

CHAPTER II

AREA PLANNING

Theoretical approach to Area Planning:

Most of the theories on Economic Development in regard to Planning assume that there would be harmonious self-adjustment within the Planning System and that no special efforts would be needed for accelerating the pace of regional development in Countries which adopt Planning. In Capitalist countries, where there is free inter-play of market forces, regional development tends to become balanced in the long run.

According to Neo-Classics, economic growth takes place in Capitalist countries, in a phased manner, and economic inequality arises only on account of the malfunctioning of the equilibrium mechanism. Hence, economic growth obviously assumes an uneven course and any interference to set right this uneven growth over the space can be achieved only at the cost of overall national growth.

R. Rodan (1943) and A. Lewis (1954) advocated the Theory of Unbalanced Growth. However, the Theory was popularised later by Rostow and Myrdal (1957) and Hirschman (1958). According to this Concept, investments should be made in selected Sectors, rather than in all Sectors simultaneously, as underdeveloped countries do not possess Capital and other resources in such a measure as to invest simultaneously in all Sectors. Investments should, therefore, be made in a few select major Sectors and the income/capital accumulated out of the increased production generated in these Sectors as a result of these investments can be invested in the other Sectors. This Theory implicitly explains that there is no need for securing immediate balanced Area development.

However, the debate on Inequal Area Development remained inconclusive and lacked empirical evidence till 1965 when the Theory of "Convergence Hypothesis" was propounded by Williamson¹. According to this Hypothesis, per capita income increases in the initial phase of economic development accompanied by widening regional diversity and then the regional diversity stabilises and subsequently declines, thereby showing a broad pattern of or tendency for initial divergence and subsequent convergence. However, it is to be conceded that while the Hypothesis is applicable to small countries, the scope for its applicability in big spatial countries like the United States and India is limited and this was established, later, empirically by Easterline².

Though several Theories have been propounded in support of unbalanced regional growth, yet it is to be conceded that unbalanced growth can be tolerated only for a limited period of time. India, for instance, is still passing through, even after three decades of Planning, the 'divergence phase' of Williamson's Hypothesis. It is, therefore, necessary to change the trend before long and take steps to bring about balanced Regional Economic Development in the Country. However, all agree on one thing that balanced growth, whether to be achieved later or earlier, is necessary for all countries. The basic difference between the Concept of Balanced and Unbalanced Growth is that while the Theory of Balanced Growth assumes growth from the initial stage itself, the Theory of Unbalanced Growth assumes balanced growth after some stage in the process of economic development. Indian Economy has already crossed this Stage and further divergence would tend to affect basically the federal structure of the Country itself.

A Tabular representation of the concept of National, Regional and Area Planning developed by R P Misra³, as set out below, will bring out clearly the characteristics of the different levels of Planning:

| Attri- butes/ Plann- ing type | Aim | Appro- ach | Com- mand | Metho- dology | Resources | Popular Partici- pation |
|---|---|-------------------------|----------------------|--|--|-------------------------------|
| National | Economic & social | Sec- toral | top down | Quanti- tative | National taxes & Foreign Aid | Minimal Indirect |
| Regional | Socio economic & envi- ronmental | Spatio secto- ral | Inte- gra- ted | Quanti- tative & qualita- tive | Regional Taxes & Devolution -Centre | Maximal Indirect |
| Communi- ty Dev. Block - Area | Socio economic & human | Communi- ty | Bott- om up | Qualita- tive & Consen- ses | 1. Local Taxes 2. Devolution from Na- tional Govern- ments 3. Community involvement | Maximum Direct |

It may be seen from the above Table that there is much difference between Area Plans and National Plans in regard to their objectives, approach, Command Area etc.

Objectives of Area Plan:

Although the objectives of Area Plan are derived from National Plan only, yet those objectives are duly modified and re-designed to suit the local needs of the Area. The objectives of Area Plans in India will be to expedite the growth of the Economy of the different Areas in the Country by:

- a. optimum utilisation of their growth potential;
- b. ensuring rapid economic uplift of persons belonging to the 'Weaker Sections' of the Society;
- c. generation of employment opportunities through implementation of various Development Schemes;
- d. provision of basic amenities and the improvement of the existing amenities for the people;
- e. building up the necessary infrastructural facilities and
- f. stepping up productivity.

These objectives can be achieved, at the Area Level, if only Development Plans (with realistic targets set and priorities accorded suitably) are formulated and implemented in each Area and the implementation is monitored periodically.

Removal of constraints:

Fulfilling these objectives will be possible only if the inherent constraints in the Area in regard to the effective implementation of the Area Plan are removed. Some of these constraints, as enumerated by a UNESCAP Report⁴, are set out below:

1. Lack of political will;
2. Lack of acceptance by officials;
3. Lack of sense of involvement on the part of the local people;
4. Poor managerial skill in the villages;
5. Inadequate planning and poor management;

6. Difficulty in matching local needs with national objectives and
7. Long established attitude of dependence of local people.

Hence, the first step in the process of Area Planning is to seek to remove all these constraints in a phased manner, by adopting the following measures⁵ :

1. Adjusting the general guidelines received from higher levels (say the National Planning Commission) in such a manner that the Development Plan drawn up for the Area would emerge as one which is suited to the requirements and resources of the Area;
2. Adjusting the Area Plan in such a manner that its objectives are certainly in consonance with those of the National Plan and thereby effecting proper linkages between the bottom and the top tiers of the Planning Machinery in the Country.
3. Integrating the numerous lower level proposals into one single well drawn-up local Area Plan which would be in consonance with the goals, objectives and targets of the higher levels, & meeting, at the same time, the needs and requirements of the local Area.

In order to perform successfully the three functions set out above, the Area Level Planning authorities have to:

1. Collect all Plans, if any, which are under formulation or implementation by different Agencies (such as Government, Local, Professional, Voluntary and other Agencies) that may be involved in the planned development of the Area;

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2. collect information relating to the goals and objectives of higher and lower level Plans;
3. obtain information on the resources allocated to the Area by the State and Central Governments;
4. identify gaps, if any, in the existing Area Plan and Planning pattern;
5. evaluate past performance in regard to the Planning exercise at the Area Level;
6. make an overall analysis of the existing situation in the Area;
7. project a desired perspective of the future situation in the Area, on the basis of accepted goals, objectives and targets and
8. formulate the Plan which will be an amalgum of a coherent set of programmes of action that should be implemented with the resources available in the Area and progress speedily towards the desired future situation.

From the above analysis, it becomes clear that what is crucial for the success of Area Planning is the sense of commitment on the part of Planners, bureaucrats who are in charge of implementation of the Plan and, above all, the people who are to enjoy the fruits of the Plan.

In this background, we may now study the various aspects of Area Planning.

Area Planning - A perspective:

Area Planning gained considerable significance only after the First World War. The Tennessee Valley Authority in the United States and the Bowlar Commission in the U.K. were the major steps taken by the Governments of these Countries for focussing their attention on the needs and problems of particular Areas or Regions (in their Countries). With the success of Area Planning, an Area Development Administration (ADA) was set up in the United Kingdom to solve the major problems of particular Areas, specially backward areas. These experiments soon drew the attention of the other Western Countries and they developed systematically several centres of cluster of activities, which helped them considerably to reduce their heavy concentration of attention, in terms of development activities, on a few centres only.

Normally, Developing Countries resort to Macro Level or National Level Planning only. This was particularly so till the beginning of the Sixties. Consequently, they were not seized of the problems of their Regions. In some Countries, Planning is done at the Micro Level merely for the sake of Planning and as such they are not aggregated to arrive at Macro Level targets. Further, even such Micro Level Plans are not technically well-drawn due to paucity of expertise in this regard. However, since the early Sixties, Area Planning has begun to gain some recognition. Planners have begun to deviate from the established National Approach to the Area Approach in regard to Planning for growth. Area Planning has now come to be regarded as a vital Planning philosophy and an important tool for ensuring accelerated pace of economic growth.

Thus, the concept of Spatial Planning has recently gained significance. Space or Region or Area, for the purpose of Planning, means an economic Area and not a geographical

Area. An Area is an Unit, which has spatially separate physical nodes with homogenous characteristics.

In fact, an Area can be national or even international in its composition. Thus, while ASEAN, EFTA are Areas, which are international in composition, States, Districts and Blocks are national in character. Elimination of wide disparities in levels of employment and income, agricultural practices, manufacturing activities, composition of trade etc. call for the adoption of a systematic approach. Similarly, effective utilisation of local potential in terms of natural resources, manpower etc. will be possible only by the adoption of a systematic approach. For narrowing down disparities between Areas and for utilising fully the resources available locally in various Areas, it is imperative to plan Area-wise and draw up, ultimately, on the basis of such Area Plans, the National Plan. If there is free mobility of manpower and resources between various Areas, which is possible only if there is an efficient network of a good movement system, Area-wise disparities can be removed even under the Centralised type of Planning.

However, as such a system is not in vogue in under-developed or developing countries, the need for Planning at the Area Level assumes great proportions.

Area Planning in retrospect, in India:

Area Planning does not constitute an integral part of National Planning in India and as such it is in the form of sporadic plans for individual Areas. In the year 1968, the Planning Commission suggested to the National Development Council that it may set up two Study Groups - one to recommend

the adoption of necessary and suitable criteria for identification of backwardness and the other to recommend offering fiscal and other monetary incentives for setting up industrial units in backward areas. The first Group was headed by Shri Pande and the other by Shri Wanchoo.

Though Planning in India began as early as in 1950, yet Area Planning is yet to gain considerable significance as (a) the Country has only little experience in this type of Planning; (b) a single party alone is in power for long - both at the Centre as well as in States; (c) States have little experience in formulation of Plans; (d) the Union Government continues to be the only major source of finance to the States and (e) the system of financing is largely Schematic and Sectoral and several other Programmes are based on the Matching System. Hence, the States have a very little role to play in the process of Planning in the Country. Optimisation of output is the sole and major aim of the Planning process in the Country, with the result that removal of regional imbalances is not given adequate attention.

However, the Planning Commission realised quite early the need for introducing Area Planning, of course, in a limited way, in the Country. Accordingly, the First Five Year Plan observed "the democratic planning to succeed will have to energise the entire community and to place before it a goal of endeavour which will call forth all its talent creative urges". The Third Five Year Plan showed some serious concern for securing balanced regional development for the Country and enunciated, for this purpose, some policies and programmes designed to reduce the existing regional disparities in the Country and to make available or distribute evenly the benefits of industrialisation to all regions.

~~Some of the~~ The major programmes drawn up and implemented by the Planning Commission to achieve this objective were the Community Development Programme, Intensive Agricultural Development Programme, Tribal Area Development Programme etc. and the setting up of Industrial Estates.

A three tier system of Planning, with Panchayat Level Planning at the bottom, Block Level Planning at the intermediary level and District Level Planning at the top, was developed during the Third Five Year Plan period. However, the success of the steps taken under the Third Five Year Plan in this regard was quite limited due to several factors such as lack of adequate knowledge and expertise in the Country in regard to Area Planning.

In order to give an impetus to the efficacy of the Integrated Rural Area Development Approach, the Fourth Five Year Plan placed a slant on strengthening the Planning Machinery at the State and District Levels. Further, during the Fourth Plan period, steps were taken to ensure greater degree of devolution of funds, under the Plan outlay to the States, by delinking allocation of Central assistance to States from a pre-determined Sectoral or Schematic centralised allocation. This was done with a view to providing greater initiative to State Governments to evolve their own Planning Machinery and to take their own decision over a larger area of Plan formulation.

The Fifth Five Year Plan emphasised the significance of the role of multi-level Planning but nothing much was done in this regard except that a few Programmes, such as Hill Area Development Programme, were incorporated during this Plan period.

It was the Sixth Five Year Plan which really recognised the need for the introduction of Block Level Planning in the Country. As a part of this Planning exercise, a Working Group was set up to focus on Area Planning with full employment, which submitted its Report in 1978. The Working Group viewed Block Level Planning not as an isolated exercise but as an inter-linked exercise starting from the grass root level i.e. cluster of villages through Block, District, Region, State and National Levels. Further, the Economic Advisory Council of the Late Prime Minister Mrs Indira Gandhi, constituted under the Chairmanship of Prof. Chakravarti, in its Second Report submitted to her in April 1984, suggested the

setting up of 94 Development Divisions in the Country, each comprising a cluster of 4 or 5 Districts of the same agro-climatic region. The main idea behind this suggestion was to make Planning more and more people-oriented by beginning the Planning process at the grass root level and ensuring the whole-hearted participation of the beneficiaries. The Report spelt out a detailed organisational structure for the proposed Divisional Planning Authority and also outlined its tasks. The Report suggested that the funds required for the Divisional Development Authority for the implementation of the Plan should be equal to not less than a third of the funds available for the State Plan outlay which should be directly assigned to it in the State Budget and that these should be supplemented by (a) the funds to be allotted by the Central Government for specific Schemes and (b) financial support from Institutions engaged in the task of rural uplift. In fact, Prof. Chakravarti, while analysing the multi-level Planning framework, as early as in 1972, recognised only the State and Districts as the Units for the purpose of decision making.

The Seventh Plan Document which is yet to be released has given the necessary slant to Area Planning and the Planning Commission has, accordingly, set up a small Working Group in this regard.

Another aspect relating to the introduction of the concept of Area Planning in India has been the introduction of Lead Bank Scheme in the Country. The Area Approach, particularly in regard to Banking, was initially sown by the Study Group of the National Credit Council constituted under the Chairmanship of Prof. D R Gadgil, which suggested in its Report submitted in 1969, that the various Districts in the Country should be allocated between individual banks so that they would act as the pace setters of economic growth in those Districts. The Report recommended that District should be taken as the Unit for the purpose of Planning and advocated that Districts should be divided into smaller homogenous Units which should be well integrated with one another through the 'Mandi Centre Approach'.

Nariman Committee constituted by the Reserve Bank of India in August 1969 also viewed similarly, in its Report, and generated the concept of the Lead Bank Scheme.

Dr K N Raj, in his Paper on 'District Planning', in 1971, suggested Planning from the grass root level covering the Village, Block and District Levels.

V K R V Rao suggested, even in 1973, the setting up of economic areas within the District which would be the Units for the purpose of grass root level Planning.

The Dantwala Committee, which submitted its Report in the middle of 1978, recommended the introduction of Planning at the Block Level and also suggested that both District and Block Level Planning should be treated as part of the same exercise. The Committee rightly observed that the remoteness of Areas and the vast geographical expanse of the Country would hamper efficient Planning if it was done at the top and that the quality of Planning at the Block Level was bound to be better than Planning at the top. Further, it stressed that Planning at the Block Level should be an integral part of the National Planning exercise.

Asoka Mehta Committee constituted by the Government of India to review the functioning of the Panchayat Raj in India, in its Report submitted in 1978, has rightly pointed out "the emerging scenerio of the dynamics of development necessitates that the technical expertise of a high order be made available at levels below the State to sustain the momentum of rural development which, in many cases, has already been administratively decentralised at the District Level. The inescapable compulsion, therefore, is that the District should be the first point of decentralisation, under popular supervision below the State Level".

Thus, since late Sixties there has been a growing appreciation of the need for adoption of Area-wise Planning in India. Several State Governments have set up their own Planning

Commissions in order to prepare their State Level and Region-wise Plans. Nevertheless, Area Planning is yet to crystallise in the Country as an effective operational tool. Regional or Area Planning, as is in vogue in the Country, today, is not a comprehensive system and as such the National Plan is not much based on the aggregation of several Regional Plans encompassing the entire Country. There is currently a lack of co-ordination between the operating units and the Planners, with the result that the needs of different Regions or Areas are not fully appreciated. Integration should be secured in the process of Planning, at its very primary stage of evolution and not after the Plans are formulated by individual Departments and Agencies. There is a better scope in India than in other Countries for the introduction of National Planning based on Regional or Area Planning, as it has a federal set-up.

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