

CHAPTER VI

REGIONAL PLANNING AND A BALANCED ECONOMY

197. One of the suggestions made to us has been that it would be an advantage if administrative units could be made to conform to natural economic regions.

198. This appears to be an attractive proposition, but there are practical difficulties in the way of its implementation. As attempts to study regional patterns even in the more advanced countries have shown, the difficulty is that it is either impossible to suggest an acceptable definition of a region, or, if a definition can be suggested, to apply it in a dynamic situation, when the entire economy as in India, is undergoing a rapid change.

199. Some considerations which may be regarded as important from the point of view of national planning are, however, discussed in the paragraphs which follow.

200. The unified control of river valleys for purposes of development is, for example, desirable; and some evidence has been submitted to the Commission in support of the view that if control by two or more States can be avoided, it will promote the more orderly implementation of our multi-purpose projects.

201. A detailed examination has revealed the difficulties of this problem. The number of instances in which headworks are situated on or near the borders of existing States is so large, and there is so little chance of reducing this number substantially by adopting any scheme of reorganisation other than one based on the unity of river valleys, that multiple control of irrigation and power projects cannot be rejected in principle.

202. The gravity of the complaints made to the Commission regarding difficulties which hamper the working of joint projects need not, however, be exaggerated. The theory that every State should have access to the headworks of river-valley projects which benefit it, or be able to control the catchment area of the river or rivers in question, is also one which cannot be wholly accepted.

203. This is because firstly, with so many river valley projects being planned or in operation the question of redrawing state boundaries will become very complicated and secondly, in the case of each new proposal regarding a river valley project if the boundaries

lie outside the State, which benefits from the project, the question of altering the boundaries will arise. While this has to be the broad approach it is clear to us that where territorial adjustments intended to secure access to head-works or unified control over river valley projects do not come into conflict with other important considerations, it will be a clear advantage to make provision for them for the obvious reason that multiplicity of jurisdictions hampers smooth execution of projects and leads very often to unnecessary friction and controversies.

204. A suggestion which may be investigated is that areas which are grouped round important cities and towns or other centres of activity, nodal regions in other words, should be distinguished; and that new States should, if possible, be created so as to conform to a division of the country on these lines. The claims which have been made in favour of the theory of nodal regions are that economic activity centres round a few important places, the flow of trade and commodities being a function of distances from such central points. If these propositions were true, it might be desirable if a state which controlled the central town or area were also in command of the natural hinterland. It could be argued then that the flow of goods and services within each such natural region would be free; that the centre and its outlying area could develop in a complementary and co-ordinated manner; and that regional economic planning as a rule would be facilitated.

205. The concept of a nodal region is, however, still very vague; and it rests on insecure data. In this country at any rate, it is impossible at this stage to distinguish such regions. Even if they can be distinguished, there will be every reason to expect that as economic development proceeds apace, the regional patterns, if any, which may exist at present, will become outmoded. After some time, there may, for example, be other foci or centres of development to consider.

206. An alternative concept of an economic region is to regard it, not as a nodal region, but as an area in which the *per capita* national income is not greatly above or greatly below the national average. This is a comprehensive concept and is intended to be one. It includes other criteria which have been suggested, like a well-balanced pattern of occupational distribution; the maintenance of a proper balance between agriculture and industry; the avoidance of wide disparities to population densities, land utilisation and food production; and the availability of unoccupied land to the reorganised units.

207. It is implicit in this concept of regionalism that wide differences which now exist in such matters as population density, area, natural resources and physical endowments, will more or less disappear; and from an economic and planning point of view, this is an attractive ideal, because this will ensure that no single administrative division in the country will be too rich or too poor, having regard to the national standard.

208. The revenue and expenditure of the States in such a scheme of reorganisation may in due course become more nearly comparable than is now the case; and something like a national standard in public expenditure may ultimately emerge. The need for the transfer of resources from one administrative division to another will also be very largely eliminated at the same time; and the advantages of this in a federation, in which the units will otherwise be engaged in making claims and counter-claims regarding the distribution of revenue resources, can hardly be exaggerated.

209. There are great difficulties, however, in translating the concept of a *per capita* national income which does not deviate greatly from the national average into a scheme of redistribution of territories such as this Commission has been called upon to propose. Moreover, to the extent that the country as a whole is regarded as one economic unit, and as the Government of India moves more and more into the centre of things, the beneficial effects of central expenditure will be felt all over the country; and particular attention will be or can be paid to the needs of distressed or backward areas.

210. Consistently with what has been stated in the preceding paragraphs, the Commission cannot accept in principle the idea of economic self-sufficiency at the regional level. However, while there are obvious difficulties in the way of equating economic regions with administrative units, it would be desirable, where this does not come into conflict with other important principles, to bear in mind the need for avoiding wide disparities in natural endowments and resources between the various States.