UNIT 4 GANDHIAN DEVELOPMENT THEORY

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4.1 INTRODUCTION

In the previous three units we discussed the most advocated theories of development. In this unit you will study the Gandhian theory of development. Although, Mahatma Gandhi was not a development economist, yet his theory is important to development. The Gandhian theory of development is based on the ideologies of Mahatma Gandhi, who is regarded in India as the Father of the Nation. At the outset, Gandhian economics rejects the precepts and assumptions of mainstream economics. It represents an alternative to mainstream economic theories as a way to promote economic progress without emphasizing material pursuits, or compromising human development.

After studying this unit you should be able to:

- discuss Gandhian economic philosophy;
- analyze the main features of Gandhian development theory;
- explain the rural development model based on Gandhism; and
- spell out the criticisms of Gandhian theory.

4.2 GANDHIAN ECONOMIC PHILOSOPHY

Gandhi's economic philosophy was greatly influenced by Ruskin's Unto This Last. From this book: he learnt: (a) that the good of the individual is
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contained in the good of all; (b) that a lawyer's work has the same value as the barber's, in as much as all have the same right to earn from their work; and, (c) that a life of labour, i.e., the life of the tiller of the soil and the handicraftsman is the life worth living. Further, Gandhi was also inspired by the ideas of Thoreau, Tolstoy, and Kropotkin. Tolstoy's principles of simplicity, asceticism, and equalitarianism became a part of Gandhi's philosophy. Besides, the Indian scriptures (the Bhagavad Gita, and the Upanishads) and Indian saints such as Kabir, Mira, and Guru Nanak, also left a deep impression on Gandhi.

Gandhi's ideas on economics are embedded in his philosophy of life. Gandhian economics differs from mainstream economics in the following manner

1) It replaces the assumption of the perfect mobility of labour with the assumption that community and family stability should have priority.

2) It rejects the more-is-always-better principle. It replaces the axiom of non-satiation with a principle of limits, the recognition that there is such a thing as 'enough' material wealth.

3) It recognizes that consuming more than 'enough' creates more problems than it solves, and causes consumer satisfaction or utility to decline, rather than increase.

4) It aims at a better quality of life, rather than higher standards of living as propagated by other economists.

Let us have a clear idea of Gandhi's philosophy of life to understand Gandhian economics. Gandhi viewed life as a whole, and not in its isolated compartments. According to the Indian scriptures, there are four aspects of an individual's life: Artha (money), Kama (desire), Dharma (righteousness), and Moksha (liberation). These aspects are interrelated, and, therefore all of them should be harmoniously developed. Money is required to satisfy the basic requirements of life, however, it is not the end in itself. Man's aim is not to multiply worldly desires and engage his whole life in acquiring wealth to satisfy all his desires. The goal of life is to control desire and transform it, through righteousness, into liberation. He argues for the liberation of man from the cyclical order marked by artha, kama, dharma and moksha. According to him, true happiness lies in the all round development of a human being's personality, and in living a full life. Gandhi's ideas on economics are a part of his general philosophy of life. In these ideas, he outlined principles on which he wanted to build the ideal socialist society. The principles are as follows:

1) Humanism: Man is both the means, and the end of all activity. He is also the measure of performance. Everything functions with a human face. All ideas, institutions, and actions are to be judged in terms of whether they help in building a better man.

2) Simple Living: Gandhi had faith in materialism without lust and passion. Material progress must be subservient to moral growth. The ultimate aim of man is not to accumulate wealth and enjoy luxuries of life, but to attain the higher values of life, and to lead a simple and full life. Simple living and high thinking should be the motto of life.
3) **Social Justice**: Society is divided between rich and poor, between the strong and the weak, between the privileged and unprivileged, and between the elite and the masses. The principle of social justice requires that the former must help the latter in fulfilling their basic requirements. The ideal functioning of the society must aim at providing social justice and reducing inequalities.

4) **Non Violence**: Social change is to be brought about through non violent methods. Ends and means are inseparable in life, and only good means yield good results. An ideal society can only be established by adopting peaceful and non violent means, and not through hatred and war. In Gandhian economics, the principle of non violence means the following things: (a) the absence of capitalistic exploitation; (b) the decentralization of production units; (c) cheaper defence organization; (d) less inequality of income; and (e) self sufficiency of communities.

5) **Love and Co-operation**: An ideal society should be established on the principles of love and cooperation. In such a society, the love of others and not self love; co-operation and not egocentric acts, pre-dominate. Relation between humans should be based on truth, love, and cooperation, and not on money and matter.

6) **Harmony**: The ideal economic condition according to Gandhi is self sufficiency of the economy. For this, the following harmonies should be maintained: (a) the requirements of the people must be in harmony with the resources of the economy and; (b) production technology should match the country’s requirements.

In this section you studied about Gandhi’s economic philosophy, and now you should be able to answer the questions given in Check Your Progress I.

**Check Your Progress 1**

**Note:**
- a) Write your answer in about 50 words.
- b) Check your answers with possible answers given at the end of the unit.

1) How does Gandhian economics differ from mainstream economics?

2) Briefly explain Gandhi’s concept of social justice.
4.3 THE MAIN FEATURES OF GANDHIAN DEVELOPMENT THEORY

The body of Gandhian thought on development is as follows
i) the Gandhian philosophy of economic concepts that are related to development
ii) Gandhian principles of self-sufficiency
iii) the Gandhian theory of balanced growth
iv) the Gandhian doctrine of trusteeship
v) Gandhian model of sustainable development
vi) the Gandhian sarvodaya plan
vii) Gandhian concepts of austerity and abstinence

4.3.1 The Gandhian Philosophy of Economic Concepts Related to Development

Gandhi developed the following economic ideas and concepts which are consistent with his economic philosophy.

**Capital:** According to Gandhi, capital is the source of all wealth. It is required for producing commodities and paying wages to the workers. Capital is of two types: money capital and labour capital. A labourer’s skill is his capital. Both money capital and labour capital are necessary for production. Gandhi observed, ‘Just as the capitalist cannot make his capital fructify without the cooperation of labour, similarly the working man cannot make his labour fructify without the cooperation of capital.’ For better industrial relations, both capital and labour need to be organized. It is easy to organize capital but not labour. This weakens the workers’ bargaining position and increases the possibility of exploitation of labour. An entrepreneur’s power to exploit labour depends upon the extent of concentration of capital in the hands of capitalists. Gandhi suggested two methods to reduce the evil effects of the concentration of capital. According to him:

- The ownership of capital should be decentralized; and
- If the concentration of capital is considered essential, the state should have the full control over the use of capital.

**Labour:** The exploitation of labour is an evil of the capitalist system. It causes unrest among the workers, and, if it persists for a long time, it provokes them to revolt against the system. According to Gandhi, the exploitation of labour is measured as a difference between what the worker gets, and what he deserves. Whenever a worker is paid less than the basic wage rate, or the minimum living wage rate, he is said to be exploited. The exploitation of labour is a normal feature of capitalism. The capitalists, in their effort to increase profits, tend to reduce wages. The extent of exploitation can be minimized by stabilizing the wage rate at a reasonable level. The ultimate solution lies in bridging the gap between the capitalists and the workers. Gandhi was totally against making a man a cog in the giant wheel of industry.
His view was that people should not lose their independence, identity, and, thus, their creativity.

**Profits:** In the Gandhian view, the term profit is used in the residuary sense. Profit is equal to total receipt minus production costs. Capital depreciation and distribution costs are negligible in this scheme of production. Thus, the main costs of production are expenditure on raw materials, and payments to the workers. Profit is the excess of total receipts over these costs. Technological improvements are beneficial to the entrepreneurs and harmful to the workers. With the introduction of machinery, the entrepreneur’s profit increases, while the workers face unemployment, and reductions in wages. Gandhi did not consider profit to be essential for the survival of a firm.

**Employment:** Gandhi emphasized employment. The full employment of human resources is the primary need of a country. By full employment, Gandhi meant the employment of each and every individual. Full employment cannot be attained through the development of large scale industries. These industries generally use capital intensive and labour saving technologies, and do not provide sufficient employment opportunities. Moreover, most unemployed people live in rural areas. The cause of rural underemployment is the seasonal nature of agriculture. The agricultural workers work on land for six months and for the other six months they remain idle. It will be disadvantageous for the mechanized industries to employ such underemployed casual labour. Again, the underemployed agricultural workers have religious, cultural and social attachments with rural life, and, therefore, cannot be expected to leave their homes easily for employment in the urban industries. Thus, mechanization and large scale production provides no solution to the problem of unemployment in the agriculture-based, over-populated economies. As Gandhi pointed out: “Mechanization is good when the hands are too few for the work intended to be accomplished. It is an evil when there are more hands than required for the work, as is the case in India.” The problem of unemployment, according to Gandhi, can be tackled only by developing village and cottage industries. These industries are capital-saving and labour-using. They take employment opportunities to the doors of the unemployed and ideally fit in with the rural conditions.

**Production:** Gandhi advocated production by the masses. He preferred the decentralization of small units of production to the concentration of large scale units in a few places. He wanted to carry the production units to the homes of the masses, particularly in villages. One advantage of the village and cottage industries is that they increase employment. Another advantage is related to the consideration of efficiency. There are many reasons to believe that it is cheaper to produce any commodity in small and cottage industries because: (a) no separate establishment charges are required; (b) integration of cottage industries with agriculture; (c) very few tools are needed; (d) no problems of storage; (e) negligible cost of transporting goods to the consumers; (f) no waste - duplication - due to competition, and (g) no problem of over production. All these factors make the production by the small units economical. Small is beautiful. This is the logic behind the Gandhian scheme of decentralization of village and cottage industries.

**Technology:** It is erroneous to think that Gandhi was against technology. The essence of science is acquiring knowledge through experimentation.
Gandhi offered, on behalf of the Spinners' Association, a prize of a lakh of rupees for the invention of a charkha, a spinning wheel, which could be made and repaired in the villages, and would produce four times the yarn spun on the traditional charkha. He had no objection to the use of machinery to increase production and improve the condition of the workers. But he did not approve of machinery that, in his view, produced goods along with starvation. He was against the indiscriminate multiplication of machinery. Gandhi said, "What I object to is the craze for machinery, not machinery as such. The craze is for what they call labour saving machinery. Men go on 'saving labour' till thousands are without work, and thrown on the open streets to die of starvation." For Gandhi, human consideration was supreme, and that of science and technology was secondary.

**Poverty and Inequality:** Gandhi was not an economist. But he had a clear understanding of the issues of poverty and income inequality. Poverty is not created by the poor man himself. According to him, poverty and inequality are inextricably connected. Poverty is the manifestation of affluence itself. The anatomy of affluence appears to be fair. But means to gather this status is unfair and illegitimate. Thus, the poverty of many is caused by the richness of some. Man's greed has resulted in poverty, and it is the cause of persistence of poverty in the economy. Gandhi said, "I suggest that we are thieves in a way. If I take anything that I do not need for my own immediate use, and keep it, I steal it from somebody else. I venture to suggest that it is the fundamental law of Nature, without exception, that Nature produces enough for our wants from day to day, and if only everybody took enough for himself and nothing more, there would be no pauperism in this world, there would be no man dying of starvation in this world."

According to Gandhi, economics which disregards moral values is untrue. He introduced moral values as a factor in regulating all economic transactions and international commerce. He was not advocating socialism *per se* but humanistic values. He contended, "My ideal is equal distribution, but so far as I can see, it is not to be realized. I, therefore, work for equitable distribution."

**The Principle of Satyagraha:** Gandhi adopted the principle of Satyagraha as a movement of civil disobedience and tax resistance. Gandhi laid down preconditions as absolutely necessary for the practice of Satyagraha. These are as follow:

First, there can be no Satyagraha for an unjust cause. Otherwise the principle of truth will be flouted.

Second, Satyagraha excludes the use of violence in any form, in thought or action.

Third, Satyagraha presupposes a clear distinction between a willing obedience to the laws which are good, and opposition to those which are immoral. The superiority of the law of conscience has to assert itself over other laws.

Fourth, Satyagraha is an instrument available only to those who have no hatred towards their opponents.

Fifth, a Satyagrahi must have the capacity and willingness to sacrifice. That is why Gandhi insisted more on a small revolutionary minority rather than a whole majority.
Sixth, Satyagraha means constant engagement in constructive social work so that Satyagraha as a struggle does not become negative.

Seventh, Satyagraha calls for total humility on the part of those who practice it.

And, Last, Satyagraha is the expression of discipline and sincerity. It challenges the honesty and capacity for national work, and willingness to submit to discipline.

4.3.2 The Gandhian Principle of Self-Sufficiency

The goal of Gandhian development is to build a self-sufficient society. Each community should be self-reliant. Gandhi regarded an area covered by a radius of five miles as the basic unit of self-containment. The production of each basic unit should be linked with the natural consumption requirements of those living in it. The natural consumption requirements of a basic unit depend on

a) the geological situation of the unit
b) the physiological and temperamental condition of people
c) the traditions and customs of the community
d) the occupational pattern and cultural attainments of people.

As physical, psychological, and temperamental conditions in regions vary, the consumption requirements also differ from region to region, and the production plans of each region must take into account these differences. The production plan should not only be linked with the consumption requirements of the people, but also be synchronized with the availability of natural resources, and human potentialities, combined with climatic conditions. Gandhi’s thinking on socioeconomic issues was greatly influenced by the American writer, Henry David Thoreau. Throughout his life, Gandhi sought to develop ways to fight India’s extreme poverty, backwardness and socioeconomic challenges, as a part of his wider involvement in the Indian independence movement. Gandhi’s championing of Swadeshi and non-cooperation was centered on the principles of economic self-sufficiency. Gandhi sought to target European-made clothing and other foreign products, as not only a symbol of British colonialism, but as the source of mass unemployment and poverty in India. European industrial goods had left many millions of India’s workers, craftsmen and women without a means of livelihood. By championing homespun khadi clothing and Indian-made goods, Gandhi sought to incorporate peaceful civil resistance as a means of promoting national self-sufficiency. Gandhi led the farmers of Champaran and Kheda in a satyagraha against the mill owners and landlords who were supported by the British government. He wanted to end oppressive taxation, and other policies that forced the farmers and workers and defend their economic rights. A major part of this rebellion was a commitment from the farmers to end caste discrimination and oppressive social practices against women. With that objective, he launched a cooperative effort to promote education, health care, and self-sufficiency by producing clothes and food that were made locally.
Gandhi and his followers also founded numerous *ashrams* in India and South Africa. He was of the opinion that the *ashram* promotes a lifestyle of self-sufficiency, personal, and spiritual development, and works for wider social development. The *ashram* included small farms and houses constructed by the inhabitants themselves. All inhabitants were expected to help in any task necessary for promoting the values of equality. Gandhi also espoused the notion of trusteeship, which centered on denying material pursuits and coveting wealth. *Ashram* residents act as trustees of other individuals and the community and manage economic resources and property, accordingly.

During India’s freedom struggle as well as after independence in 1947, Gandhi’s advocacy of homespun *khadi* clothing, the *khadi* attire, which included the Gandhi cap, developed into popular symbols of nationalism and patriotism. India’s first prime minister, Jawaharlal Nehru was a socialist as well as a close supporter of Gandhi. While Nehru was influenced by Gandhi’s aversion to the brand of socialism practiced in the Soviet Union, he was also an exponent of industrialization, and critical of Gandhi’s focus on rural economics.

Gandhi made a trenchant critique of machinery, saying that it was a grand, yet awful, invention. Modernization is, in both theory and practice, more exclusive and less inclusive process. In *Hind Swaraj* he observes, “It is machinery that has impoverished India”. Further, he says: “Machinery is the chief symbol of modern civilisation; it represents a great sin”. Gandhi’s concern was not trivial. One needs to address the question of the appropriate choice of technique when looking at a real economy.

Despite the emphasis on self-sufficiency, as suggested by the Doctrine of Swadeshi, the Gandhian perspective has a theory of international trade. It emerged out of the mixture of Gandhian idealism and Gandhian pragmatism. The distinctive features of this trade theory may be noted as follows.

a) It accepts the logic of the principle of comparative advantage, but rejects it as the sole basis for trade among nations.

b) It accepts reciprocal need, rather than reciprocal demand, as the determinant of terms of trade among nations.

c) It postulates an international economic order based on international cooperation and understanding of mutual need, rather than on market forces and competition.

d) It is guided by a purpose higher than the purpose of pure economic gain. That is the moral purpose embodied in the notion of service to govern the flow of trade among nations. It suggests an international economic policy which is the antithesis of “beggar-my-neighbour” policy, well-known in modern international economics.

e) It is an economic doctrine into which is infused the philosophical principle of *Ahimsa*, of non-violence and non-exploitation.

f) It offers the maximum protection against unequal distribution of gains from trade among nations, in sharp contrast with the conventional doctrine of international trade.
Foreign trade does not play a significant role in the Gandhian type of self-contained community. The consumption needs of the community are such that they can be satisfied by the commodities available within the community. Similarly, the production technology is also based on the availability of different factors of production. Thus, aggregate supply is equal to the aggregate demand, and there is no over production or under production. Imports in such a system are allowed only if there is surplus output of equal value to be exported in exchange. In this way, only bi-lateral trade is permitted with areas outside the self-contained region.

4.3.3 The Gandhian Theory of Balanced Growth

According to Gandhi, the right choice is not to plunge into capitalist development, but to develop a ‘communaucratic’ social economy, based on decentralized rural life. “The end to be sought”, he wrote, “is human happiness, combined with full mental and moral growth”. Thus, the Gandhian doctrine of economic growth, being a part of his general theory of growth, cannot meaningfully be formulated purely in economic terms. He visualized balanced growth which manifests in the manner described below.

a) **Philosophical Balance:** a balance between economic progress and moral progress. To achieve such a balance, one must shift the emphasis from maximization to optimization of production, from abundance to adequacy of the production of material goods and services.

b) **Structural Balance:** a balance between the rural and urban sectors of the economy. To achieve such a balance, the growth of the urban sector must not take place at the expense of the rural sector. Here, one must shift the emphasis from centralization to decentralization of economic activities.

c) **Ecological Balance:** a balance in the relationship between man and his environment. Long before social concern grew over the environmental crisis in the Western industrial societies, Gandhi showed his awareness of this crisis as a natural byproduct of uncontrolled economic progress, and autonomous development of modern large scale technology. He stressed the need for making a deliberate choice of technology, and for restraints on the level of production, in order to maintain a proper balance between man and his environment.

d) **Technological Balance:** a balance between small scale and large scale technologies. Gandhi’s views on technology have often been misinterpreted. Gandhi was not opposed to the use of modern technology, as such. He was opposed to indiscriminate, non-selective adoption of imported technology, based purely on its effect on productive capacity. In the context of the Indian economy, he saw a tremendous need for the development of small scale technology that would increase the efficiency of rural production without creating any technological displacement of labour. At the same time, he saw the need for large scale technology for which the ideal location would be large urban centres. The point that he strongly emphasized was that the adoption of Western technology to economize on labour, and to expand production at the cost of rural de-industrialization and mass unemployment was not the proper choice of technology, under the prevailing economic conditions in India. He endorsed a proper mix of technology in order to optimize the social benefits of science and technology.
e) **Distributional Balance**: a balance in income distribution. Given the existence of gross inequality, to achieve greater balance would require strategies to redistribute income. In the context of a growing economy, Gandhi's doctrine may be interpreted as a doctrine of dynamic equilibrium in the pattern of income distribution so that exploitation is reduced to the minimum. In modern growth theories, the problem of income distribution is generally assumed away. Gandhi was fully aware that a high rate of growth does not necessarily guarantee an equitable distribution of income. The latter issue is tied up, not so much with the rate of growth, as with the pattern of growth. This is the reason why Gandhi opposed Western style economic progress through urban oriented, large scale industrialization. He would settle for a slower rate of growth for the sake of a greater diffusion of technology and productive capacity to revitalize the rural economy, as well as for the sake of a greater regional balance in the distribution of income.

### 4.3.4 The Gandhian Doctrine of Trusteeship

Gandhian philosophy always aims at bringing economic equality through non-violent social change. Gandhi propounded the doctrine of trusteeship as a way to realize such change. The peaceful removal of economic inequalities is possible if the rich, after meeting their reasonable needs, hold the surplus wealth in trust for society. In this way, the rich man is not dispossessed of his surplus wealth, but he is required to use this wealth in the broader interest of the community, and not in his personal interest. The doctrine of trusteeship is based on the idea that everything is from God, and belongs to God. Therefore, it is for God's people as a whole, and not for a particular individual. Thus, if an individual possesses more than his proportionate share, he becomes a trustee of that surplus amount for God's people. As to the question of the determination of the successor of the trustee, Gandhi replied that the original trustee is to be allowed to make his choice, but that choice is to be finalized by the state. Thus, a check is put on the state as well as on the individual. A summary of Gandhi's doctrine of trusteeship follows.

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

b) It does not recognize any right of private ownership of property except in as much as it may be permitted by society for its own welfare.

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

d) Thus, under state regulated trusteeship, an individual will not be free to hold or use his wealth for selfish satisfaction or in disregard of the interest of society.

e) Just as it is proposed to fix a decent minimum living wage, even so a limit should be fixed for the maximum income that could be allowed to any person in the society. The difference between such minimum and maximum incomes should be reasonable and equitable and variable from time to time, so much so that the tendency would be towards obliteration of the difference.
Under the Gandhian economic order, the character of production will be determined by social necessity and not by personal whim or greed (Pyarelal, 1965).

A non-exploitative technology must not create hierarchy and privilege. It must not encourage centralism. For these reasons, technology must satisfy four basic conditions: (i) the operators must have full control of the technology; (ii) the technology must not replace the worker; (iii) the technology must increase the productivity of the workers; and (iv) it must produce goods and services needed by the worker.

4.3.5 The Gandhian Model of Sustainable Development

We are living part of Earth's life, owned and operated by the Earth. Our attitude towards the earth is defective and dangerous. Our deepest folly is the notion that we own it and can exploit it to our advantage. Gandhi's ideas are relevant for protecting the environment and to preserve the carrying capacity of Mother Earth. Gandhi emphasizes three aspects: economy, society and environment. He says, the present materialistic lifestyle has to be changed for sustainable development. Gandhian economics guides us towards a sustainable lifestyle.

The Gandhian model suggests the following steps to attaining a sustainable lifestyle.

1) **Sustainable agriculture**: We should give up chemical fertilizers and pesticides and substitute them with bio-manures and bio-pesticides. Vermi culture and vermi compost is a must for restoring the health of the soil.

2) **Khadi and village industries** are eco friendly. They create employment and alleviate poverty. So we should promote khadi and products of village industries.

3) **Appropriate technologies**: We should adopt technologies which are simple, and which our villagers are able to comprehend and operate themselves. The use of electricity should be avoided, or kept to the minimum.

4) **Renewable energy sources**: Coal and petroleum are nonrenewable energy sources and are getting exhausted very fast. Solar energy is limitless and inexhaustible. We can harness solar energy for heating and lighting. Water and wind energies can also be harnessed for producing electricity.

5) **Sylviculture (or tree plantation)**: Cutting trees for fuel and for the construction of houses is inevitable. Our policy should be to plant two trees for every tree we cut. Trees as a source of energy are non-renewable if we only cut them and do not grow them.

Gandhi's advocacy of democratic trusteeship was supported by Schumacher's concept, 'Small is Beautiful'. According to Gandhi, Democratic Trusteeship should have the “responsibility for a bundle of assets instead of ownership of them”. This is a neat description of how we all have to learn to live in this planet. The trustees should be responsible for the bundle of assets – the air, sea, and land – through which nature and our life evolved, and is sustained. These assets should not to be selfishly fought over, bought, sold, and pillaged. There is life beyond acquisitive capitalist motivation. We have to hold the earth and its
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resources in trust for all of its peoples. We must encourage and educate people to reduce their acquisitive spirit. No change of machinery or no amount of modernization can solve our social malaise, which consists in the egotism and greed of human nature. According to Gandhian thought, under democratic common ownership, “man’s spirit can be freer so that he can become more creative, productive and responsible”. The Gandhian focus is on the simplicity of life based on minimum human needs. According to Gandhi, “the earth has enough resources for our needs – not for our greed”. If we follow Gandhi’s advice – especially following the economy of cooperation of the honey bees and birds, keeping Gandhiji’s ideals in mind we can surely achieve a sustainable lifestyle. A sustainable life style automatically ensures sustainable development.

4.3.6 Gandhian Sarvodaya Plan

Gandhi was a practical idealist. He said that true economics stands for social justice and moral values. He never spoke in terms of economics logic or jargon. He advocated the dignity of man and the dignity of labour to redress the sufferings of the people. He advocated moral growth, not material development. He said we must replace apathy with sympathy, exploitation with benevolence, profit with welfare, and materialistic development with human development. He demonstrated the bankruptcy of modern civilization based on materialistic parameters as a solution for social problems. He said that cities are plague spots. He said that previously, the British were ruling, but now their philosophy, their technology, and lifestyle rule us.

Gandhi was convinced that the salvation of the Indian economy depends on rural development. Rural development depends on agricultural development, which is the integration of both, the farm and nonfarm activities of the village economy. He never accepted the inherent contradiction between economic development and human development. So he thought of integrating and establishing harmony between both the two, through sarvodaya. Having set the goal, he also worked out schemes for achieving it. For achieving the goal of non violent socialism, Gandhi presented the sarvodaya plan. The sarvodaya plan provides the foundations, on which the economic organization of a nation striving for the ideals of socialism is to be built. Sarvodaya means all round wellbeing of all. He argues for the combination of purity of ends and nobility of means. The objective of the sarvodaya plan is the establishment of sarvodaya social order on the principles of non violence, truth, love, and cooperation. The sarvodaya plan includes

a) economic equality and communal harmony
b) full attention to the cultivators and the labourers
c) all cultivators organizing their own committees
d) all labourers forming their own unions
e) education for all (technical or basic)
f) hand-spinning in every family

Gandhi’s sarvodaya is essentially a programme for the regeneration of the Indian village. Gandhi suggested a number of products that cottage industries in villages could make i.e. gur, baskets, ropes, brooms, oil, etc. Khadi is the sun of the
village system. Khadi, according to Gandhi, is the central industry on which all other village industries revolve. The employment of carpenters and blacksmiths engaged in the production of the charkha, or spinning wheels, and of weavers, dyers, and printers of cloth, depend upon the demand for Khadi. Moreover, Gandhi related many religious and moral values to the charkha. In his Khadi scheme, Gandhi proposed the following measures to develop the khadi industry:

- compulsory introduction of spinning in all primary and secondary schools;
- the cultivation of cotton in areas where it is not grown;
- the organization of weaving by multipurpose cooperative societies;
- All employees in the education and co-operative departments, municipal, district boards, and gram panchayats would be required to pass a test in spinning, in order to qualify;
- control of prices of handloom cloth woven of mill yarn;
- the imposition of a ban on the use of mill cloth in areas where the hand woven cloth was in abundance;
- the use of hand spun cloth in all government, and textile and weaving departments; the old cloth mills would not be allowed to expand, and new ones would not be opened; and
- the import of foreign yarn, or cloth to be banned.

The revitalization of the village economy, among other things, includes measures such as the development of village and cottage industries, the improvement of village sanitation, protection from robbers and wild animals, the development of agriculture, conducting all activities on co-operative basis, the constitution of village panchayats, self-sufficiency in basic requirements, the removal of illiteracy, and the abolition of the caste system. Special attention would be provided to the development of village industries, sanitation, and hygiene. In short, the basic objective would be to develop the village into a complete, self-sufficient republic.

This is a long range programme. The immediate task is to establish sarvodaya at the village level. To start with, social order should change according to sarvodaya principles in each village. Therefore, Gandhi evolved schemes for the regeneration of villages and revitalization of village economy. Gandhi’s struggle against poverty and unemployment, and his work of national reconstruction starts from the village. The purpose is to bring all-round development of the village and make it a self-sufficient economic unit. Gandhian activists such as Vinoba Bhave and Jayaprakash Narayan were involved in the Sarvodaya Movement, which sought to promote self-sufficiency amidst India’s rural population by encouraging land redistribution, socioeconomic reforms, and promoting cottage industries. The movement sought to combat the problems of class conflict, unemployment, and poverty while attempting to preserve the lifestyle and values of rural Indians, which were eroding with industrialization and modernization. Sarvodaya also included bhoodan, or the gifting of land and agricultural resources by the landlords (called zamindars) to their tenant farmers in a bid to end the medieval system of zamindari. Bhave and others promoted bhoodan as a just and peaceful method of land redistribution in
order to create economic equality, land ownership, and opportunity without creating class based conflicts. Bhooman and sarvodaya enjoyed notable successes in many parts of India, including Maharashtra, Gujarat, Karnataka, and Uttar Pradesh.

4.3.7 Gandhian Concepts of Austerity and Abstinence

Mahatma Gandhi stated that “there is enough for everyone’s need and but not for everyone’s greed.” He was of the opinion that the nature has managed it in such a way that there will be a balance in the eco-system, and that everybody gets enough of what they need, in order to have good life. Unfortunately, man being greedy, violates nature’s rule and exploits others in order to fulfill his greed. He appealed to human beings to be austere and follow the principle of abstinence for the welfare of all.

You are now familiar with the main features of Gandhian development theory after reading this section. Now, answer the questions given in Check Your Progress 2.

Check Your Progress 2

Note:  

a) Write your answer in about 50 words.  
b) Check your answers with possible answers given at the end of the unit.

1) What is a self-reliant village economy?

2) Explain the Gandhian principle of Satyagraha.

4.4 THE RURAL DEVELOPMENT MODEL BASED ON GANDHISM

India has achieved impressive growth in production and income. However, India’s efforts to remove poverty and inequality in rural areas have failed. The reason for this is that strategies for rural development have been aimed primarily at raising production, without any understanding of social and class structure and their relation to production and its distribution. According to Gandhi, the salvation of the Indian economy depends on rural development and rural transformation. The prevailing agrarian situation indicates that this cannot be brought about in the context of India’s present obsession with economic growth, and the trend of economic development in the world, in general. In the present state of socio-politico-economic affairs, the current
growth model benefits the dominant class of the population at the cost of the rural poor. Some aspects of the Gandhian model, e.g., the expansion of village and cottage industries, the decentralization of production and wealth, and the institution of trusteeship by the state, and confiscation of excess wealth, may be implemented to build the social base for economic prosperity.

Gandhi emphasized decentralization to ensure the dignity of labour. He said, “A human state will be a decentralized society of equal partners”. According to Gandhi, labour has four components: (a) bread labour, a kind of minimum physical labour which must be performed by everybody, from philosophers to ordinary labourers; (b) earning labour for living, as is normally understood in economics; (c) labour as an instrument for self actualization; and (d) as a method of service to others. Once this four-fold view of labour is accepted, no degree of division of labour can really dehumanize man.

The Gandhian concept of Man is one of an integral man, and the Gandhian concept of society is that of an integral society. The Gandhian model is based on an integral transformation of Man and society. In the Gandhian conception, the processes of individual transformation and political transformation are inevitably interconnected. The Gandhian concept basically pursues the unity of the individual and the social order. Gandhi stresses the unity of private and public life. In the Gandhian view, private life must be transparent, and in that transparency, we can see the public life, too. In Gandhian thought, the stress is on the unity of the individual and social praxis. The Gandhian view may be seen as the ‘Unity of Existence’.

The social, economic, and political subsystems are closely interwoven as an organic whole, and the poor man remains outside that enclosure. His voice, his priorities, and his problems remain unheard. So, Gandhi argued against the central planning. Gandhian paradigm has the following features.

1) The cause of all contradictions is centralism. It may be described as a situation in which a few control the means and the power to make decisions which affect many that are left out. The elective representative system of the present type is centralist.

2i) Centralism, as the source of social contradiction, has two major loci: (a) the sphere of production (economy); and (b) power (state).

2ii) Centralism in production leads to exploitation. Centralism in power leads to oppression. The two centralisms reinforce each other.

2iv) The victims of centralism, who are exploited and oppressed, alone will initiate change. No meaningful process of change can be generated by the centralist.

2v) The process of change started by the victim will only reproduce the system if it copies the centralist system. So, the praxis of change should fulfil the following conditions:

a) The praxis must be broadly based, that is, it should be a mass movement.

b) The mass movement should not be characterized by centralism in its ideology, or in its organization.
c) If the movement becomes centralist in its organization, then it will acquire the characteristics of the state.

d) The movement should be free of violence. It should be firmly rooted in the ideology of non-violence. This characteristic of the movement to expose exploitation and oppression gives it the moral force of truth against non-truth.

e) Individuals have a central role in this praxis. The individuals can be a moral force by incarnating the values of trust and nonviolence.

Therefore, the Gandhian model advocated the idea of decentralization, which ensures the people’s participation. The Gandhian decentralized approach strengthens the feedback system which ensures self-correction and self-direction. It emphasizes *gram swaraj* (village autonomy) and human values. It emphasizes production by the masses, but not mass production. It emphasizes labour intensive technology, small scale village and cottage industries, handicrafts, charkha and the use of renewable energy, and ecological balance. The decentralized model removes all kinds of constraints, and ensures three types of balance

- Spatial balance
- Sectoral balance
- Operation balance

According to Gandhian thought, rural development is not a tailor made programme, or a process which can be triggered by outside agencies and authorities. The advantages of decentralization are:

i) It allows better political and administrative penetration;

ii) It raises efficiency and better implementation of development plans;

iii) It facilitates better coordination between central, state, and local agencies;

iv) It raises sensitivity and flexibility, and institutionalizes peoples’ participation;

v) It reduces red-tapism and the diseconomies of scale, inherent in centralization; and

vi) It ensures greater equity in resource allocation and income distribution.

### 4.5 A CRITICAL APPRAISAL OF GANDHIAN DEVELOPMENT THEORY

Gandhian economic thought appears to be very logical and impressive. However, it suffers from following deficiencies:

1) Gandhi was not an economist in any professional sense. His economic ideas lack systematization, and lay scattered here and there in his writings. He attempted no economic analysis and presented no theoretical model.

2) In fact, Gandhi has not studied the writings of the western economists. He only studied Marx and that, too, late in his life during his detention in 1942. Whatever he wrote or said about economics was the natural outburst of his ethical and philosophical thought, and was not adopted from any book.
3) His thinking on economics does not contain any technical knowledge that has analytical value. He was a practical idealist and was immediately interested in solving the problems of poverty and inequality in his country.

4) The solutions he suggested called for a socioeconomic revolution through non-violent means. According to him, to achieve this objective, the country must act according to sarvodaya principles. This is a most unpractical solution. It is a great fantasy to expect that the rich would shed their acquisitive tendencies and would help their poor brethren to ameliorate their poverty.

5) With the acceptance of sarvodaya principles, the rich are unable to free themselves from the lust for profit. And production does not expand due to obsolete methods of production. It leads to perennial stagnation.

6) Universalising the idea of non-violence, he hoped, would bring about a change of heart. However, to think that all countries would follow the path of non-violence is mere wishful thinking.

Despite the generally inoperative nature of Gandhian philosophy, Gandhi must be credited for emphasizing the role of small scale industries and agriculture in the development of the Indian economy. Almost all the economists recognize the importance of small scale industries, and the need for their decentralization in an overpopulated and rural based underdeveloped country. Gandhi also correctly realized that in such an economy, reorganization and revitalization of agriculture is a pre-condition to economic development. Development has to evolve from the people.

Now that you have a fairly good understanding of the rural development model based on Gandhian theory, and also various criticisms against Gandhian theory, answer the following questions given in Check Your Progress 3.

Check Your Progress 3

Note:  
a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) Describe the main aspects of the Gandhian model of rural development.

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2) What are the main criticisms of Gandhian Theory?

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4.6 LET US SUM UP

In this unit we dealt with Gandhi’s philosophy, and his economic ideas and concepts. We explained how Gandhian economics differs from mainstream economics. The Gandhian doctrine of Trusteeship and self-sufficiency have been analysed. We also explained the Gandhian model of rural development and balanced growth. The sustainable development based on Gandhian ideas was described. The criticism against the Gandhian theory of economic development has also been narrated.

4.7 REFERENCES AND SELECTED READINGS


4.8 CHECK YOUR PROGRESS-POSSIBLE ANSWERS

Check Your Progress 1

1) How does Gandhian economics differ from mainstream economics?

Answer: Gandhian economics differs from mainstream economics in the following ways:

i) It replaces the assumption of the perfect mobility of labour with the assumption that community and family stability should have priority;

ii) It rejects more-is-always-better principle. It replaces the axiom of non-satiation with a principle of limits, the recognition that there is such a thing as ‘enough’ material wealth;
iii) It recognizes that consuming more than 'enough' creates more problems than it solves, and causes consumer satisfaction, or utility to decline, rather than increase; and

iv) It aims at providing a better quality of life rather than higher standards of living, as propagated by other economists.

2) **Briefly explain the Gandhian concept of social justice.**

   **Answer:** Society is divided between the rich and the poor, between the strong and the weak, between the privileged and unprivileged, and between the elite and the masses. The principle of social justice requires that the former must help the latter in fulfilling their basic requirements. The ideal functioning of society aims at providing social justice, and reducing inequalities.

### Check Your Progress 2

1) **What is a self reliant village economy**

   **Answer:** The self-contained village is the goal of the Gandhian production scheme. Each community should be able to satisfy the needs of its people. The production of each community should be linked with the natural consumption requirements of the community. The natural consumption requirements depend on: (a) geological situation (b) physiological condition (c) traditions and customs (d) occupational pattern and cultural attainments of the people.

2) **Explain the Gandhian principle of satyagraha**

   **Answer:** According to Gandhi, poverty and inequality are two sides of the same coin. Both are inextricably connected. Poverty is the manifestation of affluence itself. The anatomy of affluence appears to be fair. But, the means to obtain this status is unfair and illegitimate. Thus, the poverty of many is caused by the richness of some. The greed of Man has resulted in poverty, and it is the cause of the persistence of poverty in the economy.

### Check Your Progress 3

1) **Describe the main aspects of the Gandhian model of rural development.**

   **Answer:** Some aspects of the Gandhian model of rural development are: the expansion of village and cottage industries, decentralization of production and wealth, the institution of trusteeship by state, confiscation of excess wealth which may be implemented to build the social base for economic prosperity.

2) **What are the main criticisms of Gandhian Theory?**

   **Answer:** Some of the criticisms of the Gandhian theory are

   1) His economic ideas lack systematization and lay scattered here and there in his writings. He attempted no economic analysis and presented no theoretical model.

   2) The solutions that he suggested call for a socio-economic revolution through non-violent means. To achieve this objective, the country must act according to sarvodaya principles. It is a most unpractical solution.
It is a great fantasy to expect that the rich would shed their acquisitive tendencies, and would help their poor brethren to ameliorate their poverty

3) With the acceptance of sarvodaya principles, the rich are unable to free themselves from the lust for profit. And, production does not expand due to obsolete methods of production. It leads to perennial stagnation only.