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**LOCAL ECONOMIC DEVELOPMENT: AN ENQUIRY IN THE INDIAN
CONTEXT**

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ABSTRACT

The purpose of this article is to explain the need and importance of local level economic development in India. The idea has got tremendous boos after the Government mooted the approach of smart cities in India.

Today India is known as one of the fastest growing country in the world. Local Economic Development (LED) is an alternative way for local level economic development. There is lack of academic support in the developing countries to such decentralised way of generating economic opportunities at local level using local resources and local potential. This is in spite of the fact that Constitution of India provides power to local authorities to plan for economy of the area under their jurisdiction; but due to unawareness and lack of guidance there is alarming governance gap and lackadaisical approach. To complement further, the paper suggests three possible components of legal frameworks to introduce local economic development in India.

INTRODUCTION

Local Economic Development (LED) is a participatory process in which local people from all sectors work together to stimulate local commercial activity, resulting in a resilient and sustainable economy. (UN Habitat, 2005). It has been visualised as a tool rather than a goal to enhance employment opportunities and improve 'quality of life' of people. (UN HABITAT, 2005). The need to push and pursue LED arises because urban planning and economic development cannot be kept separate in watertight compartments (Flamur Kuci, et. al. 2016).

The term 'Local Economic Development' is relatively new in the realm of development paradigm and has come for discussion only in the late 1970s. Different countries had different reasons for persuasion of Local Economic Development. However, the most common element among them was the competitive advantage of various locations within the country which could boost business and move capital for intense commercial activities and economic growth. Many of the western countries who came out to support LED quickly realized that if local governments, private sector investors and non profit organisations work together and create opportunities, an interesting

alternative approach to development might emerge. This approach may closely focus on development goals, with immaculate sustainability, competitiveness and inclusiveness. (Local Economic Development, Training Module, 2016) Walter et. al. opines that LED can encourage substantial economic growth by integrating various development issues and promoting collective decision making at local level (Bonnie Walter et. al. USAID, 2006).

The basic purpose of this paper is to bring to the fore the discussion about how an LED approach may bring renewed vigour to economic growth of India which is sixth largest economy of the world.

IMPORTANCE OF LED

Indian economy is one of the fastest growing economy. It is also one of the largest economy of the world. It has tremendous growth potential. However, the present planning approach is centralised to the centre and the states. The Local Economic Development approach may further catalyse economic development. At present planning at the national and state level while implemented, there is no mechanism to monitor the same effectively. More over the local needs and requirements are often neglected and development of a typical kind is imposed upon them.

The Constitution of India does provide liberty for comprehensive plans at local level. 73rd and 74th amendment act recognised and empowered local government, under Article 243 G and article 243 W of the Indian constitution and paved way to prepare the plans for economic development and social justice by the local authorities. However in practice, such plans are given a miss at local level by the local authorities.

The need of LED approach increases further as the Government envisage and seeks to implement the concept of 'smart cities'. There is immense scope to include LED approach to further strengthen the goals of smart cities.

Further, as we move towards smart cities we also need to create suitable environment which may stimulate and generate new opportunities at local levels with better governance, thereby leading to sustainable economic development particularly with respect to poor and backward classes of society.

Unfortunately, there is no single model of how to implement strategies for local economic development. As a result, much depends upon the effectiveness and efficiencies of the traditional system of local governance which also encompasses a wide range of institutions, instruments and markets. Also the question about the ownership ratio of local resources would be raised consistent with concerns of independent local bodies and citizen forum.

Framework of LED

The basic framework for a LED plan already exists in the constitution of India where ample freedom and responsibility have been given to local authorities to plan for the economic development of the local areas under their jurisdiction. (Part IXA, 74th Amendment of Constitution of India) For example municipalities are mandated to provide special economic services and to assist other agencies with the provision of such services, where appropriate. These services include urban planning including town planning, regulation of land-use and construction of buildings, planning for economic and social development, roads and bridges, water supply for domestic, industrial and commercial purposes, public health, sanitation conservancy and solid waste management, fire services, urban forestry, protection of the environment and promotion of ecological aspects, safeguarding the interests of weaker sections of society, slum improvement and up gradation, urban poverty alleviation, provision of urban amenities and facilities such as parks, gardens, playgrounds, public amenities including street lighting, parking lots, bus stops and public conveniences, regulation of slaughter houses and tanneries. Thus, there is an exclusive mentioning of the term 'planning for social and economic development' in the 74th amendment, besides specific development related provisions. Nonetheless, development plans are grossly ignored most of the local authorities and plans for local economic development are seldom discussed at local bodies forum.

To prepare a framework of Local Economic Development in Indian context, three different legislative components can be identified:

1. Municipal Corporation Act
2. Town Planning Act
3. Local Economic Development Act.

There is an urgent need that the municipal corporations while following the act must include strategies of economic development particularly developing local opportunities to the fullest.

All policies for economic development must also be made integral part of any urban planning process. The municipal corporation or equivalent local authority must publish comprehensive policy documents providing a road map to sustainable development of cities. As a matter of incentive, the potential and realised outcomes must also be recorded at regular time periods. The policy document must also take into account the impact of external components, for example, how and to what extent the national policy may affect the local development programmes. Finally integration and co-ordination with different participants remains a focal point for successful development planning.

Town Planning Act has got tremendous boost ever since smart city concept has been mooted by our Prime Minister Shri Narendra Modi. It is heartening to note that the Ministry of Urban Development, Government of India provides comprehensive guidelines periodically under Urban and Regional development Plan Formulation and Implementation (URDPFI). Such guidelines were last modified and revised in 2014 and known as URDPFI Guidelines of 2014. Although the document does not include exclusive guidelines for the formulation of economic development plans, many of its new inclusions refer to the need for changing the perspectives through which local plans are made. (Centre for Science and Environment Workshop, 2016) For example, the guidelines now talk about sustainable urban and regional development, integration of land use and transport plans, E Platform for people participation, Utility Services and Infrastructure Planning, data collection and realised development goals. These components when developed will address some of the key issues of Local Economic development.

So far as Local Economic Development Act is concerned, there is no such exclusive act in India. In contrast many developed and developing nations have successfully constituted local social and economic development plans. The constitution of South Africa, for example, provides a legal framework to constitute Local Governments with an objective to attain social and economic development through increased community participation. The Constitution of Republic of South Africa notes that 'Only when all citizens receive at least a lifeline supply of basic-need services and goods, can equity be achieved; only with the social and economic development of a community, can there be justice' (Makhado Local Municipality Document Section 3 Legal Framework, 2005).

In Philippines, the National Economic Development Authority (NEDA), a constitutional authority is responsible for both formulation and implementation of integrated socio-economic development plans, policies and programs. However, NEDA also takes into consideration the related stake holders such as the private sector, community organizations and beneficiaries, local government units and appropriate public agencies (Executive Order No 230 Reorganising the National Economic Development Authority)

In New Zealand, the local government is self financing in nature, which in itself has certain limitations. However, Local government economic support tends to focus on issues such as marketing, investment attraction general infrastructure provision and acting as a conduit for central government support for small business development in the larger centers (Etienne Nel and Teresa Stevenson, 2014)

The country encourages all such activities which can co ordinate larger local governments for integrating local issues and matters and bringing them to mainstream of development paradigm.

Conclusion

India has witnessed two important and revolutionary ideas being implemented in the last three years. The Smart City approach of the present Government is not just another name of a developed city. The challenge is to bring lesser developed cities to an ambit of fully developed and organised city, where they can justify their smartness. The task requires tremendous efforts by the local authorities and the matching funds must also be forthcoming.

Another important revolutionary change is the GST Regime to which India is gearing up with multidimensional impacts. The functions of local authorities would be severely restricted as the erstwhile sources of revenues dry up. The Government would be walking on a tight rope policy so as to encourage both GST and Smart City at the same time. It is likely the Government will also come with special funding of identified smart cities.

At present India does not have Local Development Plan for local authorities. Therefore, the local authorities remain indifferent to socioeconomic targets and their achievements. They also do not make attempt to exploit local resources and plan their efficient use. This can not sustain for long. Eventually in the global context, only larger and financially strong localities will be able to attract investments both from within and outside the country, which would make the goal of economic equity and regional balanced development a distant goal. Therefore, In the long run, the local authorities would have to be given adequate power to formulate policies and implement them to bring economic development a reality at the local level.

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