

MA ECON, SEM-II,
CC-6 (ECON OF GROWTH & DEVELOPMENT),
NEED FOR BALANCED REGIONAL DEVELOPMENT

By

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A region may be viewed as an economic entity within a State – it may be a district, a town or a village. For example, region, in the Indian context means a State within the Union of India, which is formed on linguistic basis. But for the purpose of planning, it may imply an economically backward area with a State such as northern Bihar, eastern UP, northern Bengal or desert areas of Rajasthan, and dry areas of Haryana.

Balanced regional development does not mean equal development of regions in the country. It simply implies the fullest development of the potentialities of an area according to its capacity so that the benefits of overall economic growth are shared by the inhabitants of all the regions. Balanced regional development does not mean self-sufficiency in each State or region. Neither does it mean equal level of industrialization nor a uniform economic pattern for each State. Rather, it means widespread diffusion of industry in backward areas so far as it is economically feasible.

The ultimate aim is to raise the living standards of the people in backward regions to those of the advanced. It may be through the development of agriculture, industry, trade and commerce. According to Mumford, it is "a problem of increasing habitability – a problem of social and economic renewal". Balanced regional development is essential for the following reasons in underdeveloped countries.

Underdeveloped countries are characterized by regional differences in income and employment. According to Professor Myrdal,¹ the main cause of regional inequalities has been the strong backwash effects and the weak spread effects in such economies. The genesis of regional inequalities has a non-economic basis which is associated with the capitalist system guided by the profit motive. The profit motive results in the development of those regions where the prospects of profit are high while other regions remain underdeveloped. Myrdal attributes the phenomenon to the free play of market forces. The latter tend to concentrate economic and social overheads in certain regions leaving the rest of the country in a backwater. These inequalities are accentuated by migration, capital movements and trade. Migration of young and active people from the backward regions will favour the advanced region and depress economic activity in the former; capital will move into the developed regions thereby creating capital shortage in the backward. The development of industries in former regions may ruin the existing industries of the latter regions. So the backwash effects being stronger than the spread effects, regional inequalities are accentuated. Thus the need in underdeveloped countries is to minimise the backwash effects through the deliberate State action for a balanced regional development.

Balanced regional development is essential for a rapid development of the economy because the progress of the entire economy depends on the development of all regions in keeping with their factor endowments. As has been aptly put; "The progress of the national economy will be reflected in the rate of growth realized by

different regions and, in turn, greater development of resources in the regions must contribute towards accelerating the rate of progress for the country as a whole."

Balanced regional development helps in the smooth development of the economy. If all regions are equally developed they can be mutually helpful to each other. If, however, there are regional inequalities, the low levels of income in the backward regions will retard the development of the developed regions due to lack of adequate demand for the products of the latter. Moreover, balanced regional development also avoids transports and supply bottlenecks and minimise inflationary pressure within the economy.

Balanced development of each region helps to develop its resources to the maximum extent. In the words of Dr. R. Balakrishna, "The aim of regional development should be to secure maximum efficiency in the utilisation of available resources. Moreover, when a region develops its resources, at the same time, it avoids their destructive use. The establishment of varied industries leads to the fuller utilisation and conservation of the mineral, forest, agricultural and human resources of the region.

Balanced regional development is needed to maintain political stability in the country. If there are regional disparities in income and wealth, they are the greatest source of danger to national solidarity. This is what led to the formation of Bangladesh as an independent sovereign country. Thus the need to develop all regions equally stems from political and national solidarity.

Regional development is essential for a proper defense of the country from foreign attack. If all regions are equally developed and there is widespread

