

**GANDHIAN ECONOMIC IDEALS AND PLANNED ECONOMIC
DEVELOPMENT OF INDIA : A FOCUS ON SOME SPECIFIC ASPECTS**

**A DISSERTATION SUBMITTED IN
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FOR THE DEGREE OF
MASTER OF PHILOSOPHY
IN ECONOMICS**

SUBMITTED BY

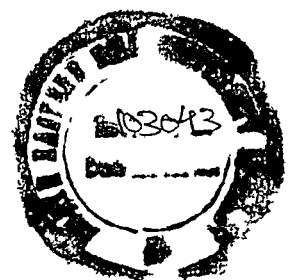
TALLURY SYAMA SUNDAR

SUPERVISED BY

PROFESSOR S. K. MISHRA



**DEPARTMENT OF ECONOMICS
NORTH-EASTERN HILL UNIVERSITY
SHILLONG
NOVEMBER, 1993**



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Author by [unclear]
Transcribed by [unclear]

Professor S.K. Mishra
Professor of Economics
North-Eastern Hill University
Shillong

CERTIFICATE

This is to certify that Shri Tallury Syama Sundar has worked under my supervision for his M.Phil. Dissertation entitled "GANDHIAN ECONOMIC IDEALS AND PLANNED ECONOMIC DEVELOPMENT OF INDIA : A FOCUS ON SOME SPECIFIC ASPECTS" and no part of it has been submitted elsewhere for the award of any degree. This dissertation, in my opinion, is worthy of an award of the Degree of Master of Philosophy in Economics.



(S.K. MISHRA)
Supervisor

Shillong,

November 30, 1993

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P R E F A C E

Mohan Das Karamchand Gandhi, a multifaceted personality of the present century, left an indelible impact on problems facing Indian economic development and the remedial measures. The author feels that there is considerable academic interest to focus attention on the economic content of the Gandhian literature in the context of planned economic development of India.

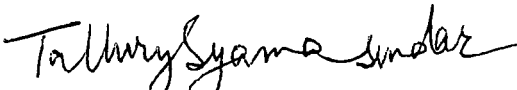
The present dissertation has been an attempt to compile information on some aspects of the economic content of the Gandhian literature relevant to economic development of India, to survey the extent to which the Nehru-Mahalanobis Model achieved its objective of a planned development of Indian economy, to identify the lacunae existing in the model and to suggest possible remedial measures based on the Gandhian economics. Although the problem chosen embraces a wide spectrum of events of Indian economic scene, the present work has been an attempt to explore the efficacy of the Gandhian thought to reduce the gulf between the cherished objectives of the Indian economic arena and the results accomplished during the post-independent period of India. The present study is therefore an attempt to throw light on the extent to which the Gandhian goal of "Unto This Last" has been achieved and to suggest remedial measures to overcome the lacunae.

The methodology adopted has been a broad survey of the Gandhian economic system to start with, a study of the plan outlays of the post-independent period on aspects significant to the Gandhian

economics, a survey of the results achieved in these categories and to suggest the need for appropriate emphasis of the areas in which the desired progress is still to be achieved. It is hoped that the present work constitutes a background for further research on the subject especially in the light of the contemporary economic liberalization dominating the present economic scene of India.

I wish to place on record my sense of gratitude and indebtedness to my esteemed teacher and supervisor, Prof. S.K. Mishra, Professor of Economics, Department of Economics, North-Eastern Hill University, Shillong, for very kindly suggesting the problem and providing competent guidance and encouragement throughout the progress of the present work. His critical assessment of the relevance of the Gandhian thought to the contemporary economic problems of India has been my good fortune in the accomplishment of the present dissertation.

I am very much grateful to Prof. S.N. Guha Thakurta and Prof. K. Bez for permitting me to make use of the facilities of the Department of Economics, North-Eastern Hill University, Shillong, throughout the progress of this work. My thanks are also due to Dr. T. Lawma, Reader, Department of Economics, North-Eastern Hill University, Shillong, for helpful suggestions. Thanks are also due to Srimati B. Sharma for rendering help in a number of ways which contributed to a successful completion of the present work.



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CHAPTER - I

INTRODUCTION

1. A Brief Biographical Sketch of Gandhi with Emphasis on the Genesis of Gandhian Economics

1.1. Early Life in India and England

Mohan Das Karamchand Gandhi was born on October 2, 1869 at Porbandar, Gujarat. He was deeply influenced by his pious mother in moulding his moral and religious facets.^{1,2,3} Obedience to elders, punctuality and regimentation in implementing cherished habits were imbibed by him from his child-hood. After marrying at an early age of 12 he went to England in 1888 to study law. He kept up a pledge taken before his mother to maintain his cherished set of habits during his stay abroad. He returned to India in 1891 after qualifying for the bar and started legal practice first in Rajkot, Gujarat, and then in Bombay without much success.

1.2. Life in South Africa

He went to South Africa in 1893 on a legal assignment for one year. The appalling conditions under which his countrymen lived there due to racial discrimination made him extend his stay for

about 20 years as an advocate in an attempt to ameliorate their sufferings. Incidents of insult inflicted on him, being a non-white, became the genesis of social protest in him. He mobilized the Indian settlers there for a united action to protect their self-respect. Encouraged by the initial success in a couple of issues, he organized the Natal Indian Congress to get a platform for an agitation against racial discrimination. During a brief visit to India in 1896 he educated the Indian public regarding the colour-bar in South Africa and the consequent tragic conditions of Indian settlers there. He escaped providentially from an attack on his life and his pleas not to prosecute his assailants enhanced his prestige in South Africa. He raised the Indian Ambulance Corps in 1899 to serve the British soldiers injured in the Boer war. This was done in spite of his sympathies for the Boers and was greatly appreciated by the British government in South Africa. Gandhi returned to India in 1901. Within a few months he was called back by the Indian settlers in South Africa to resist against the anti-Indian regulations of the South African government. Gandhi launched for the first time, Satyagraha,⁴ a non-violent civil resistance, against such repressive measures, which led to their removal. Gandhi thus emerged as a renowned political leader and his Satyagraha as a potential non-violent political weapon.

1.3. Early Achievements in India

Gandhi returned to India in 1915. Influenced by Gokhale, his political mentor, he plunged straight away into the Indian political arena. His first political move was to offer support

to the British Imperialism in India during the first world war. He established an Ashram in Ahmedabad on the banks of the river Sabarmati. The inmates of the Ashram constituting a cross-section of different parts and communities of India took vows to uphold truth, non-violence, celibacy, control of the palate, non-stealing, non-possession and the use of swadeshi namely, indigenous materials. The Ashram life⁵ became the milieu for the genesis of the Gandhian Economics which subsequently played a significant role in the Indian freedom struggle.

Gandhi's first act of civil disobedience⁶ in India was in Champaran, Bihar, which led to a redressal of the grievances of indigo peasantry against the European planters. Through Satyagraha Gandhi could strike again a compromise between the Ahmedabad textile workers and the mill-owners. The next successful Satyagraha was in Kheda, Gujarat, which led to a suspension of payment of land revenue by the farmers affected by famine.

In 1918 Gandhi mobilized Indian support to the British Government for the first World War. He expected an improvement in the British attitude towards Indian independence consequent upon the support of the Indian people during the first World War. The Rowlatt Commission appointed to make recommendations for administration of justice in India inflicted, on the contrary, curbs on civil liberties. Gandhi started civil disobedience movement on the lines adopted by him in South Africa. Gandhi and a few more prominent leaders were arrested which led to a mass violence. In spite of a ban on holding public meetings

people of Jallianwalabagh, Punjab, held one such attended by thousands of men, women and children. The city was under the control of a general named Dyer. He ordered opening of fire at the gathering in an area surrounded by walls on three sides killing hundreds of people. News of the massacre resulted in mass revolt in the whole country. Such an unprecedented violence on innocent people and the failure of the British government to punish the concerned officers hardened Gandhi's attitude towards the rulers. These developments led to the genesis of Gandhi's non-cooperation movement. The essential aspects of the movement were to surrender titles and honours bestowed on Indian personalities by the British government and to boycott foreign goods, courts of justice and educational institutions run by the government. He advocated the use of hand-spun cotton and hand-woven khadi which constituted an important component of the Gandhian economics. He advocated that the British government needed India's wealth and manpower to strengthen their hold on India. Refusal to supply men and money was considered by him to be a potential weapon in achieving independence. Gandhi's appeal had a profound effect on the Indian public. The government resorted to several repressive measures by curtailing freedom of press and speech.

1.4. Genesis of Gandhian Economics

Gandhi was arrested in 1922 and was released two years later. Glimpses of the genesis of the Gandhian Economics^{7, 8} were available during this period. Initially Gandhi had admiration for the British system of administration in India, which he felt

was intrinsically good. After the first World War Gandhi realized that the British rule inflicted an economic degradation of India. He realized that the comfort enjoyed by the town-dwellers working under the British rule was the brokerage they got for the service done to the foreign rulers. He could know that this brokerage was sucked from the innocent starving millions of rural folk of India.

Gandhi withdrew the movement of non-violent non-cooperation and advocated, in stead, the launching of constructive programmes⁹ to ameliorate the misery of the rural population of India. According to Gandhi economics should pave the way towards social justice and decent living and must not be contradictory to the highest ethical standards. The motivation for such a concept in Gandhi can be traced back to the influence on him of Ruskin's "Unto This Last".¹⁰ It states that an economy is good if it is conducive to the good of all. This concept is in agreement with the famous dictum "Maximum good of the maximum number" advocated by John Stuart Mill and the statement : "Good of the least privileged" of John Rawls".¹¹ Gandhi denounced the role of force and exploitation and was thus opposed to violent methods of controlling. He made no distinction between the means adopted and the ends desired. This concept is related to Robbins-Tinbergen dichotomy of means and ends and the pragmatic attitude of ~~Pierce~~, Schiller, James and Dewey which considered the action, namely means, to be good if the effects, namely ends, are good as emphasized by Bertrand Russell in his book entitled, "A History of Western Philosophy". He was a firm believer in the vitality of

the masses. Democracy for him meant the mobilization of the entire physical, economic and spiritual resources of various sections of the people in the service of the common good of all. These aspects of Gandhi's life resulted in the launching of constructive programmes which formed the basis of Gandhian economics. The essentials of these programmes are Khadi¹² and other village industries in addition to issues directed to village uplift such as communal unity, adult education, village sanitation and prohibition. The principal aspect of Gandhian economics is emphasis on the concept of village industries. According to him any plan which exploits the raw materials of the country and neglects the potentially powerful manpower never brings human equality.

Gandhi advocated the concept of trusteeship¹³ as a means of transforming the capitalist order of society into an egalitarian one. It may be relevant to mention in this context Boulding's Principles of management of a society as well as an economy¹⁴. These are, (i) The Principle of Threat, (ii) The Principle of Exchange and (iii) The Principle of Integrity of which the last constitutes the basis for the concept of the trusteeship. Trusteeship implies that the moneyed people have their property as trust to ensure the well-being of people elevating the property thus to the level of trustees. Private ownership is permissible only when it is intended for social welfare eliminating the possibility of wealth being used for selfish satisfaction or anti-social purposes. Promotion of national harmony and removal of untouchability also constituted as parts of the constructive programmes launched by Gandhi.

1.5. Events Leading to the Round-Table Conferences

The Congress party spear-heading the freedom struggle adopted "Poorna Swaraj", complete independence, as its goal in 1929. It decided to launch a programme of civil disobedience including non-payment of taxes to achieve its objective. The movement started with a demand for the abolition of the salt laws in 1930. A violation of the salt law was initiated by Gandhi which resulted in the famous salt Satyagraha engulfing the length and breadth of the country. The simultaneous world Economic Crisis of 1930 affected every section of Indian population adversely. Consequent upon an unprecedented upsurge of civil disobedience in India, the British government wanted to have an agreement with the Indian leaders. They were invited to participate in a round-table conference to be held in London. The congress party refused to participate in the first round-table conference since the British government failed to implement a constitution of India proposed by the party. Based on the Gandhi-Irwin Pact signed in 1931, the civil disobedience movement was withdrawn. Gandhi participated alone in the second round-table conference held again in London. Due to a dominance of the conference by the loyalists of the British government Gandhi returned empty-handed, frustrated and disappointed. There was a revival of the civil disobedience movement in 1932. The British government took stern measures to control the agitation. By announcing the Communal Award involving separate electorates to Muslims and other minority communities such as Harijans, the government attempted to keep the Indian community divided. The award was

withdrawn following a fast undertaken by Gandhi. With the outbreak of the second World War in 1939 the British government unilaterally declared India to be a party in the war.

1.6 The Cripps Mission and Quit India Movement

Yielding to world opinion the British government appointed in 1942 Cripps to bring about a reconciliation with the Indian people. Cripps recommended solutions for the immediate and long-range problems of India. An interim government with Indian representatives from various political parties was recommended by Cripps. A dominion status for India was promised to be sanctioned after the second World War. The Cripps Mission failed since the British government wanted to keep defence portfolio with an Englishman. The Indian leadership lost confidence in the promises of the British government. Gandhi gave a call for the famous "Quit India" movement and mass civil disobedience. Gandhi exhorted the nation to "Do or Die" in an attempt to get immediate independence. Fearing that a mass revolt could emerge from Gandhi's exhortation the British government arrested him and other prominent leaders. Mass arrests and killings took place in 1942. People resorted to violence which resulted in large scale destruction. The British government let loose measures to suppress the uprising with a strong hand. From the jail Gandhi extended to the Viceroy a peace proposal which was rejected which resulted in his fast as a protest. Gandhi's wife, Kasturba, died in prison and Gandhi was released unconditionally in 1944 following his indisposition. The allied forces emerged victorious in the Second World War. The Viceroy, Wavell,

suggested a proposal to solve the Indian political stalemate. It consisted of the formation of an interim government at the centre consisting of Hindus and Muslims represented on the basis of parity. The Congress Party and the Muslim League which emerged as the major political parties of the country failed to arrive at an agreement regarding participation in such a government. Gandhi was disappointed since the British government could create an impression that it was willing to grant independence but was prevented to do so because of differences between Hindus and Muslims. The Muslim League came forward with a proposal of partition of India and formation of Pakistan. The proposal achieved a widespread agreement among the Muslims of India. Large scale communal riots resulted following the proposal.

1.7. The Mountbatten Plan

Since the communal riots prevailed unabated Gandhi agreed for the partition of India. The agreed plan was announced by Mountbatten in 1947 to partition India into Hindu and Muslim majority areas. The two states were formed from a united India on August 15, 1947. Gandhi agreed for the plan only after his proposal to oppose it by civil disobedience was not supported by his followers.

1.8. The Last Phase

The partition of India and the wave of communal frenzy preceding it made Gandhi immensely unhappy. He took up the mission of repairing the damage done to Hindu-Muslim unity and shifted his head-quarters to Delhi to fulfill his ambition. A fanatic young

man who could not understand the loftiness of Gandhi's message shot him dead on January 30, 1948, shocking the entire humanity.¹⁵

2. Planning and Economic Development of India

2.1. Principal Aspects of Nehru-Mahalanobis Model

The Planning Commission of India established in 1950 was intended to assess the needs of the country of material, capital and human resources and for their balanced and effective utilization. The first five year plan which started in 1950-51 was followed by a series of Five-Year Plans. The principal objectives of economic planning¹⁶ are the following:-

- (a) Increase in production to enhance the national and per capita income.
- (b) Achievement of full employment potential.
- (c) Reduction of inequalities of income and wealth.
- (d) Establishment of a socialist society based on equality of justice and absence of exploitation.

In order to achieve these objectives a strategy of planned economic development was formulated by the Indian planners. The strategy took a concrete shape with Mahalanobis as its architect with the Russian experience as its model. The thrust adopted was a rapid industrialization through investment on heavy, basic and machine-building industries. As a consequence heavy industry became the foundation of Indian economy elevating India to the level of the tenth most industrialized nation of the world by

1977. A stagnant and dependent economy was modernized and made self-reliant.

2.2. The Lacunae of the Nehru-Mahalanobis Model

A critical assessment of the planned economic development of India spread over several five-year plans indicated that the emphasis was only rapid economic development with the other objectives either underplayed or neglected. Despite a planning spread over a period of 30 years the model failed to provide a national minimum level of living with 40 per cent. of the population languishing below the poverty line. Improper implementation of land reforms resulted in dissatisfaction in rural areas. Inflationary pressures percolated into the economy consequent upon shortage of essential commodities. It was admitted by Nehru in 1964 that he failed Gandhi with the wedge between the rich and the poor increasing.

3. The Gandhian Model of Growth

3.1. The Principal Aspects of the Model

No formal model^l of economic growth was developed by Gandhi who was not a professional economist. He advocated a few pragmatic policies in the context of Indian agriculture and industries which can be considered to constitute the Gandhian Model^{7,8} of growth. The primary objective of agriculture was to attain self-sufficiency in food with an accompanying maximum regional sufficiency. It emphasized the rehabilitation, development and expansion of cottage industries side by side with agriculture, principal among which are spinning and weaving resulting in the

manufacture of Khadi. Every village is to be self-sufficient in food and clothing contributing to the self-reliance of the nation. The Gandhian plan recognized the importance of certain basic industries without interfering with the cottage industries, the two being owned and manufactured by the state. He advocated employment-oriented planning in which agriculture is the most potential milieu. In order to achieve equitable distribution of wealth and elimination of concentration of economic power in the hands of a few he advocated decentralized small scale production. In the event of unavoidable large scale production he suggested government ownership. The model promises a potential to eliminate the aberrations and weaknesses of the Nehru-Mahalanobis model of growth.

4. Objectives of the Present Study

Based on a critical assessment of the Gandhian and Nehru-Mahalanobis models of growth the present study is intended to emphasis the following aspects:

- (a) To establish the lacunae of the Nehru-Mahalanobis model on the basis of the data available.
- (b) To make an assessment of the emphasis given to the basic aspects of the Gandhian model in terms of the plan outlays.
- (c) To suggest the possibilities of incorporation of the essential aspects of the Gandhian model in the future planned development of the Indian economy.
- (d) To explore the practicability of the Gandhian model in the contemporary economic situation of India.

5. Organization of the Work

Chapter II deals with the salient aspects of the economic planning in India and the accompanying strategy of planning. It makes a survey of the principal aspects of the Nehru-Mahalanobis growth model.

Chapter III is a compilation of the essential aspects of the Gandhian model of growth and emphasis on its suitability to the contemporary economic arena of India.

Chapter IV deals with the weaknesses of the Nehru-Mahalanobis model and the suitability of the Gandhian model to overcome its shortcomings.

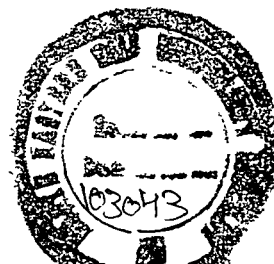
6. Limitations of the Study

The absence of specific data to throw light on the quantitative aspects of the shortcomings of the Nehru-Mahalanobis model is one of the limitations of the present work. In addition, the gulf existing between the reality and idealism associated with the Gandhian model puts a limitation on its application to the contemporary economic problems of India. Further, the suggested remedial measures are to be viewed under the backdrop of the present economic liberalization. However, the present work can open up research in terms of data collection from a selected cross section of the rural population of India to quantify the aspects.

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CHAPTER - II

ECONOMIC PLANNING IN INDIA - THE NEHRU - MAHALANOBIS MODEL

2.1. Introduction

The Indian economy¹ was characterized till recently by restrictions and regulations. It had undirected and uncontrolled economic activity. All aspects of its commercial and financial dealings with the rest of the world were regulated. The liberalization of Indian economy has been a recent development.

Economic planning^{2,3} is the foundation of policies all over the world irrespective of the form of economic system prevalent. It can be considered to be a conscious and deliberate choice of economic priorities by an appropriate public authority. It provides a means of securing a better balance between demand and supply through a conscious and thoughtful control of either production or distribution or both. It is a technique of achieving certain self-defined and pre-determined goals laid down by a stipulated central authority. It can be considered as a deliberate control and direction of the economy by a central

authority for the purpose of achieving definite objectives within a specified period of time.

2.2. Historical Review of Economic Planning in India

Jawaharlal Nehru⁴ may be considered to be the architect of planning in India. Even before Independence a few plans for economic development were suggested of which the earliest was associated with the National Planning Committee set up by Nehru in 1938. In addition, the Gandhian Plan, the Bombay Plan and the People's Plan were formulated.

Soon after independence the Planning Commission⁵ was set up in 1950. Its objective was to assess the need of the country for material, capital and human resources in order to formulate plans for their effective utilization. The First Five Year Plan commenced in 1950-51 followed by a series of Five Year Plans, the Seventh being completed in 1990.

2.3. Types of Planning

There can be a planning by direction or by inducement². The former is controlled by a central authority which plans, directs and orders the execution in accordance with pre-determined targets and priorities. It is associated with a bureaucratic and a totalitarian regime. It leads always to a shortage of something and a surplus of others since the planning is inflexible.

Planning by inducement is more democratic based on persuasion and absence of compulsion. There exists a freedom of enterprise,

consumption and production. Both these techniques of planning are complementary.

The allocation of resources in terms of money is financial planning while the allocation of men, materials and machinery constitutes physical planning. Both the techniques are required to be integrated in development planning.

In contrast with annual planning, perspective planning refers to a long-term planning setting long range targets for periods of 15, 20 or 25 years. It is a blue-print of development to be undertaken over a longer period. The perspective plans are further divided into several short-period plans. A short-period plan is further broken into annual plans, such that each annual plan fits into the frame-work of the entire plan. A perspective plan suffers from the rigidity and unforeseen changes incapable of being made. In a rolling plan a few new plans are made and acted upon to overcome the rigidities encountered in fixed plans. In contrast to the rolling plan one can have a fixed plan laying down definite aims and objectives required to be achieved during the plan period.

2.4. Components of Economic Planning

The main components of economic planning are, (i) formulation of objectives, (ii) fixing up of targets to be achieved, (iii) mobilization of financial and other resources required for the execution of the plan, (iv) collection of statistical data and information, (v) creation of necessary organization for execution

and (vi) creation of assessment mechanism to monitor the progress.

2.5. Components of Economic Planning

The constitution of India ensures that, (i) every citizen has an adequate means of livelihood, (ii) ownership and control of resources of the community are to be so distributed that common good is ensured, (iii) the economic system stipulates that concentration of wealth and means of production is avoided to eliminate common detriment.

A planned economic development was initiated by the government to ensure that these objectives are fulfilled. Economic growth fostered by planning is supposed to be faster. The long-term objectives chosen by the planners⁶ were to increase production so as to achieve a higher level of national and per capita income, (ii) to achieve full employment, (iii) to reduce inequalities of wealth and income, (iv) to set up a socialist society based on equality and justice and absence of exploitation, (v) to industrialize the economy, (vi) to remove poverty, (vii) to attain self-reliance and (viii) to ameliorate the conditions of the backward and weaker sections, especially women and children.

2.6. Strategy of Indian Planning

A strategy of planning is to achieve the planned ends by the adoption of a definite technique. There was no systematic strategy of development for the First Five Year Plan although the objectives were defined. Although the First Five Year Plan was

not a success, it laid the foundation for an efficient development of the subsequent plans. The two basic features adopted at the beginning of Second Five Year Plan are, (i) more emphasis on industrialization and (ii) within the industrial sector, emphasis of growth of heavy goods industries. The reasons for giving high priority⁷ to industrialization were, (i) rates of production are higher in industry than in agriculture, (ii) industrialization can produce increasing avenues for employment, (iii) better opportunities exist to exploit the economic resources and (iv) a better impetus is given to other sectors of growth.

In order to bring about a rapid economic growth and a consequent increase in employment the Planning Commission adopted a development strategy based on rapid industrialization and emphasis on heavy industries.

2.7. The Nehru - Mahalanobis Model of Growth

The Indian planners enunciated a clear strategy of development only with the commencement of the Second Five Year Plan. Mahalanobis, an architect of the Second Five Year Plan, introduced a clear strategy of development. Since Nehru was the motivating force behind the Mahalanobis concept, the model is known as the Nehru-Mahalanobis model. The model dominated the arena of economic development in India from 1956 to 1977 with a brief discontinuity during the rule of the Janata Party. It made heavy industry the foundation of Indian economy which could reduce the dependence on foreign aid considerably. India soon emerged as the tenth most-industrialized nation of the world.

Thus a stagnant and dependent economy emerged as a modernized and self-reliant one. It emphasized investment on heavy industry which in turn was assumed to bring about a rapid economic development. For Nehru, industrialization meant the development of heavy industries. The strategy of development of the Second Five Year Plan gave importance to heavy industrialization. It was mentioned that growth of national economy depended on increase in production of items such as coal, electricity, iron and steel and heavy machinery. It was intended to attain self-reliance in producer goods. The establishment and the expansion of heavy industries were therefore desired to be expedited. The strategy of development in Indian Planning right from the commencement of the Second Five Year Plan centered round investment on machine-making industries and this trend continued till the Fifth Plan. The success of such an experiment in the then existing U.S.S.R. was the motivation for adoption by the Indian Planners.

The points of justification of the heavy industry strategy are the following:-

- (i) During the British rule the emphasis was on agro-based industries, while the planners felt that the country with its vast natural resources and man power was ideally suited for industrialization to enhance production, employment and defence.
- (ii) Investment of labour on cultivation led to low productivity and a shift to industrialization was supposed to be more rewarding.

(iii) Rapid industrialization was expected to shift labour from rural to urban areas causing a greater demand for grains and agricultural raw materials. Such a demand could be met only by an increased supply of fertilisers, pesticides and agricultural machinery leading to an expansion of agro-based industries.

(iv) Rapid industrialization was expected to lead to a higher productivity causing an increased per capita income and an enhancement in capital stock.

(v) Emphasis on heavy industries was intended to take care of the supply of capital goods in course of time.

(vi) Consumer goods needed for the ever-growing population were to be made by small scale industries without hampering the growth of heavy industries. Small scale industries were also to be encouraged for production of consumer goods and creation of employment.

(vii) Self-sufficiency in food was also one of the objectives to be achieved under the strategy to be adopted for development in Indian planning since self-sufficiency in food is a prerequisite for an industrial growth.

(viii) High investment, a long gestation period, high inputs and low productivity made it necessary to put them under the public sector. In addition, the public sector avoids exploitation and monopoly of ownership.

(ix) The private sector was made to function complementary to the public sector with appropriate controls to avoid exploitation.

(x) The Planning Commission had to rely on foreign aid to import capital goods since foreign exchange earnings were inadequate. Simultaneously appropriate allocation had to be made for foreign

aid since the savings were inadequate to match the higher rate of interest. Export surplus and export promotion were forgotten during the first decade of planning further complicating the depleted foreign exchange position.

The Mahalanobis strategy was to lay emphasis on a sustained long term growth through investment in the heavy industries. A rapid industrialization and diversification of economy, according to Mahalanobis, could be achieved through development of industries which make machines which, in turn, make machines. Since such an industrialization was incapable of increasing the employment potential immediately, the strategy suggested a policy of promoting labour-intensive techniques⁶ in consumer goods industries. Such an objective could not be achieved either in the Second or in the subsequent plans.

Removal of inequalities of wealth and income and establishment of a socialist society based on equality and justice were supposed to be achieved through fiscal policy of taxation and public expenditure, the former contributing to the transfer of a part of the wealth of the rich to the government while the latter was intended to promote the welfare of the lower income group and weaker sections of the community. Public expenditure on public health and sanitation, housing and related aspects was meant to bring about a socialist society based on equality and justice. In addition, development of education was considered to be an effective means of bringing about equality of opportunities to different sections of population. Further, scheduled tribes and castes were to receive a favoured treatment under special

programmes. The planners, however, were silent about the setting up of an egalitarian socialist society⁸ or to create values and attitudes of a free and equal society.

2.8. Two-Sector and Four-Sector Models of Mahalanobis

Mahalanobis⁹ first developed in 1952 a single-sector model based on the variables of national income and investment. In the subsequent year he developed a two-sector model in which the entire net output of the economy was supposed to be produced only in two sectors constituted by the investment goods sector and the consumer goods sector. Subsequently he developed his famous four-sector model¹⁰ in 1955. The salient aspects of his two-sector and four-sector models merit a mention in the present context.

The two-sector model is based on the following aspects:-

(i) Total investment in the economy consists of two parts, namely, (a) investment to increase the production of capital goods, represented by λ_k , which is the share of the net investment in capital goods sector and (b) investment in the consumer goods sector represented by λ_c , the share of the net investment going to consumer goods sector.

The total investment, $\lambda_k + \lambda_c = 1$ (1)

The over-all capital coefficient is given by the ratio,

$$\frac{\lambda_k \beta_k + \lambda_c \beta_c}{\lambda_k \beta_k} \dots\dots\dots (2)$$

where β_k = Incremental output capital ratio in the capital goods sector and

β_c = Incremental output capital ratio in the consumer goods sector.

For a given β_k and β_c , the growth rate of income depends upon d_0 and λ_k , where d_0 = rate of increment in the base year and if d_0 is constant the growth depends exclusively on λ_k . If β_c is greater than β_k implying a larger percentage investment in the consumer goods industry, a larger income is generated.

From Equation (2) The value of over-all capital co-efficient can

be written as $1 + \frac{\lambda_c \beta_c}{\lambda_k \beta_k}$ (3)

and thus increase in λ_k reduced the overall capital coefficient. A higher value of λ_k in the long run leads to a higher growth rate.

If $\beta_c = \beta_k$ and is put in the reciprocal of equation (1) we get,

$$\frac{\lambda_k \beta_k}{\lambda_k \beta_k + \lambda_c \beta_c} = \frac{\lambda_k}{\lambda_k + \lambda_c} = \lambda_k \text{ (4)}$$

= the marginal rate of saving

since $\lambda_k + \lambda_c = 1$.

Thus one arrives at the conclusion that for a higher rate of investment the marginal rate of saving is higher leading to an important policy implication of the model. It can be concluded that the model indicates that a higher rate of investment on capital goods in the short run leads to a smaller volume of

output for consumption while in the long run a higher growth rate of consumption results.

The following are the assumptions on which the two-sector model was based:-

- (i) Economy is a closed one and is devoid of foreign trade.
- (ii) The economy is constituted by two sectors namely, consumer goods sector and capital goods sector and there is no intermediate sector.
- (iii) There is a total non-shiftability of capital once installed in any of the sectors.
- (iv) Full capacity production exists in both the sectors.
- (v) Investment is determined by the supply of capital goods and
- (vi) The prices remain unchanged.

The Mahalanobis models can be considered more as allocation models than as growth models.¹¹ The objective before Mahalanobis at the commencement of the Second Five Year Plan was to bring about an appropriate distribution of the approximate maximum fund of about Rs. 5,600 crores such that additional employment to about 12 million people was provided. To this fund was added an increase at the rate of 5 per cent, per annum as national income during the plan period. He estimated that a fraction amounting to one-third of the total investment is to be relegated to industries of investment goods leaving two-thirds for investment in the remaining three sectors of economy. All this data are put in simultaneous equations resulting in a solution which became the basis for the Second Five Year Plan.

The Four-sector economy proposed by Mahalanobis consists of the following:-

(i) Investment goods sector, (k) (ii) factory-produced consumer goods sector, (C₁) (iii) small house-hold produced (including agricultural products) consumer goods sector, (C₂) and (iv) service (health, education etc.) producing sector, (C₃).

A set of three parameters was introduced for each one of these sectors. These are the following:-

(i) Betas, namely, $\beta_k, \beta_1, \beta_2$ and β_3 which are the respective ratios of net income generated to investment known as output-capital ratios.

(ii) Thetas, namely, $\theta_k, \theta_1, \theta_2$ and θ_3 which are the respective investments required for engaged person known as capital-labour ratios.

(iii) λ mbdas, namely, $\lambda_k, \lambda_1, \lambda_2$ and λ_3 which are the respective proportions of investment allocated to each sector known as allocation ratios.

'A' stands for the total investment for the entire plan period, 'E' stands for the total increase of income during the plan period and 'N' stands for the total increase in employment during the plan period. It can be shown that

$$A = k^A + 1^A + 2^A + 3^A \dots\dots\dots (1)$$

$$E = E_k + E_1 + E_2 + E_3 \dots\dots\dots (2)$$

$$N = n_k + n_1 + n_2 + n_3 \dots\dots\dots (3)$$

Increase in employment in each sector represented by n_k , n_1 , n_2 and n_3 respectively are given by the equations,

$$n_k = \lambda_k^A / \theta_k \text{ or } n_k \theta_k = \lambda_k^A \dots\dots\dots (4)$$

$$n_1 = \lambda_1^A / \theta_1 \text{ or } n_1 \theta_1 = \lambda_1^A \dots\dots\dots (5)$$

$$n_2 = \lambda_2^A / \theta_2 \text{ or } n_2 \theta_2 = \lambda_2^A \dots\dots\dots (6)$$

and $n_3 = \lambda_3^A / \theta_3 \text{ or } n_3 \theta_3 = \lambda_3^A \dots\dots\dots (7)$

Putting equations (4), (5), (6) and (7) in (3) one gets,

$$A = n_k \theta_k + n_1 \theta_1 + n_2 \theta_2 + n_3 \theta_3 \dots\dots\dots (8)$$

Similarly the increases in income generated in each sector represented respectively by E_k , E_1 , E_2 and E_3 are given by the equations,

$$E_k = k^{\beta} \dots\dots\dots (9)$$

$$E_1 = 1^{\beta} \dots\dots\dots (10)$$

$$E_2 = 2^{\beta} \dots\dots\dots (11)$$

$$E_3 = 3^{\beta} \dots\dots\dots (12)$$

Further, from equation (4) to (7) and (9) to (12) one gets the relationship,

$$E = n_k \theta_k \beta_k + n_1 \theta_1 \beta_1 + n_2 \theta_2 \beta_2 + n_3 \theta_3 \beta_3 \dots\dots\dots (13)$$

and also the equation,

$$E = Y_0 \{ (1 + \eta)^5 - 1 \} \dots\dots\dots (14)$$

which is the final form of the Mahalanobis Model where, η is 5 per cent growth rate of income, Y_0 is initial income per year. In the equations given above, A, E and N are the boundary conditions and hence are taken as constants. They are also the target variables to be achieved during the plan period. The

Thetas, betas and lambdas are the instrument variables. Among them the values of theta and beta are structural parameters determined by technological conditions and are assumed to remain constant during the plan period. The values of lambda are the allocation parameters which are at the choice of the planner within certain limits. In the Mahalanobis model, for a given value of λ_k , the allocation parameter ratio, the remaining ratios for the other three sectors namely, λ_1 , λ_2 and λ_3 are obtained as solutions of the simultaneous equations given above. The model thus enables through numerical estimates of the various parameters a mode of selection of allocation ratios, namely the values of lambda in order to realize the desired results.

The Four-sector model of Mahalanobis can be summed up as follows:-

In a given time-interval the division of the total investable amount into different sectors to achieve a given growth rate can be calculated. Since the expected growth rate is high, the desired results can be achieved by increasing investment in capital goods producing thereby larger quantities of investment goods.

This, in turn, generates increasing power and thereby a demand for consumer goods. These require less capital and more employment of labour. A balance between the sectors of investment goods and consumer goods can thus be achieved.

2.8. A Critical Appraisal of the Mahalanobis Models

The Mahalanobis model finds application in the Second Five Year Plan. It possesses great utility as an instrument of development

planning. However it is not free from lacunae some of which can be the following:-

(a) It fails to solve any definite welfare function. It is essentially an operational model offering an optimal solution out of a multiplicity of solution in relation to welfare functions. The numerical solution of the model does not lead to a definite welfare function preventing thereby an optimal allocation of resources.

(b) The proportion of net investment used in capital goods sector namely, λ_k is arbitrarily taken as one-third without assigning any cogent reason.

(c) The technique adopted by Mahalanobis is not applicable to open economy. It can be applied assuming a constancy of relative prices and thus fails to be applicable to any open economy.

(d) It is based on the assumption that supply of agricultural produce is infinitely elastic. However, since the beginning of the Second Five Year Plan the supply of agricultural produce failed to meet the increased demand for food and raw materials.

(e) It assumes an elastic supply of labour which is not valid even for an underdeveloped country like India facing serious problems of unemployment and under employment. What is required for production sector is not simple labour but skilled labour.

(f) It assumes the techniques of production to be constant during the plan period. However, technological change is bound to take place during the plan period and hence the model fails to take us far.

(g) The values assigned to structural parameters, namely values for θ and β are arbitrary. For a developing country suffering from an absence of reliable data a correct estimate of values of θ and β is difficult. An assumption of independence between capital output ratio and capital - labour ratio is not realistic. The parameters may change during the process of development.

(h) It fails to guide the planners in deciding the share of investment in private and public sectors. Thus the model is incapable of dealing with important problems of development planning in a democratic country with a mixed economy.

(i) It ignores the pattern of factor prices while fixing targets.

(j) The model is confined to a closed economy involving no inputs and exports of investment goods. Thus the impact of foreign trade on the variables of the model is ignored depriving the model of an element of reality.

(k) While concentrating on the supply factors, it neglects the demand functions. The model thus is unrealistic and is incomplete as a growth model. Important considerations such as market forces, psychological environment and popular enthusiasm involved in the course of development planning of a backward economy are ignored for the sake of mathematical simplicity.

(l) One of its weaknesses, according to Raj,¹¹ has been its failure to link up investment decisions with rates of savings required.

(m) The model fails to explain the problem of choice of techniques satisfactorily. A preference is given to capital-intensive techniques at the cost of labour-intensive techniques.

(n) It does not take into account two factors in the industrial production system, namely, (a) X-efficiency and (b) Underutilization of capacity. In the private sector, consumer goods industries, agriculture sector and, more so, in the service sector, underutilization and X-efficiency factors are considerably high.

(o) In the service - producing sector difficulties in measuring out-put of the system are considerable. In view of this, capacity under-utilization of men and machines is usually high and correct estimates of β_3 and δ_3 are difficult to obtain.

In spite of the lacunae¹² mentioned above, the model has been instrumental in putting the Indian economy on the right path of developmental planning with the commencement of the Second Plan and paved the way for the subsequent plans.

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CHAPTER - III

SOME SPECIFIC ASPECTS OF GANDHIAN ECONOMICS

3.1. The Theme of Gandhian Economics

3.1.1. Interpretation of Gandhi

Understanding of Gandhi is an open-ended process since his life, dominated by identification with the meanest in the country, a search for perfection of his own self, a synthesis of ~~spiritual~~^R spiritual truth, austere living and political action was christened by him as "The Story of My Experiments with Truth".¹ Experiment means a process of continual learning and when applied to truth demands a process of continuous synthesis as truth gets revealed in a widening circle of realization.

3.1.2. Central Concepts of Gandhi

The self-confessed evolutionary process in Gandhi puts a limitation on the interpretation of each ~~face~~^{of} of his life. The central theme of constant experimentation of Gandhi has been dominated by economic, political and personal aspects. According to Gandhi man can develop into a spiritual being in a society based on five central concepts namely, truth, non-violence,

Swadeshi, bread-labour and satyagraha,¹ active resistance. Based on the principles of love, truth and justice. Spread over a period of five decades, Gandhi arrived at an integrated vision for the evolution of man as a moral being in society based on these five central concepts. According to Gandhi social order is based on the principles of justice and truth with moral law as the supreme authority.


Leadership in such a social milieu is based not on power but on the prestige of its sincerity, its dedication to constructive work and to the building up of a rounded human personality.

3.1.3. Gandhian Strategy for a Cherished Social Order

The Gandhian strategy for the attainment of his cherished social order was based on resistance and construction, the former taking the shape of Satyagraha and the latter, constructive work. How the Gandhian strategy shaped the nation towards the desired goals is explained by the history of Indian Freedom Movement. The resistance and constructive programmes are characterized by events such as (i) boycott of foreign cloth and promotion of khadi, (ii) opposition to British Education System and promotion of Basic Education and (iii) non-cooperation movement associated with timely compromises whenever needed.

3.1.4. Concept of Decentralization - Individual as Focus

Decentralization of power is to be achieved by its generation from below and thus building centres of power by people. A structure composed of innumerable villages with ever-widening and never-ascending nature is preferred. There is thus no pyramidal

structure with the apex sustained by the bottom. There is a concentric circle with the individual at the centre, ready to perish for the village which, in turn, is ready to perish for the circle of villages. The structure is thus composed of individuals never aggressive in their arrogance but ever humble sharing the majesty of the concentric circle. With such a structure, self-sufficiency at the village level is maximized. The products of the village are utilized by the village itself. The transformation of a village to a decentralized model is to take place peacefully using civil-disobedience and Satyagraha as the tools. Satyagraha emerged as a more potent non-violent weapon and an effective substitute to the class-struggle propounded by Karl Marx. While the Marxian⁵ class-struggle arouses the spirit to violence, Satyagraha arouses the spirit to integrity. Non-violence, according to Gandhi, is an external aspect of benevolence, largeheartedness, courage and moral strength to be practiced if the supremacy of  moral law is to prevail. The significance of moral values to an efficient functioning of economy was emphasized by Arrow.² These transformations are especially suited to India since Gandhi felt that peace and cooperation depend upon a general tolerance of diversities emanating from religion, language and culture. These principles constituted the bedrock of Gandhian economic thought. Independence of the country was considered by Gandhi as a means to the great end of delivering the far-flung population from poverty, disease and other miseries. Thus, the passion of Gandhi's soul was dedicated to the uplift and security of the common people.

3.1.5. Relevance of Gandhian Economics to Post-Independent India

The search for a better socio-economic order has been the endeavour of mankind at all periods. Such a search became all the more important, when the industrial revolution replaced the static past-oriented outlook with a future-oriented one. As a result, competition replaced cooperation bringing in the capitalistic revolution. This led to the impoverishment of the masses, the rise of industrial domains, leading to colonial empires and a sharp class-division. In such a milieu, Marxism promised a change retaining industrialization without the resultant impoverishment of the masses through a process of reversal of ownership patterns. Lenin provided a workable theory of revolution based on Marxism obliterating the propertied class by violence and the advancement of workers. The Gandhian approach towards Indian independence was unique among other similar movements in the colonial empires. It provides a non-violent answer to the problems of mass-poverty in an age of mass-production and capitalist exploitation. Gandhi, thus, steered the movement away from the possible Marxian spell under which it might have come otherwise. Gandhi advocated replacement of class-struggle with class-cooperation and tried to replace state takeover of productive resources with trusteeship idea. Socially harmful activities of capitalists are also pointed out by Veblen^{3,4} in tune with the Marxian thought. However, Veblen does not believe that labour class takes over. He calls upon the technologically efficient men such as engineers and the intellectuals to take the lead and counter the socially harmful

activities of the capitalists. He wants not the workers but the engineers of the whole world to unite as a threat. Gandhi, however, propagates no threat but cohesion in his concept of trusteeship. The discredited theory of 'Varnash²rama Dharma', caste-oriented law, was used by Gandhi to usher in the concept of an egalitarian society where all work was considered equal, sacred and a necessary condition for human happiness.

Gandhi's interpretation of 'Charkha' and Khadi constituted an economic structure. It was based on voluntary cooperative efforts beginning with Khadi and slowly embracing other spheres of economic and industrial life of the nation. The vast organizing capacity and experience equipped with a purpose, direction, discipline and recognition of social obligations was used to dislodge a foreign rule. It was used to function after independence as a milieu for a social order for an egalitarian system. Caste-oriented traditional skills were used by Gandhi to evolve a trust and a cooperative social order devoid of overtones and excessiveness. He advocated, (a) equal wages for all work, (b) absence of competition and (c) a system of education which takes fullest advantage of hereditary capacity of people.

Gandhi's concept of trusteeship was discredited and discarded as impracticable and utopian. However, if implemented in post-independent India, can bring about a social order free from recurring conflicts between different segments of society. Western socialism can eradicate inequality of wealth. However, inequalities due to intellect and physical capacity persist. Gandhi's trusteeship concept ensures that talent, physical

strength, wealth and other capacities of man are taken by the person as a trust given to him by God for the benefit of fellow human beings. The mutual confidence associated with such a system is congenial for a harmonious existence of different strata of society.

Production by masses is preferred to a mass production by machines. This concept was rated high both by the advocates of small-scale industries as well as by those who favoured multi-product complexes. Bread-labour was the core of the Gandhian concept of anti-industrialization. Degree of mechanization permissible according to Gandhi is that much, which makes the product more efficient. It should, however, retain the essential character of the product being the handiwork of the man behind the machine.

To Gandhi, work is an ennobling experience of man to live in harmony with nature and also of a society based on limitations of wants instead of their expansion. If that be so, what is the relevance of Gandhian economics to contemporary situation? The post-industrial society, all over the world, got disenchanted and convinced about the hollowness of affluence. In addition, the poignancy of socio-economic consequence caused by energy crisis and ecological changes further heightened the atmosphere. Also, the global atmosphere was charged with violence. These were the factors which contributed to a global consciousness of the Gandhian concepts. The fallacy of having the growth in Gross National Product as a yardstick for progress is created by the scientific insight regarding the symbiotic relationship between

earth's natural resources and the living and non-living. Foreign technology failed to create an impulse for adequate growth among poor nations. Further, the energy crises necessitated a decentralized economy, with a renewable resource-based energy policy. Social fragmentation and the fall in traditional values posed a threat to human existence as much as the degradation of environment. Modern science and technology have widened the gulf between the elite and the masses. These are additional factors which compel us to look back to Gandhi.

The totality of these considerations necessitates the paramount need to strike an equilibrium between political power, economic and cultural needs so that technology plays a significant role in a milieu influenced by the Gandhian concept. The futurologists tell us that the concern of tomorrow is not about who owns what but how to solve problems of environment, ecology and human socio-economic freedom. A world free from disease, hunger and degradation is the contemporary ambition of humanity. In his "Theory of Leisure Class"^{3,4} Veblen explicitly notes that the taste, liking, temperament, attitude and the value system of the modern society, which he calls as "Leisure Class", are based on the praise for prowess, meaning outstanding or a superior quality, characteristic of a noble man revealing his master-morality. Every thing that is called higher culture is based on intensifying of cruelty. Thus, the basic element of violence is imbedded in the modern capitalistic value system. Against this Gandhi pleaded for cooperation and non-violence. A climate for a cooperative endeavour is missing. A need to find instruments of

change without the violence and to arrive at a set-up which enables man to live in equilibrium with his environment is being increasingly felt. In this quest to which mankind is increasingly converging, Gandhi becomes extremely relevant. One can hope that as one century closes and another opens this idealized situation may become a reality.⁵

3.2. Classification of Gandhian Economics

3.2.1. Ethics and Economics

(a) Role of Moral Values

Gandhi asserted⁶: "I venture to think that the scriptures of the world are safer and sounder treatises of laws of economics than many of the modern books". To Gandhi there did not exist any distinction between economics and ethics. According to him¹ : "Economics that hurts the moral well-being of an individual or a nation is immoral, and therefore, sinful". He states⁶ : "That economics is untrue which ignores or disregards moral values. True economics never militates against the highest ethical standards and stands for social justice. It promotes the good of all equally, including the weakest and is indispensable for a decent life".

(b) Wantlessness

The concern for ethical ordering of economic life made Gandhi pronounce a number of criteria in the economic field. The foremost among them denounces the principle of unlimited human wants as determinants of economic activity and the satisfaction of wants as the index of economic progress. Gandhi says⁶ : "I do not believe that multiplication of wants and machinery contrived

to supply them are taking the world a single step nearer its goal. I whole-heartedly detest this. If modern civilization stands for all this and I have understood it to do so, I call it satanic." Gandhi was totally in favour of an economic system that provided all human beings the means to satisfy their minimum material requirements. He was against the concept of satisfying increasing human desires. Such desires are accompanied by commensurate mechanization, industrialism and urbanism. The mind is restless and the more it gets the more it wants and still remains unsatisfied. According to Gandhi, civilization, in the real sense of the term, consists not in the multiplications of wants but in their deliberate and voluntary reduction.⁷

(c) Simple Living and High Thinking

The basic principle of Gandhian economics is the emphasis on simple living and high thinking. This according to him can create an atmosphere of giving half a loaf of bread to each rather than allowing the privileged section to eat away the whole. Side by side with economic development, Gandhi wanted promotion of ethical and spiritual values in both private and public life. He wanted economic progress without diluting the qualities of simplicity and higher values of life.

(d) Ends and Means

An idealized economic system is to be considered as a means to have the end as wantlessness. Gandhi believed that if the objective to be achieved is right, the means adopted to do so must also be just and righteous. Thus, means and ends cannot be

placed in separate compartments. Means, according to Gandhi, are the ends in making. The different facets of Gandhian economics are controlled by the adoption of the concept of means commensurate with the ends. Unclean methods are therefore never to be adopted for attainment of high ambitions.

(e) The Ruskin Concept

Moral progress is an essential component of Gandhian economics. He wanted a material progress which does not clash with moral progress. He was a believer in the omnipresence of god which led him to believe that all human beings are embodiments of god. This concept leads to a negation of conflict between individual and social interest. He believed in the supremacy of ethical values and "Sarvodaya", the good of all. Love and well-being of all constituted the ethical past of Gandhian economics. Consequent upon Ruskin's⁸ "Unto this Last", Gandhi aimed at the greatest progress of the greatest number. The essence of the Ruskin concept has been, (i) that economy is good which is conducive to the good of all, (ii) the work of a lawyer has the same value as that of a barber and (iii) the life of labour is a life worth living.

The concept of "Sarvodaya", was a consequence of Ruskin's influence on Gandhi. It maintains that good for every individual is contained in the good for all. Since India is a poor country an effort to remove poverty of the masses was the motivation behind the Gandhian economics.

Material progress beyond a limit came in conflict with all that was good in society. A good economic system according to Gandhi, had to be a just one. If man puts forward his best spurred by the prospect of material gain, it does not add to the economic well-being of the society. If the society is to progress, the motivation should be love for others. A kind approach to a problem serves an economic end better. A social justice by which each individual gets his due should be the prime component of an economic system. A competitive spirit maximizes selfishness and narrow interests. It makes the manufacturer dishonest and the labourer resentful leading to a neglect of ethical standards by both. Economic trustees, according to Gandhi, should displace an economic system based on profit.

(f) Influence of Tolstoy

Social justice according to Gandhi could never be brought about by force. A forced change was never an enduring change. Tolstoy's book⁹ entitled "The Kingdom of God is Within You", made Gandhi a firm believer in non-violence and it exerted the greatest spiritual influence on him.

(g) Concept of Trusteeship

Gandhi considered possession¹⁰ a crime. He felt that he could possess certain things when he knew that others who also wanted to possess them were able to do so. He said that only such a thing, which could be possessed by all, was non-possession, which meant not to have anything at all. This denial of the very concept of private property originated from his belief that

riches, not only material but also physical and intellectual belonged to God and could be held by the individual as a trust. Extending this concept of possession Gandhi held that all land belonged to the Lord and consequently there existed no boundary-line for landed property. Since the maker of the boundary was man, he could himself unmake it. It could be interpreted that property belonged to the society and was therefore to be changed at the instance of the society. He could draw support for such a concept from all the known scriptures of the world cutting across the boundaries of religion. Consequently, private property in excess of basic needs of human existence was equated by him to exploitation. A logical consequence of this Gandhian concept has been the idea of economic equality. The principle was applied not only to material property but also to intelligence, skills and other productive attributes of human being that constituted their inseparable private property. His concept of economic equality was more drastic than that of socialists in that it was applied not only to private property as was done by socialists but was extended to human intelligence and skills. He argued that everyone should have just enough for one's needs.¹¹ Gandhi was aware of the need for implementation of changes of tremendous dimension, to be brought about in social order in order to achieve the concept of economic equality. He was opposed to the use of either hatred or violence to bring about such a social change which, if brought about by such methods, never succeeds in establishing an enduring socialist society. He was emphatic about the instability of a social order when the riches and the power that riches give were not being shared for the common

good.¹² Opposing the use of force for bringing about such an equality, Gandhi felt that physical force was transitory while the power of the spirit was permanent since the spirit is everlasting. Thus, while agreeing to the inevitability of the end of capitalism he did not accept that class-wars and violence were the means for bringing about the change. Such a change, according to Gandhi, could never be permanent if brought about by violent means.

(h) Satyagraha

For bringing about an enduring change, Gandhi believed that use had to be made of education, persuasion, love and non-violence. Gandhi felt that every worthy end could be achieved by the use of "Satyagraha". It is an appeal to the conscience and reasoning power of the opponent through self-suffering and love. The concept of Satyagraha evolved from that of passive resistance. It was based on the concept that hatred could be overcome by love. It did not follow a rigid formula. It was based on an implicit faith in good and a capacity to bear suffering. Gandhi's adherence to truth, fearlessness, simplicity, spirit of non-possession and love were major components of Satyagraha. It was considered to be the most potent means to bring about socialism. With Satyagraha as a means and socialism as the objective, Gandhi offered an alternative to class-war. He believed in a class-less society which did not involve the destruction but a transformation of the individuals who constituted the propertied class. He did not identify capitalism with capitalists and agrarian exploitation with landlords. What

he wanted was to destroy the system and not the individuals who happened to be its unjust beneficiaries. His goal was "Sarvodaya", the welfare of all, and this included not only the humble and the lowly but also the capitalist and the landlord. He declared¹³ : "To recognize the fundamental equality of capitalist and labourer, I must not aim at the destruction of the capitalist. I must strive for his conversion". Gandhi's target of attack was always the system and never the man behind the system. The objective was conversion and not physical destruction and the means was Satyagraha and not violence.

(i) Gandhian Socialism

The Gandhian Socialism is based on "Sarvodaya". It aims at a class-less society based on destruction of the classes but not of the individuals who constituted the classes. It is a system of production that makes use of science and technology for creating an economy of abundance. It does not in the process eliminate individual initiative or freedom for development. It does not also create a psychology of ceaseless striving for more and more of material goods. It is based on a system of distribution that will ensure a reasonable minimum income for all. It does not aim at a universal equality of an arithmetical kind. It nevertheless ensures that all private property or talent beyond the minimum will be used as a trust for the public good and not for individual aggrandizement. The property was restricted to what was necessary to yield an honourable livelihood while for the excess he prescribed the principle of ~~t~~rusteeship. Those who own property or skills are to behave like trustees holding the

riches on behalf of the poor. As trustees, they are allowed to retain the stewardship of their possession and use their talent to increase the wealth, not for their own sake but for the sake of the nation and therefore without exploitation. The state regulates the rate of commission which a trustee gets commensurate with the service rendered. The first trustee could name his successor to be approved by the state. Gandhi's theory of trusteeship was based not only on his religious conviction that everything belongs to God and therefore a human being can hold either his property or talent only as a trustee, but also on a number of political considerations. To dispossess a man of property or a talent by force was bound to involve class-war, hatred, dictatorship and consequent elimination of all hope of creating a non-violent society. He knew that many who acquired property had some special abilities for increasing production and many men of talent had exceptional contributions to make. To destroy such men by force leads to much loss of production like killing the goose that lays golden eggs. The emphasis was to persuade them to function as trustees rather than dispossessing them by force of their income or wealth. Being aware of the human nature he was conscious that mere persuasion was not enough. He therefore conveyed the warning that the alternative to their being not amenable to persuasion would be the triumph of forces to dispossess them by violence. The tenants and workers were reminded that their exploitation was possible only because of their failure to recognize their own strength and therefore, passively accepting their exploitation. Rich could change their

attitude when the poor subject them to non-violent non-cooperation and civil disobedience.

A persuasion to the better instincts of the rich, creation of a consciousness regarding the inevitability of a change and the unattractiveness of the alternatives of violence were to be made. Non-violent non-cooperation by the exploited can make the functioning of the exploiter's impossible. Legislative action was contemplated as a last alternative to bring about a change in property relations and in the use of personal talents in public interest.

Gandhi's socialism of Sarvodaya and Trusteeship had the ability to survive on a self-sustaining and permanent basis contrary to the socialism or communism of the Marxian concept. He held the conviction that nothing secured by violence could survive on a permanent basis. In addition, socialism through violence only destroyed possession but not the tendency of possessiveness. Gandhi's formula for the unsolved problem of a new social order was the consequence of the traditional wisdom of his own country and his unending experiments with truth. The Gandhian alternative of a non-violent change to a just social order based on trusteeship, was the alternative suggested by him to a violent order propagated and practised in the west. It was evidently based on unadulterated non-violence. He asserted¹⁴ that in case his formula fails : "It will be because of my ignorance of the technique of non-violence".

Gandhi's experiments with Satyagraha, non-violence and non-cooperation as weapons are well-known. They are responsible for the exalted position he occupies in human history as a non-violent revolutionary who brought political freedom to his country.

Whether similar success would attend experiments in non-violence for bringing about economic change in achieving a socialism of Sarvodaya and trusteeship is still embedded in the womb of the future. Rao states⁵ : "The experiment has not been attempted and unfortunately the great exponent of non-violence is no longer there either to conduct the experiments or to give personal guidance to those who dare to make the attempt."

3.2.2. Economics of Decentralization

Gandhi had immense love for Indian village and its traditional way of life. He felt that industrialization on a mass-scale leads to exploitation of the villages since the accompanying problems of competition and marketing crop in. Gandhi was an admirer of rural civilization. Men and women in small groups became self-sufficient in meeting their elemental needs by their activity while remaining interdependent for many others for which dependence is a necessity. He advocated¹⁵ : "Under my scheme nothing will be allowed to be produced by the cities which can equally well be produced by villages. The proper function of the cities is to serve as clearing houses for village products". Gandhi's opposition to what he calls as "industrialism" was motivated by his desire to protect and sustain the village

republics of his thinking. As Rao states² : "Decentralization both political and economic was the core of Gandhi's long and sustained thinking on the desired economic set-up, and behind it lay his conviction that only thus would the individual get fair play for the expression and fulfillment of his personality".

Gandhi held a stormy reaction against modern industrial civilization and idealized the village as the basis of a good society. He was greatly influenced by the distress and pauperization which crept into Indian villages and the desperate exodus of villagers to urban areas brought about by the impact of modern industry. His sympathetic response to the tirade against industrial civilization propagated by Ruskin⁸ and Tolstoy⁹ was based on such situations which contributed to a deterioration of the village economics. What was happening to his own people in India seemed to fit in well with the concepts of Ruskin and Tolstoy. In addition, the preference for austerity, renunciation and involvement in the matters of spirit instead of insatiable material craving inherent in village civilization seemed attractive to Gandhi. The ethical imperative dominated over the economic reality. He was prepared to walk alone provided he felt he was walking in the right direction. His theory of limitation of wants provided a logical basis for his economic thinking that frowned on industrialization and urbanization. He endeavoured to make man instead of the machine the prime instrument of production.

As a substantiation of the Gandhian Concept in support of cottage industries, Myrdal¹⁵ states : "To accept the idea that

agriculture and the crafts - and often small-scale enterprises as well - ~~must~~ remain technologically backward and to confine planning efforts to building up of enclaves of modern large-scale industry is to invite ~~failure~~ on a grand scale. There was an essential element of reality in Gandhi's social and economic gospel. The programmes for promoting cottage industries as they have evolved in the post-war era have come more and more to represent purposeful and realistic planning for development under the very difficult conditions that prevail."

(a) Attitude to Machines

Gandhi's attitude to machines was the most controversial aspect of his economic thinking. He found the machine an obstacle to what was needed to constitute individual human happiness. He declared¹⁶ : "God created man to eat his bread by the sweat of his brow and I dread the prospect of our being able to produce all that we want including our food stuff out of Conjuror's hat." Right to live emanates from the performance of physical labour done for the sake of service.¹⁷ He criticized the idea of dividing the world into categories of intellectual and manual workers. He ridiculed the idea of artificial means of physical exercise that non-manual worker had to resort to, for the sake of health and digestion. Gandhi could be considered to be the best apostle for the gospel of manual work both by his preaching and practice. Manual labour was the weapon Gandhi used to bring about an egalitarian outlook in society.

Gandhi was conscious that his antipathy to machine could be misunderstood. He was ready to make intelligent exceptions for

permitting the use of machinery where it helped the individual without encroaching upon his individuality. He welcomed simple tools and instruments as well as machinery which could save individual labour and lighten the burden of millions of cottagers.¹⁷ According to Gandhi, machinery was redundant as long as there were unemployed persons who could not get work with their hands. He opposed large-scale production of such of the things which the villager could produce without difficulty. He asserted¹⁸ : "Mechanization is good when the hands are too few for the work intended to be accomplished. It is an evil when there are more hands than required for the work, as is the case in India. The problem with us is not how to find leisure for the teeming million inhabitants of our villages. The problem is how to utilize their idle hours which are equal to the working days of six months in the year." In the economic jargon Gandhi was referring to the menace of technological unemployment or the need for labour intensive methods of production in a country with abundant labour. In addition to the level of unemployment caused by mechanization, he was convinced that under mechanized industry many will be exploited for the benefit of a few. Machinery was thus to lead to a large-scale production leaving reflections on social justice causing the monopoly of a privileged class. However, his concept of mechanization underwent a progressive change. He declared¹⁹ : "I do visualize electricity, ship-building, iron-works, machine-making and the like existing side-by-side with village handicrafts. Hitherto, industrialization has been so planned as to destroy the village and village crafts. In future, it will subserve the villages and their crafts." A

judicious synthesis of cottage industries and heavy industries was possible according to Gandhi. Big industries are to be so planned as to help villages. Even centralization of big industries was not opposed by Gandhi as long as the villager was not affected. Heavy machinery in work of public utility, which cannot be undertaken by human labour, has its inevitable place in village economy. Such machinery should be owned by the state and used entirely for the benefit of the people. Thus, heavy machinery was accepted by Gandhi under a few restrictions. It must not deprive the people of their employment. It must not exploit the villagers or compete with village crafts. It must help the village artisan to reduce his drudgery and improve his efficiency. It should not lead to monopoly or concentration of wealth and power in a few hands. It should be owned by the state and free from exploitation, either national or international.

The following are Gandhi's own words²⁰ on his final position in the context of machines and modern industry : "As a moderately intelligent man, I know that men cannot live without industry. Therefore, I cannot be opposed to industrialization. But I have a great concern about introducing machine industry. The machine produces much too fast and brings with it a sort of economic system that I cannot grasp. I do not want to accept something when I see its evil effects which outweigh whatever good it brings with it. I want the dumb millions of our land to be healthy and happy, and I want them to grow spiritually. As yet for this purpose we do not need the machine. There are too many idle hands. But as we grow in understanding, if we feel the need

for machines we certainly will have them. Once we have shaped our life on non-violence we shall know how to control the machine".

3.2.3. Economics of Bread-Labour

Disapproval of machinery and industrialism is pivotal to the Gandhian economics. Another important aspect of the Gandhian economics is the opposite to machinery which Gandhi called as the "Divine Law"²¹. It is based on the concept that man must earn his bread by labouring with his own hands. The genesis of the bread-labour concept of Gandhian economics can also be traced back to Ruskin's⁸ "Unto This Last". Gandhi questions the right to eat without performing body-labour. "In the sweat of thy brow shall thou eat thy bread" says the Bible. This labour can truly be related to agriculture alone. But at present, at any rate, everybody is not in a position to take it. A person can therefore spin or weave or take up carpentry or smithery instead of tilling the soil. The emphasis on physical labour was reiterated by Gandhi²² by saying that men cannot earn their bread by intellectual labour. The needs of the body must be supplied by the body. While intellectual work has an undoubted place in the scheme of life, physical labour cannot be replaced by it. No man, according to Gandhi, is free from that obligation. Physical labour is supposed to increase the quality of intellectual output. With performance of physical labour enough for our daily bread, wants become minimized and food becomes simple. A concept of 'eat to live' and not 'live to eat' is developed. When one sweats for one's bread one derives the greatest relish from the

production of labour. It reduces superfluous consumption and minimizes wants. Gandhi truly believed that by adhering to the divine law of bread-labour India could avoid the ills of an industrial civilization and at the same time solve her problems of poverty and unemployment. Gandhi feels that our own negligence and ignorance are responsible for the prevalent stark poverty and unemployment. One should have an awareness of the dignity of labour. No labour is too mean for one who earns a penny honestly. A readiness to use the hands and feet given by God is important. God gave everyone the capacity to work and earn more than his daily bread and whoever is ready to use the capacity is ready to find work. This is another proposition crucial to the Gandhian economics. Willing obedience to the law of bread-labour brings contentment and health. In order to make the bread-labour rule successful, minimum living wage for the village worker was to be fixed up.

3.2.4. Constructive Programmes

The Gandhian concept of a Sarvodaya society is embodied in what is known as constructive work programme.²³ The principal initial components of the programme are (i) communal unity, (ii) removal of untouchability, (iii) promotion of khadi and other village industries and (iv) promotion of village education, sanitation and growth.

Gandhi had reverence for other sects and communities. He spoke for their protection and triumph of their free opinion over the majority classes. To him protection of the rights of minorities

meant the protection of the weak. He felt that if the weak minorities are protected, they give their best to the motherland.

Gandhi considered untouchability to be reprehensible both on moral and humanitarian grounds. It caused a division in the society making it vulnerable. He mentioned that maintenance of untouchability could lead to weakening of Hinduism. It did not have sanction of any of the scriptures. Improvement in economic conditions and granting of political rights promote the development of the weaker sections of society. Religious equality was considered by Gandhi to be very important. He pleaded for the right of worship in temples of the weaker sections. He could influence the Harijans to improve their way of living.

Gandhi considered the amelioration of the villages as the basic economic need. About 85 per cent of the population lived in villages and earned their livelihood in highly uncongenial conditions. The spinning wheel or 'Charkha' and Khadi, handspun or hand woven cloth, were believed to be the panacea of the economic ills of the country.²⁴ Khadi represents three basic factors of economic development, namely (i) self-help, dignity of labour and employment potential, (ii) utilization of indigenous resources and (iii) a self-controlled economy. Gandhi felt that the national economy depended on the village economy. He was averse to urbanization since it amounted to a slow death of villages. The spinning wheel was held to carry the message not only of economics but an ideal of simple life and high thinking. It affords a living against the modern craze of material

affluence. Gandhi had thus laid full emphasis on strengthening the village economy. He highlighted khadi as the life-blood of the country. However, Gandhi was not very emphatic about the place of khadi in an organized sector. In an open market, a more organized one is able to displace a less organized one. According to Gandhi, khadi is the symbol of self-reliance and freedom, not merely of individuals and groups but of the whole nation. He considered that the spinning wheel is the hope of the nation. "Charkha" says Gandhi²⁵, "restores villages to their rightful place and abolishes distinction between high and low levels. Khadi is mass production in people's own homes. If individual production is multiplied by a million, one gets mass production. The spinning wheel represents a symbol of commercial peace. Gandhi's conviction²⁵ regarding the suitability of the spinning wheel to the economic development of the Indian villages is indicated by his statement, "I may deserve the curses of the posterity for many mistakes of omission and commission but I am confident of earning its blessings for suggesting a revival of the Charkha. I stake my all on it. For every revolution of the wheel it spins peace, goodwill and love".

Gandhi's programme in the context of uplift of villages included measures to remove the "triple malady"²³ constituted by want of sanitation, deficient diet and infection. He wanted this programme to be proceeded by removal of untouchability. The sanitation programme proved to be the most difficult for implementation due to opposition from upper caste Hindus. The village lanes were cleared by Gandhi's followers and the

villagers were instructed to use common latrines set up in the villages.²⁶ Initially Gandhi could get cooperation from a few enlightened individuals but a headway could be made only after an overall uplift of the people. Gandhi advocated patience in bringing about transformation from age-old habits prevalent in villages. The Harijans of the villages were taught methods of hygienic and conservative cooking methods.

Gandhi applied his mind methodically to the complex problems of Indian education.²³ Gandhi was a great educationist in his own right. He wanted to de-emphasize the material aspects and re-emphasize the spiritual aspects. According to Gandhi, true education helped the individual to control his mind and senses. According to him, whatever aspect of education does not lead to enlargement and enlightenment of mind is useless from education point of view. Teaching of morality was more important since it leads to the realization of divinity hidden in every individual. The existing education had lacunae since the study of indigenous culture was not imparted in vernacular languages. The education was primarily literary in scope and ignored the culture of heart and hand.

Gandhi developed the concept of basic education which promotes the creative instincts and social purpose of the individual. The main features of basic education are (i) it must be self-supporting, (ii) it must lead to development of manual skills, (iii) it should use vernaculars as the medium of instruction, (iv) only fundamental universal ethics should be taught and (v) every pupil should learn an inter-provincial language. Gandhi

felt that text-book oriented education should be discouraged. Instructions were to be linked to some basic crafts. Gandhi's basic education is aimed at removal of unemployment and class-distinctions. The gulf between what is implemented in post independent India and what Gandhi had in mind is summed up by Myrdal¹⁵ : "When independence was won the leaders, in particular, Jawaharlal Nehru, insisted that the entire system of education must be revolutionized. In India, Gandhi had raised ~~the~~ the demand for a radical change of the educational system decades prior to independence.

But this is exactly what did not happen in India. The principal reforms of the system as it was inherited remain largely unaccomplished even today. As one of India's distinguished educationist, J.P. Naik expressed it in 1965 : "What has happened in the last 16 years is merely an expansion of the earlier system with a few marginal changes in content and techniques." Myrdal continues : "The revolution of the school system of which Gandhi and Nehru dreamed would assume as a precondition the social and economic revolution of which they also spoke but which was delayed and put off for an uncertain future, while the actual development went towards increasing inequality."

3.3. The Gandhian Model of Growth

3.3.1. Background

Gandhi was not a professional economist and hence no formal model of growth was suggested by him.

He advocated a few policies for the development of some salient

aspects of Indian economy constituting what is known as "Gandhian Model of Growth" which emerged in the period ranging from 1944 to 1948. The plan envisages (i) a self-contained economy with emphasis on village industries, based on simple machinery aiming at maximization of productivity by indigenous skills with indigenous resources and not on mechanization as in modern industrialism, (ii) equitable distribution of returns and material surpluses not by coercive law but by imbibing economic ethics and (iii) striking a balance between capitalists and state capitalism.

The basic objective of the model is to raise material and cultural levels of the Indian masses so as to provide a basic standard of life. The primary objective of the model was to raise the economic condition of Indian villages laying greatest emphasis on scientific development of agriculture and cottage and village industries.

3.3.2. Aspects of Agriculture

The model aims at the reform of agriculture as the most important sector of economic planning in India. The primary objectives of agriculture emphasized in the model are (i) national self-sufficiency in food-stuffs and maximum regional self-sufficiency in food to be achieved not only by larger and better inputs but also through land reforms such as change in the system of tenure, abolition of proprietary rights on land, consolidation of holdings, organization of cooperative farms and other related aspects. Money lending is to be replaced by increased credit

facilities for the farmers. The model lays special emphasis on dairy-farming as an occupation auxiliary to agriculture.

3.3.3. Cottage and Village Industries

A principal aim of the Gandhian model is the attainment of maximum self-sufficiency in village communities. The plan emphasizes rehabilitation, development and expansion of cottage industries side by side with agriculture. Spinning and weaving are given considerable importance. The manufacture of khadi was considered to be as important as production of rice and wheat to make the villagers self-sufficient in clothing. The model makes a scheme to make every village self-sufficient in clothing. Every village is to take a lead in developing and organizing village industries. It wants state intervention in revival and expansion of rural cottage industries. It emphasized an extended link between villages, the nation and the global system constituting the essential aspects of what is known as "Swadeshi Movement". It implied the autonomy of individuals and of institutions contributing to maximum self-reliance of the nation. Gandhi emphasized the conflict between the village industries and capital-intensive pattern of industrialization leading to a high degree of urbanization.

3.3.4. Basic Industries

Gandhian model recognized the need for giving importance to certain basic and selected key industries such as those of defence, hydro-electricity, thermal power generation, mining and metallurgy, machinery and machine tools, heavy engineering and

heavy chemicals. The model envisages a coexistence of these industries with the cottage industries, the most significant aspect of the model being the apportioning of these basic and key industries to the public sector. Gandhi's emphasis on cottage industries should not be taken as his opposition to modern industry. He was, however, against indiscriminate multiplication of machinery. He welcomed machinery wherever it lightened the burden of villagers without displacing human labour. Machinery in the interests of all is good and is bad in the interest of only a few.

3.3.5. Contemporary Relevance

The model, thus, aims at developing agriculture and industries side by side in an attempt to integrate them. Handicrafts and cottage industries were promoted for the sake of employment. To understand the theme of Gandhian economics the doctrines merit a close study with an unbiased mind. In spite of the fact that the Gandhian doctrines were suggested at the time of foreign domination of the country under gruesome conditions, an unbiased examination of them to disprove their transitory relevance and establish their seal of permanence is appropriate especially in the light of the contemporary economic milieu of the country.

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CHAPTER - IV

WEAKNESS OF THE NEHRU - MAHALANOBIS MODEL AND ITS RECONCILIATION WITH THE GANDHIAN MODEL

4.1. Background

The initial phase of post-independent India was characterized by the twin compulsions of reconstructing the economy and achievement of rapid economic development. Such an attitude forced the Indian planners¹ to adopt a model of development based on the experience of the west, resulting in a dominance of capital-intensive industrialization and consequent urbanization. This resulted in the development of big cities and intensive urban settlements at the cost of the growth of the villages. Consequent upon industrial development the rural population was made to supply items such as milk, vegetables, oil-seeds and cotton in return to cloth, oil and other fancy items resulting in the villagers being reduced to the status of second rate citizens. Consequently, all except most primitive jobs were transferred to cities. This statement is substantiated by the

fact that in 1910 village industries constituted nearly 40 per cent. of the labour force while in 1946 it was reduced to a mere 10 per cent.

Myrdal² sums up the situation as follows:-

"In India, many of the leaders who have embraced the tenets of Gandhi frankly recognize the inequality that prevails in the village structure. They even talk of the need for a full-scale revolution that would abolish caste and private ownership of land. But they have advocated achieving it without compulsion. Nehru understood the weakness of this approach, saying that instead of a real change in the social order, stress was placed on charity and benevolence within the existing system and the vested interests remain where they were.

In discussions of the practical issues of rural uplift and democratic planning, it is often emphasized that the institutions for self government and cooperation should embrace all members of the villages. The hope is that the democratic process will result in a special consideration for the poorer and weaker. The privileged will be induced to forfeit their privileges and enter into truly democratic cooperation with the unprivileged. This line of thought can be said to be the official creed in India; it is supported by Gandhi's trust in non-violent social change, when the people can be brought to work together. But in the official debates, there have been publicly expressed doubts about all this. D.R. Godgil, in his *Economic Policy and Development*, characterizes this type of Gandhism as "Little more than 'revivalism' ". He holds that the failure of Gandhi's approach

lay essentially in not recognizing the need for thoroughly demolishing the older institutions and class forms before a new synthesis could be attempted."

4.2. Lacunae of the Nehru - Mahalanobis Model and Remedial Measures by the Gandhian Model

4.2.1. Preference of Production Orientation to Employment Orientation

One among the most dominant economic problems of post-independent India has been unemployment causing poverty and inequality. Production-oriented planning of the Nehru-Mahalanobis model was therefore to be replaced by the employment-oriented planning of the Gandhian model. Such of the production-oriented projects with a high component of employment orientation are to be preferred. Consequently the place of capital was to be taken up by labour.

(a) Agriculture and Allied Sectors

Agriculture offers a potential milieu for employment-oriented projects such as animal husbandry, compost-making, sanitation and gohar gas, rural work such as irrigation projects, soil conservation, land reclamation and afforestation and rural or cottage industries. Most of these constitute the essential aspects of the Gandhian model. Through intensive cultivation projects land can support a larger number of workers per unit area. While 39 are employed per a quantum of a hundred acres in India in 1971, countries such as Japan, South Korea and Taiwan and Egypt had a figure nearly double that of India. Their mode

of cultivation was characterized by small farms and high labour intensive patterns. Thus, a total of 50 to 60 million people could have been employed in agriculture alone increasing both employment and production orientations. With a judicious proportion of mechanization such that it supplemented human effort instead of suppressing the employment potential as in the Japanese style of farm machinery, the employment could be increased by as much as 60 per cent.

(b) Small-scale Industries Sector

The Gandhian model advocates small-scale and cottage-industries and is against large-scale industries as suggested by the Nehru-Mahalanobis model. A concerted effort was called for to prevent the introduction of large-scale enterprises for production of goods capable of being produced by cottage or small-scale enterprises. Further, small-scale industries should not displace cottage-enterprises. The lacunae of the industrial policy adopted and the trends it underwent under the new economic policy were predicted by Myrdal² as early as 1968, "When Western scholars speculate as to whether India will allow much private enterprise, they are concerned with future actions rather than with present policies. This is also true in the main of the anxiety sometimes expressed in private business circles in India. By themselves the official policy declarations about a developing socialist economy hardly provide a basis for these fears in the future. Such declarations and ideas have abounded in India since long before independence. Although policy declarations have tended to become more radical, actual politics have given

private business more of an entry into the sectors reserved for the state. India's recent difficulties and its increased dependence on foreign ~~aid~~ ^{to} must be assumed ^{to} strengthen this trend".

“ Neither should the higher growth rate of investments in the public industrial sector give rise to concern about the future of private industrial enterprise as long as these investments are concentrated in heavy industry. Broadly speaking, they, like investments in public utilities, can be regarded as stimulants to private enterprises. Nor is it realistic to fear that this public sector will strengthen the govt's power to control private enterprise. To begin with, its growth is liberalizing to the extent that it overcomes scarcities. And once the govt. has control of iron, steel, and other products from heavy industry, it should have less need of other controls and should be able to give more opportunity to private enterprise. Finally, the political trend has been conservative, a fact that should also calm the anxieties of private business.”

(c) Absence of Egalitarianism

Despite the profession of socialism by the Nehru-Mahalanobis model accumulation of economic power and wealth in fewer hands took place deviating from the egalitarian approach of the Gandhian model which could offer a convincing solution to the problem of distribution. Even the concept of socialism of the Nehru-Mahalanobis model suffers from lack of clarity as mentioned by Myrdal², " In India socialism has often been equated with planning - on the assumptions, of course, that its objectives

will be those ~~we~~ have called as modernization ideals. In any case, it has been held that socialism will not be realized without planning. Socialism is understood simply as the attainment of a "good society". In most instances socialism is merely a vague term for the modernization ideology". In the context of promotion of a socialistic pattern of society Gandhi suggested inculcation of the sense of ~~tr~~usteeship among the owners of property, the details of which were given earlier in the present dissertation. However no such effort³ was made to propagat~~e~~ the concept of ~~tr~~usteeship. The problem of inequality and social injustice never formed a deserving place³ in the post independent economic planning of India. The concept did not even find a place in the education system of post independent India. Emphasis is being given to value-neutral scientific education and alternatively to traditional Western Concepts in Social Sciences. Unfortunately education was never considered as a means of attitude formation or modification. Most of the leaders beginning with Nehru himself have been nearer to Gandhi only in words. ~~and class~~. Myrdal² notes : "Outward austerity, even on the part of those who could afford luxury, was propagated and observed by Gandhi, and was certainly in agr~~e~~ement with his personal ideas. Clearly, however, the continued observance of simple, folksy dress, for instance, which has become almost a uniform for popular leaders is more a symbolic rite and a political device than a sign of ² basic attitude."

Centralization of means of production as well as large scale production constituted potential threats to egalitarianism. A remedial measure suggested by the Gandhian model to solve such a

problem is the apportioning of such basic and key industries to the public sector. The Gandhian model tackles the problem of distribution at the production level and not at the consumption level.

The Nehru-Mahalanobis model failed to provide a national minimum level of living, to concentrate on the majority of the people below the poverty line, to concentrate on the inequalities in the distribution of income, to implement land reforms effectively and to wipe out the vicious circle of poverty.

To sum up, one can say that the Gandhian model aims at a national minimum level of living within the shortest possible time and hopes to remove the concentration of wealth. It ensures a growth of the economy with stability. Thus, it has the propensity to circumvent the lacunae of the Nehru-Mahalanobis model of growth given an opportunity of implementation.

4.3. An Evaluation of the Five-Year Plans and Divergence from the Gandhian Objectives

4.3.1. The Five-Year Plans

Soon after the attainment of independence the government of India constituted the Planning Commission in 1950. The objectives of economic planning in India were discussed in detail in Chapter II of the present work. It is considered relevant in the present context to examine the Five-Year Plans³ in the context of their divergence from the Gandhian economic objectives and the relevance of the latter to overcome the shortcomings of economic planning in India. Upto the present moment a total of eight Five

Year Plans spread over the period ranging from 1951 and extending upto 1995 have been in operation along with three annual plans during the period 1966 to 1968. The details of the durations of these plans are given in Table 1.

The government of India decided in favour of a planned economic development soon after independence. The directive principles of State Policy set forth in the Constitution were the basis for the objectives and social premises.

Taking an overall view of the contemporary situation of the country, the Planning Commission prepares a blue-print of development meant for a period of five years every time constituting thereby a given-Five-Year Plan. A critical evaluation of the areas of thrust adopted in these plans is considered appropriate here in the context of divergence from the salient aspects of the Gandhian model.

While the impact of the Second World War on the Indian economy constituted the first constraint, the after effects of the partition of India was the second constraint. The First Five-Year Plan was intended to have a two-fold objective to overcome these constraints. Highest priority was given to agriculture including irrigation and power projects.

The Second Five-Year Plan was intended to promote a pattern of development leading to the establishment of a socialistic pattern of society. It emphasized that the benefits of economic development should be applicable to the relatively less privileged sections of the society, contributing to a reduction

of concentration of economic power and wealth in limited hands. It aimed at a rapid industrialization, in particular, of basic and heavy industries, leading to large employment opportunities. The Third Five-Year Plan aimed at a self-sustaining growth by achieving self-sufficiency in food grains, increase in agricultural production, expansion of basic industries such as steel, chemicals, fuel and power and to establish machine-building capacity. The objective was once again to enhance employment opportunities to eliminate disparities in income and wealth. There was a delay in the implementation of the Fourth Five Year Plan consequent upon the situation created by the Indo-Pakistan conflict, two successive years of severe drought, devaluation of currency, rise in prices and erosion of resources. Consequently three annual plans between 1966 and 1969 were formulated as indicated in Table 1.

The Fourth Five-Year Plan was intended to accelerate the tempo of development, to control fluctuations in agricultural production and to overcome the impact of uncertainty in foreign aid. Programmes designed to promote equality and social justice were given preference.

The Fifth Five-Year Plan was formulated when the country was subjected to severe inflationary pressures. Self-reliance was again given importance. In addition the consumption levels of people living below the poverty line were attempted to be improved. Control over the inflationary tendency of the economy was also attempted. The Fifth Plan was terminated one year ahead

of the schedule to work out new priorities for the Sixth Five-Year Plan consequent upon the onset of the Janata Government.

The Sixth Plan formulated by the Janata Government was revised with effect from 1980. Removal of poverty was given top priority. A little more than 25 per cent of the total outlay of the Public Sector was earmarked for agriculture and allied activities such as irrigation and flood control. The plan turned out to be successful in spite of its odds.

The Seventh Five-Year Plan could achieve a GDP growth of 5.6 per cent ahead of the estimated 5.0 per cent. The total outlay of the plan was about 23 per cent higher than the envisaged outlay. Defence, interest payments on public debts and subsidy on food and fertilizers dominated during the Seventh Plan period.

The Eighth Plan began only during the early part of 1992, the delay being caused by a change of power at the centre. The objectives of the Plan are generation of adequate employment, control of population growth, universalisation of elementary education, provision of drinking water, immunization and primary health care, diversification of agriculture to attain self-sufficiency in food and to strengthen the infra-structure of energy, transport, communication and irrigation.

The break-up of the Public Sector Outlay of each one of the Five-Year Plans is given in Tables 2 to 9.

4.3.2. Evaluation of Planned Economic Development

Securing a rapid economic growth, expansion of employment opportunities, reduction of disparities in income and wealth, prevention of concentration of economic power and creation of values and attitudes of a free and equal society constitute the basic objectives⁴ of all the Five-Year Plans. These objectives can be examined under the headings of, (a) Planning and removal of poverty and (b) Planning and Social Change.

(a) Planning and Removal of Poverty

Bringing about a rapid economic growth has been the basic aim of economic planning in India. The development of agriculture, industry, power and transport and all other sections of economy were attempted in the Five-Year Plans. For a poor country like India with majority in poverty, increase in per capita income over a period is the yardstick to judge the economic development. For the per capita income to grow, it is evident that the rate of increase in national income should be more than that of growth of population. Since such a situation did not exist, an attempt was made from the Fourth Plan onwards to bring about a rapid growth in the standard of living of the less privileged sections. The slogans, "Garibi Hatao" (Removal of Poverty) and "Growth with Justice" were coined in the vicinity of 1970.

Since poverty is linked up with unemployment and under-employment the planners adopted measures, right from the onset of planned economic development, to remove the two. In order to achieve these two objectives economic growth was given preference.

Employment, though adopted as an objective of economic planning in all the Five-Year Plans, failed to get top priority and hence unemployment increased over the years. Unfortunately not a single plan was framed keeping employment question as a primary objective. A steady growth in the number of people ^{under} unemployment till the end of the third plan is indicated in Table 12.

(a) Economic Planning and Social Change

An unplanned society is characterized by retarding forces such as inequalities of income, poverty and absence of equal opportunities for progress. The Five-Year Plans were aimed at eliminating these evils to foster social as well as individual developments. Concentration of economic power in fewer hands and consequent exploitation were attempted to be eliminated. Removal of intermediaries and ceiling on land-holdings were suggested by the Planning Commission as remedial measures to achieve the objectives mentioned above. Further, to eliminate disparity between rural and urban income levels, the planners attempted to give priority to agricultural productivity and development of agro-based industries and to provide fair price to farmers for their products. However, this aspect of the objectives of planning got a low priority. The planners never attempted to bring about a redistribution of wealth and income.

The establishment of a socialistic society has also been one of the objectives of the Five-Year Plans. In such a society every one has equal opportunities for education and employment. Equal distribution of wealth takes away the concentration of economic

power in fewer hands. Economic democracy attempted by the Indian planners could never be realized since opportunities and supply of drinking water have never been provided to all sections of population. Thus, to remove poverty and to promote a socialistic form of society an increase in opportunities for employment, redistribution of wealth and income and establishment of an egalitarian society were needed. Rapid economic growth which had taken top priority in the Five-Year Plans could not bring about removal of unemployment and establishment of a socialistic society.

It is evident from the outlays apportioned for the Five-Year Plans as indicated in Tables 2 to 9 as well as in Table 11 that Nehru-Mahalanobis model which constituted the basis for the planned economic development of India has failed in the context of creation of adequate employment opportunities, elimination of poverty and establishment of a socialistic society. Emphasis on industry has generally been interpreted as neglect of agriculture and allied occupations which contributed to about 50 per cent of the national income. They were, however, allotted about 20 per cent of the resources under the Five-Year Plans. Industries which contribute to about 20 per cent of the national income were allotted between 18 to 24 per cent of the total resources. The development strategy of planning considered heavy industry as synonymous with industrialization and under played light, small scale and cottage industries and hence the inherent weakness of the approach became glaring. These figures chosen from the outlays of the Five-Year Plans are included in Table No. 10 to provide a quick glance of the divergence in the priority given to

heavy industries on the one hand and agriculture and cottage industries on the other.

Throughout the post-independence period the government has been constantly impressing upon the people that the development planning in India aims to build a socialistic pattern of society. The changing pattern of Indian economy and its analysis can show that we are drifting away from socialism¹. The fact that the lot of the weak and under-privileged did not improve proves that the benefits of planned development did not percolate down the lower layers of Indian society. The factors in support of this conclusion have been, (a) failure to provide a national minimum level of living, (b) absence of provision of facilities to able-bodied persons, (c) increase of inequalities of wealth and income, (d) concentration of economic power in fewer hands, (e) failure of fiscal measures to remove inequalities and unaccounted money and (f) absence of a quick transition to progressive agriculture.

4.3.3. Suitability of the Gandhian Alternative

In the light of the contemporary economic situation of the country, a critical examination of the suitability of the Gandhian economics is worth making.

Now that defence has been sufficiently developed and a strong foundation has been laid for a self-sustained growth, it is advisable to shift emphasis from heavy industries to capital, light and consumer goods industries as well as to small scale and cottage industries as envisaged in the Gandhian model.

It is thus an established fact that the Nehru-Mahalanobis model neglected agricultural and small-scale industrial sectors resulting in the economic problems faced by the rural population. An emphasis on the Gandhian model seems to have the potential to overcome these lacunae adequately.

According to Rao⁵ : "Gandhian ideas have a special appeal in a country like India where he lived and died and which was his field of experiments. It is inevitable therefore that the Indian approach to socialism should take note of the Gandhian alternative. Whether it accepts itⁿ or not it can hardly escape drawing on it to the extent that would be of practical import in bringing about the socialistic change which is its objective". An enumeration⁵ of some of the practical implications for the implementation of Gandhian ideas in regard to the new society that he wanted to see established in India is given below:-

(a) An alteration in the power structure of rural areas in favour of economically weak and socially backward classes is to be made to bring about Panchayati Raj and decentralization of political power.

(b) A massive and speedy implementation of basic amenities to the rural poor is to be provided even if it means a slowing down of urban progress.

(c) An application of work-guarantee scheme to rural India is to be brought to tackle the problem of rural unemployment and to stimulate the organization of the rural poor and strengthen their

bargaining position vis-a-vis the rural power structure.

(d) Rural industrialization and promotion of village-, cottage- and small-scale industries in rural areas is to be brought to maximize rural employment and to arrest the growing drift from rural to urban areas.

(e) A ceiling on personal income, both urban and rural, is to be fixed to reduce the disparity between the bottom and the top of the Indian economic ladder.

(f) A satisfactory implementation of the trusteeship formula which Gandhi gave to the nation as his last testament is to be made to reconcile private property and private enterprise with social justice and an egalitarian society.

(g) Science and technology are to be applied for raising rural productivity in both agricultural and non-agricultural activities.

(h) A reform of education system is to be made by re-orienting it in the direction of work experience, social responsibility and community service in addition to the imparting of knowledge and acquisition of skills.

(i) A complete ban on conspicuous consumption by both public and private organizations and by public servants and private individuals is to be enforced by both governmental action and non-official pressure.

(j) A deliberate preference for labour intensive technology is to be made.

(k) Prohibition is to be implemented.

(l) Rooting out of corruption in private and public sectors is to be attempted and brought about.

(m) Implementation of an agreed ethical code by all political parties is to be made that would eschew untruth, violence, casteism, regionalism, linguism, communalism and money power.

Rao⁵ states : " How far these items are utopian or practicable is a question which I leave to my readers. All that I can say is that the Gandhian approach is essentially one of practice accompanying profession. I end with the hope that the land which produced Mahavir, Budha, Nanak and Gandhi will yet find the will to follow their lead and give the country a just, non-violent, prosperous and durable society with the uplift of man as its apex".

Table 1. DURATION OF FIVE-YEAR AND ANNUAL PLANS

S. No.	Plan	Duration	
		From	To
1.	First Five-Year Plan	1951-52	1955-56
2.	Second Five-Year Plan	1956-57	1960-61
3.	Third Five-Year Plan	1961-62	1965-66
4.	First Annual Plan	1966	1967
5.	Second Annual Plan	1967	1968
6.	Third Annual Plan	1968	1969
7.	Fourth Five-Year Plan	1969	1974
8.	Fifth Five-Year Plan	1974-75	1977-78
9.	Sixth Five-Year Plan (originally)	1978	1983
10.	Sixth Five-Year Plan	1980	1985
11.	^{Seventh} Eighth Five-Year Plan (in progress)	1990	1995

Source : Jhingan, M.L. (1990). *The Economic Development and Planning*. Konark Publishers Pvt. Ltd., Delhi.

Table 2. BREAK-UP OF EXPENDITURE OF FIRST FIVE-YEAR PLAN

S. No.	Heads	Expenditure (Rs. crores)	Percentage of total outlay in Public Sector
1.	Agriculture and Community Development	291	15
2.	Major and Minor Irrigation	310	16
3.	Power	260	13
4.	Village and Small scale- Industries	43	2
5.	Indusries and Minerals	74	4
6.	Transport and communication	523	27
7.	Social Services and Miscellaneous	459	23
Total		1960	100

Source : Jhingan, M.L. (1990). *The Economic Development and Planning*. Konark Publishers Pvt. Ltd., Delhi.

Table 3. BREAK-UP OF EXPENDITURE IN PUBLIC SECTOR OF SECOND FIVE-YEAR PLAN

S. No.	Heads	Expenditure (Rs. crores)	Percentage of total outlay in Public Sector
1.	Agriculture and Community Development	530	11
2.	Major and Minor Irrigation	420	9
3.	Power	445	10
4.	Village and Small Industries	175	4
5.	Indusries and Minerals	900	20
6.	Transport and communication	1300	28
7.	Social Services and Miscellaneous	830	18
Total		4600	100

Source : Jhingan, M.L. (1990). *The Economic Development and Planning*. Konark Publishers Pvt. Ltd., Delhi.

Table 4. BREAK-UP OF EXPENDITURE IN PUBLIC SECTOR OF THIRD FIVE-YEAR PLAN

S. No.	Heads	Expenditure (Rs. crores)	Percentage of total outlay in Public Sector
1.	Agriculture and Community Development	1087	12.7
2.	Major and Minor Irrigation	664	7.7
3.	Power	1252	14.6
4.	Village and Small Industries	241	2.8
5.	Indusries and Minerals	1726	20.1
6.	Transport and communication	2112	24.7
7.	Social Services and Miscellaneous	1493	17.4
	Total	8577	100.0

Source : Jhingan, M.L. (1990). *The Economic Development and Planning*. Konark Publishers Pvt. Ltd., Delhi.

Table 5. PATTERN OF OUTLAY IN THE THREE ANNUAL PLANS

S.No.	Head	Expenditure (Rs. in crores)			Total
		Annual Plan (1966-67)	Annual Plan (1967-68)	Annual Plan (1968-69)	
1.	Agriculture and Community Development	334	314	319	967
2.	Irrigation and Flood Control	150	145	176	471
3.	Power	404	396	513	1313
4.	Organized Industry	514	471	526	1511
5.	Village and Small-Scale Industry	43	42	41	121
6.	Transport and Communications	424	398	400	1222
7.	Social Services and Miscellaneous	296	319	361	976
8.	Buffer stock and Food Grains	-	-	140	140
Total		2165	2085	2476	6726

Source : Jhingan, M.L. (1990). *The Economic Development and Planning*. Konark Publishers Pvt. Ltd., Delhi.

Table 6. BREAK-UP OF EXPENDITURE IN PUBLIC SECTOR OF FOURTH FIVE-YEAR PLAN

S. Heads No.	Expenditure (Rs. crores)	Percentage of total outlay in Public Sector
1. Agriculture and Allied Sector	2728	17.2
2. Irrigation and Flood Control	1086	6.8
3. Power	2448	15.4
4. Village and Small Industries	293	1.8
5. Industries and Minerals	3338	21.0
6. Transport and communication	3237	20.4
7. Social Services and Miscellaneous	2772	17.4
Total	15902	100.0

Source : Jhingan, M.L. (1990). *The Economic Development and Planning*. Konark Publishers Pvt. Ltd., Delhi.

Table 7. BREAK-UP OF EXPENDITURE IN PUBLIC SECTOR OF FIFTH FIVE-YEAR PLAN

S. Heads No.	Expenditure (Rs. crores)	Percentage of total outlay in Public Sector
1. Agriculture	4730	12.8
2. Irrigation	2681	7.0
3. Power	6190	16.2
4. Mining and Manufacturing	8939	24.0
5. Construction	25	0.1
6. Transport and communication	7115	19.2
7. Trade and Storage	205	0.6
8. Banking and Insurance	600	1.6
9. Public Administration and Defence	98	0.3
11. Other services	6809	18.0
Total	374827	100.0

Source : Jhingan, M.L. (1990). *The Economic Development and Planning*. Konark Publishers Pvt. Ltd., Delhi.

Table 8. BREAK-UP OF EXPENDITURE IN PUBLIC SECTOR OF SIXTH FIVE-YEAR PLAN

S. Heads No.	Expenditure (Rs. crores)	Percentage of total outlay in Public Sector
1. Agriculture and Allied Activities	15003.9	13.5
2. Irrigation and Flood Control	10925.1	9.9
3. Industries and Minerals	15338.0	13.8
4. Energy	32080.4	29.0
5. Science and Technology	17649.8	15.9
6. Transport and communication	1951.9	1.8
7. Social Services and Miscellaneous	17872.1	16.1
Total	110821.3	100.0

Source : Jhingan, M.L. (1990). *The Economic Development and Planning*. Konark Publishers Pvt. Ltd., Delhi.

Table 9. BREAK-UP OF EXPENDITURE IN PUBLIC SECTOR OF SEVENTH FIVE-YEAR PLAN

S. Heads No.	Expenditure (Rs. crores)	Percentage of total outlay in Public Sector
1. Agriculture	10,573.62	5.87
2. Rural Development	9,074.22	5.04
3. Special Area Programme	3,144.69	1.75
4. Irrigation and Flood Control	16,978.65	9.45
5. Energy	54,821.26	30.45
6. Industry and Minerals	22,460.83	12.48
7. Transport	22,971.02	12.76
8. Communication, Information and Broadcasting	6,472.46	3.60
9. Science and Technology	2,466.0	1.37
10. Social Sciences	29,350.46	16.31
11. Others	1,686.79	0.94
Total	180000.00	100.00

Source : Jhingan, M.L. (1990). *The Economic Development and Planning*. Konark Publishers Pvt. Ltd., Delhi.

Table 10. A COMPARISON OF PERCENTAGE OUTLAYS FOR HEAVY INDUSTRIES, AGRICULTURE AND COMMUNITY DEVELOPMENT AND FOR VILLAGE AND SMALL SCALE INDUSTRIES IN FIVE-YEAR PLANS.

S.No.	Head	Percentage Outlays in Public Sector							
		Plan							
		I	II	III	Annual Plans	IV	V	VI	VII
1.	Industry	4.0	20.0	20.1	22.4	21.0	24.0	13.8	12.5
2.	Agriculture and Community Development	15.0	11.0	12.7	14.4	17.2	12.8	13.9	10.0
3.	Village and Small Scale Industries	2.0	2.0	2.8	1.8	1.8	-	1.8	-

Source : Jhingan, M.L. (1990). *The Economic Development and Planning*. Konark Publishers Pvt. Ltd., Delhi.

**Table No. 11 : PERCENTAGE AND NUMBER OF PERSONS LIVING IN POVERTY
IN RURAL INDIA**

S. No.	Year	Size of Poverty Poulation (Millions)		Percentage in poverty	
		Ahluwalia	Minhas	Ahluwalia	Minhas
1.	1956-57	181	215	54.1	65.0
2.	1957-58	171	212	50.2	63.2
3.	1960-61	141	211	38.9	59.4
4.	1961-62	146	206	39.4	56.4
5.	1963-64	171	221	44.5	57.8
6.	1964-65	184	202	46.8	51.6
7.	1967-68	235	210	56.5	50.5
8.	1968-69	217	-	51.0	-
9.	1970-71	210	-	47.5	-
10.	1973-74	241	-	46.1	-

Source : Datt, R. and Sundharam, K.P.M. (1991). *Indian Economy*. S. Chand & Company Ltd., New Delhi.

Additional Sources : 1. Ahluwalia, M. (1977). *The Journal of Development Studies*.

2. Minhas, B.S. (1974). *Planning and the Poor*. S. Chand & Co., New Delhi.

Table No. 12 : ESTIMATE OF EMPLOYMENT AND UNEMPLOYMENT IN FIVE-YEAR PLANS.

S.No.	Item	Number in Millions			
		Plan			
		I	II	III	Three Annual Plan
1.	Labour Force at the beginning of Plan	185.2	197.0	215.0	220.0
2.	Net Additions to the Labour Force during the Plan	9.0	11.8	17.0	14.0
3.	Backlog of unemployed at the beginning of the Plan	3.3	5.3	7.1	9.6
4.	Total of Horizontal Columns 2 and 3	12.3	17.1	24.1	23.6
5.	Additional Jobs Created	7.0	10.0	14.5	0.42 to 1.4
6.	Backlog of Unemployed at the end of the Plan (given by difference of horizontal columns 4 and 5)	5.3	7.1	9.6	22 to 23
7.	Unemployed as per cent of Total Labour Force	2.9	3.6	4.5	9.6

Source : Datt, R. and Sundharan, K.P.M. (1991). *Indian Economy*. S. Chand & Co., Ltd., New Delhi.

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