Progress of Development Thoughts in Indian Planning

The genesis of development dynamics centered on 'poverty' in all branches of social, economic and political sciences. The major emphasis of the welfare economics of developing countries like India was on attacking poverty since beginning of the plan period, though it may look different when we try to evaluate the ingredients of the planning process adopted in the country. We would take a cursory look at the development through axis of stages of planning in the country *visa vis* development targets/goal set by our planners while reviewing the literature emerging from Government of India and their critiques.

³⁷ Dandekar, V.M. (1994): *The Indian Economy 1947-92 - Volume I: Agriculture*, Sage Publications, New Delhi, p.50

³⁸ Young India, August 6, 1925

2.4.2 Adopting the Development Theories in Practice (1950 -1970)

During the period 1950-70, economic growth seemed to be the key objective of development policies of the central and state governments in the country. Development implicitly defined as the attainment of a minimum annual rate of growth of five per cent or the GNP, to attain by the end of the decade. As pointed out by the noted economists Amratya Sen (1999)³⁹,

“Given the extremely heterogeneous character of the Indian economy and society, India’s achievements and failures cannot be understood in composite terms, and it is essential to examine the experiences in sufficiently disaggregative form-and in adequate detail.”

This based on the assumption that economic indicators such as food, housing, health, and education among others, would move in harmony with this rate of growth. The objective was, therefore, to accelerate progress towards self- sustaining growth of the economy.

Looking at the various plan documents of the planning commission it can be said that this phase was dominated by the ‘growth theory’ that was the precursor of the modernization theory. The thinking of the 1950s and early 1960s focused mainly on the concept of economic growth in which the process of development viewed as a series of successive stages that the country had to go through. It was essentially an economic theory of development with emphasis upon investment, foreign aid and savings that would enable the developing countries like India to move in the direction of the developed countries.

This trend continued between 1960 -70 where in it can be said that government equated development with economic growth. The whole issue of distribution of income not seriously dealt. The first phase with a positive approach but could not yield substantially tangible results of efforts. During the pre and post emergency period in 1970s the shortcoming of such an approach became apparent. It had become clear, that growth was accompanied by increasing inequalities. Thus, growth did not bring any satisfactory results or progress in development. This more emphasized from the Statement concerning *Strategy of Economic Development* from Hirschman (1958) who points out the mistakes that may arise

³⁹ Dreze, Jean and Amartya Sen, ed. (1999): *Indian Development: Selected Regional Perspectives*, Oxford University Press, p.3

from the stages approach thus, “the underdeveloped countries are expected to perform like wind-up toys and lumber through the various stages of development single-mindedly.”⁴⁰

2.4.3 Shift from Theories to Strategies (1970-80)

While during the 1950s and 60s Planning Commission, Government of India, considered social and economic aspects of development separately, after post emergency three annual plans the two segments of development merged. The later plans from fifth to eleventh plans of Planning Commission (GoI) emphasized the interaction of physical resources, technical processes, economic development and social change. The emphasis was on distribution of income, basic needs, quality of life, etc. The change in perception and methodology reflected in the ‘unified approach’ to development. The unified approach to development looked for participative development. This is evident from the objectives of plans during these periods, which were designed to;

- (a) Leave no sector of the population outside the scope of change and development
- (b) Activate all sectors of the population to participate in the development process,
- (c) Aim at social equity, including the achievement of and equitable distribution of income and wealth and
- (d) Give high priority to the development of human potential.

During the preparation of fifth plan the chairmen Late Smt. Indira Gandhi⁴¹ commented that,

“Planning has a better chance now to succeed than at any time in the last 25 years. There is a realisation that our tolerance was taken for weakness, which some people exploited in order to obstruct national policies with impunity, either for the promotion of sectional interests or in the hope of gaining political advantage. The new points which we have been recently emphasising are but a part of the general programme of national development. We can and must take advantage of the new climate of improved discipline to take the Plan forward.”

These strategies of development considered important in providing valuable learning for the later developmental policies. However, their viability remained tested as during late 1980s India begun coping with new sets of problems in the social and political realms mainly referring to increased dissatisfaction in Central India, Border States and North-Eastern India.

⁴⁰ Hirschman, A. O. (1958): *The Strategy of Economic Development*, Yale University Press, New Haven, USA

⁴¹ Govt. of India (2004): *Fifth Plan Document*, Planning Commission, GoI, html document, Accessed March 2004.

2.4.4 Democratization and Sustainability (1980-90)

During this period in VII and VIII plan, there was drastic shift in development strategies. The challenges faced by country due to external and global economic factors had increased. For development planners this meant abandoning or dismantling most of its previous policies towards development. By the eighties, it became apparent that India should devise its own development plan of action to tackle its own and unique problems. In this phase, there was a better appreciation of the complexity of the pursuit of development as well as the problems of global interdependence. After the acceptance of this, an idea of sustainable development emerged. It further became clear that it was no use pursuing improvements in one sphere if related spheres neglected.⁴²

2.4.5 Deregulation and Globalization (1991-2001)

During the post, 1991 period India was coming out of serious debt crisis accompanied by dismal growth in the basic sectors of economy. The global competition and emergence of new industries like Information technologies, modern telecommunication, electricity, etc and low investment in the infrastructure sector forced the country so formulate the IXth and Xth plan with that the basic sectors and governance in the Indian economy restructured. The midterm review of the plans revealed encouraging results in the basic sectors but had poor show in social sectors, such as education and health. The dissatisfaction with the global participation in trade on the one hand and growing inequality on the other have had been the major concern of development planners in 21st century.

To summarise the planning in India, the ideology of development from the 1950s was both optimistic and ethnocentric. It was optimistic in assuming that all the 'problems' of underdevelopment such as poverty and inadequate social services were amenable to straightforward solution by the application of western techniques and strategies. Secondly, it was assumed that western technology, values and production methods were perforce superior and therefore worthy of being replicated. As Meghnand Desai (2003) points out in analysis of India and China that, 'Both countries feared foreign domination and considered development as synonymous with industrialisation. Both considered the State as the engine and the driver of growth and suspected the private sector's initiatives.'⁴³

⁴² GOI (2006): *Plan Documents*, PDF from www.planningcommission.gov.in accessed, April 2006

⁴³ Desai Meghnand (2003): "India and China – A essay in comparative Political Economy", paper for IMF Conference on India/China, Delhi, PDF, November

Development in the countries like India was looked upon from the poverty indices particularly per centage people living above or below these assumed lines. Scholars have deplored such usage of indicators for the development purposes but practices remain in our planning system. Krishnaji⁴⁴ (1987) writes

"Poverty calculations are usually based on a classification of households by levels of per capita (income) or expenditure. It has been argued elsewhere that while the latter are good indicator of how much food and other basic necessities families can consume to determine whether or not they are poor, they are not suited demographic analysis of relationships between demographic and economic variable."

As noted by scholars like Mehbub UI Huq, Amartya Sen, Devid Korten and Rajni Kothari that in the so-called third world countries, development is seen more as a means-ends nexus, not as a human enterprise. Development is perceived and equated with the choice of one or another ideology of change. This thought was prevalent in various plan periods and conceived as an alternative to modernizing traditional societies.

Rajni Kothari⁴⁵ (1991) in her analysis of state suggests,

*'...the State has ceased to fulfil the roles assigned to it. Whether it be the execution of the IRDP and RLEGP and such other package for the benefit of the rural poor or it be the implementation of policy measures in respects of the rights of the landless and bonded labour, dalits and tribal's, women and children – their human rights to use a cliché – the State has simply 'ceased to be.'*⁴⁶

This point is emphasized by the Noble laureate in economics, Amartya Sen, When he stated that the *"basic objective of development as the expansion of human capabilities was never completely overlooked in the modern development literature, but the focus has been mainly on the generation of economic growth in the sense of expanding gross national product and related variables"*.²⁶

Thus, the most important drawbacks and limitations in the development thinking during the period 1950 to 1980 can be summarized on the following terms;

⁴⁴ Krishnaji, N. (1987): "Poverty and Sex Ratio: Some Data and Speculation", EPW, XXII (23), June 6, pp. 892-897

⁴⁵ Kothari, Rajni. (1991): "State and Statelessness in Our Time", EPW, Vol. XXVI (11-12), March, Annual Number, pp. 553-558

⁴⁶ IRDP, Integrated Rural Development Programme and RLEGP, Rural Landless Employment Guarantee Programme

- The human factors in the improvement of the quality of life of a citizen either hitherto been overlooked by default or have received low priority. There is recognition of the failure of these received and borrowed paradigms to tackle problems of development.
- In the conventional development paradigms, people treated as objects of history rather than its principal subjects. They reduced to becoming non-participant observers and fell prey to centralized, rigidly hierarchical bureaucratic process in both the development and the political process.
- The missing link in almost all the previous theories and strategies of development was in completely leaving out 'people' in the centre of development. The people-centered dimension of the later development theories and strategies distinguished them from the earlier. This dimension emerged as a challenge for most of the developing countries to bring about development that is accountable, responsive, responsible, and focusing on the elements of equitable and sustainable development.
- The development debate, strategies and policies until the 1980s adopted and copied from Western models and unsuccessfully applied to an alien environment and situation. This has more often than not led to a kind of skewed development process that has given rise to a number of problems for both people and policy-makers. Not having people at the centre of the development model was the problem and the most important lacuna.
- It had also become evident that development can no longer remain state-centered, GNP-centered, but that it must be people-centered. The debate on alternatives may not have had provided any definitive answers, but there were suggestions on some course of action. Rather the essence of which was to emphasise upon the enabling rise of development, i.e., in helping the individual to transform and change according to surroundings for the better.

Y.K. Alagh, an eminent planner and economists in India often comments on the State of planning in country comments on the impact of economic reform, 'Since 1990s agricultural growth has fallen, structural change in the economy in terms of rural-urban shares slowed down and inequality between rural and urban area went up.'⁴⁷

⁴⁷ Alagh, Y. K. (2005): "Agricultural Reforms", Times of India, 29th September 2005, p. 11

The World Development Report⁴⁸ very clearly addresses this aspect and problem of development. The report states that fifty years of development experiment have yielded critical lessons, Viz.,

- (a) Growth does not trickle down;
- (b) A more comprehensive approach to development is needed;
- (c) More importantly, institutions do matter; and
- (d) Above all, the report clearly mentions and acknowledges the fact the development should be sustainable and should be rooted in the processes that is socially inclusive and responsive to changing circumstances.

Thus, the 1990s saw a shift in the development paradigm. Academicians, scholars, administrators and policy makers all over the world engaged themselves in redefining the concept of development and in evolving an alternative development paradigm incorporating the People Centered Development (PCD) mainly through decentralisation.

VM Rao (2005)⁴⁹ in his overview of the impact of the development strategies states that,

'While the upper strata in society- elites and middle classes accounting for about 20 per cent of the population- have attained a western lifestyle with some of them displaying conspicuous affluence, the rest of the population languishes in different shades of poverty ranging from the urban slum-dwelling lower income groups to near destitute in villages bypassed by development processes.'

He further observes that *'the green revolution pockets modernized and are avid users of new inputs and technologies: in sharp contrast, the drought- prone areas have had meagre investments, growth and improved yields. These contrasts hold the key to the major challenge confronting the country – would it emerge as a developed nation and a harmonious society eradicating all shades of poverty and inequality prevailing now within a reasonable time- frame?'*

⁴⁸ United Nations (2000): *World Development Report: Entering the 21st Century*, United Nations, p.12

⁴⁹ Rao, V. M. (2005): *Poverty Reduction in an Elite-Driven Democracy - The Case of India*, Daanish Books, New Delhi. pp. 22-23

India: Human Development, 2010 [A few indicators]

- 1) HDI Rank: **126**
- 2) The population below **income poverty line of 2\$ per day** is **79.9%**, though as per the national poverty line it is **28.6%**.
- 3) The **HPI (Human Poverty Index)** for the **102 developing countries** rank India at **55**.
- 4) The **Annual Population growth rate** is pegged at a rate of **1.3%**. [2004-15]
- 5) The **Public health expenditure** of India as a per centage of GDP is **1.2%**, while that of the private is **3.6%**. [2003]
- 6) The percentage of total population who are **undernourished** is **20%**. [2001/03]
- 7) **Life expectancy** at birth: **63.1** [2000-05]
- 8] **Infant mortality rate** per 1000 live births: **62** [2004]
- 9) The **public expenditure on Education** as a per cent of GDP is **3.3%** [2002-04] which has fallen from **3.7%** in 1991.

Source: http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_IND.html, 29th March 2010

2.5 Human Development in India

Research on poverty in India seems to have missed a suggestive clue about the way in which the process of poverty reduction operates. While the process performs well with the norm of the Headcount Ratio (HCR), this is not true about the Human Development Index (HDI). India still figures among the low HDI countries. The HDI shows very modest improvement over the years. If one goes by past trends, India will remain in the same low HDI group for long years to come. There is a clear indication that while reduction in hardcore poverty is relatively easy, improvement in HDI is much more difficult to achieve. It may mentioned here that HDI refers to the country as a whole, If HDI calculated separately for the poor, and India would certainly slip down further in the low HDI group.

2.5.1 The Human Development Index - going beyond income

Each year since 1990, the United Nations, Human Development Report has published the Human Development Index (HDI), which looks beyond GDP as a broader definition of

well-being. The HDI provides a composite measure of three dimensions of human development: living a long and healthy life (measured by life expectancy), being educated (measured by adult literacy and gross enrolment in education) and having a decent standard of living (measured by purchasing power parity, PPP, income). The index is not in any sense a comprehensive measure of human development. It does not, for example, include important indicators such as gender or income inequality nor more difficult to measure concepts like respect for human rights and political freedoms. What it does provide is a broadened prism for viewing human progress and the complex relationship between income and well-being.

Of the components of the HDI, only income and gross enrolment are somewhat responsive to short-term policy changes. For this reason, it is important to examine changes in the human development index over time. The human development index trends tell an important story regarding development between 1980 and 2007, India's HDI rose by 1.33 per cent annually from 0.427 to 0.612 today. HDI scores in all regions have increased progressively over the years although all have experienced periods of slower growth or even reversals. The UNDP, HDR (2007-08)⁵⁰ highlights the very large gaps in well-being and life chances that continue to divide our increasingly interconnected world. The HDI for India is 0.612, which gives the country 134th rank of out of 182 countries.

2.6 Regional Planning

Regions have been matter of concerns not only for the geographers but the economists as well when it attains the delimitation based not only on the physical associations but also economic distinction. State planning efforts in order to balance and redistribute the economic gains allowed development theorists to shift towards regional dimensions of development. Thus regional planning gained acceptance amongst the 'development' scholars not before 1950s after emergence of economic concerns and regionalism in world.

Regional planning, in the words of MacKaye, *"...consists in the attempt at discovering the plans of the Nature for the attainment of man's ends upon the earth; it visualizes industry as the servant of culture, and its chief concern is the guidance within a*

⁵⁰ UNDP (2008): *Human Development Report 2007-2008: Fighting Climate Change: Human Solidarity in a Divided World*, PDF, accessed from <http://hdr.undp.org/en/reports/global/hdr2007-2008>

*region of the flow of civilization. This flow may consist of electric fluid, of lumber, of wheat, of dairy product. It may consist of the flow of population, of housing and living facilities.”*⁵¹

Mumford has expressed a similar view in context of planning for the urban regions. He mentions;

*“Regional planning asks not how wide an area can be brought under the aegis of the metropolis, but how the population and civic facilities can be distributed so as to promote and stimulate a vivid and creative life throughout a whole region... The regionalist attempts to plan such an area so that all its sites and resources. From forest to city, from highland to water level may be soundly developed, and so that population will be distributed to utilize, rather than to nullify or destroy its natural advantages. It sees people, industry and the land as a single unit. In sum., regional planning does not mean the planning of big cities beyond their present areas, it means the reinvigoration and rehabilitation of whole regions so that the products of culture and civilization instead of being confined to a prosperous minority in the congested centres, shall be available to everyone at every point in a region where the physical basis for a cultivated life can be laid down.”*⁵²

According to R.P Mishra (2005: 66);

‘Regions conceived by Geographers are of various types ranging from a single feature region to compare, depending on the criteria used for delineation. If only physical characteristics such as landforms, climate, soil, vegetation etc. Are the bases for delineation, we get *physical geographic regions*. When dominant economic activities considered as criteria, we arrive at *economic regions*, and when purely cultural factors like language, religion, etc., are considered, we get *socio culture regions*. When all the factors taken into account, we get a *compare*. All these regions are based on the concept of *areal homogeneity*’⁵³.

Among the single feature regions, those based on physical geographic characteristics are by far and most common. Any portion of the earth’s surface where physical conditions are homogeneous are considered a region in geographic sense. Here a region considered conterminous with a natural region. Herbertson felt that a region is a “*complex of land, water, air, plant, animal and man, regarded in the spatial relationship as together . constitution a definite portion of the earth’s surface.*”⁵⁴ A similar view was expressed by Aronovici (1938), a region is a “geographic area or areas which a given civilization standard

⁵¹ Burton Mackaye (ND): “Regional Planning”, *Sociological Review*, XX (4), pp. 298-99.

⁵² Mumford L. (1925): “Regions to Live In”, *Survey Graphic*, LIV (3), May 1, pp. 152-3

⁵³ Mishra, R. P., (Ed.) (2005): *Regional Planning: Concepts, Techniques, Policies and Case Studies*, Concept Publishing, New Delhi

⁵⁴ Herbertson, A. J. (1905) “The Major Natural Regions: An Essay in Systematic Geography,” *Geographical Journal*, XXV, March, p. 301

of a people seems to require for the fulfilment of its aspirations through material resources.”⁵⁵

2.6.1 Region and Regional Studies in Geography

The 1950s saw a reorientation of regional geography that paved the way for “theoretical geography”. This attempt tried to focus on areal differences through a synthesis of physical and human attributes within regions. The new trend attempted to focus on spatial variables and systems thus promoting human geography as a spatial science. [Sunny 2006:273]

In an interesting interview of Wolfgang Hartke by Buttimer, he delves on the issue of dealing with social problems in the geographic context:

*“I am still convinced that one must begin with mapping- to map the facts, which derived from surveys, interviews and most of all from observations of people in action. Why did I insist on this? To prevent the classical geographers from denying its status as geography! I convinced them about my points by using their own language, their own methods. To show how spatial structures are a function of social structuration, and not determined by the physical conditions of soil or physical environment.”*⁵⁶

Banerjee and Guha (2002) points out in their analysis of the concept of region, ‘*The importance of “region” in geography lies precisely in studying and helping to create an articulation against such exclusionist practices that get more developed with expanding globalisation of capital. Recent trends in geography have shown a movement towards a progressive analysis of the socio-spatial. At a wider level, this would not only help geography to integrate with the wider body of contemporary discourse in social science, but also help strengthen the globalising network of resistance to the exclusionist framework of capitalist globalisation*’⁵⁷. Similarly Das (2004) in his observation on development emphasis’s that ‘*Disparities produced by of rural-urban and core-periphery dualism is inherent in capitalism and therefore we need to question the notion of development of marginalized regions within such a framework.*’⁵⁸

⁵⁵ Aronovici C. (1938): “Regionalism: A New National Economy,” Columbia University Quarterly, Dec 1938, PDF, CU, cited from website www.columbia.edu, accessed March 2007.

⁵⁶ Buttimer, A. (1983): *The Practice of Geography*, Longman, London, New York. p.235

⁵⁷ Banerjee-Guha, Swapna (2002): “Critical Geographical Praxis: Globalisation and Socio-Spatial Disorder”, EPW, XXXVII (44/45), November 2-9, pp. 4504-09

⁵⁸ Das, K (2004): “Uneven Development and Regionalism: A Critique of Received Theories”, EPW, XXXIV (45), pp. 4917-4925.

Recent developments in geography have stressed the need for “regions” to be rooted in theoretical concepts. These have taken off largely from theories of uneven development. Theorising on scale have emphasised the social relations of production (see Neil Smith⁵⁹, Kevin Cox⁶⁰ and others). Scale construction thereby becomes largely the product of political processes endemic to capitalism. It develops and transforms out of contested and heterogeneous processes, which involve struggles for power and control. This emphasizes that the crux of the problem is in theorising and understanding “process”. Regions thereby perceived as continuously changing outcomes of opposing forces of cooperation and competition.⁶¹

2.6.2 Globalisation and Regional disparities

The geographical landscape itself on which globalisation works exemplifies the spatial patterns of development and underdevelopment. It includes territorial organisation with specific sets of rules, laws and practices, space relations and built environment and systems of places linked by global division of labour and functions. Increasing transnationalisation and relocation of production and other economic activities in recent times, however, have lent a flavour of placelessness to the above spatial schema resting simultaneously on the phenomenon of inclusion and exclusion.⁶²

On outcome of globalization Andy Pike and Others⁶³ (2006) comments, ‘An important driver of the changes in the context of local and regional development has been the process of globalization. Through its increased mobility of capital, workers, goods and services, globalization is changing the rules by which the economy has been governed during much of the post war era.’

While globalization was in evident in the present times, it has also exposed the local and regional inefficiency. This remarked by Stiglitz⁶⁴ (2002) when he writes,

‘...the opening of the national economies is also revealing local and regional economic structure with little or no capacity to compete in a globalised environment.

⁵⁹ Smith, Neil, (1980): *Uneven Development: Nature, Capital and the Production of Space*, Oxford-Blackwell, London.

⁶⁰ Cox, Kevin R. (1973): *Conflict, Power and Politics in the City*, McGraw Hill, New York, p.133

⁶¹ Sunny, Yamuna (2006): “Analysing Current Practices in Geography Education”, *EPW*, XXXXI (3), pp. 270-278.

⁶² Banerjee-Guha, Swapna (2001): “Changing Pattern of Social Reproduction of Labour in the Era of Globalisation: A Geographer’s Perspective”, *Indian Geographical Journal*, Special Issue, Chennai.

⁶³ Andy Pike, et. al. (2006): *Local and Regional Development*, Routledge, London, p.4

⁶⁴ Stiglitz, J. (2002): *Globalization and its Discontents*, Norton, New York. p.7

The exposure of inefficient, inadequately managed and often low tech production structure to competition from outside is leading to the restructuring and even demise of local production structures generating unemployment and in others, to a degradation of working conditions.'

As a hallmark of the contemporary globalisation process, it is directly relates to the materialisation of uneven development at a global scale. It involves integration of selective regions and societies in the globalised framework with a *pari passu* division of market, technology and labour to facilitate exploitation of region-specific characteristics at a global scale. Absolute and relative space intertwine in this arrangement, and the associated spatial division of labour becomes more an attribute of international price and wage differentials, levels of disparity and underdevelopment than of mere division of work. Space in this construct is used and 'abused' in divergent ways giving rise to contradictory tendencies of concentration, dispersal and inequality.⁶⁵

The associated shifts of this process are: (a) financial fluidity and deregulation, (b) profound technological change, (c) reduction of cost and time in the movement of goods and people, (d) introduction of the so-called information revolution leading to significant changes in production organisation (at a material level) and definition of wants and needs (at the conceptual level). The synergistic interactions between them are more important than their individual configurations.

The inherent contradiction of 'concentration' and 'dispersal' that underlies the process of globalisation is also integrally associated with uneven development as a premise and as a product. It can be identified in the move towards carving out a specific set of central places and regions and simultaneously towards equalizing geographical differences, on the other, over a much larger expanded space. The universalising tendency concerns primarily the goal of profit equalisation, unhindered movement of goods, services, technology and also considerably (but not completely) of people, for the need of a constantly expanding market. It is actually a levelling of the globe at the behest of capital exacting, in every sphere of production, equality in the conditions of the exploitation of labour.⁶⁶

Smith (1986) mentions the effects of globalisation as, '*The clichés begotten from such levelling like 'global village' or 'shrinking world' essentially reconstruct a one-dimensional*

⁶⁵ Banerjee-Guha, Swapna (1997): *Spatial Dynamics of International Capital*, Orient Longman, Hyderabad.

⁶⁶ Marx, K. (1967): *Capital: The Process of Capitalist Production*, International Publishers, Online reading.

*geography of sameness in which all facets of human experience are essentially degraded and equalized downward.*⁶⁷

What not naturally projected by these clichés is that the premise of this equalisation rests on innumerable divisions of relative space into myriad absolute spaces tuned to the requirement of international capital. The resultant international space, thereby created, is characterized by a highly divergent use of space and spatial attributes reflecting tendencies of concentration and dispersal and hence a place-specific valorisation and de-valorisation.

Annihilation of space and removal of all spatial barriers thus fix their parameter on the process of space differentiation to exploit region and country specific characteristics, namely, levels of income, wage, social and cultural disparities, etc.

Location decision of industries, their types, method of production, all thereby becomes part of this process. As a result, the geographic landscape experiences a tension between the forces of concentration and those of dispersal leading to an increasing socio-economic distance of the periphery from the centre.

With the contemporary pattern of capital's self-expansion, depressed areas thus go to form the basis of conversion of surplus value into new variable capital through contractual and casual employment while the modernised complexes continue to epitomise the post-Fordist technological grandeur with minuscule or negative employment generation.

The vast impoverished plain of central and north-eastern India representing the economic periphery of the country thus gets simultaneously unhinged from and again distortedly connected with the cores of Mumbai, Bangalore or Hyderabad through a non-Fordist production chain⁶⁸ of the emergent global economic system. It works directly towards a narrow sectoral development of a high technology and information-based order thwarting redistribution of income and economic benefits over an expanded space.⁶⁹

⁶⁷ Smith, Neil (1986): "On the Necessity of Uneven Development", International Journal of Urban and Regional Research, X, pp. 87-104

⁶⁸ Banerjee-Guha, Swapna (1996): "Dividing Space and Labour: Spatial Dynamics of Multinational Corporations", EPW, XXVIII (6), pp. 21-24.

⁶⁹ Kundu, Amitabh (1997): "Trends and Structure of Employment in the Nineties", EPW, XXXII (24), pp. 1399-1405.

2.6.3 Regional Planning as a Subject of Inquiry amongst Indian Geographers

The mood of the nation in the post-independence era charged with the desire to provide education to its citizens and deliver socio-economic development. The people's hunger for education invaded every corner and the country-spawned schools, colleges and universities. To service this need, among other efforts, a network of universities and institutes created across the country. Each year from 1940 to 1980 three universities were added to India's academic landscape – one every four months. Especially progressive were the years between 1960 and 1970, when 45 universities added. Geography departments were among many other disciplines that rode this hurried birth of new universities. The number of geography departments grew from 17 in 1950 to 48 in the 1970s. The swift addition of nearly two departments per year was unprecedented. Parallel to a place in academics, it is the invitation to participate in the nation's development that brought geography into the limelight as a social science. On problems of the regional planning Bhalerao⁷⁰ (1988) says, 'The serious problems of regional imbalances and disparities have brought about the concept of balanced growth which is capable of various interpretation.'

As crippling poverty, surging population, mass illiteracy, fragmented infrastructure and a weak industrial and agricultural base confronted the young nation; there came the realisation that economic development alone was not a solution. While the Planning Commission, India's apex planning body, had enrolled only economists in its First and Second Five-Year Plans, it roped the intellectual labour from other social sciences in subsequent years. Geographers netted opportunity when awareness for balanced regional development came. Carrying the technique and method for regional planning, land and land use surveys, spatial analysis of population, agriculture and industry, and the region as a geographical crucible for analysis, geographers participated in preparation numerous regional plans.

The South-East Resource Region, Dandakaranya regional plan in Malkangiri district of Orissa, Goa Regional Plan, Western Ghat Regional Plan, and the Cuttack-Bhubaneswar-Puri Regional Plan, among others, drew geographers into their fold. There was a mushrooming of a number of urban and regional planning organisations. The Town and Country Planning Organisation (TCPO) set up its first office in Delhi in 1955 followed by regional offices in Kolkata and Mumbai in 1961 and 1967 respectively. Under the Third

⁷⁰ Bhalerao, R. N. (1988): "Regional Development Policies", in Basheer Ahmed Khan, (ed.) *Regional Planning and Economic Development*, Pointer Publishers, Jaipur, pp.111-116.

Plan, 75 projects on town planning initiated in various states of India. Regional planning held the promise of efficiency and equity through appropriate organisation of space. Geography, like other social sciences in India, invited mainly to fulfil an empirical, quantitative and policy-related method of inquiry. Efforts on planned development slowly brought about awareness that social science has a central place in the ordered development of the country.

2.7 Summery

The process of national development in India and many other former colonies began after their Independence. In the colonial age, these countries had been under-developed or as in the case of South Asia, even de-industrialised. As a result, during the planning phases after independence, the political and economic forces within India and the World had forced the decision-makers to focus on different growth models. They based planning decisions either on the agrarian nature of the country or on its desire to present a liberal yet sustainable development path through industrialisation. Its objective was to raise the per capita income by raising the per capita production in a region in the long run. The model based more on the development of physical than of the human resources of the region concerned. Development inputs like dams, power plants, large industrial complexes, road and railway networks and administrative towns thus built to achieve growth targets set in the plans, to give a fillip to development and make it aggressive and national in character.

However, development also has many drastic social and ecological side effects in the region concerned. Some feel that national development takes place at the cost of the regional and others think that even regional development has a negative impact on local resource utilization. There are no parameters to decide what makes development sustainable though one knows that massive large-scale projects have serious implications for the local human and land resources. In the post-Independence period, progress, national self-sufficiency, industrialisation and large development projects were synonymous. Carried away by the euphoria of nation building, most "sacrifices" sought by the rulers were widely seen as legitimate, justified and as being for the "national good." These resources once used by the tribal and similar communities transferred to others to meet regional and national development demands. As a result, for the last two decades a debate has been raging among social workers and scientists about the nature of sustainable development.

Nothing about the pattern of expenditures over time or across states suggests that budget outlays are the major determinant of either public sector outputs or development

outcomes. As pointed out in the previous India Development Policy Review⁷¹ by World Bank in 2003, 'real spending in many sectors has increased substantially—while there is little or no evidence that service delivery has improved commensurately. Nonetheless, many discussions simply assume that, if the goal is improved infrastructure or better schooling or improved policing, the answer is to spend more.'

Often the "cost" of meeting targets, such as the Millennium Development Goals (MDG), for water supply coverage, for rural road coverage, for schooling, for immunization—is calculated simply assuming that business as usual, spending more in the same structure, will improve outcomes. In some instances, almost perversely, the policy *goals* of sectors often stated as "increasing spending to X per cent of GDP," rather than taking outcomes and outputs as goals with outlays, properly, merely as a means to a goal. Thus, there is failure of sectoral resource allocation at the micro level i.e. at district and *taluka* level.

2.8 Relevance of the study

The above literature review is a compilation of issues discussed by various eminent scientists and thinkers on development, regional development planning and development theories with reference to India and Gujarat. The research work presented here brings out the gaps observed in the context of the regional approach to development. The objective of the study was not to reinvent the approaches already mentioned in the various literatures but to find the concise method for the decentralized development for region. Development is the result of growth in urbanization, industrialization and in the agricultural status of a region. Development is induced by planned efforts at regional scale by various national, state and local government agencies. Such development initiatives aim at the integration of the natural, economic and human resources into a totality over a period of time and for the benefit of the people of a region. This has been the justification for India's development programmes implemented through successive five-year plans since 1951 till the present 11th Five-Year Plan (2007-11).

⁷¹ World Bank (2003): "India: Development Policy Review: Sustaining Reform, Reducing Poverty". Policy Paper, Washington DC