

Eco 402: Development Economics: Experiences

Group-B

Unit-3: Inclusive Growth and Development of Backward Regions

Lecture-I

Development is a multi-faceted process, and has to be understood as a total system of problems. Since the developmental problems are multidisciplinary, messy and complex, we need a systems approach to frame appropriate policy for overall *Development*.

DEVELOPMENT AND BACKWARD REGIONS

All the countries in the world adopt different strategies to develop their backward areas. In literature there are lists of *Macro* strategies for achieving the target of the overall development, specifically for the development of the backward regions. These are:

- Balanced growth
- Growth pole/Growth centre theory
- Import substitution industrialization
- Export-led growth and nucleus industries

The basic hypothesis of these strategies is that development ultimately 'trickles down' to the hierarchically lower-level centres from some 'induced' or 'spontaneous' growth centres.

These strategies are outward-looking and industrial in nature. However, recent researchers suggest alternative approaches to development. These approaches include:

- Basic Needs Approach
- Redistribution and Growth Theories
- Dependency Theory
- Another Development Theory

These strategies lack the necessary integrative systemic approach required to tackle the overall development of a self-sustaining type in the region.

BACKWARD-AREA DEVELOPMENT: STRATEGIES AND EXPERIENCES

Throughout the world there are comprehensive numbers of studies dealing with the appropriate strategies for the development of the backward areas. The existing literature evidences the backward areas development strategies for the countries in Asia, Africa and Latin America. We will discuss here the experiences of Brazil, Mexico, Nigeria, Tanzania, China, Sri Lanka and India.

The Latin American case studies: Brazilian North-East: Spatial and interpersonal disparities increased on a large scale, particularly in the backward areas of the Brazilian

North- East. Along with high growth rate the Latin American countries experienced regional disparities.

The African countries: the growth rate of Nigeria exceeded the growth rate of all other African countries. But at the same time rural poverty and disparity in Nigeria also increased at a rapid rate.

The Asian case studies: Increased in regional as well as interpersonal disparities. There had been impoverishment over time, particularly of rural people, in both relative and absolute terms. The relative inequality was least in China and the country experienced long-term growth-rate. The growth rate was higher than other Asian countries.

The Asian Countries condition can be summed up as follows:

- Growth rate was high
- The condition of rural poverty was deteriorated
- Interpersonal disparities had increased
- Rapid increase in industrialization did not create sufficient jobs to absorb an increased labour force
- China, through its rural industrialization programme, has succeeded to some extent in providing employment for a large number of its rural population in the backward areas.

The three main components of the conventional development strategies are as follows:

1. The technology that is mobilized (for industrial development and transport) is based on energy-intensive materials and processes, with non-renewable energy as its main components.
2. Similarly for agricultural development, the technology is based on (a) intensive use of irrigation water, (b) agriculture based on shallow root crops, and (c) intensive use of fertilizers, pesticides and other material inputs and equipment which are finally based on the technology as in (i) above.
3. The outputs of the system have to be exchanged through an extensive market system and commercial arrangements, which in their turn require the support of a well-organized financial sector.

Most of the backward regions are agrarian in nature. Thus the above mentioned strategies are unlikely to initiate a self-sustaining development process in these areas. We need the following the prerequisites for the self-sustainable development:

1. The output level can be maintained over a long period.

2. The process of output generation can be accomplished with minimal dependence on inputs from external sources.
3. The process of development and related economic activities do not lead to ecological deterioration and depletion of non-renewable resources.
4. The process results in equitable distribution of the benefits of the growth process among all sections of the community.