The New Economic Policy (NEP) initiated by Government of India in 1990-91 is a much discussed topic. Under the influence of the World Bank the Government of India introduced major changes in its economic policy without going for a national discussion or debate. The policy makers and politicians simply accept the prescription of the World Bank and its agencies, and frame policies accordingly.

It was claimed by the then Finance Minister of the Government of India that if India implemented the New Economic Policy, our major economic problems can be solved within two to three years. But the experiences of the past twelve years have proved otherwise.

All over the world there is an increasing awareness that the present model of development creates more problems and deepens the crisis faced by humanity. The craze for power, and money very much associated with the present life style is largely due to the model of development based on multiplication of human wants.

The only model of development present before us today is the one projected by the developed industrialized countries of the west. The rest of the countries in the world in different stages of development are straining to develop according to that model with varying degrees of success. A few have succeed in entering the developed countries’ club. At the other extreme large parts of the world as well as large segment of the population are altogether left out from this process.

The promoters of the western model propagated the notion that there is no alternative to the present pattern of development. The financial institutions established by the rich countries of the world now increasingly influence and annex the developing world through trade and agreements and shape their development policies.

Indian economy and society at present are in deep crisis. In this circumstances Gandhian model of development seems to have an increasing relevance. The present study is a humble attempt to evaluate the development policy regime of India including the new economic policy and to suggest how Gandhi’s ideas on development could offer an alternative.