
UNIT 2 DEBATE ON MODELS OF DEVELOPMENT

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2.1 INTRODUCTION

In a democracy, it is an essential prerequisite to have an ideal model of development. The formulation and implementation of policies greatly depend on the model of development adopted for this purpose. Several debates took place in the Indian political and business circles, about the time of Independence and Constitution making in India, on the future course of development of India. Infact the very concern of India's survival as a single entity was foremost in the minds of its founders. The purpose of evolving an ideal pattern was not only to safeguard the democratic principles but also create necessary social and political conditions to ensure an overall development. The debates on the issues of development were complex and diverse ranging from land policies to the industrial development and planning.

2.2 BACKGROUND

It has been seen in the previous unit that, about the time of independence, three broad streams of thinking on India's socio-economic development crystallised: capitalist industrialisation with minimal state control and support, socialist industrialisation under state guidance and the Gandhian view of *sarvodaya* philosophically based on a distrust of state power.

The ideological debate was complicated by the political and economic problems arising out of the Second World War and partition of the country. Thus, the question of control over food supply that had been imposed during the war became critical for a country that had just lost the richest food-producing provinces to Pakistan and had been inundated by a huge refugee influx. Gandhi opposed control on moral ground as it enhanced corruption and control was abolished. As a result food prices rose steeply and control had to be re-imposed.

2.3 CONFUSING OVERLAPS

The three broad streams of thinking mentioned above were not clearly demarcated from each other. No Indian political leader was more committed to the poorest of the poor than Gandhi. This placed him close to the socialist position. But no Indian had a greater distrust for the state power than Gandhi and this made him morally opposed to state control of economic activities. This made him a favourite of the Indian capitalist class. Yet the Indian capitalists rejected Gandhi's stress on the small and cottage industries which, according to them, might be temporarily accommodated but only for meeting the problem of unemployment in the country. Like the capitalists, the socialists believed in large-scale industries as the chief strategy in solving the economic problems of the newly decolonised underdeveloped countries and, naturally, rejected the efficacy of the small and the cottage industry. But, unlike the capitalists, they were firm believers in state control.

A part of this debate concerned the traditional socialist policy of nationalisation as had been implemented in the Union of Soviet Socialist Republics. Nehru's utterances before independence and his installation as the Prime Minister of the Government of independent India raised a certain alarm among the Indian capitalists. The same reason, combined with the rise of militancy among the industrial working class in India, raised critical questions about industrial relations. The Indian capitalists naturally did not like trade unionism and state support to the cause of labour. Gandhi supported trade unionism as long as it worked in amity with the owners of industries and set aside the philosophy of class contradiction. The socialist doctrine was based on class contradiction. This made it possible for the industrial capitalists of India to use Gandhi's name in aid of their position.

It was only on the question of land reforms that the broadest amount of national consensus had been reached. This was partly because permanent settlement of land did not encompass the entire country and a big chunk of the permanent settlement area was transferred to Pakistan – East Bengal. Yet *Jagirdari* and other intermediate right owners in the rest of British India were unhappy about the new trend.

2.4 THE DEBATE ON LAND POLICY

It may be convenient to start with the question of land reform on which the broadest consensus was obtained. It has been seen in the earlier unit that even the Bombay Plan of the big industrialists of India envisaged land reforms. On 28 June, 1946 the *Eastern Economist*, house journal of the Birlas, made a strong case for land reform declaring that 'the landlord has no economic justification for his existence.' In December 1946 the sub-committee on land reform of the National Planning Committee of the Congress headed by J.C. Kumarappa, a staunch Gandhian, laid down three stages of land reform: abolition of *zamindari* and other intermediary rights, grant of tenancy right to the actual cultivator and ceiling on land holding.

The fate of *zamindari* and intermediary rights was thus sealed. The debate, therefore, focused on compensation. During discussion on the right to property in the Constituent Assembly of India this issue acquired poignancy. On 2 May 1947 Raja Jagannath Baksh Singh moved an amendment to the draft article on the right to property which allowed acquisition of private property by the state, for public purpose, against compensation inserting the word 'just' (before 'compensation'). Sardar Vallabhbhai Patel rejected the amendment proposal making it clear that the *zamindars* or some of their representatives could not thwart the programme

of land reform in that way. ‘They must recognise the times and move with the times,’ he announced. Legislations had already been undertaken in the provinces for the abolition of *zamindari* and laws to that effect would be made even before the Constitution came into force. ‘The process of acquisition is already there and the legislatures are already taking steps to liquidate the *zamindaris*,’ Patel declared.

2.5 THE SYSTEM OF CONTROL

The system of control and ration on food supply had been necessary during World War II for the Imperial Government for the purpose of food supply to the war fronts. At the end of the War it was continued in view of continued uncertainty of the market. Partition only aggravated the scarcity in the food front.

As early as 14 January 1944, the *Eastern Economist*, had suggested ‘a progressive strengthening of the present system of controls, in scope and character, so that not only may it strengthen the smooth transition to peace economy, but may also become the instrument of long-term economic planning in our country.’ In 1946, however, the issue became contentious.

Early that year the Commodity Prices Board, consisting of noted economists A.D. Gorwala and D.R. Gadgil was appointed. It submitted a report in the same year recommending ‘not abolition but the improvement of the system of controls.’ On the other hand, the Food-grains Policy Committee, appointed in September 1947 with mostly industrial magnates as members, adopted by a majority and submitted in December the same year an interim report recommending reduction of the Government’s commitment under the existing system of food controls. As has been noted in the earlier unit Gandhi lent his moral support to the decontrol demand and control was lifted for a period. When the prices rose high, control was again imposed.

2.6 THE ISSUE OF NATIONALISATION

Indian businessmen were alarmed at the talk of nationalisation emanating from the socialists and the left radicals. On 14 June 1946, the *Eastern Economist* declared: ‘We reject unreservedly the Soviet ideal of complete and immediate socialisation of the whole range of the economy.’ At the twentieth annual session of the Federation of Indian Chambers of Commerce and Industry, Jawaharlal Nehru had to assure the businessmen. ‘It is wrong to imagine,’ he said, ‘that this Government is out to injure industry. It will be folly on our part. We want to provide facilities for industry and facilities for production – technical, scientific and power resources and all that.’ On 4 April 1947, in an address to the All-India Manufacturers’ Organisation he repeated the assurance.

2. 7 THE ISSUE OF PLANNING

Though there was a general welcome to the idea of planning among all sections of the Indian population, the ideas about the character of the plan varied among them. Indian businessmen firmly rejected the 'Soviet-type' planning and welcomed a vague system of state guidance. They would even welcome a state role in the expansion of basic and heavy industries for which the private sector did not have much resource. But the state's role, according to them, would be minimal. The socialists and the left radicals envisaged a much greater role of the state in the national economic activities.

It is believed that Sardar Vallabhbhai Patel was sympathetic to the first view and Jawaharlal Nehru to the second view. However, Patel is believed to have strongly resisted the establishment of a Planning Commission by the Government which he thought would reflect the Soviet Union's economic ideology and would encroach upon the domain of the Government. It was only after the death of Patel that a Planning Commission of India could be set up under the cabinet and with the Prime Minister as the chairman.

2.8 INDUSTRIAL RELATIONS

It was at the trade union front that the sharpest conflict arose. When the All-India Trade Union Congress (AITUC) was set up in 1920, at the instance of the International Labour Organisation, Congressmen, by and large, distanced themselves from it. They joined it only after the Gaya session of the All-India Congress Committee in 1922. The Ahmedabad Textile workers' Union, directly patronised by Gandhi, never joined it. As a result the AITUC was under strong influence of the communists and the socialists. When, in and after 1942, in the wake of the Quit India movement, Congressmen, including the Congress socialists, went to jail in large number the field was almost entirely left to the communists.

The differences were aggravated by two main factors. In 1942 the Communist Party had opposed the Quit India movement on which ground the communist members of the All-India Congress Committee were expelled. Secondly, after the end of the Second World War, Communist militancy in the labour front increased greatly. In view of the smooth transfer of power, that was accompanied by smooth transfer of several British industries to Indian hands, this labour militancy was disliked by the Congress leadership that had the support of the Indian big business. Congress leaders prescribed compulsory arbitration of industrial disputes and disfavoured the workers' right to strike.

In early 1947, Hindustan Mazdoor Sevak Sangh was set up with the Ahmedabad Textile Workers' Union as the nucleus. In view of the Sangh's failure to gather strength, in May 1947 the top leaders of the Congress met in New Delhi at a high-level conference under the leadership of Patel and decided to have a separate labour organisation. As a result the Indian National Trade Union Congress (INTUC) was set up. Within about another year, two other central labour organisations cropped up: the Hind Mazdoor Sabha (splitting from the INTUC) and the United Trade Union Congress (splitting from the AITUC).

At the time of transfer of power, when Indian capitalism was coming to its own, therefore,

the issue of class contradiction acquired sharpness and it naturally affected industrial relations. For the capitalists industrial peace was necessary for industrial development and militant trade unionism was inimical to industrial peace. Since Independence the Communists and Socialists wanted that the class relations within the economy to be immediately settled.

2. 9 THE POLITICAL DEBATE

The ideological debate had its impact on the politics around the period of independence.

The first post-war budget was inflationary. To counteract the inflationary tendency of the national economy, the finance minister of the Interim Government, Liaquat Ali Khan, presented a budget which proposed a 25% tax on all business profits above one hundred thousand rupees. The tax was intended to restrict the spending habits of the wealthy Indians and had a socialistic colour. But it created a furore among the Congressmen who alleged that the budget was aimed at harming the interests of the businessmen who were mostly Congress supporters. This budget practically sealed the fate of the Congress-League cooperation and was one of the major factors leading to the partition of the country.

On the eve of independence, in June 1947, the Central Committee of the Communist Party of India concluded that though the forces of freedom movement had compelled the imperial rulers to open negotiations with the Indian leaders, the former were trying to forge a new alliance with the princes, big landlords and big business of India in order to control the Indian state and economy. Yet, the party held that the agreement embodied in the Mountbatten proposal of 3 June 1947 – for partition of British India – offered new opportunities for national advance and the two popular governments and Constituent Assemblies were strategic weapons in the hands of the national leadership. It welcomed Independence on 15 August 1947. In December 1947, however, it reversed the position and called the acceptance of the Mountbatten plan an abject surrender on the basis of an imperialist-feudal-bourgeois combine. The resolution led to the communist militancy in 1948-49.

In 1947 the Forward Bloc left the Congress. On 28 February 1947 the Congress Socialist Party decided to drop the word ‘Congress’ from its name. Rammanohar Lohia, a socialist leader, accused the Congress of compromising with the vested interests. In March the party opened membership to non-congressmen. In March 1948, Sardar Vallabhbhai Patel, after having been accused of neglecting the security of Mahatma Gandhi, who had been assassinated in January 1948, decided to quit the Congress. Jayaprakash Narayan declared that the Draft Constitution framed by the Constituent Assembly of India was clumsy and not inspiring. The party’s Legislative Assembly members in U.P., who had been elected on Congress ticket, resigned and sought re-elections but were defeated.

The period around Independence, therefore, saw sharp ideological debate on the future course of India’s development. No wonder, the ideological debate was partly reflected in the proceedings of the Constituent Assembly of India that framed the Constitution.

2.10 THE OBJECTIVES RESOLUTION OF THE CONSTITUENT ASSEMBLY OF INDIA

All these issues were sought to be sorted out in the Objectives Resolution that was passed in the Constituent Assembly of India in a fairly early stage of its proceedings. That resolution pledged to establish an independent Sovereign Republic of India which, along with its component parts, would derive all power and authority from the people of India. This would also guarantee to all people of India justice, social, economic and political; equality of status, of opportunity and before the law; freedom of thought, expression, belief, worship, vocation, association and action, subject to law and public morality. Further, adequate safeguards would be provided for minorities, backward and tribal areas, and depressed and other backward classes.

These liberal and welfarist ideas, as will be seen, were reflected in the Preamble to the Indian Constitution that presents the essential philosophy of the independent Indian state. The Fundamental Rights and the Directive Principles of State Policy were their elaborations.

2.11 SUMMARY

In this unit, you have learnt about the debates on the models of development in the Independent India. Some debates centred on the Gandhian views and their feasibility, while others deliberated on the capital mode of industrialisation. The issues of debate included the system of control, nationalisation, industrial policies and so on. On the whole, the final outcome of these debates pledged to safeguard the interests of the people of India in all aspects- political, social and economic and uphold the liberal and welfarist ideas.

2.12 EXERCISES

- i) What were the major streams of thinking in the Indian political leadership at the time of Independence about the future economic development in India? To what extent did they conflict and to what extent did they overlap?
- ii) What was the type of land reform envisaged by the Indian political leadership at the time of Independence? What was the attitude of the Indian business class toward land reform?
- iii) What was the debate on control and planning at the time of Independence?
- iv) Why did the Congress Socialists leave the Congress in 1948?
- v) What was the analysis of the Communist Party of India regarding Independence?
- vi) Discuss the circumstances leading to split in the Indian labour movement.
- vii) What did the Objectives Resolution of the Constituent Assembly of India look forward to establishing?