CHAPTER - X

POST INDEPENDENCE ECONOMY OF INDIA

After achieving national independence, India stepped on the threshold of an economic revolution for bringing prosperity to the Nation. We have adopted democratic socialism as the means to prosperity.

Ours is the second largest nation in the world, having 15 percent of world's population. We have only 2.4 percent of the land of the world. Adopting of our democratic socialist way is the biggest instance of its kind, unique in the history of the world. We have adopted mixed economy for our economic development. Our attempt has been to harmonise the objectives of rapid economic development with social welfare and democratic control. The economic policy laid down to govern planning was in furtherance of the objective stated in the Preamble and Directive Principles of state policy in the Indian Constitution. Also, it was in accordance with the resolutions passed by the Indian National congress in view to the establishment of the socialistic pattern of society.

Directive Principles of State Policy:

The Directive principles of the constitution which came in force from 26th Jan. 1950 i.e., the day when we attained full autonomy, are the guide lines for our future socio-economic development. Our Constitution, specially the Directive Principles of state policy are the instruments of instruction for social and economic regeneration. The Directive Principles
enjoin that "the state shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political shall inform all the institutions of the national life." It is indicated that men and women have equal rights to an adequate means of livelihood. It means that state has been made responsible to provide adequate employment to all.

The next clause of Directive Principles reads, "The ownership and control of the material resources of the community should be so distributed as best to subserve the common good. The operation of the economic system must not result in the concentration of wealth and means of production to the common detriment. There should be equal pay for equal work for both men and women." Thus aim of the country's economy should be equitable distribution of work and wealth.

Our Directive Principles are so framed as to subserve the villagers too on priority basis. Article 40 visualises the future trend thus: "The state shall take steps to organise village Panchayats and endow them with such power and authority as may be necessary to enable them to function as units of self-government."

The state has been made responsible to deal with the problems of unemployment, old age, and disablement adequately. It is the part of State's duty, "to secure, by suitable

1. Article - 38
2. Article - 39
legislation or economic organisation or in any other way, for all workers, agricultural and industrial, work, living wage conditions of work, ensuring a decent standard of living and full enjoyment of leisure and social and cultural opportunities. The state shall also endeavour to promote village industries on an individual or cooperative basis in the rural areas.  

Free and compulsory education for all the children upto the age of 14 years is envisaged by this constitution within ten years of its commencement. There is specific mention about the responsibility of State to give protection to the weaker section of the people. It reads thus: "The state shall promote with special care the education and economic interests of the weaker section of the people, particularly the scheduled castes and scheduled tribes and shall protect them from social injustice in all forms of exploitation."  

The obligatory constitution prohibits the use of intoxicants and expects from states to raise the level of nutrition. There is mention of improvement in agriculture and cow protection. Article 43 reads, "The state shall endeavour to organise agriculture and animal husbandry on modern and scientific lines and shall particularly take steps for preserving and improving the breed and prohibiting the slaughter of cow and calves and other milch and draught cattle."  

It is the responsibility of the state to promote international peace and security, maintaining just and honourable
relations between nations, foster respect for international
law and treaty obligations in the dealings of organised
people with one another and encourage settlement of
international disputes by arbitration.

The Directive Principles are the basic guide lines for
our government. They are pious declaration. They are not
enforceable by any court. But they confer pious obligation
on the part of the government. Our government is expected to
make all attempts to see them implemented, the earlier the
better. The motive behind these Directive Principles is to
preserve the individuality of our nation.

Basic objectives of planning:

Immediately after the attainment of full autonomy, we
took steps towards planned development of our economy. Our
planning Commission was framed on March 1950 with the primary
aim of making India a 'Welfare State'. The basic objectives
of Planning are:

1. to accelerate economic development by bringing optimum
   utilisation of resources.
2. to provide adequate means of livelihood.
3. to raise the standard of living and to ensure reasonably
   high standard of well-being.
4. to bring equality of income and status and to improve
   distribution of wealth.
5. to work for self generating economy.

Rapid economic growth is the basic issue of our plans.
We wish to raise our economy to the level of developed nations where people will get general amenities of life fulfilled as is witnessed in advanced countries like America.

Socialistic Pattern of Society:

The Congress Party declared 'socialistic pattern of society' as its national policy by passing a resolution in the year 1954 at its Ayadi Session. We are marching towards socialism which was later named as 'democratic Socialism'.

The peculiarity of our socialism is that we shall not deprive our people from property right, or right to take initiative in selecting the job, industry or trade, or right to save income. But there will be limit to avoid grave disparity in income and status.

Nationalisation will be adopted with prudence, keeping the national interest in the forefront.

Abolition of Malgari system (just after independence) had been the very first step towards socialism. Our taxation policy, the levy of Estate duties, industrial policy, amendment of company laws, social laws, and different social welfare activities are all directed to this end. Amendment of article 31 of the Indian Constitution and draft out-line of the five year Plans show our determination to provide equal opportunity and equal status for all. Nationalisation of Life Insurance and General Insurance, and fourteen major banks are certain specific measures to adopt socialistic pattern. State Trading Corporation is again a step towards this end. We are now
thinking of ceiling the urban property (beginning with land ceiling).

Our industrial policy is motivated on socialistic pattern.

Methods of industrialisation:

Industrial development in India got momentum during the period of Second World War. After independence there were many doubts regarding future of industrial undertakings in the minds of industrial class. Socialism was the greatest fear. In 1946 Industrial policy Resolution was passed to make the future trend of our government clear to the industrial class. Still however the resolution left some apprehension in the minds of the industrialists. It therefore became necessary to reframe the resolution which was revised in 1956, just at a time when our planners finally decided to industrialise the country on Western lines.

The Industrial Policy Resolution of 1956 makes it amply clear that India wanted to adopt a mixed economy, and the state shall be fully responsible for her industrial development. The state shall have the power to regulate and control the industries. The private sectors will work side by side with public sectors, the field of the former will be restricted.

The argument put forward under socialism was that 'concentration of economic power by the possession of huge and extensive machinery in a few hands is dangerous to democracy.'
Now socialist adopt highly centralised technique to industrialise their state. In our country too we have no policy in regard to choose or adopt technology in industrialising our nation. Our industrialisation at present is hap-hazard in respect of selecting the technique of production.

Our Government is on its policy of mixed economy. The Legislation provides great powers to the government to control and regulate private sectors. Government is still making experiments with regard to control and licencing of industries. At certain levels she becomes very liberal, at certain other levels she adopts rigid control. Government has extended state monopolies and is gradually introducing public sector policy in different major trades. Rate of development of public sector is slow and rate of profit low. Government is primarily depending on foreign aid and foreign loans for such extension.

Our per capita income is low. Therewith our rate of saving and investment is also low. Government is trying hard to meet her revenue demand which is growing by leaps and bounds. This has affected the tax structure, the cost structure along with mounting investment and defence expenditure and deficit financing. We could not develop healthy relations in between private and public sectors. Legislative measures are provided for the safeguard of general masses. Democracy needs independent initiative in industrial sector. But this could not come in practice. Defect and weakness lies on both private investing class and the government. We have to strive to overcome all these difficulties.
The definition of socialism describes one of its objectives as 'steady raising of the standard of living of the people'. In his 'Economic Problems of Socialism' Stalin raised this point in the status of 'economic law of socialism', as opposed to the 'economic law of capitalism' which is essentially the pursuit of the maximum profit.

Our per capita income is 3rd lowest in the world. At the present low level of economic standard in India, development and increase in production is of the topmost priority. With this end in view too much insistence on achieving redistributive justice is to be held in abeyance for the present, otherwise necessary incentives might be lost, besides the fact that no material benefit would arise out of such transfer of wealth. On the other hand, the increase in the standard of living should flow towards the low income groups. The increase in mass purchasing power also to be kept in check for the present, and the increase in income is to be diverted towards development.

In an under developed country like India it is all the more necessary to achieve, first sufficient increase in national income, or in other words in the production of goods and thereby the production of money, before it can be equitably distributed. In other countries too, with the advent of industrial revolution, first production is increased rapidly and then people could think of measures of equality, which were expressed in terms of utopian socialism and then scientific socialism. As Dr. Gyan Chand points
out, "Industrialisation is essential, because it is in line with historical economic evolution, and without it socialism cannot be realised." ¹

Equality:

No doubt, there exist wide inequalities in India, and a wide gap between the rich and the poor. Such inequalities must be and have been rightly condemned by various authors. Nevertheless, it has been pointed out that, in the act of removal of disparities if we do something which prevents our going ahead then we have not served the people the cause of socialism. The socialist pattern of society as conceived at present, may be described as an economic system in between a fully socialist economy and a capitalist one. Because of this, not only has a field to be left for private sector to function, it is also considered necessary to encourage it to function in wider fields in particular directions to help greater production instead of crushing its incentives altogether by too rigid application of the equalitarian principle.

By stages, however, it is hoped that public sector would become bigger and bigger occupying all strategic points to enable the equalitarian principle to be carried out more thoroughly. As Prof. Pigou had said, it is better, "to follow the path of gradualness to mould and transform and not violently to uproot. Further, gradualness implies action, and is not a polite name for standing still." ²

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¹ Gyan Chand, The New Economy of China : p.132
² Pigou, A.C., Socialism vs. Capitalism : p.130
But, while providing a field for private sector, the forces of capitalism are to be kept in check, otherwise the rich would grow richer and poor poorer, thus increasing the gap between the two.

Balanced Regional Development:

Besides the problem of inequalities in incomes and wealth from person to person, such inequalities have also to be corrected from one region to the other. Some of the states (or regions) are comparatively backward in economic development. They have to be developed. Federal Grants-in-aid offers an immediate solution to the problem. Grants-in-aid provides a method of spreading tax burden over the whole economy and thus avoiding excessive burden over any part of it, at the same time providing finances for the development of the backward state (or region). For bringing about the balanced economic growth in a country Central Government has to play a vital role in which (the region) the state which has to be developed, must respond actively.

Savings and Investment and Economic Development:

In the socialist economy, public investment is the major source of capital formation. This necessitates an increase in public savings. In a fully socialised economy, savings may be made to vary within fair limits by restricting consumption by direct methods of control. Thus under such an economy expenditure can be determined first and then requisite resources can be found out. In a democratic socialist state like India, on the other hand, the scope for affecting variations in
savings, which is largely the result of individual choice, is comparatively limited.

The difficulties in increasing voluntary savings in underdeveloped countries in view of their low incomes has been stressed in the various economic reports of international agencies.

With our country's adoption of the goal of the socialist pattern of society and the consequent gradual disposal of national wealth among the largest numbers, much greater reliance must necessarily be placed now on the small savings. This is particularly so when our economy is a developing one and the increase in incomes will be mainly affected in the lower income groups which will be naturally applied in consumption or raising their sub-marginal living standard, rather than in augmenting their domestic savings.

Unemployment:

The decisions of the two sectors (public and private) in an economy play a crucial role in determining the overall level of employment. The following routes to full employment have received consideration of various authors - (i) Tax remission to stimulate private investment. (ii) Deficit spending by the government, (iii) Expansion of both government revenue and expenditure. The idea, that stimulative action is limited not only to tax remission or deficit spending but may also be affected through increase in government
expenditure financed from consumption taxes, is an evolution only of recent origin.¹

Labour Relation: The policy and attitude of the government greatly determines labour and capital relationship. There has been definite improvement in labour-capital relations in the recent period in India. But we still need psychological treatment and better understandings to make further improvements. As far as agriculture labour is concerned their plight is miserable and hence national productivity is marred.

Claimed Achievements under Five Year Plan:

Planning is no sudden make-shift. The first plan prepared a foundation for future plans. The year of 1951, when our planning was started, was faced with the most severe economic strains, and social and political upheavals. The effect of Second War was there. We got independence in 1947. Instead of achieving happiness we received a great set back owing to partition of the nation. India was divided into two nations. Lock-outs, strikes, lack of production of agriculture and industrial goods due to dislocation caused serious concern to us. The refugee problem was the most tragic one, unparalleled in history. There were some other adverse effects of partition on Indian economy. For example India was the chief exporter of jute and its products and was earning dollars in surplus prior to

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partition. India lost its position after independence as more than seventy five percent of her jute producing area was gone to Pakistan and jute mills remained in India. Since independence we faced difficulty in wool, raw material for paper, wheat and long staple cotton as the primary growing fields of these items went to Pakistan. A good deal of irrigated area went in the hands of Pakistan. Considerable part of our internal trade was reduced and a part of it became foreign trade. Our trade relations with Pakistan were strained.

In the year 1949 we had to devalue our currency along with Great Britain at her request.

By the end of 1950 tension in socio-economic and political situation went down and our Planning machinery started functioning. Our Planning commission faced with some other problems like dearth of adequate data, lack of previous experience and apathy of the masses.

The first Five Year Plan was resource base and agriculture was given predominance. Developed countries like the U.S.A., and the Great Britain came forward with their technical and financial aids.

We achieved many of the targets during the prescribed period and successfully implemented the plan. We could smoothen the effects of the War and the partition and establish a foundation for future plans. This, in itself, is a great achievement. National income, per capita income, rate of saving, production of food grains and industrial goods, construction of roads and
buildings etc. revealed encouraging results during the first plan period. We could establish stability in the economy. Favourable weather and therewith non-failure of crops had been the fundamental factor of success of the Plan.

With these encouraging results, we switched over to the second Plan, wherein the overall outlay was double of the first Plan. The emphasis from agriculture was shifted to industry. The priority was given to the basic industries in the public sector. Share of public sector industries which was 1.5 percent of the total investments in industries at the beginning of the first Plan became 6.4 percent by the end of the second Plan. It laid a foundation to industrialise the country in the near future. By the end of the second Plan national income rose to 20 percent, production of minerals 48 percent and industrial output 39 percent. The achievements of the two five year plans far exceeded the achievements in the British regime.

The outlay of the third Plan was just double of the second Plan. Even the outlay of the fourth Plan, which started three years after the schedule was also double of the third Plan. During these plan periods many industries were opened both in public and private sectors. Our agriculture was also partly industrialised or mechanised on the modern lines.

We have at present setup four huge steel factories, many coal mines and other strategic mines, fertiliser plants, atomic energy pools, ship building industry, aeronetic industry, new shipyards, dams, some machine building industries, precision tool factories, and innumerable newly built consumer and
other goods industries. Progress made under the five years Plans was remarkable.

Failures Of Planning:

Looking to the capital expenditures and the achievements, it is clear that we have not achieved what was expected from our investment. Rate of growth in the two major fields, agriculture and industry, had been very slow.

In view of many efforts through family planning measures our population is increasing. During the period 1951 to 1961 population increased by 21.5 percent and during 1961 to 1971 it increased by 24.5 percent. Our achievements in agriculture and industry did not show a proportional increase. The problem of unemployment had sprouted in different colours. The figures of unemployed graduates, post-graduates, technical graduates, doctors, engineers etc. tell their own story. The disguised unemployment problem is a threat to our economic progress.

Inflationary pressure with increasing living cost had been the bottleneck of Second, third and fourth Plans. Our defective credit expansion policy, deficit financing, continuous adverse trade balance inspite of our strenuous efforts, import restrictions and export promotion schemes put greater inflationary pressure on our country.

Government have been making efforts through tax measures, control and regulation policies to establish equality of income and status, but these inequalities of income and wealth have
further aggravated; the poor has become the poorer and the rich has grown richer.

Government suffered due to over increasing burden of their financial demand. Public is placed in a great dilemma; their real income was not increasing although their money income has definitely risen. The desire to raise their standard of living is calling their attention ever more.

During the second Plan period, our sterilizing balances were exhausted and since then the crisis of foreign exchange has started.

In the third Plan period, we were puzzled over the question of giving emphasis on agriculture or on industry. We however were unable to leave the passion of industrialising our nation.

Our industrial development during the second plan gave us an impression that we were entering the take off stage and that we were able to form such institutional structure which would help us in augmenting our economic development easily. With these readings of the second Plan, our principle objective of the third Plan was to bring a self reliant and self-generating economy and objective of the fourth Plan was to become independent in machine building industry. Our ambition was that by the end of the fifth Plan we shall achieve a stage where we shall not be required to depend on 'external assistance outside the normal inflow of foreign capital.' The whole maxims of industrialisation is self-deceiving.

Indo-China war of 1962, Indo-Pakistan war of 1965 and severe crop failure of 1965 strangled our economy. At this critical juncture the U.S.A. and Aid India Club postponed their foreign aid to us. This created an added pressure on our economy.

After the completion of the period of third Plan (i.e., in the year 1966), we were forced to accept a sort of plan holiday, however unwillingly.

Our planning efforts were growing optimism. We were running faster and faster till as the fable of Lewis Carrol goes, we suddenly found ourselves stand still both as regards our targets and in our speed of progress. This has led to a stage of indecision. We were in fact taking decision only with over optimism without looking to our failures and without ascertaining the causes thereof or without reckoning our basic achievements. We must thank our failures that had halted our plan for some time. It had put a check on our over optimism and given some relief to our strained economy. There was unexpected delay in outlining our fourth Plan, and it was a blessing in disguise. The pause we got, made us realise our mistake and chalk out our future path with clarity and greater understanding.

We started our fourth Plan only three years back, and we were faced with an acute problem of East Pakistan refugees. Insurrection took place in East Pakistan (present Bangla Desh), more than one crore of refugees of East Pakistan took shelter in our country. It was purely on humanitarian grounds that we
allowed these otherwise strained refugees to come in. But it costed us two and half crores of rupees a day, a burden too heavy for us to bear singly. It had severe affect on our economic development.

Causes of Failure I (A Retrospection)

The basic truth behind our failure is the occasional failure of crops in the past few years. Agriculture is the backbone of our economy which has its own peculiarities and needs specific measures to rectify our errors in this regard. We cannot be benefitted by blindly copying other nations. We have to study our economy deeply and find such solution which can be easily and safely applied in our prevailing conditions. Our agriculture planning lacks such measures. Our economic setbacks in the past was mainly due to the failure of domestic crops.

Though we have built huge dams for irrigation and hydroelectric power, given credit facilities of different types to our farmers, imported tractors and fertiliser plants, opened agriculture colleges and research institutes, still we have so far been lagging behind in achieving the target of agricultural output. Harvard University's study report points out, "In India, a series of minister of agriculture, given the choice between adoption of different measures to increase agricultural productivity and easy access to larger surplus, opted for the easy course." We made agreements under P.L.480
for importing our foodgrain requirements to cover the deficit or to make a buffer stock, we even implemented artificial restrictions on movement of foodgrains from state to state for considerably a long period.

Abolition of Malguzari system had been a landmark in our land reform movement. Another landmark was 'Shodan movement'. But there had been no proper follow up in both cases. There was slackness and corruption in land reform measures we undertook. A distinguished Japanese economist and social thinker says that far reaching land reforms in post war Japan have brought about 'very little' improvement of agriculture in terms of increase in production. About India emulating Japanese agriculture, he says, "Our experience is wholly irrelevant to yours. You are a crowded country, but not so crowded as Japan. With us a family with two acres is a prosperous family. Techniques have been so developed that a family can be fairly well off with just two acres. But you must bear in mind we are in a very different stage of growth from yours."

"Agriculture with us accounts for less than 20 percent in terms of value."

"We are in a position to import agricultural goods whereas we want them paying from the large list of industrial goods we export. There is thus no compelling need with us to raise agriculture production."

He further asks us not to consider Japan as a model and remarks, "You have to obtain answers inductively, in the
context of your own problem. I would strongly urge you not to seek to get support of foreign experience, at any rate not to copy anything from Japanese post war experience mechanically."

We have given more stress to industrialism than to agriculture. Our main objective of planning is 'rapid industrialisation'. In a country which lacked in capital, technical know-how, and where labour was in abundance, we encouraged capital intensive projects of long gestation period. This was purely because we believed more in emulating others. In this respect we because too conservative to think in our own terms. We imbibed the ideas poured into our mind by the leading industrialist group of the world for their own selfish ends. As a result our demand for foreign machinery, external technical know-how and finance suddenly increased. Thus the crisis of foreign exchange started as a natural sequence. We endeavoured to begin the key industries immediately and not in a gradual course, because we were anxious to fill in the gap of our backwardness and the advancement of developed countries only too soon.

The growth principles of economic development of underdeveloped countries reveal that import will be high in the developing country and that foreign loan and foreign aid is a must at the initial stage of development. Under this pretext we ignored the burden of financial implications, external political pressures, internal savings and public initiative etc., which are the basic issues of successful planning.
To quote the lopsided economic planning we take the example of iron and steel. We take pleasure in showing figures of export of iron and steel as a success of our planning. Actually it is erroneous. We have taken huge loans from foreign countries, created big steel plants incurred direct and indirect expenses and then started denuding our wealthy treasure (a sort of our long term capital deposits) by exporting them at concessional rates. It is here that the economic principles misled us. We are made to believe and form an opinion in favour of export of such articles under the pretext that there cannot be easy competitors of such items and that we have cheap labour available for the same.

It is again a funny part of our economic planning that on one side we encouraged growing tobacco, tea, jute, oil-seeds for exporting and on the other we imported food grains. The first principle of economic development should be to plan for self-sufficiency in food grains in preference to export needs.

One of the basic principles of our planning ought to have been to make full use of our own resources first, in preference to utilising external resources, may it be the case of agriculture or industry or research. For example, unless we have tackled all the waste land of ours for the production of foodgrains, we have no reason to import foodgrains in our country. In the same manner labour intensive measures ought to have been preferred to capital intensive measures.
It is wrong to console ourselves by quoting certain economists' views that inflationary trend is inevitable and desirable in the initial stage of economic development. The very first caution order of planning for us should have been to keep proper check on inflationary pressure. It is only by arresting the inflationary pressure that we can enjoy the real fruits of planned developments, otherwise the benefit will go in the hands of investing class, as it is clear from the Report of Mahalanobis Committee. *It is a paradox that credit is still needed in recession and that inflationary trend persists even when credit is squeezed. It is all economic rut. India must follow a 'freeze' and 'squeeze' policy for at least a decade to overcome a tortured economy of the present with low productivity and high investment (which is going a waste), exchange crisis, highest borrowings which face difficulty of repayment etc.* Looking to the poor economic conditions of the Indian masses, taxes were already high still we had to raise the taxes to meet the ever growing financial burden of the government. The consolation for the government is that general rates of taxation in some other countries are still higher. This is totally a wrong approach of thinking.

Our plans in general had been over ambitious. No doubt we can not gain without putting certain amount of risk. But over risk is dangerous. Over ambitious plan has been the cause for reducing us to a state of beggary in the world market. We developed ambitions which in turn created its own superfluous needs and then we chalked out our plans calling it to be need base plan. We must cut our coat according to the cloth.
After gaining experience with the completion of three plans, we could realise the importance of ethics or morality in relation to success of a plan. It can be said beyond the least hesitation that if our people would have been truthful to their duties and honest in their dealings, we would have witnessed quite a different picture of economic development. Government is made of elected people who work as a part of the body of the government. These people work in cooperation with the public. In the democratic set up where legislative council members are directly elected by the people, honesty on the part of general public is equally important as that on the government. Their healthy cooperation is the pre-requisite of success. Mutual trust is desirable. It is due to the mutual distrust and moral degradation that we witness more of control and regulation, black marketing, decay of individual freedom in industry and commerce. A leading statesman says, "If you destroy a free market, you create a black market. If you have ten thousand regulations, you destroy all respect for the law." This aptly explains our present state of affairs in economy.

To lift an economy from backwardness, pull and push is required but lasting development takes place in a free atmosphere alone. If we want to develop small industrial units in small towns and villages, it becomes imperative to provide adequate atmosphere for the same, through giving knowledge, fillip, incentive measures and also ensuring market for their produce. We have utterly neglected small scale and cottage

1. Quoted by Shri A. D. Shroff in 'The Future is with Free Enterprise' p.3.
industrial units. An eminent economist (of the world) Prof. F.A. Hayek says, "The capital supply of underdeveloped countries is bound to remain small per head for a long time. In consequence, the capital to be most effective, ought to be spread widely and thinly. This requires that it be used by many small capitalists in little units and the best use is made of the knowledge of local circumstances and particular condition."

"Planners always have a bias for large industrial units which are not a most effective use of capital in an underdeveloped country. In fact, a large part of capital investment ought to go into agriculture, to develop a food surplus which will provide the basis for more industrialisation later on."¹

Planners have fancy for large scale industries and that too in public sector. Very often an atmosphere is created against private sector. Individuality or the value of individual efforts is neglected. Dr. Ludwig Erhard remarks, "However full economic planning may be accepted in particular in a phase of development, economic life is not shaped at the draft board, but by human beings, and anybody who thinks he can disregard human nature is heading for frustration. This means that the human individual must be rendered conscious of the sense and value of his work and effort, and must be shown that better performance leads to the personal advantage of a better life. He must be given the chance of individual

¹ Quoted by Sri A.D. Shroff, (Ibid; p.7)
development, and must enjoy the fruits of his own success."\(^1\)

While going through the draft outline of plans we definitely find many important references but they seem to be only passing references as there seems to be no actual measure to curb the problems, e.g., inflationary pressure and problem of price stability. As regards rural development (the crucial problem of the nation), the draft outline reads: "...for enlarging the income of rural population, as well as for augmenting the supplies of food articles and agricultural raw materials, all possible efforts will be made to maximise agricultural production."\(^2\) What is lacking is lacking is earnest desire on the part of government to develop villages and faith in development and benefit of cottage industries.

The greatest drawback of our planning is that we talk of future and think in terms of future, neglecting the immediate present. We always induce and never deduce. Our visualisation of future is through the coloured glass provided by advanced countries.

Our planning machinery has failed to arouse enthusiasm among the general masses to take part in the nation building activities. The entire burden of development rests on the government. The persons who are deputed in different fields of action of planning have very little yearning to take up the work with zeal and duty.
Politics had been playing its own role in economic planning. We have experienced the sad results of project loans of foreign credit. We had to devalue our currency in June 1966 with the specific motive of attracting foreign aid. Still our demand for foreign help and foreign goods is on the increase.

Gandhiji's Approach was Neglected:

The substance of Gandhiji's economic order is non-violence. Gandhiji advocated channelising each activity of human being towards the ultimate goal of life. This is the basic point of Gandhiji's economic order whereas economists simply jeer at this point. This point is the motivating factor for adopting other simple ways and means of economy. Each activity to be non-violent, has to be judged on the touch stone of harmony in thought, word and deed (i.e., non-violence). Minimising injury in thought, word and deed through one's act is the achievement of Gandhiji's economic order.

Under Gandhiji's economic planning correlation is needed between basic human needs and the degree of bread-labour. It calls for limit in the field of the use of machinery and technology. It is then alone that human resources and other locally available resources could be properly utilised. In no circumstances should human labour go waste. This is the basic factor of non-violent economic order.
Looking to the historical background and geography of the nation, our villages form the basic units of Gandhiji's planning. Such planning starts from villages. Most sufferers get priority. Self-sufficiency specially in two basic needs viz. food and clothing is the main object before such village planning. Its subsidiary objects are to re-auscitate other village crafts. Thus Gandhiji's planning stands for industrialising each cottage of the village and make each individual industrious.

Basic education is the generating force of Gandhiji's economic order.

There is no grudge against large scale and heavy industries. But the field of such industries needs be predetermined. Gandhiji was in favour of socialising the basic or strategic industries. No distinction should be made in such industries where public and private sectors can work in union. Public sector industries must function efficiently and should try their best to render proper help to the public. Proper care is to be taken for maintaining healthy relationship between urban and rural areas. Urban areas should subsidise the rural and should not sap it.

Individual incentive should not be marred by too much of control and regulation in industrial sectors.

Public money should be utilised scrupulously. Lavish use of the same for some group is against equal status in society. Equal distribution of wealth and income is a
blaspHEME. Therefore Gandhiji's planning works for equitable distribution which needs public consciousness. Gandhiji's emphasis was on correcting the demand side of the masses, as it alone can give a definite shape to equitable distribution. Gandhiji's planning calls for honesty and integrity, rather it works for achieving them for the masses. Many severe problems like inflation, corruption, slackness etc. which adversely affects the planning depends on the character of the nation.

There is no enmity between science and Gandhiji's economic order. It is on the deeper scientific truth that Gandhiji emphasised the village industries. Gandhiji has himself expressed that he would welcome most elaborate science and technology by which unemployment is removed or employment of the masses is ensured. It was Gandhiji's opinion that science could not evolve any such evolution for vast number of cultivators which could give partial employment as per the need of them on universal basis as the Charkha can render. Hence Gandhiji gave top priority to Charkha in his scheme of planning.

Decentralisation is not a mania with Gandhiji's economic order, it is the scientific need of the economy of the land.

In the present economic planning no such ideology works behind our framing of the plan. Our eyes go to advance notions and their opinions before we think of our plan.
We have to develop independent thinking in respect of technique of production of the articles we need. We need specific researches in this direction which should be in consonance with the peculiarities of Indian economy and available resources especially the labour force.

As we are particular in framing our plan and putting it in black and white, we should be equally particular in its execution. The work that has already been undertaken must get preference in further plans. The works that have been completed must be fully utilised. The proper spade work should be done before we decide to start any industry either in public sector or private sector. An article which can economically be procured from other parts of the world and which is not of primary importance or related to our daily necessities, its production in the country should be avoided.

Gandhiji's economic order calls for utmost austerity in the initial stages of planning. The persons primarily responsible for uplifting the nation's cause should set example by their own actions. Their honesty, their integrity, their sacrifice can alone render most effective service to the nation. Individual reform is the basis of all round social reform of the nation. A person who works for equality in the country and in his personal life if he enjoys high salary, and many types of perquisites which is denied to most of the persons working under him can not be successful in his attempt.
To say in nut shell about the applicability of Gandhiji's approach, we have practically ignored Gandhi in our economic planning and rebuilding the nation. It is mainly due to misconception or not going deep into the context of Gandhiji's thought which we come across.