Chapter - 6

Dr. Ambedkar on Indian Constitution and Gandhian Production Function and Relevancy of his Thoughts in the Present Scenario

PART - A

'Socialist Ambedkar' and Indian Constitution

- Dr. Ambedkar on Democracy
- Constitution Making and Dr. Ambedkar
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PART – A

‘SOCIALIST AMBEDKAR’ AND INDIAN CONSTITUTION

Some people are born great, some have greatness thrust upon them and some achieve greatness. To the last category, Bharat Ratna Dr. B.R. Ambedkar belongs. Born with all the handicaps of social segregation, and despite the curse of untouchability, he braved his way, by dint of his relentless pursuit of purpose, with courage of conviction and indomitable will and ultimately became a scholar in the field of Economics, Law and Anthropology, with Sociology at the back of his mind. Today he curved out a unique and impregnable pride of place and honour in the history of the free Indian nation. So long as the Indian constitution survives, the name of Dr. Baba Saheb Ambedkar remain immortal. He lives for even in the hearts of every down-trodden.

Dr. AMBEDKAR ON ‘DEMOCRACY’

Dr. Ambedkar was perhaps the first Indian political thinker who realized the inapplicability of the western pattern of democracy to India. For him, it was not enough to make a distinction between the state and society, state and the government, and the state and the nation; but, he went to the roots of these institutions and pointed out the importance of taking into account the elements constituting these institutions, that is the people.
In his book “What Congress and Gandhi have done to the untouchables?”, Dr. Ambedkar criticized the western writers, who failed to recognize the social and economic contradictions in the life of the Indian society, such as, the position of the governing class of India and its intention towards the service classes, the raison d'être of the demands of the servile classes for constitutional safeguards; and the relations of the governing class to the congress.

The definitions of democracy given by Walter Bagehot or Abraham Lincoln were not satisfactory to Ambedkar. Bagehot defines democracy as “government by discussion”, and Lincoln as “A government of the people, by the people, and for the people.” By ‘Democracy’ Ambedkar refers to fundamental changes in the social and economic life of the people and the acceptance of those changes in the social and economic life of the people and the acceptance of those changes by the people without resorting to disputes and blood shed. He desired to remove the contradictions created by economic and social inequalities. He wanted to establish the principle of one man, one vote, and one vote and one value not only in the political life of India but also in social and economic life. In other words he wanted political democracy to be accompanied by social democracy. He was conscious of the social and economic inequalities which corrode the national consciousness of the Indian people. He said, “we must make our political democracy, a social democracy as well. Political
democracy can not last unless there lies at the base of it social democracy." And as an architect of Indian constitution, Dr. Ambedkar contributed a lot to the down-trodden people of the Indian society.

CONSTITUTION - MAKING AND Dr. AMBEDKAR

On may 16, 1946, the Cabinet Mission announced their proposals recommending inter-alia the setting up of a Constituent Assembly to frame a constitution for the future governance of India. Dr. Ambedkar's efforts to get elected from Bombay were thwarted by the congress, but he managed to enter the Constituent Assembly through the Bengal Assembly.

The Constituent Assembly began its historic task of framing free India's constitution on December 6, 1946. Dr Rajendra Prasad was elected by the Assembly as its permanent President.

On August 15, 1947, India attained independence, consequently, Pandit Nehru formed a broad based national government and included some prominent non-congress- men in his cabinet. Dr. B.R. Ambedkar was one of the new entrants. He was appointed as free India's first Minister of Law. With the transference of power to India the Constituent Assembly became sovereign and unfettered in all respects so it turned its attention to the important task of giving formal shape to the constitution. On August 29, the
Assembly appointed one of its most important committees, namely, the drafting committee with Dr. Ambedkar as chairman and six other members, namely, N. Gopala Swami Ayangar, Alladi Krishnaswami Ayyar, Saiyed Mohd. Sa'adulla, K.M. Munshi, B.L. Mitter and D.P. Khaitan. (Later N. Madhava Rao was appointed in B.L. Mitter’s place and T.T. Krishna machari was appointed in the vacancy caused by the death of D.P. Khaitan.

In order to reach the goal of socio-economic and political democracy said Constituent Assembly was formed to prepare the constitution for the independent India while Dr. Ambedkar was against the formation of such a Constituent Assembly. According to him, there was no necessity of such an Assembly. He opined that such a Constituent Assembly was dangerous rather than profitable. While arguing against the demand of Constituent Assembly Dr. Ambedkar argued, “there are many other arguments against the plan of Constituent Assembly. I may mention one, which I confers has influenced me greatly. When I read the history of the union between Scotland and England, I was shocked at the corruption and bribery that was practiced to win the consent of the Scottish parliament. The whole of the Scottish parliament was bought. The chance of corruption and bribery being use in the Indian Constituent Assembly to buy over members to support decisions desired by interested group are very real. Their efforts, I am sure can not be over looked. If this
happens, it will not only make mockery of the Constituent Assembly, but I feel quite certain that any attempt made to enforce the decisions will result in a civil war. It is my considered opinion that the proposal of the Constituent Assembly is more dangerous than profitable and should not be entertained."

But despite the opposition by Dr. Ambedkar, the Constituent Assembly was formed and Dr. Rajendra Prasad was elected as its President on 22nd January, 1947 the Assembly unanimously adopted the 'Objectives Resolution' placed by Pandit Jawahar Lal Nehru. Such Objectives Resolution stated, "..............where in all the power and authority of the sovereign independent India, its constituent parts and organs of government are derived from the people and wherein shall be guaranteed and secured to all the people of India justice, social, economic and political, equality of status and of opportunity before the law, freedom of thought, expression belief, faith, worship, vocation, association and action, subject to law and public morality and wherein adequate safeguards shall be provided for minorities, backward and tribal areas and depressed and other backward classes."

The Preamble was carried out of this Objectives Resolution and the entire constitution was drafted in the light of the Preamble and the reports by the various committees and sub-committees to the Assembly and subsequently passed by the Assembly. From the point
of view of the socio-economic and political justice some of the clause
of the objectives resolution were very pertinent and admirable. The
resolution gave certain assurances to the teeming millions of the
country, which are really the goal of Indian democracy. As President of
the Constituent Assembly, Dr. Rajendra Prasad declared.......... To all
we give the assurance that it will be our endeavour to end poverty and
squalor, and its companions hunger and disease, to abolish
distinctions and exploitations and to ensure decent conditions of
living............."5 other national leaders of the higher echelon
expressed similar desires. Pandit Jawahar Lal Nehru for instance,
said, ....."the ‘service of Indian meant ..... the service of the millions
who suffer.....we have to build up the noble mansion of free India
where all her children may dwell....."6

The house was divided throughout while debating on these two
kinds of rights – justiciable and non-justiciable. Those who were
socialistic minded cared much for socio-economic rights and pressed
hard to include some of the provisions from directive principles into
the fundamental rights. As Mr. Somnath Lahiri while demanding
‘Right to work’ a justiciable right, argued, “..... when we make
provision that the people should have the right to work that is,
unemployment should not be allowed to exist in our country, it would
be a social right. If you make it an unalienable provision of our
fundamental rights, naturally it will have to be justiciable."7
Shri Ananthshayanam Ayyanagar emphasized the importance of economic democracy and stressed that it is obligatory on the part of the government to provide the means of livelihood for every citizen. Some members demanded nationalization of industry and agricultural land. Dr. K.T. Shah while suggesting an amendment to clause (I) of the Article one of the draft constitution, demanded the insertion of words ‘Socialist’ and ‘Secular’ The house rejected his amendment. It seems his amendment required to wait for twenty eight years. In 1976 the 42nd Amendment inserted these words in the Preamble. Shri Yudhistir Mishra wanted the economic independence. He opined, “........The constitution should firstly provide that all the lands, machinery and all other mean of production and products thereof will be owned and controlled by the state in the interest of the people; secondly, the state should provide for every man and woman work according to his or her capacity and ability and supply the people with materials and goods according to their needs and requirements. Thirdly the production of goods should be determined and regulated according to the needs of the people............”

Shri Ayyangar urged the house to incorporate certain safeguards in the constitution in order to deprive capitalists to interpret economic and social democracy and through it the political democracy on their own terms.
On the above discussion, it is revealed that some members wanted to make some of the provisions in the directive principles, justiciable, wanted to accept socialistic economic system and thus give citizens socio-economic justice in its true sense. But due consideration was not given to their proposals. Pandit Nehru while moving the Objectives Resolution regarding aims and objects, argued, "...........we have given the contents of democracy but the content, if I may say so, of economic democracy in this resolution. Others might take objection to this resolution on the ground that we have not said that it should be a socialist state. Well I stand for socialism and hope that India will stand for socialism and that India will go towards the constitution of a socialist state, and I do believe that the whole world will have to go that way. What form of socialism again is another matter for your consideration. But the main thing is that in such a resolution, if an accordance with my own desire, I had put in that we want a socialist state we would have put in something which may be agreeable to many and may not be agreeable to some, and we wanted this resolution not to be controversial in regard to such matters. Therefore, we have laid down not theoretical words and formulae, but rather the content of the thing we desire......." It is fact that for the sake of unanimity Pandit Nehru was prepared to drop the word Socialist but ultimately what happened? The content of socialism was brought in non-justiciable Directive Principles.
In this connection while rejecting Prof. K.T. Shah's amendment, Dr. Ambedkar argued, "..... what should be the policy of the state, how the society should be organized in its social and economic side are matters which must be decided by the people themselves according to time and circumstances. It can not be laid down in the constitution itself, because, that is, destroying democracy altogether. If you state in the constitution that the social organization in the state shall take a particular form you are in my judgement, taking away the liberty of the people to decide what should be social organization in which they wish to live. It is perfectly possible today for the majority people to hold that the socialist organization of society is better than the capitalist organization of society. But it would be perfectly possible for thinking people to devise some other form of social organization which might be better than the socialist organisation of today or of tomorrow. I do not see, therefore, why the constitution should tie down the people to live in a particular form and not leave it to the people themselves to decide it for themselves....."11

One should not infer that Dr. Ambedkar was pro-haves and anti have-nots. In fact he was humanitarian, was of progressive outlook and wanted emancipation of the weaker section of the society, emancipation of the down-trodden. Here question arises, how we agreed to bring socialistic principles in non-justiciable Directive Principles? It is obvious that our Constituent Assembly was sharply
devided in two groups. Some members like K.G. Munshi, Alladi Krishnaswamy Ayyar, Thakur Das Bhargav formed one group and this group attached priority to a code of fundamentals rights to be guaranteed through the constitution against the intervention of any kind. Alladi Krishnaswamy Ayyar, for instance, advised the fundamental Rights committee to take United States as their model for the protection of the basic rights of the citizens. While K.M. Munshi pleaded for judicial review for the protection of Fundamental Rights against possible inroads by the state.

In his note Munshi said, ".....rights must be embedded in the positive law of the country as superior to the powers of any government that they become effective guarantees against the action of the state." This was the stand of these members. However, Acharya J.B. Kripalani, who was the Chairman of the sub-committee of Fundamental Rights was against upholding the Fundamental Rights. He was of the opinion that economic power of the rich and of the capitalist class must be curbed. He was also of the opinion that Fundamental Rights today have no meaning in the changed circumstances. This reveals from his speech in the Lok Sabha at the time of the debate on 4th amendment Bill. Wherein he says, "when the Constituent Assembly was discussing the question of Fundamental Rights. I was the chairman of the Committee of Fundamental Rights and I told my Committee and proved it to them that Fundamental Rights today have no meaning in the changed circumstances. They are
enumerated in order to make the constitution respectable. That respectability was good enough for the 19th century. It is not good enough today......" But rightists could not take such note seriously other members like Seth Damodar Swarup, V.D, Tripathi, K.T. Shah, Arunachandra Guha formed another group. They suggested the incorporation of certain basic socio-economic rights for the common man to be guaranteed by the state. It is these people who wanted to reshape the society on a new economic basis. But the big guns like Pandit Nehru and Sardar Patel had to fall in line with the members of the first group and finally what emerged was crypto-capitalistic or pseudo-socialistic constitution. This cryptic nature came out immediately when the operation of the constitution started.

**Dr. AMBEDKAR’S PERSPECTIVE ON ECONOMIC DEMOCRACY**

In 1947, Dr. Ambedkar had prepared a memorandum on the safeguards for the Scheduled Castes for submitting to the Constituent Assembly on behalf of the All India Scheduled Castes Federation. The memorandum was drafted in the form of Articles of the constitution one can read the mind of Dr. Ambedkar through this memorandum. He was of the view that, the political democracy rests on four premises that is:

- The individual is an end in himself;
- That the individual has certain inalienable rights which must be guaranteed to him by the constitution;
That the individual shall not be required to relinquish any of his constitutional rights as a condition precedent to the receipt of a privilege and

The state shall not delegate powers to private persons to govern others.

From these promises it logically follows that according to Dr. Ambedkar in order to treat individual as an end in himself, the economic democracy must be the foundation of political democracy. In this connection he has cited the cases of unemployed and employed persons, advocated state socialism with parliamentary democracy, advanced reasons for nationalization of industry and agriculture advocated the provision of these as a part of the constitutional law of the land, giving reasons for not leaving them to the legislature to bring them into practice by the ordinary process of law.  

Said memorandum was unique and depicts the blueprint of Dr. Ambedkar's model of economic development. His model of economic development represents a modified form of 'state socialism'.

Dr. Ambedkar had finalized and drafted the plan relating to 'state socialism' during the interval between February and March 1947 and submitted to the Constituent Assembly under the head: "State and Minorities: what are their rights and how to secure them in the constitution of the free India." He had also added analytical notes on the nature and the need for different articles that he had
suggested. Dr. Ambedkar desired that his plan should be incorporated in the Fundamental Rights, and he put in a motion on 15 April, 1946 the provisions set out in clause 4, Article II of his memorandum should be included in the Constitution as part III of the Chapter on Fundamental Rights. But the Chairman of the sub-committee ruled out that the motion was out of order on the grounds that the provisions did not relate to Fundamental Rights and their Consideration was, therefore, beyond the scope of the sub-committee. Dr. Ambedkar strove hard to have it inserted in the constitution, but it was ignored and did not find a place in the Constitution of India.

The plan advocated by Dr. Ambedkar seems to indicate that he desired to have state ownership in the form of one or the other Kind. His ardent desire was that the plan of state socialism must became a part of the constitutional law of the land. He was of the view that the essential condition for the success of a planned economy should not be liable to suspension abrogation or abandonment by the Parliament.

Dr. Ambedkar had got success in incorporating Article 21 in the constitution which provides that, no one shall be deprived of his life and personal liberty except according to procedure established by law." Here law has been given the first place. While incorporating this Article, Dr. Ambedkar had to face opposition. The pregnant meaning of liberty is freedom of speech in accordance with the law.
Equality means equalness on all fronts. Equality is the heart of democracy. Fraternity was bound to emerge if liberty and equality emerge under state socialism. When equal chances are obtained, fraternity would be the result.

From the review of the concepts of liberty, equality and fraternity, there tenets of the parliamentary democracy, advocated by Dr. Ambedkar emerge as the mean point between capitalism and communism. Dr. Ambedkar desired to incorporate good points from both the economic system in the constitution itself, so that the future rulers would have no option but to implement the economic plan inserted in the constitution. They can only modify the programme and use their means for the constitutionally set goal. Dr. Ambedkar had visualised that social and economic democracy are the tissue and fibre of a political democracy. The tougher the tissue and the fibre, greater would be the strength of the body politic.

Dr. Ambedkar was a staunch supporter of democracy. He visualised Democracy, not only as a form of government, but also a way of life. His concept of Democracy believed in not only one man, one vote, but also one man one value. According to him, "The soul of democracy is the doctrine of one man, one value. Unfortunately, democracy has attempted to give effect to this doctrine only so far as the political structure is concerned by adopting the rule of one man, one vote which is supposed to translate into fact the doctrine of one
man, one value. It has left the economic structure to take the shape given to it by those who are in a position to mould it. This has happened due to the antiquated conception that all that is necessary for a perfect constitution for democracy was to frame a constitutional law which would make government responsible to the people and present tyranny of the people by the government. Consequently, almost all laws of constitution which relate to countries which are called democratic stop with adult suffrage and fundamental rights. They have never advanced to the conception that constitutional law of democracy must go beyond adult suffrage and fundamental rights. In other words, old-time constitutional lawyers believed that the functional scope of constitutional law was to prescribe the shape and form of the political structure of the society. They never realised that it was equally essential to prescribe the shape and form of the economic structure of the society, if democracy is to live up to its principle of one man one value. Time was come to take a bold step and define both the economic and the political structure of the society through the law of Constitution. Countries like India which are late-comers in the field of constitution-making should take not copy the faults of other Countries. They should take profit by experience of their predecessors.”

Dr. Ambedkar moved earth and heaven to incorporate his economic plan in Part III of the Constitution that is Fundamental
Rights. It was his ardent desire that this plan should become a part of Fundamental Rights. He tried his level best to convince the Chairman of the Minorities Sub-Committee on Fundamental Rights but in vain.

With the enforcement of the constitution of India, the provisions for the socialistic ideals, the socio-economic justice were made in part IV that is Directive Principles of State Policy which were not justiciable. The founding fathers aimed at socio-economic justice but favoured static Fundamental Rights and not dynamic Directive Principles.

Part IV (Directive Principles of State Policy) of the constitution contains various provisions relating to economic democracy and welfarism. These are constitutional goals and it is the duty of the government to achieve it and definitely the fulfillment of such tasks will lead to not only political and social democracy but economic democracy also.

It is obvious that, Dr. Ambedkar was a very practical and foresighted one. He had not opposed the private enterprise. Virtually, he favoured a mixed economy, in which both the public and private sector would grow on the same footing. But he was against monopoly in every form, because he knew that monopoly leads to exploitation.

Dr. Ambedkar was in favour of state socialism because he wanted to abolish the caste system in India. He did not want to stop
the abolition of landlordism and redistribution of land. Thus, he demanded abolition of caste system with it and nationalization of land in order to guarantee abolition of the caste system. As an Economist, he was of the confirmed opinion that the caste system is the greatest impediment to industrial development.  

Dr. Ambedkar supported the 'Socialistic' constitution because he wanted to abolish the caste-system through state socialism. And his advocacy of state socialism amount to an advocacy of the mixed economy. He did not want annihilation of any class, but the actual reformation of class structure, so that economic benefits may reach to the doors of all persons. In fact Dr. Ambedkar was against complete nationalization of economy and state monopoly and did not want the suppression of private property. He believed that India should industrialise, Otherwise it would lose its economic democracy.
REFERENCES

1. Speech delivered by Dr. Ambedkar before the members of the Poona district law library on 22 December 1952. Quoted in “Bhim Rao Ramji Ambedkar – A study in social democracy” – G.S. Lokhande, p. 23.


5. Ibid p. 85

6. Ibid p. 87


11. Supra Note 8 p. 402.


14. Ibid p. 70


17. Ibid p. 408. (For More Detail Please See 'Chapter IIIrd' of this 'Research Work').

18. K.S. Chalam (Ed.), Relevance of Ambedkarism in India, p. 52.


21. Articles 38,39,39-A,41,42,43,43-A,45,46 and 47 of the Indian Constitution are related to Economic Democracy and Labour Welfare. (For More Detail Please See 'Chapter V of This 'Research Work').

22. Supra note 18, p. 43.
PART – B

A COMPARATIVE STUDY OF AMBEDKAR’S PRODUCTION FUNCTION AND GANDHIAN PRODUCTION FUNCTION

- Basic Principles of Gandhism
  I. Mahatma Gandhi on Village Reconstruction
  II. Gandhiji and Swadeshi
  III. Mahatma Gandhi on Labour Economics
  IV. Gandhiji’s Thoughts on the Law of Varna

- Dr. Ambedkar’s Production Function and Criticism of Gandhism
  I. Controversy over the use of Machinery
  II. Dispute over the Strike
  III. Dispute over Fast Industrialisation
  IV. Leisure And Poverty – Contentious Issues
  V. Gandhiji’s Varnashram – Criticised by Dr. Ambedkar
  VI. Observation
Dr. Bhim Rao Ramji Ambedkar has declared, “comparisons are always odious and unpleasant. At the same time it is true that there in nothing more illuminating, than comparisons.”

Mahatma Gandhi and Dr. Ambedkar both worked for the masses, though their paths were different and clashed more than once. Gandhiji spearheaded the freedom movement of the country, whereas Dr. Ambedkar having full sympathies for political freedom gave precedence to social emancipation. Ideologically Gandhiji and Dr. Ambedkar had difference on social, economic and political fronts. Their philosophies of economic development are radically to each other. Gandhiji’s economic concepts were traditional and their roots were in the philosophy of the Geeta and Ramayana. On the other hand, Ambedkar's concepts were modern, scientifically oriented and coupled with the philosophy of Lord Buddha. Gandhism was criticised by Dr. Ambedkar.
BASIC PRINCIPLES OF GANDHISM

The basic tenets of the economic philosophy of Gandhism are mentioned below:

(I) MAHATAMA GANDHI ON VILLAGE RECONSTRUCTION

Gandhiji was an ardent advocate of village reconstruction. He believed that if the villages perished India would perish. He said, “It would be no more India. A handful of cities did not make India”. He was in favour of village republic, independent of its neighbors for its own vital needs and yet dependent for many others, in which dependence was necessary.

The town-dwellers had believed that India was to be found in their town and the villagers were supposed to cater to their needs. Gandhiji had different views. He believed that India was not to be found in her few cities but in her lakhs of villages. He appealed to the youth that they should think to work amidst the villages. In his opinion, in Indian villages, an age-old culture was hidden under an encrustment of crudeness. Take away the encrustation, remove his chronic poverty and his illiteracy and you have the finest specimen of what a cultured, cultivated and free citizen should be.

In his opinion, the immediate solution for the economic distress was undoubtedly the wheel in the vast majority of cases. Gandhiji gave a clarion call to go back to village and take the work of eradication of bad customs, superstitions, bad habits, illiteracy etc.
Mahatma Gandhi outlined the programme for the reconstruction of village. He declared, my ideal of village ‘Swaraj’ is that it is a complete republic, independent of its neighbours for its vital wants, and yet interdependent for many others, in which dependence is a necessity. Thus every village’s first concern will be grow its own food, crops and cotton for its cloth. It should have a reserve and playground for adults and children. Then, if there is more land available, it will grow useful money crops.

He emphasised that there must be modern facilities for the villages. Good houses, good food, good roads and good education in his opinion were necessary for every villages.

(II) GANDHIJI AND SWADESHI

Gandhiji was of the opinion that “when Swadeshi mantra resounds in every ear, millions of men will have in their hands the key to the economic salvation of India. Training for this does not require hundreds of years. To him the economic and religious aspects of Swadeshi were far more attractive than the political ones. He said “It is my dream that all, from the Viceroy down to the sweeper should accept the Swadeshi. I am desirous of conducting the Swadeshi propaganda from the economic and the religious stand points”.

Writing about the economic waste he stated, “We have twenty one crore farmers. My own experience and the experience of
authoritative writers show that they have nearly four months of the year lying idle on their hands. This is a huge economic waste. No wonder that they are poor. Swadeshi therefore, in the problem of inducing and enabling the farmers to take up to supplementary industry of spinning and weaving........ I feel convinced that the revival of hand spinning and hand weaving will make the largest contribution to the economic and the moral regeneration of India”

Mahatma Gandhi compared the spinning and weaving industries with our kitchens and mills as the restaurants. He pointed out: “........as each home cooks its own food without difficulty, so may each home weave its own yarn. And just in spite of every home having its own kitchen, restaurants continue to flourish, so mills will continue to supply our additional wants. But even as because of our private Kitchens we would not starve, if every restaurant was through some accident closed, so we would we, by reason of domestic spinning not have to go naked even if every mill, by a blockade from the west, had to stop work. Not long ago, we knew this secret of our own economic independence, and it is possible for us to regain that
independence by a little effort, a little organizing ability and a little sacrifice”.

Gandhiji, on his swadeshi thoughts, emphasized too much on the villages. He believed that, “India lives in villages and the cities live upon the villages. Cities do not bring their wealth from other countries. The city people are brokers and commission agents for the big houses of Europe, America and Japan. The cities have co-operated with the latter in the bleeding process that has gone on for the past two hundred years. The circulation about her fat and legs had almost stopped, and if the people did not take care, she would collapse together”.

(III) MAHATMA GANDHI ON LABOUR ECONOMICS

Gandhiji did not make discrimination between economic and ethics. According to him, “Economics that hurt the moral well-being of an individual or a nation is immoral and, therefore, sinful. Thus the economics which permits one country to prey upon another is immoral. It is not sinful to buy and use articles made by sweated labour. It is sinful to eat American wheat and let my neighbour, the grain dealer, starve for want of custom”. He further said, “I must consign the foreign garment to flames and thus purify myself and hence rest content with the rough Khadi made by my neighbours”.

Gandhiji regarded that India was once the land of gold. It means not that it produced much gold but it has much resources of art, it
produced cloth of rich quality, and spices of value that other lands paid for them in treasures of gold. Gandhiji commenting on the economic situation, said that, we have lost that proud position today and have become more hewers of woods and drawers of water. Hence in the view of Gandhiji, the principles of economics applicable to India should be dynamic and not static.

Gandhiji wrote too much in the field of Labour Economics and chalked out the economic programme for free India. He suggested that, “the economic constitution of India, for that matter, that of the world, should be such that no one under it should suffer for want to food and clothing. In other words, everyone should be able to get sufficient work to enable him to make the two ends meet. This ideal can be universally realised only if the means of production of the elementary necessaries remain in the control of masses. These should be freely available to all as God’s air and water ought to be. They should not be made a vehicle of tariff for the exploitation of others. Their monopolisation by any country, nation or groups of persons would be unjust. The neglect of this simple principle is the cause of destitution that we witness today, not only in this unhappy land but in other parts of the world too.”

Gandhiji’s Labour Economics opposed the ‘Mills’, he had many reservation towards the same. He made it clear that he would favour the use of the most elaborate machinery if by these India’s pauperism
and idleness could be avoided, hence he suggested, "..... hand spinning as the only ready means of driving away penury and making famine of work and wealth impossible. It was the spinning wheel as a piece of valuable machinery."\(^\text{12}\)

Gandhiji was of the opinion that India does not need to be industrialized in the modern sense of the term. Agriculture does not need revolutionary changes. Indian peasant requires only supplementary employment and the most natural is the introduction of spinning wheel, and even not the handloom. He commented on the development of mills by saying, "I have nothing to say against the development of any other industry in India by means of machinery, but I do say that to supply India with cloth, manufactured either outside or inside through gigantic mills, is an economic blunder of the first magnitude, just as it would be to supply cheap bread through huge bakeries established in the chief centers in India and to destroy the family slove."\(^\text{13}\)

On the conflict between capital and labour, Gandhiji said that there is a worldwide conflict between capital and labour, and the poor envy the rich. If all worked for their bread, distinction of rank would be obliterated, the rich would still be there but they would deem themselves only trustees of their property and would use it mainly in public interest.\(^\text{14}\) Gandhiji’s opinion was that bread labour was a
veritable blessing to one who would observe non-violence, worship, truth and make the observence of Bramhacharya as natural.

Gandhiji did not think that the capitalists and the landlords are the exploiters of the poors. He advised that we should not believe that all exploiters exploit by an inherent necessity or that there is a basic or irreconcilable antagonism between their interest and those of the masses. All exploitation is based on co-operative willingness of the exploited. He was of the opinion that there would be no exploitation if people refused to obey the exploiter. But self comes in and we hug the chains that bind us. He suggested that this must cease. Pointing out the need of the hour, he said, "what is needed is not the extinction of landlords and capitalists, but a transformation of the existing relationship between them and the masses into something that makes their heart purer."\textsuperscript{15}

Gandhiji emphasised that there must be modern facilities for the villages. He introduced the new education system called 'Nai Talim' in 1937. He was of the opinion that, "..... the only way of saving the nation at the juncture was to revive village economic life and to relate education to it. Education accordingly was to be based on village occupation."\textsuperscript{16}

The modern world speaks glibly of freedom, democracy and peace. But according to Gandhian thinking, the world seems hardly to
realize that these can not be had unless the foundations for them are well and truly laid in the economic order. Gandhiji made it clear that as we sow in the economic realm so do we reap. For reaping peace and freedom, we must direct all one educational system towards the entire economic, political and social organization. He proposed that our children be taught the dignity of labour they must learn to regard it as an integral part and a means of their intellectual growth and to realize that it is a patriotic to pay for their training through their labour. In other words, the economy should be self-supporting and it must come through basic education.

(IV) GANDHIJI’s THOUGHTS ON THE LAW OF VARNA

Gandhiji believed in the Varnashram proposed since the days of antiquity by Hinduism. He was of the opinion that Varnashram is the healthy division of work based on birth. He believed that, it is an ideal system conceived for the highest good of society. Gandhiji asked a man to distinguish from the animal. If man’s function as distinguished from that of lower animal is to know God, then it follows that he must not devote a major part of his life to making experiments in finding out what occupation will best suit him for earning his livelihood. On the contrary, he will recognize that it is best for him to follow his father’s occupation and devote his spare time and talent to qualifying him for the same. This clearly shows that the Mahatma Gandhiji was in favour of hereditary occupation. He did not like to
move the labour from one occupation to another. He did not advocate change in occupation. In other words, he favoured the hereditary inequality in the occupations.

Gandhiji has categorically said, our failure to follow the law of varna is largely responsible for our economic and spiritual ruin. It is one cause of unemployment and impoverishment and also responsible for untouchability and defection from our faith.19

**Dr. Ambedkar's Production Function and Criticism of Gandhism**

Theoretically, Gandhiji's tenets of economic philosophy are praiseworthy, as they lay stress on self-reliance. But when considered in practical terms, it seems that what was ideal was not real. Self-reliance is the base of the permanent structure, but Gandhiji's self-reliance concept in the economic field was rather limited and contracted; in the modern age of space and atoms, the village self-reliance concept was practically outdated. This was realised by Dr. Ambedkar, a man of foresight. Dr. Ambedkar had a vision of the future. His dream was of the space age and intercommunication. He believed that village republic would be no more practical and progressive, and that village republic would never give justice to the down-trodden and wretched class of the society.

According to Dr. Ambedkar, Gandhism means return to the village and making the village self-sufficient. It makes Gandhism a
matter of 'regionalism'. "Gandhism, I am sure, is neither so simple not so innocent as regionalism is. Gandhism has a much bigger content than regionalism."20

(I) CONTROVERSY OVER THE USE OF MACHINERY:

Dr. Ambedkar pointed out the flaws in Gandhiji's production function and held the view that Gandhiji's opposition to machinery was well evidenced by his idolization of 'Charkha' and by insistence upon hand-spinning and hand-weaving. Gandhiji propounded the same thing to the people. "It is a law of God that the body must be fully worked and utilized...... he who eats food without offering his sacrifice steals it.21

Gandhian analysis of the economic ills is nothing but opposition to machinery and modern civilization. The only ground in opposing machinery and modern civilization was that machinery and modern civilization help to concentrate management and control into relatively few hands; these cause deaths, maiming and crippling, deteriorate physically the human body and indirectly lead to the development of large cities; the atmosphere is polluted with smoke, dirt, noise, foul air, lack of sunshine, slums, prostitution and unnatural living.22

Dr. Ambedkar admitted that there are some evils of machinery and modern civilization, but argued that the evils are not due to machinery and modern civilization. But they are due to wrong social
organization which has made private property and pursuit of personal gain a matter of absolute sanctity. If machinery and civilization have not benefitted everybody, the remedy is not to condemn machinery and civilization but to alter the organization of safety so that benefits will not be usurped by the few but will accrue to all.²³

Dr. Ambedkar agreed that unless the machine takes the place of man, leisure is quite impossible. He said, leisure means the lessening of the toil and effort necessary for satisfying the physical want of life. Machinery and modern civilization are indispensable for emancipating man from leading the life of a brute and for providing him with leisure and for making a life of culture possible. Dr. Ambedkar exposed the argument of Gandhiji, who condemned machinery and modern civilization. According to him, he (Gandhiji) did not understand the purpose and the ultimate aim which human society must strive to achieve.²⁴

(II) Dispute over the strike:

Gandhiji was of the opinion that those who live by sword, die also by sword. The capitalists do not fight by the strength of money alone; they do possess intelligence and tact. He claimed that he had handled large successful strikes and said that there should be no strike without a real grievance. Strike should never depend upon public subscriptions or other charity. Strikers must fix an unalterable
minimum demand, and declare it before embarking upon their strike.\textsuperscript{25} Gandhiji even said that farmers must be advised scrupulously to abide by the terms of their agreement with landlords whether such is written or inferred from custom. Where a custom or written contract is bad, they may not try to uproot it by violence or without previous reference to the landlords. In every case, there should be a friendly discussion with the landlords and an attempt should be made to arrive at a settlement.\textsuperscript{26}

Dr. Ambedkar criticized the above views of Gandhiji and said, Mr. Gandhi does not wish to hurt the propertied class. He is even opposed to compare them with others. It seems that he has no passion for economic equality. And it is a fact from the theory of trusteeship that he declared that the rich, the landlords, the owners, the employers should act as trustees, and trust is to be a voluntary one carrying only spiritual obligation. It means Gandhiji could not even guess the mentality of the rich class of the society.

\textbf{(III) DISPUTE OVER FAST INDUSTRIALISATION :}

Dr. Ambedkar preferred fast industrialisation in India for many reasons. He maintained that “Industrialisation facilitates consolidation. It lessens the premium on land. It must precede consolidation. It is a barrier against future sub-division and consolidation.”\textsuperscript{27} He was of the opinion that, industrialisation in India
was an absolute necessity. Capital formation, through industrialisation, to him, was important as it could utilize the surplus labour of countryside for productive purpose. In essence, Ambedkar had visualised what we know refer to as the forward and backward linkages of industrialisation.

Dr. Ambedkar was aware that the surplus agricultural labour has to be accommodated in industries if we want to solve the problems of unemployment. As such he insisted on capital intensive agriculture as well as industry. He visualised that production and employment can be maximized both in agriculture and industry, only through increased application of factors like land, labour money, capital and machinery. Dr. Ambedkar for all practical purposes insisted on considering agriculture as an industry. In this regard, he was totally opposed to Gandhian views. Gandhian production function consisted of only one independent variable, namely, labour. According to him, labour and labour alone could solve the problem of production and employment both in agriculture as well as in industrial sectors.

Taking the views of Dr. Ambedkar on fast industrialisation in integrated form, we gain an impression that he was able to visualize as a man of labour welfare. He was able to grasp the nature of the production function of agriculture, the importance of industrialisation, the backward and forward linkage effects of industrialisation.
Contemporary research indicates that Dr. Ambedkar was more realistic in his approach. Literature produced by H. Pack, Rheey and L. Westphal, L.G. White supports Dr. Ambedkar’s views.

(IV) LEISURE AND POVERTY – CONTENTIOUS ISSUES

Gandhiji always stressed the use of leisure to be employed in the cottage industries. To him, that was the only way to live worthily. He was insisting on bread labour. But Dr. Ambedkar was of the opinion that the time and energy spent on earning subsistence detracts from that available for activities of a distinctively human nature which make up a life of culture. How can then a life of culture be made possible? It is only when there is leisure that a person is free to devote himself to a life of culture. According to him, the problem of all problems, which human society has to face, is how to provide leisure to every individual with equitable income.

Dr. Ambedkar thought that Gandhism wanted to keep the common toiling ceaselessly for a pittance and remain a brute. He said, “Gandhism’s call of ‘back to nature’ means back to nackedness, back to squalor, back to poverty and back to ignorance for the vast mass of the people.”

(V) GANDHIJI’S VARNASHRAM - CRITICISED BY DR. AMBEDKAR

Dr. Ambedkar criticized the caste and varnas (categories) as understood by Gandhiji and asked for the economic and labour
conditions of Europe and India to be compared and a search to be made for the reasons for the backwardness of India.

He even raised objection on the meaning of the Varna. Lord Krishna says, "The order of the four varnas was created by me according to the different gunas and karmas of each." He adds, "I created four varnas on the basis of character and work. These are Brahmin, Kshtrya, Vaisya and Sudra." But Gandhism says, varna is determined by birth and the profession of a varna is determined by the principle of heredity, so that varna is merely another name for caste. Dr. Ambedkar thus argued that Gandhiji changed the meaning and context of caste.

Dr. Ambedkar condemned economic injustice and argued that untouchability is not only a system of unmitigated economic exploitation, but it is also a system of uncontrolled economic exploitation, because there is no independent public opinion to condemn it and there is no impartial machinery of administration to restrain it. There is no appeal to public opinion. For whatever public opinion there is, it is the opinion of the high caste Hindus who belong to the exploiting class and as such favour exploitation. There is no check from the police or judiciary for the simple reason that they are all drawn from the upper caste Hindus and take the side of the exploiters.
Dr. Ambedkar came to the conclusion, that Gandhiji’s thoughts on production function and labour welfare, was the philosophy of the well-to-do and the leisure class.

**OBSERVATION**

Gandhian thoughts on labour and production function and its criticism by Dr. Ambedkar reveal that they were two poles standing apart to build the structure of Indian life. While Gandhiji was for economic development through unity of different sections of the society even at the cost of prevalence of the traditional structure, on the other hand, Dr. Ambedkar desired to break the traditional barriers and emancipate particularly the lower strata of the society on social and economic fronts. The ways of these two stalwarts were rather different. Gandhiji based all his activities on truth and non-violence. Dr. Ambedkar too realised the significance of the principles propagated by Gandhiji. However, Gandhiji’s concepts of truth and non-violence were wanting in reality and practicability.

If the view of Gandhiji that the real India lives in villages and not cities is to be accepted, the first and foremost task before the government and people is to take cognizance of the village problems, such as roads, communication, school, houses and forms; the foremost issue is the village economy. Why is a villager, an unorganized labourer, allowed to be exploited in both what he buys and what he sells? Unless a major part of our national investment is
spent on village development and agrarian advancement, we can not stop the flow of the labouring masses from villages to the urban areas and we also can not ask the educated class to turn to villages.

There must be coordination among these views and there must be a balance in the economy of rural and urban sectors. We must divert our resources towards the village and develop the countryside instead of leaving the rural areas desolate and dilapidated.

Dr. Ambedkar and Gandhiji were both of the opinion that villagers had sufficient leisure time, which must be utilized for productive purposes. Gandhiji laid stress on the use of leisure for manual labour. And Dr. Ambedkar stressed the need to make use of it for mental development. The former asked people to engage themselves in cottage industries, while the latter asked them to get educated in the formal sense. It is fact that the products of cottage industries can not compete with machine made products on economic grounds, the profit range is less in cottage industries as compare to machine industries, But in Indian context, we can say that cottage industries should be developed in the villages with the mechanical devices.

At last, we can say that, in the present scenario, we must combined, thoughts of Gandhiji and Dr. Ambedkar on production function and labour welfare for the all round development of the country.
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PART – C

PRESENT ECONOMIC GLOBALISATION AND Dr. AMBEDKAR

- Globalisation: Meaning and Scope
- Arguments For and Against Globalisation
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PART - C
PRESENT ECONOMIC GLOBALISATION AND
Dr. AMBEDKAR

The Indian economy has been dominated by a regime of multiple controls, restrictive regulations and wide-ranging state intervention. Industrial economy protected by the state and insulated against external competition was prevented to grow. Due to all the above, the Indian government had to take a fast decision of liberalising the economy from various types of controls.

The last decade has witnessed extensive changes in the industrial policy of the Indian government. The government has shifted from control and restriction policies to new open economy that is called globalisation.

GLOBALISATION: MEANING AND SCOPE

Globalisation indicates the removal of unnecessary controls in laws and procedures for opening the economy to the world by removing protective barriers against free flow of trade, technology and investment among countries.

Russi Mody Views Globalisation as a two way thing. First, it envisages free competition, high productivity using state of the art of technology and second, selling in one single market place of the whole world.1
According to Malcolm S. Adiseshiah, “Globalisation of the economy may be defined as the global dimension of the evolving world economy. This term covers all facts of life – economic, political, social and cultural. It means not merely looking at every fact or problem internationally, that also to be taken into consideration, not merely looking at issues from a world point of view, that too is the part of process, it means that the global dimension is emerging and has emerged as a reality of today.”

Globalisation means the global reach of capital to all the world’s resources and markets. Globalisation has become a marginal world that justifies every action of our government.

Globalisation refers to a process of increasing economic integration and growing economic inter-dependence between countries in the world economy.

While talking of opening up of an economy it is pertinent to note that even in a developed country, an open economy does not mean a free for all economy. There has to be an appropriate regulation to ensure that norms are prescribed and adhered to by the various constituents of an economy so that the interest of other players are adequately protected. That will be the limited but important role of statutory bodies. It is akin to the role of the judiciary in a democracy. However even among developed countries, there are varying degrees of
openness towards foreign investment. Broadly the Economics of U.S.A. and U.K. are much more open than that of Japan. Therefore, openness of economy is not of a uniform nature.

The greater openness of economies has been followed more recently by enhanced financial interdependence. Finance is the most important bridge between the present and the future in the economic system.

In current economic literature, the term globalisation is used to mean a more liberal "outward-oriented" policy, which includes eliminating anti-export biases, lowering of very high import tariffs, placing lesser reliance on quantitative restrictions on imports. This is the aim of the liberalization policy adopted by India. However, it can be said that the "outward-looking" policy does not mean that government would completely abandon all forms of control and place the entire economy at the mercy of the multi-nationals. It also does not mean that government is going to give its concern for equity. The main aim of the policy of globalisation would be to remove certain imbalances and restrictions which hamper the free flow of trade. Globalisation will also make available greater number of goods and services to the people, at relatively cheaper prices. Thus, it will generally improve the economic performance of the nation.
The Indian economic reforms (started from July, 1991) are in consonance with the ‘International Monetary Fund’ (IMF) supported structural adjustment programme, which consists of pre-steps for globalisation of the Indian economy. The market-oriented approach which is the King-pin of Indian reform package has acquainted greater respectability throughout the world after the Russia and East European Countries have turned towards the worked-oriented approach.

So many components are required, such as liberalization policies of free trade, broad basing domestic and international competition, removing industrial licensing, realistic export-oriented exchange rate policy, import policy, raising research and development expenditure, infusion of farm and industrial technology curbing environmental and ecological degradation, privatization of inefficient public sector units and infrastructure facilities, inviting highly reputed Indian technical personnel living abroad, promoting human resources development policies in education, nutrition and skill formation and bringing about attitudinal changes etc. for globalisation in India. India has learnt lessons from Russia and Czechoslovakia and had tried to globalise her economy thereby adopting market-friendly approach.

According to Professor C.T. Kurien, “the global economy must be viewed as a collection of heterogeneous units with different agendas interacting with one-another in a variety of ways and thus changing its character over time.”

"
It is clear that, the globalisation means adoption of market-friendly approach thereby making the economy more open rather than close. In other words, globalisation of the Indian economy means integration of it with the world economy. Globalisation of the Indian economy really means that the industry has to face competition from outside, subject to some degree of protection, which does not increase its efficiency.

ARGUMENTS FOR AND AGAINST GLOBALISATION

Here many questions lead us to consider yet another important aspect of globalisation, that is, why to globalise the Indian economy? What is the rational behind globalisation? What benefits we'll accrue to Indian economy when globalised? And what constraints it will have to face while globalising? The proponents very strongly put forward the arguments in favour of globalisation, whereas the opponents very strongly criticize globalisation.

(a) ARGUMENTS IN FAVOUR OF GLOBALISATION

Bruton (1967), Kim and Park (1989) had established that globalisation would result in better capacity utilization and economics of scale. Most studies generally support the hypothesis that there is a positive relationship between the degree of openness and efficiency gains. Jagdish Bhagwati\(^5\) and A.O. Kruenger\(^6\) had established a direct link between productivity and liberal trade policies. Some of the
scholars who have undertaken studies in different countries have found that productivity growth is significantly higher in the periods of liberal trade policies. There is positive association between the degree of openness and Gross National Product (GNP) growth. So also Denmark and Norway, soon after the Second World War followed outward-oriented policies and Korea, Singapore and Taiwan in the early sixties went in for outward-oriented policies and achieved tremendous success in increasing their GDP. They gave freedom to their entrepreneurs to choose between domestic and imported inputs and duty-free imports of inputs were permitted. Trade liberalisation which accompanies globalisation would also improve distribution.\(^7\)

It is also argued that devaluation of the Indian rupee will increase the exports and decrease the imports, thereby leading to reduction in balance of payments deficit. It will also increase the quantum of foreign exchange reserves.

Rapid increase in knowledge through globalisation provides new potential for developing countries to grow faster. The knowledge explosion is driving rapid technical change, which is changing the nature of global interaction and competition. Unless the developing countries move rapidly to join the fast moving global economy, and the information network that supports it, the gap between the sick countries and the poor countries would grow wider. The developing countries must develop a strategy for using effectively the growing knowledge base which must be tapped internationally.
According to K.S. Krishnaswamy, "this drive towards globalisation has been motivated by three principal expectations: first, that foreign competition in the domestic market will stimulate local producers to minimize their production costs; second, that with reduced costs and free access to imports, India's export can be rapidly increased; and thirdly, with freedom of access to foreign investment, the economy will benefit greatly from the inflow of modern technology and knowledge".  

It has been argued by the liberalisers that free trade and free foreign investment will add greatly to India's competitive strength in world markets, as they will enable the country to leap-frog into the most modern technology and also gain access to a vast amount of accumulated scientific knowledge. With the advances achieved in communications, electronics and informatics, Indian scholars and researcher can obviously benefit from free access to world knowledge.

Friedman, in his book 'The Lexus and the Olive Tree' has mentioned that globalisation is inevitable and irreversible, the forward march of technology makes it so. Governments can no longer control the free flow of information. The cell phone and satellite television have reached even the remotest...... village. Day to day economic decisions can no longer be decreed from above by corporate Chief Executive Officers (CEOs), much less government planning ministers: Markets now mutate with frightening speed. Finance can no longer be
dominated by “White-Shoe” commercial banks. Today anyone can be a
day trader. Capital can no longer be bottled up within borders.
Billions of dollars can be moved with the click of a key. And in an age
of instantaneous communications which has let United States
Software Companies outsource product development to India,
participation in global markets affords the world’s poorer countries
more opportunities than ever before.9

(b) ARGUMENTS AGAINST GLOBALISATION

The opponents of globalisation have severely criticized it in a
variety of ways. Globalisation and liberalisation of the Indian economy
has been criticized by the economists, social thinkers, politicians and
host of others both within the country and outside the economy.9A

According to Professor A.M. Khusro, “New economic policy
seems to be applying some correctiveness.”10

Diaz Alejandro and Halleiner believe that the prescriptions from
International Monetary Fund (IMF) and World Bank will not solve the
problems of the developing countries.11

J.D. Sethi is of the opinion that Indian liberalisation is at the
wrong time and from the wrong end.

The immediate impact of liberalisation and openness might be
the increasing debt burden of the developing countries, which are
already under heavy debt. The mounting import bills will land them in a debt trap, from which it will be very difficult for them to recover.

Globalisation will lead the developing countries to cut throat foreign competition which will weaken their political, social and economic independence. Multinational might be in a position to manipulate things to their advantage, which will prove detrimental to the interests of the poor nations.

Addressing the 22nd meeting of G-15 Foreign Ministers, U.Krishna Raju the Minister of State for External Affairs, (as he then was) said that, transnational corporations, rather than countries, had reaped the benefits of the globalisation process. He further said, the income gap between the rich and poor nations had only widened....There are no win – win perspectives in globalisation as some in the developed countries would have as believe. Sustained reduction in global poverty require stronger growth...12

The former Prime Minister, S. Chandra Shekhar alleged that, the policies of economic liberalisation initiated in 1991 at the suggestion of the World Bank and the IMF had not resulted in any significant improvement in the 1990s over the 1980s significant declines in important economic indices pertaining to subsidies, tax revenues, employment potential, etc. He further said, in most cases, Indian interests have lost out to foreign companies and that there
were pressures on the government to reduce subsidies and cut expenditure even as the percentage of subsidies have been rising in the developed countries.\textsuperscript{13}

On the one hand, the World Bank and IMF; they argue that the markets should be allowed to work freely, they themselves tamper the world financial market and does not allow it to function freely leading globalisation to be an one-sided game in reality. The U.S.A. itself is adopting protectionist policy and unilateralism, which will not make the U.S. market accessible to India and other developing countries.

It is also feared that devaluation of rupee will succeed in promoting exports and curtailing imports, because the protectionist policies of the developing countries are increasingly discriminating against the exports of the less developed countries. Hence, just through devaluation, it may not be possible to penetrate the market of the developed countries which often take protectionist action in the name of anti-dumping.

Moreover, in a country like India, where there is high income inequality and a huge sum of un-accounted money in the hands of a few people, it is very difficult to control imports by devaluation accompanied by import liberalisation. Inspite of devaluation and price rice, increasing imports of luxury goods and inputs like machines to produce these goods cannot be checked. Moreover, devaluation led to
inflation, creates a situation where imports may not be much costlier than domestic goods. Further, there is also a craze for these “foreign goods” in India among a large section of population due to the colonial legacy and partly due to the international demonstration effect. Due to all these factors, devaluation may fail to control imports.\textsuperscript{14}

Another argument against globalisation is that it will adversely affect the social order. With capital investment from foreign countries, personnel with their life styles will come, in so far as it affects directly through demonstration effect, it distorts the allocation of national resources and becomes a means of social discord. It will increase social tensions among different classes of people of the society.

A ‘Cat Scan’ of globalisation revealed a multidimensional image driven not only by market forces, but also by attempts to oppose cultural diversity, by factors such as global warming, the spread of diseases including HIV/AIDS, and the rise of terrorism, cyber crime and transnational crime.\textsuperscript{15}

**IMPACT OF GLOBALISATION ON INDIAN INDUSTRIES**

All data\textsuperscript{16} reveal that our industrial development is going to slow down despite of the big promises by our policy makers, favoured globalisation blindly. Infact the scene is different. Our big industrial
houses had developed cold feet before multi-national companies (MNCs). Parle Company Limited boss Ramesh Chauhan, who had fought the Pepsi with his Thums-up, Gold Spot and Limca, surrendered before Coca-Cola and quit business, selling his entire plant, bottle and barrel to the new invader. Godrej Soaps, a tightly controlled company, has virtually mortgaged its plants to a multinational giant-Proctor and Gamble Co. Ltd. The Tatas sold their oil Mills Company to Hindustan Lever Ltd. Company, Vijay Mallya’s Kissan Products has gone to Brook Bond Company, Gold Star of South Korea has bought over Texla Television and the Malhotras have sold their Razor blade units to Gillette. The number of such type of cases are increasing day-by-day. The multinationals are dictating terms. When Mafatlal denied to Shell Company a 51% stake in Nocil, the Shell Company ended their long partnership. Similarly, Swedish Match Company walked out on Western India Match Co. The list is growing.

The Indian soap and soft drink markets are virtually in the hands of multinationals. Nirma Company, which gave Lever Company a run for its money, had increasing sales till 1990. It has slipped in the liberalized regime. As the success of Ariel Company shows the MNCs brand have already captured the consumer’s mind. Unable to face competition from M.N.Cs, Indian industries may be forced to sell off their brands and become only trade houses. Even the redoubtable TATAS have entered trading.
What is most striking in the globalisation era is not only the quantum leap in the degree of monopoly in many products but also the concentration of economic power, what is far more significant, is the evidence of the crumbling of even the modicum of independence that the Indian entrepreneurship was displaying till now. In almost all the cases, foreign companies are the gainers.

IMPACT OF GLOBALISATION ON LABOUR

The globalisation of economy induced by import tariff cut and warranted by foreign investment is bound to render a large mass of working population jobless. Given the nature of technology and direction of its growth it would be simplistic to believe that future economic globalisation will help to solve the problem of unemployment in developing economies like India. It is not logical to plead that the present adverse consequences of throwing employed person out of job and low rate of employment opportunity in the country will be corrected later on.

Globalisation process has lead to a lot of bleeding of the human factor. A very large number of workers are affected through closure, retrenchment and layoff. Permanent labour is being replaced by contract labour. Governed by the forces of demand and supply of labour they are paid wage for lower than what their permanent counterparts were getting. Surveys have revealed lower wages to the
workers for example in Air India, Indian Airlines and Airport authority. The contract workers in such ventures do not get the benefits of provident fund, gratuity, bonus, leave facilities, canteen, transport, medical and uniform facilities. There are also no standard working hours for them.20

Liberalisation of the Indian economy is leading us back to the laissez-faire structure of the Adam Smith’s time which an over populated and under-developed country like India can ill-afford. Policy of hire and fire is getting a phillip in the Indian industry. Protective ring provided through various labour legislations is loosening its grip. Earlier government would not permit the closure, retrenchment or lay-off under chapter V of the Industrial Disputes Act, 1947 so easily. But now the state governments, under the tremendous propaganda of new economic policy, are permitting it.

Between 1972 and 1992, the 500 largest Transnational Companies (TNCs) monitored by 'Fortune Magazine' laid-off 4.4 million workers.21 Manufacturers are increasingly replacing workers with machines. A study by Professor Michael Hammer shows that re-engineering of a company's production can typically result in a 40% reduction in jobs.22 The objectives seem to be lay-off the workers and to reduce the wage levels. Multinational companies are taking advantage of both low wages and state-of-the art technology without sharing any of the productivity gains with their workers.
In a world of high unemployment, foot loose capital and widely divergent working conditions and free trade puts downward pressure on labour standards and pay scales everywhere. In less developed countries, like India, workers are forced to endure inhuman working conditions because Their governments want to attract elusive foreign investment.

The emerging realities make the labour scenario to appear bleak. The growth rate of labour force is continuing to overtake population growth as well as growth rate of employment opportunities.

In the organized sector, employment growth has registered a steeper decline than in the unorganized sector. Not surprisingly, unemployment has been increasing despite massive investment. It is pertinent to ask whether the government took employment situation into account before planning for large-scale liberalization of the economy or it ignored this vital issue. Virtually, the issue of employment was considered only one casual basis after the World Bank took notice of it and suggested the half-hearted solution like establishing the National Renewal Fund (NRF) and development of agriculture and rural sector.

The stagnation in industrial production is bound to push down wages and total earnings of the workers, especially for the big chunk of labour that works in the unorganized sector. The agricultural labourers, the poorest among the poor, have been hard hit. Also, there
is no protection from inflation for the low-paid urban workers in the informal sector and for the agricultural labourers.

There is more emphasis on spending on voluntary retirement scheme (VRS) and less emphasis on retraining and redeployment. In the absence of a social safety net and the relatively long period of insulation, VRS will be a much more painful exercise for public sector workers.

To face the globalisation scenario trade unions, management and the government has adopted different strategies.

The Indian union's are on war path. All the central trade unions have combined to fight against the impact of globalisation on the Indian workers. Workers of the public sector are more soar over the privatization moves of the government and their consequent fears of the insecurities of job.

The Bhartiya Mazdoor Sangh (MBS), has attacked the anti-labour policies of the government and its stand on the World Trade Organisation (WTO).

A.B. Bardhan, the then General Secretary of the CPI says, it is not true that we are interested only in getting higher wages for workers – our struggle is against the policies which cause unemployment, push up prices and generally affect the people particularly the more vulnerable sections.
Dr. Surendra J. Patel has very severely criticized our policy of globalisation. According to him, "India is being globalised at the wrong time, under the wrong external environment, by a wrong leadership, by a divided party and by a power hungry opposition. We are being sold a wrong strategy of gambling on the greedy, neglecting the needy and side-tracking the speedy."

He further states, "during the period of new policy we have witnessed stagnant or falling per capita incomes, a sharp increase in inequality of income, wealth and power. Greed has been installed as the paramount God, and the market as the Mata, and the trinity of the IMF, World Bank and GATT (General Agreement on Tariffs and Trade - Now called World Trade Organisation, WTO) and the combination of Ministers, Bureaucrats, Businessmen and stock-market speculators are parading as their pujaris. This land of ours, invested with dreams by so many through such long centuries, does not deserve this statement."^25

**Dr. AMBEDKAR’S CONCEPT OF ‘MIXED ECONOMY’ – AN ALTERNATIVE**

After examining the arguments against globalisation, a question may crop up in our mind that whether there is any alternative for the sorry state of affairs of the Indian economy and condition of Indian working class.
Reflecting on our present conditions and possible lines of action, it is the time we understood the fundamental logic of Dr., Ambedkar's philosophy of economic development.

Dr. Ambedkar favoured a 'Mixed Economy', partly public sector and partly private. He did not want to close all avenues of business and trade, technical progress and full utilization of resources. While presenting a memorandum on State and Minorities, he clearly stated, "the main purpose behind the clause is to put an obligation on the state to plan the economic life of the people on lines which would lead to the highest point of productivity without closing every avenue to private enterprise, and also provide for the equitable distribution of wealth."26

Dr. Ambedkar was against monopoly in every form, because he knew that monopoly leads to exploitation. Monopoly of private sectors sucks the blood of the common man directly or indirectly. It does so directly in the sense that it extracts work at low level of wages from the labourers and indirectly it raises costs of their products by creating artificial scarcities. Therefore, Dr. Ambedkar favoured mixed economy concept under which both public and private sectors are exist while key industries like defence, railway, electricity etc. are controlled and run by the state, on the other hand, private sectors are also flourished in the rests industries.
Dr. Ambedkar’s concept of ‘mixed economy’ stresses the three economic processes of human society; (1) adaptation of the key industries and agricultural land to meet the demands of the poorer sections of the society; (2) maintenance of the productive resources by the state; and (3) a just distribution of the common produce among the different people without any distinction of caste or creed.\(^{27}\)

Dr. Ambedkar regards both ‘capital’ and ‘labour’ as complementary to each other. It is a realistic view. He rightly opined, “the object of nationalization is to better the lot of the workers. Wages should be sufficient to live happily and which also allow the development of mind, body and character. The number of the working hours should be reduced and workers be given equal pay for equal work. It is the responsibility of the state to prevent unemployment and exploitation...... Economic realism stands for the best utilization of natural resources. These natural resource should be conserved for the present and future happiness of all men and should not be destroyed by the individuals whose only concerns is their own private good...... The idea of economic realism wishes a complete transformation of society under the new set up. There should be unity of purpose and the principle of social usefulness, human happiness and brotherhood than personal gain......\(^\text{28}\)

Dr. Ambedkar always suggested that the programmes for the poor and down-trodden classes of Indian society should be made a
central part of the planning process. In any effort towards planned economic development, the poor and down-trodden had to be given the central place. Dr. Ambedkar argued for industrialization as the 'surest means to rescue the people from poverty'.

Dr. Ambedkar suggested that the main thrust of the economic plan must concern labour. According to him, “...... the purchasing power of the people must be increased by improvement in the efficiency and consequently the productivity of the labour on the one hand and simultaneous development and reorganization of agriculture and industries and services on the other. He further stated that, ......the improvement of the living condition and increase in purchasing power will fail in their effect if they do not result in more equitable distribution of wealth that is produced. The provision of various amenities free or at reduced cost to the poorer classes such as education, medical relief, water supply and other public utility services including electric power will have that result. The general improvement in the health and efficiency of labour will tend the same way. The positive measure to secure a faire deal for labourers to ensure them a reasonable wage together with such provision as maternity and sickness benefit holidays with pay etc. will have the same effect.29

However, Dr. Ambedkar argued that planning must focus on the poor masses of the Indian society, particularly poor working class. For
that purpose, public sector entrepreneurs should be there. Hence, Dr. Ambedkar does not want that all sectors of production should be nationalized. Some of them should be put under democratic control, that is, in the hands of private organizations. It is the will of the people which should determine whether a particular thing has to be realized through democratic control or through state control.30

It is clear that if he were alive today, he would have certainly argued for ‘privatization’ of some of the lines as some of the public sectors industries have not been successful in achieving the goal of high productivity, inspite of the fact that they have the best men and material with them. Therefore, he was rightly against complete nationalisation of economy and state monopoly.

Dr. Ambedkar, contrary to his contemporaries, advocated for advance technology in production process. It is said that modern machine and civilization have produced many social and economic evils in our times. But Dr. Ambedkar harboured a rational view of machinery and modern civilization. According to him, “if the machine and modern civilization have not benefited everybody, the remedy is not to condemn machinery and civilization, but to alter the organisation of society so that the benefits will not be usurped by the few but will accrue to all.”31
Dr. Ambedkar’s concept of ‘mixed economy’ was adopted by the Indian government for more than forty years. But after 1990, the situation has been changed, the government is withdrawing from all public sectors in the name of globalisation. And the disinvestments has been the main plank card for every political parties.

Infact, in the era of globalisation, we cannot ignore the world view towards open economy: We can invite the foreigners to invest here. Dr. Ambedkar was also prepared to accept the investment of foreigners. According to him, “it (foreign investment) was on the condition that the management and control would remain in the hands of the Indians.”32 But we have forget such a valuable suggestion of Dr. Ambedkar.

LNM-Ispat leads a new generation of Indian companies such as TCS and Ranbaxy who are actively acquiring assets abroad. Indian International Company (Inc) is a growing global presence. It, therefore, does not stand to reason to oppose foreign investment in India for its sake alone. India should put in place a clear-cut set of incentives and rules for investment.....33.

Disinvestment is not a sin but profit making pubic sectors should not be sell out to the private sectors.34 As we have come to know the defects of ‘extreme capitalism’.
In other way, Dr. Ambedkar’s concept of ‘mixed economy’ is still relevant. On the inauguration of the nation’s first major corporatised port at Ennore, Tamil Nadu, The former Prime Minister, Atal Bihari Vajpayee, mooted a “strategy of partnership” between the public and private sectors for infrastructure development and modernization. He says, “it enabled us to tap the market resources, create tie-ups with the private sector and ensure more effective management.”

Expending, Dr. Ambedkar’s concept of ‘mixed economy’, the then leader of the opposition and Congress President, Ms. Sonia Gandhi, has said that “while compulsion might have triggered economic reforms in India, conviction was sustaining them and there was no alternative but to pursue the reform route while simultaneously strengthening the capacity of the state to spur social and economic change.”

She further stated, “there was still a crucial role for government investment in the physical and social infrastructure and development of the backward areas. Our myriad problems can be addressed only in the framework of a ‘mixed economy’ with the ingredients of the mix reflecting changing imperatives. There is no one single magic mantra.”

At present, the Congress lead Government is in power, disinvestment process is on and both sectors public as well as private are running. The Finance Minister P. Chidambaram remove the
contradiction and said, the budgetary support to the Public Sector Units (PSUs) has gone up during the coalition’s rule. It was Rs. 84,901 Crore in 2003-04 had gone up to Rs. 1,42,447 Crore this year.\textsuperscript{38} It shows that Dr. Ambedkar’s concept of ‘Mixed Economny’ is not ignored by the present Government.

After the cherished merger of Mittal Steel and Arcelor, creating an industrial titan of unparralled size and scope, Steel King Lakshmi Mittal has said “Today every Indian businessman has the same opportunities as me. India is open. Indian businessman can go global, whether they live in India or don’t. It is a small world now”. He has told Indians,........ “it is time to take on and conquer the world and dare to dream of going global.”\textsuperscript{39} It was also the dream of Bharat Ratna Dr. B.R. Ambedkar.
REFERENCES


9-A. Accusing United Progressive Alliance (UPA) Government of trying to destroy the foundations of Public Sector, the Communist Party of India (CPI) called present economic policies as “pernicious economic
policies". Coming down heavily on the Centre’s decision on ‘disinvestments’ in National Aluminum Company (NALCO), Neyveli Lignite Corporation (NLC) and other public sector undertakings, Gurudas Dasgupta, CPI leader and the General Secretary of All India Trade Union Congress (AITUC), warned of intensifying agitation across the country to expose the “anti-people and anti-workers policies” of UPA Government. (Sunday Times of India, New Delhi, June 25, 2006, p.13).


15. Supra Note 12.

16. The growth rates in principal sectors during 1980-81 to 1990-1991 and 1990-1991 to 1999-2000, grew by 3.4 percent in the first decade and 3.2 percent in the second, the secondary sector by 7 percent and 6.8 percent, in the two comparative decades and the tertiary sector by 6.7 and 7.1 percent. The overall growth of the gross domestic product (GDP) was 5.6% in the first decade and 5.7% in the second. (‘The Hindu’, June 19, 2001 page 12).
Data released by the Central Statistical Organisation (CSO) has shown that the index of industrial production (IIP) has grown just 2.7% in April 2001. Use based data released by the CSO show that basic goods production was up 2.4% in April (2001) against a 5% growth in April (2000) while capital goods production was down 1.8%. Intermediate goods production was up 4.4% while consumer goods production was up 2.5%. (The Hindu’, June 13, 2001, page 14).

Official data on industrial production has showed, a decline in Mining (3% as against 5.2% in the last fiscal) and power sector (4.7% as against 10.5% in the last fiscal) growth during May 2006 to 10% as against 10.8% in the same month of the last financial year (The Times of India, New Delhi, July 13, 2006, p.15).


19-A Gurudas Das Gupta, the General Secretary, AITUC, categorically said the economic policies of UPA will lead to a situation where .... thousands of workers will be retrenched. The country is passing through a critical situation (Sunday Times of India, New Delhi, June 25, 2006, p.13).


25. Supra Note 20 page 51.


33. The Times of India, New Delhi, June 28, 2006, p. 16.

34. Oil Natural Gas Commission (ONGC), a Public Sector, registers record profit, it earned highest-ever net profit at Rs. 14,431 crore in 2005-06
against Rs. 12,983 Crore in the previous fiscal. (The Times of India, June, 27, 2006, p.10). It shows that a Public Sector can do well, if it is properly managed.


37. Ibid.

38. The Times of India, New Delhi, June 27, 2006, p.10.