CHAPTER VIII
GANDHIJI ON ECONOMICS

In this chapter an attempt is made to focus on the basic economic ideas that Gandhiji propounded under the influence of the then existing circumstances in India. Gandhiji was for a radical change in the structure of economic relations. He was convinced that mere removal of western colonization will not set things right. He believed that political freedom devoid of economic equality was meaningless. An analysis of colonial economics clearly showed that the process of capitalist development will inevitably involve the exploitation of the villages. His conception of Swaraj was radical enough to espouse the cause of the last man. He wanted that the necessaries of life should be enjoyed even by the ordinary man. That was his dream of poor man's swaraj.

Soon after his return from South Africa Gandhiji was shocked by the staggering poverty and unemployment of millions in the country. The Indian village communities which were proverbially noted for their self-sufficiency had deteriorated. Large scale industrialisation had caused the decay of domestic handicraft industries building greater pressure on agriculture. So the first thought of Gandhiji was centered on resuscitation of village life and village economy. He knew that the then existing economic structure was
dominated by the monied and the capitalists. Expropriation of the expropriators a common theme put up by the Communists did not attract Gandhiji. He was convinced that a violent approach was not called for. He was for a peaceful settlement of issues. Violence and class struggles were not his paths. He set out on a new path of bringing about change in socio-economic relations. That was through peaceful persuasion, through change of heart.

Gandhiji strongly believed that change of rulers, white or coloured will not solve the problems of poverty and unemployment unless a radical restructuring of economic relations was made. For this he launched a simultaneous programme for achieving political independence as well as economic freedom for the masses. Satyagraha became the modus operandi for bringing about political settlement with the British. To achieve economic freedom he advocated trusteeship and constructive programme. It is believed that most of the ideas propounded by Gandhiji emerged out of the then existing economic situation. As such his emphasis on decentralised economic development, distrust of industrialisation and mechanization have to be analysed with a time perspective. After an analysis of Gandhian economic ideas an attempt is made to evaluate their relevance with special reference to developments in India after Gandhiji's exit and also in terms of what various thinkers and writers feel about.
Gandhian Economics may be otherwise called as Economics of Non-violence

Gandhiji was not an economist in the usually understood sense of the term. He never built any system of economics. But he frankly expressed his views on the pressing economic issues in the country. He viewed life as an integrated whole. As such he did not bifurcate economics from ethics nor politics from religion.

Gandhian economics is essentially humanitarian in character. It was built on the purity of means and ends. Gandhian economics or the complex of economic ideas expressed by Gandhiji from time to time may be considered as "Economics of Non-violence" in contrast to modern economics. Gandhiji considered modern economics as violent for it is sustained on competition and exploitation of man by man. Ethics has no relevance in such a system of economics. Survival of the fittest will be the main criterion. For Gandhiji economics devoid of ethics was soul killing. He considered ends and means as inseparable. A good means alone can achieve a good end. Thus it is apparent that Gandhiji's economic ideas center around his basic conception that man is primary and everything else secondary. The ethical nature of Gandhian economics is well brought out by Gandhiji himself when he wrote in Young India "that economics is untrue which ignores or disregards moral values. The extension of the law of non-violence in the domain of
economics means nothing less than the introduction of moral values as a factor to be considered in regulating international commerce." Further writing in Harijan he elaborates his views on economics as follows:

"True economics never militates against the highest ethical standards, just as all true ethics worth its name, must, at the same time, be also good economics. An economics that inculcates Mammon worship and enables the strong to amass wealth at the expense of the weak, is a false and dismal science. It spells death. True economics, on the other hand, stands for social justice, promotes the good of all equally, including the weakest and is indispensable for decent life. " Thus he refuted the Benthamian dictum of 'greatest good of the greatest number.' A real economics will have to contribute to the welfare of the last man or unto the last.

Simplicity is the core of Gandhian Economics

Gandhiji considered simplicity as a virtue. One can lead a simple life by self-restraint. Unless man limits his wants he will not be happy. Contrary to common economic thinking Gandhiji denounced the principle of unlimited wants. The test of civilization is not multiplication of wants but voluntary reduction of them. "Civilization in the real sense of the term, consists not in the multiplication, but in the deliberate and voluntary restriction of wants. This alone promotes real happiness and contentment, and increases the
capacity for service.”¹ Voluntary restraint did not mean encouraging poverty. Gandhiji did not despise economic progress. On the contrary he went so far as to say that to the starving, God can appear only as bread and butter. “For the poor the economic is the spiritual.”² But he did not consider multiplication of material wants as the sole criterion of progress. He believed that adoption of industrialization on western lines was disastrous for a country like India. It was alright for a small country and where man power is scanty. The main issue before India was not to find leisure for the teeming millions in her villages but how to utilise the idle hours, and that was not possible through industrialization on a large scale. “...The fact that normal men and women were not inclined to reduce their wants except under compulsion made no difference to his conviction. The ethical imperative held sway ever the economic reality, and as always, he was prepared to walk alone, provided he felt he was walking in the right direction. It must also be conceded that his theory of limitation of wants provided a logical basis for his economic thinking that frowned on industrialisation and urbanism and sought to make man rather than the machine the prime instrument of production.”³

¹ Young India.
Gandhiji was convinced that simplicity of life was possible only through truth and non-violence. For this he visualised resurrection of village life which had become moribund. Non-violence cannot be built on a factory civilization but only through self-contained village communities. Centralisation of economic activities will not create a favourable climate for removal of poverty and unemployment. As such he gave top priority to decentralised economic activities. "The revival of the village is possible only when it is no more exploited. Industrialisation on a mass scale will necessarily lead to passive or active exploitation of the villagers as the problems of competition and marketing come in. Therefore, we have to concentrate on the village being self-contained, manufacturing mainly for use. Provided this character of the village industry is maintained, there would be no objection to villagers using even the modern machines and tools that can make and can afford to use. Only they should not be used as a means of exploitation of others."  

Mechanisation and mass production

Misery and unemployment found around him in India made Gandhiji think seriously on mechanisation and use of big machinery in industry and elsewhere. He was not against machinery as such but against such
machinery which would displace human labour.

"Machinery has its place. It has come to stay. But it must not be allowed to displace 'necessary human labour.' An improved plough is a good thing.... I would welcome every improvement in the cottage machine but I know that it is criminal to displace hand-labour by the introduction of power-driven spindles unless one is at the same time ready to give millions of farmers some other occupation in their homes." 5 Man is a creator. Machine is his own creation. As such he should not be enslaved by it. It was Gandhiji's belief that machinery helped a few to ride over the backs of millions. "...Today, machinery merely helps a few to ride on the back of millions. The impetus behind it all is not the philanthrophy to save labour but greed. It is against this constitution of things that I am fighting with all my might...

.....The supreme consideration is man. The machine should not tend to make atrophied the limbs of man." 6

Gandhiji was uncompromisingly opposed to "mania for mass production" where production becomes an end at the altar of human values. He was for production on individual basis through an elementary type of machinery. If man were to be restored to his proper place, it is necessary to avoid complicated machinery.

5. Young India.
He believed that when production were localised the temptation to speed up production at any cost would disappear. "I suggest that if India is to evolve along non-violent lines, it will have to decentralise many things..."

In the place of industrialisation of western type, Gandhiji wanted to evolve a system of economy based on what he called "non-violent occupations". A non-violent occupation, he defined as that occupation which is "fundamentally free of violence" and which involves "no exploitation or envy of others." He believed that vigorous and self-sufficient village communities formed by peasant-craftsmen would prove to be a veritable bulwark of democratic freedom and act as a guarantee against any aggressive or expansionist tendency on India's part. Accordingly, Gandhiji visualised a system of economy based on

(1) intensive, small-scale, individual, diversified farming supported by cooperative effort as opposed to mechanised, large-scale or collective farming;
(2) development of cottage crafts as ancillary to agriculture;
(3) cattle-based economy with strict enforcement of the 'law of return' viz., to return to the soil in organic form what is taken out of the soil;
(4) proper balance of animal, human and plant

7. Harijan
8. Ibid, Sept. 1, 1940
life, their relationship being symbiotic, i.e., one of mutually beneficial association and (5) voluntary protection of both human and animal power against the competition of machinery as the price of social insurance. 9

**Egalitarianism**

Social, political and economic equality for all the citizens was one of Gandhi's important goals. Writing in Young India on economic equality, he stated: "My ideal is equal distribution, but so far as I can see, it is not to be realised, I therefore, work for equitable distribution." Elaborating this further, he said that "Economic equality is the master-key to non-violent independence. Working for economic equality means abolishing the eternal conflict between capital and labour. It means the levelling down of the few rich in whose hands is concentrated the bulk of the nation's wealth, on the one hand, and the levelling up of the semi-starved naked millions, on the other. A non-violent system of government is clearly an impossibility so long as the wide gulf between the rich and the hungry millions persists. The contrast between the palaces of New Delhi and the miserable hovels of the poor labouring class nearby cannot last one day in a free India in which the poor will enjoy the same power

as the richest in the land. A violent and bloody revolution is a certainty one day unless there is a voluntary abdication of riches and the power that riches give and sharing them for the common good."\(^{10}\)

Gandhiji has reiterated many a time that every human being has a right to live and, therefore, to find the wherewithal to feed himself and clothe and house himself. He believed that as long as these ordinary amenities are not guaranteed to all alike there can be no poorna swaraj.\(^{11}\)

**Social ownership of means of production**

Gandhiji identified himself with the poor and the downtrodden. Reiterating his economic ideal he wrote in Young India: "According to me the economic constitution of India and for the matter of that of the world, should be such that no one under it should suffer from want of food and clothing. In other words everybody should be able to get sufficient work to enable him to make the two ends meet. And this ideal can be universally realised only if the means of production of the elementary necessities of life remain in the control of the masses."

**Avoidability of class war**

Gandhiji believed that it was possible to achieve economic equality through peaceful means. A

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staunch exponent and supporter of non-violence, he was convinced that no amount of coercion or force could set right things in the country. He was against forcible dispossession of capitalists. He believed that equal distribution was possible through trusteeship. He opposed class conflict and maintained that abetting one class against the other will not solve the issues involved. "Our socialism or communism should, therefore, be based on non-violence and on harmonious co-operation of labour and capital, landlord and tenant."\(^{12}\) "Gandhiji envisaged industry as a joint enterprise of labour and capital, in which both 'owners' and 'workers' were co-trustees for society. Instead of engaging in a class war and each thinking in terms of its exclusive rights, therefore, they should, he said, concentrate on due performance of their respective duty in terms of the service of society. Rights would accrue from duty well performed. If the capitalists or owners of industry did not discharge their trust properly, not only would it be the right but the moral duty of labour as a co-trustee to withhold its cooperation peacefully; in other words strike work."\(^{13}\)

Gandhiji wanted to end capitalism like socialists or even communists. He was against capitalism but not the capitalists. He wanted capitalists to work as trustees for those who helped in the increase of

12. Amritbazzar Patrika
capital. He wanted marriage between labour and capital and conceived capital to be labour's servant but not its master. As such Gandhiji was for class collaboration but not class conflict. "The idea of class-war does not appeal to me. In India a class war is not only not inevitable but it is avoidable if we have understood the message of non-violence." He was after liquidation of class interests through conversion and persuasion. "Exploitation of the poor can be extinguished not by effecting the destruction of a few millionaires, but by removing the ignorance of the poor and teaching them to non-cooperate with their exploiters....Capital as such is not evil; it is its wrong use that is evil." 14

**Gandhian theory of Trusteeship**

Gandhiji's earnest faith in the ultimate goodness of man resulted in the ideal of trusteeship. He believed that the present inequalities could be set right through Trusteeship. He did not believe in any absolute equality among men. As such inequalities will recur and they can be overcome only through trusteeship.

Gandhiji's theory of Trusteeship has religious sanction for Gandhiji believed that everything on earth belongs to Gopal or God. He based his trusteeship doctrine on Ishopanishad which says "All that is in the universe is pervaded by God. Renounce first, therefore, in order to enjoy. Covet not anybody's riches." 15

14. Harijan
15. "Isavasyamidam sarvam yat kimcha jagatyam jagat, tena tyaktena bhunjitah magridah kasyachitddhanam".
As such it is criminal to possess anything more than what one needs. The excess of what one has (either of money or land) can as well be used in the interests of the needy and the poor. "Indeed at the root of this doctrine of equal distribution must lie that of the trusteeship of the wealthy for superfluous wealth possessed by them. "Gandhiji had prepared the ground for making trusteeship statutory but his untimely death in the hands of an assassin came in the way. However, let us see what are the main features of trusteeship as enunciated by Gandhiji.

1. Trusteeship provides a means of transforming the present capitalist order of society into an egalitarian one. It gives no quarter to capitalism, but gives the present owning class a chance of reforming itself. It is based on the faith that human nature is never beyond redemption.

2. It does not recognize any right of private ownership of property except so far as it may be permitted by society for its own welfare.

3. It does not exclude legislative regulation of the ownership and use of wealth.

4. Thus under State-regulated trusteeship, an individual will not be free to hold or use his wealth for selfish satisfaction or in disregard of the interests of society.

17. Ibid.
5. Just as it is proposed to fix a decent minimum living wage, even so a limit should be fixed for the maximum income that would be allowed to any person in society. The difference between such minimum and maximum incomes should be reasonable and equitable and variable from time to time so much so that the tendency would be towards obliteration of the difference.

6. Under the Gandhian economic order the character of production will be determined by social necessity and not by personal whim or greed.

Gandhi believed that the rich and the landlords could be made trustees for their surplus wealth and land in the interests of the poor. He anticipated that the rich will have no choice except to relinquish their wealth in the interests of the society. "...There is no other choice than between voluntary surrender on the part of the capitalist of the superfluities and consequent acquisition of the real happiness of all on the one hand, and on the other the impending chaos into which, if the capitalist does not wake up betimes, awakened but ignorant, famishing millions will plunge the country and which, not even the armed force, that a powerful Government can bring into play, can avert." 18

He held that the State can conscript the surplus wealth of the rich through taxation, but it cannot conscript the talent and goodwill of the privileged class. Through

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18. Young India, 5-12-1929
Trusteeship the rich could be encouraged to use their skills and talents in the service of society. For "Trusteeship avoids the evils of violence, regimentation and suppression of individual liberty. Even if large sectors of industry were nationalised and put under state ownership, the existence of individual enterprise alongside of it under a trusteeship system would provide a healthy antidote to slackness, inefficiency, corruption, lack of enterprise and bureaucratic autocracy which very often characterises state enterprise. Trusteeship alone provides a possible escape from the dilemma: 'Make men free and they become unequal, make them equal and they cease to be free.' Through Trusteeship Gandhiji wanted to avoid the pitfalls of both capitalism and communism. It is only through trusteeship that moral freedom could be vindicated and protected and avoid occasional state interference in the regulation of society.

Gandhiji had great faith in the technique of conversion through persuasion. He considered that construction of a new civilization based on human values was not possible through violence. Legislation will not be able to do much in this connection. Law cannot effect true valuation of life and it has to take place in the life of the people. Gandhiji replying to a question posed by Pyralal said that "..... But I claim that ours will be an even bigger revolution (Compared to Russian Revolution). We must not underrate the business talent and know-how which the owning
class have acquired through generations of experience and specialisation. Free use of it would accrue to the people under my plan. So long as we have no power, conversion will be weapon of choice. Conversion must precede legislation. Legislation in the absence of conversion remains a dead letter..."20 Gandhiji held that the ideal of trusteeship could easily realised if people become conscious of the power of non-violent cooperation. On the technique of conversion as enunciated by Gandhiji Jayaprakash Narayan points out that "persuasion, change of heart and mind, creation of new social values and corresponding climate of opinion, non-cooperation with wrong where persuasion proved inadequate, these were Gandhiji's weapons. They served a two-fold purpose: they changed society and changed the individual. Law can do the first, but not the latter. No heart or mind has been changed by law; no individual made virtuous by coercion. Gandhiji's technique of conversion was based on faith in the possibility of improving men..."21 Thus "appeal to the better instincts in the rich, persuasion, education regarding the inevitability of change and the greater unattractiveness of the alternative of change by violence, non-violent non-cooperation by the exploited that would make the exploiter's functioning...

20. Ibid... P.631
21. Socialism, Sarvodaya and Democracy; Jayaprakash Narayan; edited by Simal Prasad, P.124
impossible, and finally legislative action - these were the series of measures that he contemplated as his programme for bringing about the change that he desired in property relations and the use of personal talents in the public interest.22

Gandhiji accepted the dictum of Marx "to each according to his need, from each according to his capacity" as the real substance of equality. He was against anyone possessing anything more than necessary. He found that the educated were completely alienated from the masses. Industrialisation on a large scale, he felt, would aggravate this process. He espoused the cause of Bread Labour as an essential step to overcome such alienation. He believed that one should sweat one's brow to earn his living. He detested the idea that physical labour was only meant for the poor/. Through programmes such as mass spinning and community work and prayer he wanted to bring all communities together and popularise dignity of labour. His call to go back to the village brought forth great enthusiasm to take up village service on the part of many.

Gandhiji was not against socialism. He wanted to achieve socialism through non-violence. The theory of socialism through trusteeship is the alternative

22. V.K.R.V. Rao, op.cit. P.40
that Gandhiji provided to western socialism and communism. Reiterating on this aspect of Gandhiji, V.K.R.V. Rao has pointed out: "The Gandhian alternative is Sarvodaya, or the welfare of all, a classless society based on destruction of the classes but not on the destruction of the individuals who constitute the classes, a system of production that does not fail to make use of science and technology for creating an economy of abundance but does not in the process either kill individual initiative or freedom for development nor create a psychology of ceaseless striving for more and more of material goods, a system of distribution that will ensure a reasonable minimum income for all and, while not aiming at a universal equality of an arithmetical kind, will nevertheless ensure that all private property or talent beyond the minimum will be used as trust for the public good and not for individual aggrandisement, a social order where all will work but there is no inequality, either in status or in opportunity for any individual, and a political system where change is the result of persuasion, differences are resolved by discussion, and conflicts by love and recognition of mutuality of interest. To this, Gandhi would have added "and a life spent in dedication to God and cultivation of the spirit", while lesser or wiser mortals may prefer to formulate their own substitution for the religion
that constituted the core of Gandhi's life and teaching."23

Khadi and Village Industries:

Gandhiji advocated decentralised economic development as a measure to mitigate the evils of poverty and unemployment. He espoused the cause of Khadi and village industries for he thought that there was no other way to solve the problems of unemployment and underemployment. He was a staunch believer in the efficacy of Charkha or the spinning wheel. To utilise the idle hours of the nation a simple machine like Charkha could act as an ideal solution. For it could be plied at any time, any place, by any person within any age-group. Gandhiji considered the charkha as highly significant in providing a basic minimum standard of living to each and every person. He had visualised Khadi as a defense of the village sector when the end of British rule had not yet come to sight and when industrialisation was considered a great menace. From this perspective, the limitations of his solutions were not due to any fault in them but due to limitations of the situation. He never held that Khadi and village industries will replace other industries. "Handspinning does not, it is not intended that it should compete with in order to displace any existing type of industry, it does not aim at withdrawing a single able-bodied

23. V.K.R.V. Rao : op.cit. PP.36-37
person, who can otherwise find a remunerative occupation from his work. The sole claim advanced on its behalf is that it alone offers an immediate, practicable and permanent solution of that problem of problems that confronts India viz. that enforced idleness for nearly six months in the years of an overwhelming majority of India's population, owing to lack of a suitable supplementary occupation to agriculture and the chronic starvation of the masses that results therefrom."  

Gandhiji considered that through Charkha work could be provided to people near their homes and localities. The pull of the city will cease if suitable employment avenues were provided. The village will have to become self-sufficient if it has to retrieve itself from bondage to the city. Gandhiji was not dogmatic in championing the cause of charkha. If the country could find a suitable substitute to charkha, he was the last man to insist on it. "Burn that charkha if you find a better substitute. This is the one and only work which can supply the needs of the millions without disturbing them from their homes."  

Gandhiji's faith in khadi and village industries was not a sentimental outburst. It was a natural reaction to the realities of the economic situation.

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24. Young India.
25. Ibid...
In a developing country heavy industries alone will not be able to provide employment to many unless they are supplemented by small-scale and village industries. Where huge idle manpower is available, any measure to utilise it will be a welcome feature under any type of planning. Labour-intensive industries on a decentralised basis will narrow down the number of unemployed and underemployed. To overcome the economic imbalance between rural areas and urban areas, decentralised industries will have to play a significant role. "One way of reducing disparities will be to increase the level of earnings in cottage industries by enlarging the scope for fuller and more regular employment by granting aids of various description, and by promoting gradual change-over to improved tools and techniques. The support of the community and protection by the state are necessary to accelerate this process of adjustment to the conditions of a new economy. The gulf between rural and urban incomes will be narrowed down when opportunities for employment in non-agricultural production are opened out to the rural population by the provision of work in cottage or subsidiary industries or in supplementary occupations near their homes and in congenial surroundings."26

Gandhiji did much to popularise Khadi and village industries. He was very keen to organise these industries

on scientific lines. The founding of All India Spinners' Association and All India Village Industries' Association was greatly responsible for efficient organisation and sales promotion of the products of Khadi and village industries. After independence much leeway has been made to develop and promote these industries. Khadi and village industries Commission was established by an Act of Parliament (Act 61 of 1956) in April, 1957 to promote and develop Khadi and village industries on a nationwide scale. As a Central Agency it has been providing financial and technical assistance to Khadi and village industries in various states. At state level State Khadi and Village Industries' Boards have been constituted to look after the problems and prospects of these industries.

Since its inception, Khadi and Village Industries Commission has chalked out varied programmes with the aim of bringing about integrated development of rural areas. Among these programmes special mention has to be made of Intensive Area Scheme, Gram Ekai programme and Integrated Development programme. At present Integrated Development Programme is being oriented to develop tribal areas.

Much progress has been achieved in terms of output of Khadi cloth and products of various village industries. The table given below brings into sharp focus the progress
of Khadi and village industries during the period of 16 years from 1955-56 to 1970-71.  

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<td>Production (Rs. in crores)</td>
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<td>Wages (Rs. in crores)</td>
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The table shows that Khadi production increased by four and a half times, production in village industries multiplied nearly eight times, employment increased by nearly one and a half times in Khadi and over three times in village industries and distribution of wages in Khadi industry increased by over four times and in village industries by nearly four times. Inspite of such progress after independence, motivation to use Khadi as a symbol of political dissatisfaction weakened and now Khadi is being used as a commercial proposition.

The various constructive organisations are trying to keep up the spirit of self-sufficiency through Khadi.

Gandhiji in his life time made efforts to improve the then existing charkha by instituting a prize for those who can devise a better machine. He was always

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for improvement in the techniques used in khadi and village industries. Today through the aegis of khadi and village industries Commission steps are being taken to improve the techniques and use power wherever possible. A better charkha with more spindles that facilitates one to earn more wages has been introduced in the field. This is All metal Coimbatore and Rajkot charkhas. The Planning Commission has also taken interest in making these industries more and more viable in solving the problems of unemployment and underemployment. Positive efforts to bring more dynamism in running these industries by way of introduction of management and productivity techniques have been on the increase.

Planned efforts for rapid economic development:

Gandhi was not against economic planning. But he was averse to centralised planning that will tend towards authoritarianism of the State. As a staunch supporter of villagism, he was for planning from below but not from above.

After independence, the country has adopted a policy of economic planning to bring about rapid economic development. Through Five Year Plans efforts have been made to improve the economic conditions of the people. The first Five Year Plan laid the foundations for achieving the socialist pattern of society - the goal set by the national government. National planning has accorded due recognition to village and
small industries in extending work opportunities, raising incomes and standard of living and bring about a more balanced and integrated rural economy. The village and small industry sector as a progressive and efficient decentralised sector will be closely integrated with agriculture as well as large-scale industry.

During the first plan period the Central Government did set apart substantial finance for the development of village and small industries and build up a network of all-India Boards to deal with the problems of the handloom industry, Khadi and village industries, handicrafts, small scale industries, sericulture and coir industry.

It was during the second plan period that greater emphasis came to be accorded to these industries. A Committee called the village and small industries Committee commonly known as the Karve Committee was appointed by the Planning Commission in June, 1955 to review the prospects and problems of implementation of these industries during the Plan period. In making its proposals the Committee kept three principal aims in view viz.:

1) to avoid as far as possible, during the period of the second plan, further technological unemployment

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28. Second Five Year Plan - Government of India Publication, P.432
such as occurs specially in the traditional village industries;

2) to provide for as large a measure of increased employment as possible during the plan period through different village and small industries; and

3) to provide the basis for the structure of an essentially decentralised society and also for progressive economic development at a fairly rapid rate.

The Committee envisaged technical improvement in traditional village industries. The concept of decentralised economy came to be spelled out and decentralised economic development became a significant part of national economic development. During the second Five Year Plan more attention came to be given to the organisation of industrial Cooperatives for village and small industries as a measure to assist the artisans. An outlay of Rs. 200 crores came to be earmarked for village and small industries out of which 78.71 crores were made available for khadi and village industries.

**Rural Industrialisation:**

Economic planning for more than twenty-five years has not satisfactorily solved the problems of the country. Poverty, unemployment and underemployment have been on the increase. This has been more active in the rural areas. According to the Bhagavati Committee on unemployment, there are about 18.7 million unemployed in the country. Of these, nine million are
"totally" unemployed, and the remaining 8.7 million are employed for less than 14 hours a week. The Committee estimated that while 16.1 million of the unemployed, residing in the rural sector, the remaining 2.6 million belonged to the urban sector. Realisation that improvement of agriculture or establishment of heavy industries alone will not solve the problems of the country has resulted in accelerated efforts for speedy organisation and dispersal of village and small industries in the countryside.

It was in April, 1961 that a Rural Industrialisation Commission came to be established and later on in July a Rural Industries Planning Committee of the Planning Commission came into being. The main objective of rural industrialisation has been to accelerate the economic growth in the rural areas by way of encouraging and organizing agro-industries and other need-based small-scale industries. It aimed at an even spread of small industries in the countryside sustained by local needs and resources. Rural industries projects that have come into operation in different States have been greatly inspired by the concept of villagism based on self-reliant and self-sufficient economy as enunciated by Gandhiji.

In 1961, 46 rural industries projects came to be started with an aim to expand the non-agricultural employment potentialities by promoting small scale and village industries and make the rural economy more
and more self-generating and self-sustaining and in the process arrest migration of rural population to urban areas. "Rural industrialisation does not mean the setting up of a few large industrial complexes in the villages, but aims at even spread of appropriate technology throughout the countryside with a view to improving the efficiency of existing units and thereby enlarging the scope of their utility. The sphere of rural industries is not only confined to traditional ones but broadly covers a variety of fields." The functioning of these rural industries projects has revealed that they have been mainly official programmes without much involvement of people and their initiative. However, the multiple programmes chalked out from time to time in the country in order to organise and promote village and small industries show that the influence of Gandhian ideas is not completely absent.

Bhoodan and Gramdan Movement:

Gandhiji was very keen in changing the then existing social structure as radically as possible. He was against expropriation or forcible dispossession of either capitalists or landlords. He felt convinced that through peaceful persuasion change could be brought about. Capitalists and landlords could be made trustees of what they possess. Thus he wanted to mend the system but not end it. For this he advocated trusteeship.

He believed that as a last resort when all peaceful avenues fail, the society or the State can take possession of the surplus wealth or land with or without compensation. "... I would be very happy indeed if the people concerned behaved as trustees; but if they fail, I believe we shall have to deprive them of their possessions through the state with the minimum exercise of violence. That is why I said at the round table conference that every vested interest must be subjected to scrutiny, and confiscation ordered where necessary - with or without compensation as the case demanded." 30

Gandhiji believed that land should belong to the tiller. Accordingly he was for distribution of land to the landless through peaceful means. He was not averse to legislation but he pleaded for reform to precede legislation. After independence efforts have been made to tackle the problem of land distribution at governmental level. Central and State Governments have passed land reform acts and have been trying to implement them. But vested interests at State and national level have been the main hindrance for implementation of radical land reforms.

After Gandhiji's demise, a Sarvodaya Samaj was formed under the guidance of Shri Vinoba Bhave, an

intimate disciple of Gandhiji. It was in April 1951 that the third annual session of the Sarvodaya Samaj had to be convened at Shivarampalli near Hyderabad. During this period the idea of Bhoodan or land-gift mission came into operation. It is wellknown that how the movement came to be launched by Vinobaji. Through Bhoodan movement Vinoba Bhave has shown to the world that changes could be wrought through peaceful ways and man is not beyond redemption and men's hearts do melt. What was initiated by Gandhiji was thus taken up by Vinoba Bhave. What the government failed to do since two decades, the Bhoodan movement was able to achieve. Reiterating on the effectualness of the movement Jayaprakash Narayan points out: "... Gandhiji, a revolutionary leader, fashioned a tool of revolution, a method, which was independent of the State, independent of legislation, and by means of which you went directly to the people and brought about changes by changing the people. Any lack can write about the failure of this movement or that programme, but it will surprise you, if you look into the figures, that many times more land, more acreage of land, many times more area of land, has been redistributed through the movement of land-gift, Bhoodan, than by land legislation in the whole country...."\(^{31}\)

One of the aims of Sarvodaya movement is to achieve Gram Swaraj which was a cherished goal for

\(^{31}\) Contemporary relevance of Gandhi : Edited by M.P. Sinha.
which Gandhiji worked. For this, Gramdan has been considered as an important step by the followers of Gandhiji. Transition from Bhoomi to Gramdan has been a radical step pregnant with revolutionary implications. Gramdan implies villagisation of land i.e., the village community becomes the custodian of all land. It aims at radically changing the conception of landownership by making every individual responsible to the community. The failure of the Government to tackle the land problem gave enormous push and vitality to Bhoomi and Gramdan movements. The extent of land collected and redistributed and the number of Gramdans and Prakhand dans collected in various States vindicates the vitality and strength of the movement. Agrarian reform and the resultant socio-economic change is basic to the movement.

**Impact of Gramdan**

Gramdan aims at restructuring land relations as 55 percent of people in rural areas own no land and as such they have no incentive to participate in developmental programmes. In this, people's education initiated by Gramdan workers has catalyzed to some extent, the collective will of the people for developmental effort. The movement has thus provided new impetus and push for social change. It has re-oriented the conception of rural development. On this aspect, Prof. Swatata Das Gupta has succinctly pointed out that
"At the initial stage and before the process of catalyzation begins, the pace is however forced, somewhat, by a definitive effort for incalculation of new values, goals and programmes. That provides the initial push till the community is prepared to move on its own; and then all that is required is the softer, less pronounced technique of catalyzation, a process which can unmistakably be identified as that of planned social change."

Much has been done in Gramdan villages and much remains to be done. The main shortcoming in the movement has been that the Gramdan workers all through have tried to impose their decisions on the people. This has caused much hindrance to people's initiative and the spirit of self-help. Added to this, the Gramdan workers have been more dependent on outside resources for developmental effort. This has acted as a disincentive for arousal of people's initiative and utilization of local resources.

With all its shortfalls, Gramdan provides a silver lining for the solution of country's problems. It creates a favourable climate for promoting and realizing integrated development of rural area... Rural industrialisation schemes will have a better scope for implementation and successful completion in Gramdan areas, where people are more awakened and could easily be motivated for change.

32. From an article "People's Participation in Gram Nirman" in People's Action; July-August, 1969, P.14
Relevance of Gandhian Economics from the point of view of thinkers and writers:

We have already noted that the fundamentals of Gandhian economics are minimisation of wants, preservation of human values, establishment of a non-violent democratic Society and dignity of labour. A perusal of Gandhian economic thought reveals that it provides an ideology, a method and a programme. Unless we understand the ideology, we may not be able to understand the functional significance of his method and programme. Inspite of his idealism, Gandhiji was realistic enough to accept compromises wherever necessary. Even with regard to his economics, it is full of compromises. J.J. Anjaria who has made a critical appraisal of Gandhian economic thought even while Gandhiji was alive, has pointed out that "Gandhism, is after all, a compromise - a compromise between the ideal of simple decentralised community life on the one hand, and the demands of modern techniques on the other." 33

It is presumed that Gandhian economics or the complex of ideas that Gandhiji expressed from time to time are both functional and dysfunctional with reference to time and circumstances. What is functional in the complex of ideas may well be gauged by an analysis of the pattern of thinking of writers who hold parallel views. When Gandhiji came out with his ideas, he was very much influenced by the then

33. An Assay on Gandhian Economics.
existing conditions in India. As such the limitations of his ideas reflect the limitations of the time and circumstances.

Gandhiji is not a solitary champion to espouse the cause of decentralised economy in relation to the inherent evils of over-centralisation or protection of human values from the onrush of materialism.

Aldous Huxley in his "Ends and Means" has pointed out that mere technological advance without progress in charity is useless. "Technological progress has merely provided us with more efficient means for going backwards." Non-violence alone can lead to real progress. On decentralisation and self government he has pointed out that "... the most propitious environment for equality is constituted by a society where the means of production are owned cooperatively, where power is decentralised, and where the community is organised in a multiplicity of small, inter-related but, as far as may be, self-governing groups of mutually responsible men and women."

Another uncompromising champion of non-violent economics has been E.F. Schumacher, Director of Statistics of the National Coal Board of England. In all his talks and writings he has been reiterating the importance of an economics that could bring in a state of "efficiency" in the economic conditions of a people or society. He is highly critical of western economics for its exclusive emphasis on material aspects
of life without due regard to the non-material. "Any system of thought that recognizes no limits can manifest itself only in extremely impermanent creations. This is the great charge to be laid against materialism and its offspring, modern economics, that they recognize no limits." Further stressing on the importance of a new economics Schumacher has pointed out that "the New Economics, of which we stand in need would be based on the recognition that economic progress is healthy only 'upto a point'; that the complication of life is permissible only 'upto a point'; that the pursuit of efficiency or productivity is good only 'upto a point'; that the use of non-renewable resources is wise only 'upto a point'; that specialization is compatible with human integrity only 'upto a point' and so on and so forth."

The inherent limitations of modern economics due to its rejection of any idea of voluntary limitation, makes it violent and impermanent. Man's urgent need, says Schumacher, is to discover a non-violent way in his economic as well as in his political life. Emphasizing on the futility of imitating the western way of life, he remarks that any worthwhile development in countries of ancient culture and hallowed tradition must be based primarily on what they can do themselves, in accordance with the best that is
existent in their own souls.

The labour power of the indigenous population is an infinitely greater potential than foreign aid could ever be. This latent labour power will not become actual as long as alien methods and conceptions dominate the scene - methods and conceptions which, quite apart from being alien, are characterised by a peculiar impatience and violence, whereas the real task of the present age is to evolve a dignified and non-violent way of life.  

In his latest article "the call of New Economics" in Resurgence, Schumacher has opined that the economics of giantism and automation are a left-over of nineteenth century conditions and nineteenth century thinking and they are totally incapable of solving any of the real problems of today. An entirely new system of thought is needed, a system based on attention to people, and not primarily attention to goods - (the goods will look after themselves). It could be summed up in the phrase, "production by the masses, rather than mass production."

Dr. Schumacher is also a staunch promoter of intermediate technology for the developing countries. He holds the view that the modern sophisticated

technology will not be able to tackle the problems of unemployment and underemployment, instead it will aggravate the problems. If industrial development has to enrich and develop human life, a medium technology is the need of the day. Schumacher is the founder Chairman of Intermediate Technology Group Ltd., London which has been established to develop and communicate knowledge about appropriate technology that would help developing countries to solve their problems. Sophisticated technology produced only for the few and the masses suffer. Under the circumstances intermediate or appropriate technology could be the best suited means of non-violent production.

Prof. Gunnar Myrdal in his 'Asian Drama' and in all his recent speeches and writings has been maintaining a Gandhian perspective. He has suggested that what Gandhiji thought is relevant even today. In his recent paper on "the Human Dimensions of Economic Growth; challenge of Stagnation in underdeveloped countries" presented to One Asia Assembly early in February, 1973 at New Delhi Myrdal has held that the ills of India have been mainly due to neglect of Gandhian ideas in the sphere of economics. "My Indian friends will not be offended when I say, that if Indian planning has not been more successful than it has actually been, the main explanation is that they have not kept so close as they should to the fundamentals of the teaching of the Father of the Nation." 

36. Article reproduced in 'Khadi Gramodyog', May, 1973, P.381
Like Western economists, Indian economists too did concentrate on capital investment instead of investment on man. Such a narrow conception of capital/output ratio neglected on a large-scale the "human dimensions of economic growth". Developing countries have to look to themselves rather than adopt the ways of the west. Models of growth used by Western economists if adopted in underdeveloped countries will aggravate the problems of those countries. Reiterating on the need for growth of people's power in all the under-developed countries Myrdal says: "What is needed is a comprehensive radical reform movement which even if inspired from above, develops into a people's movement. There must be 'pressure from below' to sustain it and that can only be engendered and given a constructive course when society has first been given by honestly carried out and effective beginnings of the reforms." 37 Myrdal has also stressed the need for reducing conspicuous consumption on the part of the rich so as to stop inflation and raise the 'quality of life' for all alike.

In its message the International seminar on relevance of Gandhi 38 has pointed out that "the general reaction of the seminar was that Gandhi still has considerable relevance to modern economic theory and

37. Ibid., P. 385
38. International Seminar on Relevance of Gandhi held at Delhi from 30th Jan. to Feb. 5th, 1972.
practice especially because his economic thinking was basically conditioned by ethical considerations.

... A basis for tackling and solving many of the problems of modern societies, affluent as well as poor, could be found in Gandhi's ideas on decentralisation, scale of production, role of machinery and the place of people's organisation for economic management.

... Gandhi's insistence on the reduction of unnecessary wants, austerity and non-attachment has particular relevance to underdeveloped and developing countries in that they would promote savings, reduce over-consumption and prevent waste.

A critique of Gandhian Economics:

A study of Gandhi's economic ideas has to be made in the light of his intellectual and social orientation and the constraints of the historical period to which he belonged. His intellectual framework was profoundly religious rather than rationalist. Even his concept and categories were derived from tradition rather than from modern scientific thought. As such his economic ideas may not be agreeable and pleasant to the western trained minds.

Gandhiji was not against change but he was in favour of a calculated and considered change so that the unanticipated consequences of the contemplated change do not upset the social framework. From this perspective, he was against rapid change that upsets
the moorings of a people. Gandhiji was averse to rapid industrialisation for its inherent dangers. Today industrialisation is a necessary phase of economic development. Large-scale and Centralised industries have a role to play in economic development. To avoid the dangers and pitfalls of rapid industrial development, Gandhian economics does provide necessary guidelines.

Simple life and concomitant restriction on wants is an essential aspect of Gandhian economics. Despite Gandhiji's deep understanding of human nature he made the mistake of expecting others to do as he did. As an ideal and as a philosophical postulate Voluntary poverty and limitation on human wants is highly functional. But as a practical proposition it may not appeal to all. These things make a very high demand on human nature. They rest on the exceptional rather than the average propensities of human nature. But from a point of providing symbolic impetus to the masses the idea of self-restraint and self-denial on the part of the elite especially in a situation where austerity measures are essential in the initial stages of a developing economy, seems to be realistic. Further if the idea of 'creative minority' is accepted, then the ideal of self-denial

39. The idea that a few individuals in any society will be highly creative and they will be responsible for societal progress and if there is decay or decline in their creative activities, the result would be the decline of those societies has been held by Oswald Spengler and Toynbee.
on the part of a minority who have to lead the majority seems to be functional.

In Gandhian economics, economic choices are primarily governed by non-economic values i.e., ethical values. As such mass orientation with such values alone can popularise and activise self-restraint. Since Gandhiji expressed some of his views, there have been changes in almost all walks of Indian society. The impact of modern science and technology has made the world more a compact unit. This has affected the trends in thinking and emphasis on values that are considered universal. The human tendency to acquisitiveness and the attraction and compulsions of modern technology seem to make Gandhian ideology especially in its economic aspects more demanding than is possible to achieve. Thus Gandhiji's basic conceptions of an ideal economy seems to show the need for a radical reversal of contemporary historical trends for their realization.

Yet Gandhian economic model does provide guidelines for achievement of greater economic equality among the masses. Gandhiji's support for 'daridra-narayans' has found good support in the present Government's policies of 'Garibi Hatao'. The slogan of 'Garibi Hatao' will have to take a practical shape if things were not to go worse. However, there is no fool proof evidence that Gandhian method is adopted in toto. But the humanist element in Gandhian
economic thought has found much free play in the contemporary managerial techniques that have come to concentrate more and more on the welfare of man. In this regard it may be pertinent to note the efforts made by Shri Vijay Merchant in his textile concern "the Hindustan Spinning and Weaving Co., Ltd." Bombay, to experiment on the trusteeship management as enunciated by Gandhiji. Vijay Merchant in his book on "Trusteeship management - An Experiment on the concept." 40 makes mention of the humanitarian approach he has adopted with regard to the welfare of workers. He cites various instances of help received by the workers from the Company. Such cases only show that even private factories could encourage workers to take more and more initiative by way of providing better incentives and stop considering workers as mere wage earners.

The trusteeship formula as envisaged by Gandhiji though logical seems to expect much from human nature. Those who are accustomed to exploit others may not change their ways of life overnight if it were to disturb their security. As an ideal it can motivate a few rich to help the poor here and there. Gandhiji could find a single merchant, Jamanlal Bajaj who came nearer to the ideal cherished by him. He expected that Birlas also would follow suit. But he was

40. Published by The Indian Centre for encouraging Excellence, Bombay, 1969
disappointed. Acharya Kripalani, a close associate of Gandhiji has thus stated about the fate of the concept of trusteeship. "Gandhiji was rather disillusioned in the end and held that his Capitalist friends could never become the trustees of the people.... The capitalists went to him for their own purposes mostly .... But Gandhiji could not turn the heart of even one capitalist. They remained what they were...."^41

Thus as a practical proposition Trusteeship principle remained unsuccessful. This might have been due to the fact that Gandhiji failed to understand the mechanism and dynamics of the Capitalist system. "What Gandhiji could not see was the fact that a humanitarian capitalist was a contradiction in terms."^42 J.J. Anjaria in a critical analysis of Trusteeship has pointed out (even while Gandhiji was alive) that "as a short term measure, this is excellent. Coercion is ethically bad; on any large scale, it is also not expedient. But, to run away from the problem by merely appealing to the more fortunate ones to show a little more charity - awful word - is no solution."^43


^42. S. Naqvi...Ibid..

^43. Op. cit
will of a few millionaires. What guarantee is there that their good will tends to remain a permanent feature. 'Economic chivalry' of a few rich will not be able to substitute social security measures that modern governments could provide. Further the philanthropic attitude of a few well to do tends to promote slavish mentality on the part of the recipients of charity.

Yet there is a hope among Gandhian workers that trusteeship principles could be applied in industry and elsewhere. Since 1972 efforts are being made by Sriyuts Jayaprakahn Narayan and Govindrao Deshpande to popularise and motivate the industrialists of Bombay to accept and apply the principles of trusteeship. The core of trusteeship is workers' participation in industry and equitable distribution of profit among the factors of industrial process. A 'Trusteeship Foundation of Bombay' has been formed under the Secretaryship of Indira Doctor. Efforts are directed to enlist the support of a large number of industrialists, trade union representatives, intellectuals and leading citizens of Bombay by organising meetings and seminars. Already a move has been made by Vijay Merchant in his several mills. Another industrialist who has taken up seriously on Gandhiji's principle of trusteeship and decentralisation is Sri Arvind Mafatlal. He has decided to distribute his prosperity. He strongly feels that to
overcome India's poverty industries have to be dis
decentralised and taken to rural areas and run on a
new basis. He is ready to divide his big cloth mills
and decentralise them. Ten looms could be taken to
a village says Mafatlal. Other industrialists may
also take the lead to experiment with trusteeship
formula. How far such efforts and experiments will
be fruitful cannot be forecasted. It is only the
future that can tell what will happen to the ideals
of trusteeship.

The main lacuna in Gandhian movement has been
the indifference of Gandhiji's intimate associates
towards his ideas and programmes. Jawaharlal Nehru
whom Gandhiji recognized as his heir-apparent did not
accept his ideas fully. Nehru was fascinated by
industrialisation and strongly believed that industr-
trialisation and large-scale production can alone usher
a stable economy in India.

Even non-violence was accepted as a policy
and not as a creed. Accordingly, the post-independence
developments in India went much against Gandhian
ideology and programme. Political power became more
important. In the sphere of economic development,
the government tried to adopt Economic plans based on
western models which have had limited acceptance and

44. Back to villages by decentralisation - Sri Arvind
Mafatlal's lead by Govindrao Deshpande, in Sarvodaya,
suitability for solving the economic ills of the country. Thus Gandhian ideas may fail at the level where politics of power becomes more important than economics of development. Gandhian ideas do not provide answers to power seekers.

Gandhian ideas have no independent locus. They need the support of either the government or other agencies. Unless the political framework in the country is sympathetic towards Gandhian ideas, nothing could be done. This may be considered as one of the limitations of Gandhian ideas. Another limitation has been that almost all Gandhiji's programmes lacked that emotional appeal which could enthuse people to action. J.J. Anjaria referring to the defect points out that "the main defect of Gandhian economy is that it makes no such appeal; there is no 'kick' in it, such as, for example, socialism has. When people object that the Gandhian solution is medieval and anti-diluvian, what they really imply is that there is no 'kick' in it; for we do a lot of medieval, even pre-medieval and anti-diluvian things if only they have some 'appeal' for us. It is significant that civil disobedience and non-cooperation always create more enthusiasm among Gandhiji's followers than all his items of the constructive programme. Humanity wants not only to do something big but also to feel that it is doing something big
and spectacular. The big machine casts a spell on our minds; we enthuse over the very idea of "the expropriation of the expropriators." There is nothing in Gandhism that thrills us..."45 "Idealism of the Gandhian or any other variety has no future in so far as it takes the form of institutional economic utopianism. But its field is as large as ever if it preoccupies itself with the improvement of the quality of life of the individual in these higher realms."46

Despite certain limitations, Gandhian economic ideas have had their impact. India might not have followed Gandhian model in toto. But that is not a matter for objection. For the values propounded by Gandhiji have eternal significance though some of his programmes might not have found favour with the government or the people. One redeeming feature is that his ideas do provide a moral support to Government's socialist programme. What Gandhiji wanted to achieve and see, India of his dreams, may not be a far off reality though the methods he propounded have not been adopted in toto. The establishment of Panchayati Raj and the fillip given to decentralised political

and economic activities in the country is a clear proof of Gandhi's influence on the policies and programmes of the government. The government is committed to establish democratic socialism through peaceful means as a way to promote economic equality among all the sections of the Indian society. Thus the present policy of the Government as defined through various Five Year Plans and as reflected in the various programmes of state Governments seem to accept some of the ideas of Gandhi (decentralised economy, emphasis on small industries etc.) though in very much diluted form. Despite loopholes in the country's Five Year plans, efforts are directed to ensure the basic minimum necessities to one and all. The machinery of the government being what it is, changes are brought about slowly and there is no doubt that Gandhi's dreams will be real if not today but tomorrow. In the meanwhile efforts have to be made to understand Gandhi's ideas and see what can be accepted and what can be accepted with certain modifications.