Regional Balance and Planning

18.1 The issue of regional balance has been an integral component of almost every Five Year Plan. The adoption of planning and a strategy of State-led industrialisation – with Plans and policies designed to facilitate more investments in the relatively backward areas – were intended to lead to a more balanced growth in the country. It was expected that, over time, inter-state disparities would be minimised.

18.2 However, the perception is that regional imbalances have actually got accentuated, particularly over the past 15 years. This is not altogether surprising. Different parts of the country are in different stages of development and development has not been uniform at any point of history. Even the problem of intra-state inequalities has not been adequately addressed, with regional disparities persisting within all states (including the relatively prosperous ones) to a greater or lesser degree.

18.3 The Centre has an important role to play in promoting balanced development in which all states, and regions within states, have the opportunity to develop evenly. This equity-promoting role demands that greater efforts be made to remove the gaps in the provision of human development and basic services and infrastructure so that no region or sub-region and no group remains deprived of the fruits of development and at least attains a minimum standard of living. The equity-promoting role of Central planning assumes added importance in the wake of the emerging policy environment. With the opening up of the economy and removal of controls, the play of market forces may tend to exacerbate disparities. As the economy gets increasingly integrated with the global economy, the Centre may be required to play a stronger equity-promoting role and to secure sufficient space for all the federal units to work out their own strategies of development, harnessing global regimes or forces for the purpose, rather than being overwhelmed by them. The Centre would also be required to ensure suitable a macro economic policy framework for the growth of the economy in order to meet the aspirations of the people.

18.4 The Tenth Five-Year Plan had recognised that the concept of regional disparities would need to go beyond economic indicators and encompass social dimensions as well. Furthermore, the focus on inter-state disparities masked the incidence of intra-state disparities. The Tenth Plan had, accordingly, advocated a multi-pronged approach to provide additional funding to backward regions in each state, coupled with governance and institutional reforms. Midway through the Plan, the Mid-Term Appraisal seeks to take a fresh look at the key issues involved and strengthen/refocus strategies as warranted by the present situation and the lessons gained through experience.

ISSUES AND STRATEGIES

18.5 There is no clear historical consensus on the best mechanism for reducing regional disparities. For several years, direct investment in public sector units and capital and other subsidies for the private sector in backward regions was seen as the best way of addressing regional imbalance through capital formation as well as income and employment generation. The other mechanism, which continues till date, is ensuring a greater share in Central finances for backward regions through the transfer formulae used by the Planning Commission and Finance Commission.

18.6 Two broad approaches emerge from the lessons of past experience. The first involves proper identification of backward areas and targeting them with additional resources and investments to help them overcome the infrastructural deficiencies that contribute to their backwardness. Ideally, the policy directions and strategies adopted should seek to redress iniquitous policies and support the innate strengths of these areas. The second approach would be to seek to improve the overall environment for the economic growth of less developed states and areas through a combination of major infrastructure interventions, institutional reforms and appropriate incentive structures. Key issues and directions are set out below.

NATIONAL GOALS AND TARGETING

18.7 The Central Plans have traditionally focused on setting only national targets. However, recent experiences suggest that the performance of different states varies considerably due to variations in potentials and constraints. For example, although the growth of the economy as a whole has accelerated, the growth rates of different states have varied and has even decelerated in some of the poorest states. It is important to recognise that the sharp increase in the growth rate and significant improvement in the social indicators that are being contemplated for the Tenth Plan will be possible only if there is a corresponding improvement in the performance of the relatively backward states. Indeed, if the higher targets were sought to be achieved simultaneously with the relatively slower progress in some of the most populous states, it would necessarily imply a very large increase in inter-state inequality.

GEOGRAPHICAL FEATURES

18.8 Most of the more developed states seem to be located in the western and southern parts of the country and have vast coastal areas. The group of relatively backward states are in the eastern and northern parts of the country and are mostly in the hinterland. Studies have shown that India's growth has been urban-led, favouring those states where urbanisation is already high, perhaps due to coastal access (e.g. Maharashtra, Gujarat, Tamil Nadu) or where there is relatively high productivity of agriculture (e.g. Punjab, Haryana). Even with faster overall growth, the inland areas are likely to continue to grow more slowly than coastal areas, widening the gap between fast and slow growing regions. This may lead to increasing internal migration from rural areas to cities and from interiors to coastal areas.

18.9 Another distinct geographical region that remains less developed is the north-east. The economic backwardness of the north-eastern states is a special feature that seems to have a lot to do with their geographically disadvantageous location. However the political, social, cultural, educational and security aspects also seem to have a bearing on the region's economic growth.

18.10 The states located in the hilly terrains face additional per capita costs of providing development services due to what may be termed as a divergence between the surface area and the geographical area of the state. For example, even though Himachal Pradesh and Punjab have identical geographical areas, the "surface area" of the former is double that of the latter. Hence more resources are required to deliver services to a hilly state as compared to a state in the plains. Distance from the markets adds to the economic backwardness of hilly states.

NATURAL RESOURCES

FORESTS

18.11 The contemporary economic perspective on the preservation of forests is that it is an environmental 'public good,' generating positive externalities for multiple stakeholders beyond the local level. There are costs, including opportunity costs, associated with forest preservation, which are borne by local stakeholders while benefits accrue to a dispersed group of stakeholders (the country and the world at large). For example, the ban on green felling has meant that many states with large forest cover have had to forego revenues from this source. These also happen to be mostly less developed states, such as

Himachal Pradesh, Uttaranchal, Chhattisgarh and the north-eastern hill states.

18.12 It is possible to quantify the costs and benefits of forest preservation. If regional balance is to be encouraged by leveraging the innate strengths of the less developed states, there is no reason why these already relatively backward states alone should bear the country's economic burden of environmental conservation. Consideration needs to be given to evolve a suitable mechanism to "compensate", in some way, these backward states with a high proportion of land under verified forest cover, for providing this 'public good'. This would be a pro-equity entitlement that would create a level playing field and reduce the inherent economic disadvantages of backward, forested states.

Minerals

18.13 Similarly, mineral-rich states like Bihar, Jharkhand, Orissa, Madhya Pradesh, Chhattisgarh, Andhra Pradesh and West Bengal are all also relatively backward states. Large concentrations of tribal population live in the mineral-rich areas of these states; these also tend to be amongst the most deprived groups and the poorest areas within the state. Due to shortcomings in the existing royalty system, lateral transfers are, in effect, taking place from these backward states to the rest of the country, accentuating regional imbalances. Royalty rates are, unfortunately, fixed with the well-being of the public sector coal industry being the primary concern of State policy.

18.14 The key issue is the linkage of royalty on coal with the competitiveness of the coal industry. It would be rational and just to de-link royalty from the performance of coal companies. In case the Central government feels that warranted increases in the royalty rate might be injurious to the health of coal companies, and desires to prop them up nevertheless, it should subsidise these companies in a transparent manner. Because of the implications of this policy for the mineral-rich, backward states, this step alone would go a long way in redressing past inequalities and sending a strong signal indicating the commitment of the Centre for regional balance.

INFRASTRUCTURE ENDOWMENTS

18.15 Many of the less developed states have had less favourable initial infrastructure endowments relative to other states. This is evident in the Index of Social and Economic Infrastructure prepared by the Eleventh Finance Commission. Bihar, Madhya Pradesh, Orissa, Rajasthan and most of the north-eastern states are ranked low in the Index. On the other hand more developed states like Goa, Punjab and Gujarat, to name just three, have better infrastructure endowments.

18.16 There is, arguably, a greater need for higher levels of investment in social services and infrastructure in the relatively backward states as compared to the more developed states. The governments of the backward states tend to be fiscally weaker and are, therefore, unable to find enough resources to meet the huge investment requirements needed to catch up. On the other hand, the more developed states are fiscally better off and, therefore, able to improve their social and economic infrastructure further and thus attract private investment, both domestic and foreign. Conversely, the backward states are caught in a vicious cycle of being unable to attract private investments because of the unfavourable investment climate and poor infrastructure and not having resources to improve the infrastructure. The challenge is to break this vicious circle.

18.17. The Bharat Nirman announced by the Finance Minister in his Budget Speech for 2005-06 is an over-arching vision to build infrastructure especially in rural India. Conceived as a business plan to be implemented over four years, Bharat Nirman has six components namely, irrigation, roads, water supply, housing, rural electrification and rural telecom connectivity (see Box 18.1).

PUBLIC INVESTMENT

18.18 In the past, especially during the first three decades of planned development, a major

Box 18.1
Bharat Nirman

The goals of Bharat Nirman are

- to bring an additional one crore hectare under assured irrigation.
- to connect all villages that have a population of 1000 (or 500 on hilly/tribal areas) with a road.
- to construct 60 lakh additional houses for the poor.
- to provide drinking water to the remaining 74000 habitations that are uncovered.
- to reach electricity to the remaining 1,25,000 villages and offer electricity connection to 2.3 crore.
- to give telephone connectivity to the remaining 66822 villages.

catalyst for the development of backward regions was the massive Central investment in key sectors. Though these investments might not have triggered regional development, they had a positive impact in a number of backward regions in various states. Since the early 1980s, the scope and role of such direct Central investment have been steadily declining. The liberalisation process, reforms in financial and industrial sectors and budgetary constraints of the Union government have further reduced the scope of such Central investments. The main instruments of Central support for less developed states now are resource flows to the states via Finance Commission awards and Planning Commission allocations. These are likely to remain largely equity based and in favour of backward states.

18.19 The Gadgil Formula for transfers of Plan funds (normal Central assistance) to states has been in force for over 30 years. The Formula has ensured a predictable flow of non-discretionary financial resources from the Centre to support the development of the states. However, it should be recognised that while equity would have been a major consideration in drawing up the Formula, its operation does not seem to have noticeably mitigated regional disparities. The actual flow of funds to backward states resulting from the operation of the Formula till date needs to be analysed and the Formula may need to be revisited in the present day context. In particular, all such formulae and transfer mechanisms should be reviewed to ensure that not only are they transparent but also that the instruments to tackle regional disparities have in-built mechanisms to ensure that a state's own efforts towards bringing about regional balance are rewarded. More importantly, the formulae should not promote perverse incentives, that is. the incentive to remain poor.

CAPITAL FLOWS

18.20 In the early Plans, capital flows, whether public or private, were largely regulated and directed in nature. However, post-liberalisation, and in particular during the last two Plans, private, institutional and external capital flows have tended to become more and more market-determined. The pattern of distribution of these flows is a subject of increasing interest. There is a correlation between per capita capital inflows and the state of infrastructure. States attracting relatively larger per capita capital flows are also better placed in the infrastructure index.

18.21 Of the various kinds of capital flows, those arising out of disbursement from externally aided projects (EAPs) require special mention. This is because, in the present era of resource constraints, it is imperative for state governments to maximise additionalities to their domestic resources to the extent possible. EAPs are the single most important potential source of augmenting the state's resources because, typically, between 70 and 90 per cent of expenditures on EAPs are reimbursed to the state in the form of additional Central assistance (ACA), and there is no ceiling on the amount a state can receive as ACA. The amount of ACA received by a state by way of external assistance depends only on the efforts made by the state, primarily in terms of efficiency of project implementation, preparation of project proposals keeping in view donor agency requirements, aggressive follow up of proposals, and projection of a positive perception of the state, specially in matters relating to governance and reforms.

18.22 This appears to be the only window in which it is possible for less developed states to attract financing for developmental efforts, even if they are not so well off or well endowed in terms of infrastructure. Both Andhra Pradesh and Orissa, among the top five states receiving highest levels of per capita per annum assistance during the Ninth Plan, are cases in point. In absolute terms, less developed states like Uttar Pradesh and West Bengal, to a large extent, and Madhya Pradesh and Rajasthan, to a lesser extent, have also done well. The link between capital flows and high income/infrastructure levels seems to be the weakest in EAPs in relation to other forms of capital flows, and this indicates considerable scope for state initiative.

INTRA-STATE DISPARITIES

18.23 Some of the factors explaining inter-state disparities do not automatically apply in the consideration of intra-state disparities. States are administratively homogenous units. Favourable treatment to, or alleged neglect of, a state by the Central government cannot be an explanation for uneven development between regions within a state. Nor can financial constraints faced by a state be a reason. These factors are neutral within a state. Yet, most states have large intra-state disparities. Interestingly, some of the most prosperous states have the largest intra-state disparities.

18.24 While particular areas may have certain limitations and constraints in making very rapid progress on human development, owing to geography and limitations of natural resources, an entitlement in terms of a minimum standard should be attainable for all. There is, thus, a case for setting of public policy goals for achieving defined minimum standards in key indicators of human development for the entire state. One way of starting would to focus attention on the districts lagging behind, establish feasible and doable levels of desired human development outcomes, and direct priority attention as well as an adequate flow of public resources to those districts. This approach could be encouraged and monitored in the Planning Commission's dialogue with the states on State Plan priorities.

18.25 The Commission should also consider putting into place a mechanism to financially or otherwise reward states (whether more or less developed) that have achieved a significant level of intra-state regional balance as assessed by objective district-level indicators. Alternately, there could be a disincentive mechanism that would apply to better-off states that have large regional disparities, in order to encourage all states to proactively strive for greater regional balance.

TRIBAL AREAS

18.26 The tribal areas, in particular those in the central India, are arguably amongst the most backward areas of the country. The planning system has attempted to address the special financial and developmental requirements of these areas through the Tribal Sub Plan (TSP), adopted since the Fifth Plan. The TSP enables the development of special strategies and the earmarking of funds (proportionate to the tribal population of the state) within the State Plan for the tribal areas.

18.27 The idea was to provide a thrust to development of the tribal areas, to improve livelihood opportunities and fill critical gaps based on the special needs of the population of these areas. However, in practice, TSP has become a loosely-knit agglomeration of schemes prepared by line departments and driven more by departmental priorities rather than any broad philosophy or thrust on tribal development. People's participation is conspicuous by its absence. There is no objective assessment or evaluation of earlier efforts. The programme achievements are measured in financial terms, and not in outcome terms.

18.28 The TSP needs to be looked at as an integrated pool of funds that should be deployed only in a few key priority areas and activities that are needed to achieve minimum norms of human development in the target areas and raise income levels of the scheduled tribes residing there. The TSP should be reviewed, revamped, energised and taken seriously. This will also go a long way towards improving regional balance, and reducing intra-state disparities.

DECENTRALISATION AND LOCAL INITIATIVES

18.29 Local ownership and initiative are critical for the successful implementation of development programmes. Externally imposed plans are unlikely to lead to successful outcomes unless they are supplemented by local initiatives. Enabling local decision-making on development issues will also reduce the likelihood of neglect of certain regions or districts due to centralised state-level compulsions.

18.30 Decentralised decision-making structures, therefore, have to be vigorously promoted, and the Constitutional provisions relating to district planning and panchayati raj institutions (PRIs) implemented with the active encouragement of the Planning Commission. There is absolutely no reason why non-compliance of these Constitutional provisions should be allowed to persist for so long. Decentralisation of funds, functions and functionaries to the third tier of governance needs to be closely monitored and linked with allocation decisions.

GOVERNANCE REFORMS

18.31 The quality of governance is an important factor influencing the pace of socio-economic progress of a state. Successful implementation of development programmes requires adequate funds, an appropriate policy framework, formulation of suitable Plan schemes, and effective delivery machinery. Past experiences suggest that availability of funds, though important, may not alone be adequate to tackle the problems of poverty, backwardness and low human development. What is equally important is the capability of the delivery system to effectively utilise these funds and implement schemes on the ground. There are deficiencies in both respects.

18.32 Governance reform needs to be at the centre-stage of development planning, since without good governance and programme implementation, much of the vast quantity resources being spent for development is wasted. Governance reforms have, in recent years, been the focus of the Planning Commission's development strategies. The Tenth Plan document had outlined an agenda for governance reforms. It includes a multifaceted strategy based on decentralisation, civil service renewal, open and responsive government, tackling corruption and strengthening the rule of the law, and fiscal and environmental sustainability. These directions remain relevant today.

18.33 The administrative framework needs to be significantly strengthened particularly in the north-eastern states. The reach of the administrative network is weak in several of these states, leading to difficulties in implementation of most development schemes. Funds continue to flow through the defunct autonomous districts councils where elections have not been held for a long time. As a precursor to development initiatives, the unfinished agenda of strengthening the administrative framework in the region needs to be addressed and satisfactorily resolved on priority.

SINGLE ECONOMIC SPACE

18.34 Another fiscal issue that needs to be addressed urgently is that of the distortions in incentive structures caused by existing competitive policies, particularly in the industrial sector in the form of industrial incentive policies, as well as the negative impact of the existing economic barriers between states. Subsidies, whether based on capital investment or interest, cause a direct outflow from the exchequer. Tax concessions and exemptions carry a cost in terms of revenue foregone. This, it is argued, is a short-run sacrifice for the long-term objective of enhancing the state's taxable capacity by attracting industrial investment. Evidence from different states so far, however, seems to indicate that the claimed benefits of such policies are suspect, and usually not commensurate with the losses to the state exchequer. That is something that cash-strapped backward states in particular can ill afford. Similarly, inter-state trade barriers exist in the form of border check posts and octroi/local taxes. These barriers inhibit the free flow of commerce and reduce income generation.

18.35 There needs to be a consensus on the idea of a single economic space in the country, to maximise efficiencies and productive potential of business and commerce, which would also give a fillip to the economies of the less developed states according to their comparative advantages. The varying sales tax regimes in different states also distort market incentives and lead to loss of revenues on various counts. There is consensus that the implementation of value-added tax (VAT) is an important step forward in the rationalisation of the indirect tax regime and one that will stimulate economic activity and help increase revenues of all states. There is a need to recognise the commonality of interests of states and work together towards the objective of creating a common economic space, which can release growth-enhancing efficiencies for all states, thus equalising economic opportunities.

REFORM-LINKED TARGETED FUNDING INITIATIVES

18.36 The Tenth Plan had stated that a core element in the Planning Commission's strategy towards reducing regional disparities is the targeting of less developed areas with funds for capital investments and innovative delivery mechanisms linked to institutional reforms. The Rashtriya Sam Vikas Yojana (RSVY) was initiated in 2002-03 with a view to assist the development of backward areas through additional grants for developmental programmes that would help reduce imbalances, speed up development and help these areas overcome poverty, besides facilitating the states to take up productivity enhancing reforms. Although yet to be fully operationalised in all the targeted districts, RSVY has got off to a promising start, and the concept needs to be developed further in the light of experience.

18.37 The Tenth Plan had also proposed that RSVY funding should be available to a state only if the concerned state government undertakes an agreed set of reforms. Reforms in the administrative and fiscal structure, in policies related to the day-to-day life of the ordinary people and in the way financial and administrative powers are delegated are needed to supplement the flow of funds. While the targeting of funds to certain identified most backward districts and certain conditionalities on good administrative practices in the targeted districts have been operationalised, the economic reform linkage has not. Admittedly, state-level institutional and economic reforms are needed to enhance the growth potential of states. However, while these reforms may be desirable in themselves, they may not necessarily help redress inter-state and intra-state regional disparities. In fact, the impact of reforms in the initial stages may even be to widen these disparities. The focus of the RSVY approach needs to be kept on the issue of regional balance, and the scheme modified and strengthened according to this focus.

18.38 The criteria for identification of backward districts under RSVY also need to be revisited. Human development indicators like the literacy rate and the infant mortality rate (IMR), which are now universally and nationally recognised as better indicators in assessing the level of living of the people of an area, should also be included.

POLICY CONSIDERATIONS

18.39 The directions outlined above would help in addressing the problem of growing regional disparities. Directed flow of financial support to less developed states remains the primary instrument available to the Centre for the purpose. However, a key issue is the approach to be taken if, despite this, the desired development does not occur, governance and implementation does not improve, and the states remain backward. It could be argued that preferential funding should be made strictly conditional on reforms. At the same time, it is probably not an equitable or feasible option to actually curtail or reduce the flow of additional resources to less developed areas. Rather, it will be necessary to continue directing additional flows to these areas in the most effective way that is possible. This is a challenge that needs to be recognised and addressed in the formulation of any approach towards bringing about greater regional balance.

18.40 The basic approach has to be an outcome driven one. Additional funding must be seen as only the instrument to achieve the desired outcomes, and not as an end in itself. It should be possible to define nationally acceptable minimum norms of human development and infrastructure development that every district in the country must attain, and direct policies, initiatives and funds to fill the normative gaps and achieve these standards. Central initiatives such as the Sarva Shiksha Abhiyan and the proposed employment guarantee legislation are examples of such normative approaches.

18.41 This will require changes in the pattern of providing Central assistance to State Plans. If the intention is to sharpen the focus of planning for the states towards improving regional balance, the idea of providing significant allocations out of this Central assistance for funding to support regional balance initiatives needs to be considered. The question of how these significant allocations are to be provided needs to be considered. Since the total Central assistance is likely to increase only incrementally from year to year, these allocations have to be found from within the existing flows, by reorienting their present content and direction.

18.42 Presently, block loans/grants in the form of normal Central assistance to support State Plans are provided as non-discretionary flows according to the Gadgil Formula. The Formula can be modified only though a consensus in the National Development Council. Recent proposals for modification have not been able to generate the required consensus among states. It appears that normal Central assistance is likely to continue in its present form in the near term.

18.43 However, this is not the only channel for Central Plan assistance to states. More than half of such assistance is allocated through a number of sector-specific schemes of special Central assistance/ACA. Some of these schemes are area development programmes targeting hill areas, tribal areas or the north-eastern region. Such area development schemes tend to be consistent with regional balance objectives. Apart from these few schemes, a large number of the ACAs are essentially discretionary flows tied to a particular programme or sector reform initiative of the Central government, generally relating to subjects in the jurisdiction of the states. Most of these are indistinguishable in intent and content from Centrally sponsored schemes. It could be argued that if these ACAs are truly necessary for achieving desirable sectoral objectives, they could well be continued by the Central ministries and departments as centrally sponsored schemes.

THE WAY FORWARD

- The objective of bringing about greater regional balance must be the overriding consideration for determining the use of Central funds that flow as Central assistance to State Plans
- A Backward Regions Grant Fund (BRGF) mandated to address regional balance concerns could be structured with the following two windows:
  - Backward Districts Window: This could be an area-targetted grant facility, broadly on the lines of the existing RSVY. Initially the window will consist of all backward districts from RSVY list. This list will be enlarged to cover the hard core backward states, viz. Bihar, Orissa, Jharkhand, Chattisgarh, Assam, East UP and East MP, more intensively. Transitional provisions will be made for 32 districts (from the list of 55 naxalite activities affected districts, which are not strictly backward districts in the RSVY list, for the remaining two years of the Xth Plan, whereafter they

will be covered under a separate programme for Development of Districts affected by extremist activities.

- Compared to the provisions of the still nascent RSVY, a greater emphasis may be placed on human development indicators for identification of target regions and districts. Elimination of minimum normative gaps in local area developments; in physical infrastructure; in social attainments in health and education and land productivity should be the prime objective of financing interventions from this window. The selection will be based on objective parameters subject to minor changes in consultation with states.
- State Infrastructure & Reforms Window: This could also be a grant facility for providing viability gap funding which will enable resources to be leveraged for core infrastructure projects at inter district or state level in less developed states. These projects will include projects that would otherwise be considered as not viable financially but are necessary for removing backwardness. The amounts to be made available to states will be in proportion to the population residing in their backward districts.

- Unlike past practice, tripartite agreements or contracts between Central, State and local governments should be entered to incentivise appropriate State level policies that will improve regional balance. The role and the responsibilities of the State Governments should be factored in if the BRGF is to achieve its stated purpose. The emphasis has to be on outcomes, and necessary institutional reforms. Ignoring ground realities will not help. These agreements should link releases to achievement of listed outcomes in accordance with agreed schedules and also provide for strengthened and responsive delivery systems and for suitable remedial action by Government of India in case of misuse of funds.
- Convergent management of relevant ongoing Central government initiatives like the National Food for Work Programme, Sarva Shiksha Abhiyan and Mid Day Meals that, by their very nature, facilitate pro-equity resource flows to less developed states, should be achieved. This can be done effectively through the mechanism of a district plan, and would need to be accompanied by a determination of clear cut outcomes.
- The Planning Commission should be the bridge between the Centre and the states that its present role enables it to be. This is necessary because the Planning Commission is the only agency that directly supports the development Plans of states and is engaged in a regular development dialogue with them. This means that the Commission must see itself in a more proactive role in championing the cause of the states with Central ministries in key policy issues that have strong equity and regional balance dimensions. In a liberalised, market-driven policy environment, the responsibility of the Commission is greater in that it has to ensure a level playing field for less developed states and regions. Simultaneously, the State Plan allocation and dialogue process should be reoriented to focus more on macro-policy issues, equity and regional balance concerns, and promotion of decentralised planning structures. In line with its original mandate, the Commission's role and influence must be leveraged more effectively with both the states and the Central ministries for bringing about greater inter-state and intra-state regional balance.