



RESEARCH PAPER



GANDHIAN ECONOMIC MODEL: INDIA'S HOPE FOR INCLUSIVE DEVELOPMENT

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ABSTRACT

The current models of development have performed poorly on the human development metrics and have increased inequality in the society, though could achieve higher economic growth. Mahatma Gandhi's model of economic and societal development offers an excellent solution for the current challenge of achieving inclusive development. The way forward for the country is to blend the Gandhiji's model with existing economic development model to accomplish progress in all frontiers.

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INTRODUCTION

The most recent report on world economic outlook by International Monetary Fund (IMF) estimates the gross domestic product (GDP) growth rate if India to be a staggering 7.4 % making it the fastest growing large economy in the world¹. Looking at the doing business report 2018 by world bank shows that India's rank has jumped 30 places and has moved to 100th position from 130th position, a year ago². Both the reports and in fact, so many other reports prophesise that India is undergoing a rapid development and is taking giant strides to catch-up

with the developed nations. On the contrary, the human development report 2018 by United Nations Development Programme (UNDP) ranks India at 130th Position in Human Development Index (HDI) far behind the other south east Asian countries³. Indeed, there has been improvement on many yardsticks of human development like life expectancy at birth, maternity and infant mortality rates and school attendance. But, the record on gender inequality is particularly egregious. Per capita income for women is a bit more than a fifth of per capita income for men. Bangladesh, Bhutan, Nepal, Myanmar, all score



higher on the gender inequality index than India. In fact, the gender development index for India is worse than that for sub-Saharan Africa⁴. Inequality too has gone up. Several surveys show that the top one percent of the population holds a staggering seventy three percent of the total wealth in India⁵. The primary reason behind the divergence in the country's growth story can be attributed to the failure of the development model adopted.

The massive exercise of rebuilding of the nation after independence was actively led by the then prime minister Nehru. Though he had based his development model on the then best practices of state led industrialisation and capital formation, it had killed the private enterprise which would be more efficient than the state-run enterprises.⁶ This had brought us to the brink of collapse in 1991 in the form of balance of payment crisis, the political leaders have taken prudent steps and have opened the economy to foreign investment and has paved the path for unprecedented growth in the Indian history. After 1991, the business and the commerce industry could lobby and push the governments of the day towards reforms to ease the conduct of business in the country. In addition to this, in a bid to attract foreign direct investment, governments have been improving the business environment in a competitive manner based on the IMF and World bank reports. Thus, the GDP growth has been fairly high, and India continued to be one of the fastest growing nations. A similar push had been missing in the human development metrics and India continued to lag behind even most of the low-income countries⁴. This is in not to say that GDP growth is unimportant. It is to press upon the importance of inclusive development where there is higher GDP growth along with a greater performance in human development indices and equality.

To achieve the inclusive growth which benefits all the sections of the society rather than special interest groups or powerful lobby groups, there is an urgent need to rethink about the development models we have adopted.

GANDHIAN MODEL

Gandhian model of economics is based on the foundation of truth and non-violence and is governed by ethical and moral considerations

According to Gandhiji, work is not only an economic activity but also a path for spiritual development. He firmly believed that the economic and social policy of India should not be based on any foreign models and believed that the country's unique social and economic situation can only be tackled by indigenously developing model of inclusive growth based on the core concepts of swadeshi, trusteeship, self-sufficient village economy and decentralisation.

SWADESHI

Swadeshi is defined as that spirit within us which encourages us to use the service of our immediate surrounding. It aims at the removal of unemployment and poverty. It doesn't advocate rejection of foreign trade, in fact it advocates a healthy form of trade. According to Gandhiji, Swadeshi is not just good, it nurtures and enriches our culture, tradition and values. Swadeshi is also in-line with the modern economic models which encourages to have a large consumption base with in the country. Having excessive production capacity may initially help have an export led economic growth but will not be sustainable in the long run. Only consumption led growth is sustainable.

TRUSTEESHIP

According to Gandhiji, capitalists and the rich should consider themselves trustees of the society and make use of their wealth for the development of the society. Gandhiji wanted that co-operative system be developed in India for equitable and overall welfare of everyone.

The co-operative system has been tremendously successful in the dairy products industry, initially in Gujarat (AMUL) and later on throughout the country. Though co-operative system was attempted in other products and services, they have met with limited success. The government should further perceive the concept of co-operatives with essential changes in legislation.

SELF-SUFFICIENT VILLAGE ECONOMY

Gandhiji always said that India can't be developed without the development of villages in India. According to him it is difficult achieve a top down model of development and always believed that the grass root development is the only way for inclusive growth. Gandhiji always stressed that agriculture at the village level should always be



supported by allied occupations like bee keeping, animal husbandry, khadi, paper making, mud utensils etc.

Today, with lot of distress in the agriculture sector⁷, Gandhiji's suggestions look very valuable to revive and support the large workforce in the agriculture sector.

DECENTRALISATION

Gandhiji strongly advocated decentralization of economic system and was completely against centralisation, as the power would be concentrated in few hands, which would increase the inequality in the society by making the rich, richer and the poor, poorer. Unfortunately, in India, the power of decision making is fairly centralised and that had greatly worked against India's development. The fruits of economic development will reach the last mile only when the people at the appropriate levels are empowered to take decisions.

IMPLEMENTATION OF GANDHIAN MODEL

Over the years, different governments of the day have tried to implement different concepts of the Gandhian model, but the success of the projects and schemes have been very limited and fell short to achieve the macro change required for inclusive growth. The current NDA-II government at the central government have implemented several projects like the Swachh Bharat Mission, Saansad Adarsh Gram Yojana (SAGY)⁸ and many other schemes whose core concept was based on Gandhian model. Though the success of the projects has been reasonable, there is still a long way to go before we achieve the end goal of inclusive development.

It is also appropriate here to mention how some of the schemes of the government have the potential to pave the way for inclusive growth when combined with the concepts of the Gandhian model. A thought experiment can demonstrate how this can be achieved. According to the WHO's recommendations a country should spend 4% of GDP on health. Though India spends about 3.9%, the spending by government is only 1.1%.⁹ The remaining amount is privately financed and depletes the poor of its savings. With the recently announced universal healthcare scheme, Ayushman Bharat—Pradhan Mantri Jan Arogya Yojana (PMJAY), coverage of 5 lakhs is sanctioned per family per year for secondary

and tertiary care. If the scheme can achieve the stated objectives, it can save the poor household. The scheme can work wonders for the people who can save the expenses related to health and can use them for other purposes.

CONCLUSION

Even after 70 years of independence, India couldn't achieve inclusive development though it could manage to become the fastest growing economy. Mahatma Gandhiji's model for economic development can definitely achieve the inclusive growth and reduce the increasing inequality in the society.

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