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Introduction

The thoughts related to human life and economic activities like management of economy, production, revenue, distribution, employment, money, exchange, economic development, banking, solutions to financial and environment problems are referred to as economic thought.

Many great thinkers in various countries have influenced decisions of state administration regarding management of resources, production, cost, distribution etc. Adam Smith's ideas provide insights into how wealth is created, distributed and exchanged; Prof. Alfred Marshall provided

importance of keeping human welfare at the centre of decision making; Prof. Robin's provoked ideas pertaining to scarcity, problem of choice and optimum utilization of resources; while Prof. Keynes provided a new direction to macroeconomics by giving principles regarding consumption, investment, employment and government intervention after the great depression of 1929-30. Thus such people contributed to modern economic thought in the west.

Economic ideology is also reflected in Indian scriptures. 'Shantiparva' in 'Mahabharat', 'Manusmruti', 'Shukra-niti', 'Kamandikiya' reflect thoughts pertaining to economics. In the Indian writings, 'Kautilya's Arthshashtra' ranks foremost.

Number of thinkers have influenced Indian economic thought from the ancient times, to the medieval times to the present day. This chapter gives an idea of the economic thoughts of 'Kautilya', 'Gandhiji' and 'Pandit Deendayal Upadhyaya'.

11.1 Kautilya (Chanakya)

11.1.1 Introduction : Kautilya who authored 'Arthshashtra' was a strategist scholar who dreamt of a perfect state. Born with teeth, the son of a Brahmin Chanak, Chanakya's real name was Vishnu Gupta. Spending his childhood in the village Kusumpur of Patiliputra Kingdom, Kautilya during third century B.C. aided Chandra Gupta to end the tyrant rule of Dhanananda, the last heir of the Nanda race, using moral values and strategy to create a prosperous state. Studying minutely the subjects of Politics, law, economics, management, taxation, social order, trade, agriculture and industry, he wrote an exclusive text named 'Arthshashtra' which was widely known as 'Kautilya's Arthshashtra'.

11.2 Economics of Kautilya

The idea of state management in India is as old as its culture. Ancient literature of India has references of ideal methods of politics and diplomacy, policy making, rules of governance, 'dandniti' (policy of punishment by the state) etc. Solution to present day economic problems can be found in literature of olden times and philosophy given by sages. Such philosophy given thousands of years ago provide practical guidance for making individual life as well as social life easier. Kautilya's 'Arthshashtra' was one of those literatures. This volume found by Pandit Shyam Shashtri from the oriental library of the king of Mysore, was written in 'Granthlipi' on 'Bhojapatra'. In 1909 he compiled and published the whole 'Kautilya's Arthshashtra'. According to him this work was created around 321-300 B.C.

Kautilya's thoughts are based on the idea of 'arth'. For him the key to governance and authority lies in 'arth'. According to Kautilya, a person who is devoid of resources can also manage to obtain 'arth' by labouring. With increase in labour productivity the means of production also increase. Thus he calls manual labour as the true 'arth' and explains, "The intention of a human being is 'arth'; the piece of land with human settlement is 'arth' and so the science that gives solution pertaining to maintenance of land and attaining benefits from land is 'arthshashtra'". Thus he considers land as an asset for livelihood and settlement of humankind and hence considers it important to describe the science pertaining to its maintenance and benefits. Kautilya's 'shashtra' is apt to the role of state in various times periods. Thus, his 'arthshashtra' in reality is the science of policy making. In his work of 15 volumes, Kautilya has depicted the strategies for domestic administration, relations with neighbouring states; knowledge about medicinal plants and political diplomacy.

Main Economic Thoughts of Kautilya :

11.2.1 Establishment of Statehood : While establishing a state, the king should provide basic resources for development, make continuous efforts for the development of agriculture and industry as well as, excavate mines, develop forestry, cattle rearing and markets; as also open up import – export trade avenues. The king should aid in constructing water reservoirs for farming, temples and ‘dharamshalas’ (guesthouses). Teachers, priests and soldiers must be exempted from taxes during times of natural calamities helpless farmers must be looked after by the king.

11.2.2 State Treasury : State treasury plays a pivotal role in ways and means suggested by Kautilya to maintain prosperity and safety of a state. The unity, stability and administration of the state are directly dependent on the state treasury. So the king is advised to guard his treasury and always develop new means to increase it. Kautilya has shown 7 sources of income for the state, which include (1) Towns (2) Villages (3) Irrigation (4) Mines (5) Jungle (6) Animal husbandry (7) Trade and Commerce. He has emphasized that the king should collect taxes once in a year and not use forceful means to increase the treasury. It is also advised to refrain from harshness while collecting taxes from regions facing famine and drought. Kautilya has also hinted on the use of public property, promotion of trade, gifts, penalties fines and rewards; as also production of cash crops to ameliorate the state treasury.

Much of state treasury consists of physical (tangible) goods and therefore it is necessary to preserve such goods in proper warehouses and use them for public welfare as required. Kautilya also specified the rates of taxes (amount of taxes) for various categories of workers. For example, one fourth of the agricultural production may be collected as tax from individual farmers; one half of the produce may be collected as tax from individual manufacturers of cotton, wool, silk, wax and medicines. This way he suggested taxes for other occupations also. The perceptions of a welfare state in Kautilya’s ideas are useful even today in formulation of welfare plans by a state for its people.

11.2.3 Taxation Policy: Kautilya gave clear principles of taxation which indicate the type of short term and long term tax policies which a state should have; the limits of tax rates which a king may impose and so on. Provisions for increasing tax rates during emergencies are also presented. Taxes should be collected from citizens as ripened fruits are collected from orchards keeping in mind the economic ability of citizens to pay taxes. He laid down such principles of taxation which make the taxation process simple, less expensive and less complex. In this context, he suggested the following types of taxes in the tax structure:

11.2.3.1 Land Tax : The state had the right to collect a portion of the agricultural produce as tax from the farmer or the landlord. Keeping in mind the type of land, its productivity, form of product, mode and availability of irrigation, Kautilya had devised rules to decide the proportion of taxes. He also proposed tax exemptions as an incentive to increase productivity.

11.2.3.2 Import-Export Taxes : Import – export taxes are classified by Kautilya as:

- (1) **External Charges (Taxes) :** For the material produced in the country.
- (2) **Internal Charges (Taxes) :** For the material produced in the state or the capital.
- (3) **‘Aatithya’ Charges (Taxes) :** For the material imported from foreign regions or states.

On the basis of type of goods and their importance in economic life, Kautilya gave rules for commodity taxation. He proposed setting up of booths for collection of customs and octroi. He also proposed rules for road tax and wealth tax.

11.2.4 Agriculture and Animal Husbandry : Kautilya named agriculture as the primary means of livelihood. He classified land in two types: (1) land under state ownership and (2) land under ownership of private individuals. He further suggested that the state owned land should be tilled by people who were otherwise made slaves by the society, prisoners and the other agricultural labourers. He believed that land should be used mainly for agricultural purpose and hence the uncultivable land should be made cultivable. Taxes can be collected from the farmer only if she/he cultivates her/his land and in return earns a livelihood.

Animal husbandry is also related to agriculture, therefore Kautilya has also included it as a means of livelihood and has suggested means for its development. In this regard he mentioned 3 categories of animals as : (1) Trained / pet animals (2) Dairy animals (3) Wild animals. Kautilya has also suggested rules and penalties related to animal husbandry.

11.2.5 Industry : Kautilya believed that only a resourceful state can prosper and develop and hence he gave directions for setting up industries. According to him, a king should explore the possibilities of new mines and thus order excavation, develop art and craft industry to use skills and promote skill formation, promote transport and communication as also create infrastructure for industrial development. He further suggested setting up of proper markets in towns/cities to facilitate the sale of the produced wares.

It is evident from 'arthshashtra' that his thoughts were provoked by economic problems and political concerns. He has incorporated the minutest details in building of a progressive and modern state and gave theories which have universal acceptability and are applicable even in present times. Even though his work 'Arthshashtra' was created for Magadh state and for Emperor Chandragupta Maurya, he wished that this work could be of use to those kings who desired timeless victories and a proper management of the state. Kautilya has opposed the act of tax evasion and hiding assets from the state.

11.3 Gandhiji

11.3.1 Introduction : Societies change continuously; and the purpose of change is development of the society. Such changes occur as phases of transformation, and in each phase of transformation the society tends to follow the ideas and ideals of some reformer. Thus, the reformer in a way leads the change in the society (becomes the torch bearer, provides direction). Born at Porbandar in Gujarat, Mohandas Karamchand Gandhi whom we know as Gandhiji was one such leader. Though he had a strong will power and was an idealist dreamer, he urged for a realistic and practical approach. Truth and non-violence were the two major principles of his ideology. He practised his ideology to remove the difference between thought and conduct. He emphasized on religion and ethics for individual and social life. Besides, he also made endless efforts towards eradicating untouchability, persuading people to stop consumption of alcohol, attaining communal solidarity and empowering women. His way of living life was based on ethics. So he accepted ethical science as the base of the science of politics and economics.

Gandhiji's simple way of life in social, economic and political terms is frequently known as 'Gandhism'. But unlike other economists Gandhiji had not given a specific ideology. He didn't classify

his ideology into any specific category. He never wanted to give 'Gandhism' nor wished to have his own followers. He didn't claim that he had discovered any new theory or ideology. He simply tried to apply the eternal truths as solutions to life's routine problems.

11.3.2 The Influence of Books and Thinkers on Gandhiji : We can see the influence of religious books, philosophers and events on Gandhiji's economic, social and political ideology.

(1) Gandhiji was greatly influenced by the American thinker Thoreau. The idea of 'Simple living and high thinking' was adopted from Thoreau's works.

(2) Gandhiji's idea of 'Sarvodaya' was an inspiration from British writer John Ruskin's book 'Unto the last'. From that book, he derived the importance of labor work and ways to eradicate poverty from India.

(3) Leo Tolstoy's works, 'What shall we do then ?' and 'The Kingdom of God is within you' influenced Gandhiji. He was influenced by the theory of 'bread labour' given by Ruskin, and thus he gave the motto that those who didn't work had no right to eat.

Moreover, in his childhood watched the play 'Satyawadi Raja Harishchandra' and this left an indelible impression on him. The play taught him the importance of truth and made him a 'Satyagrahi'.

Gandhiji's beliefs pertaining to 'labouring for one's own bread' were also confirmed by a shloka in the third chapter of Hindu Scripture the 'Bhagwad Gita' which states, "One who relishes the fruits without making offerings (without efforts and sharing fruits with others), is indulging in sinful action". There also is an impact of scriptures like, the 'Upnishads', the 'Ramayana', 'Mahabharata' and of saint poets like Kabir, Gurunanak, Narsimha Mehta and also of spiritual leader (Guru) Shrimad Rajchandra on Gandhiji's ideas.

11.4 Main Economic Thoughts of Gandhiji

Gandhiji believed that neither capitalist nor socialist economic approach would be able to solve the economic problems of India. So he gave alternative economic ideas against western capitalist production policies, excessive use of machinery and materialist philosophy.

11.4.1 Sarvodaya : Gandhiji envisioned a society devoid of violence in which the helpless, poor and needy are uplifted to a state of wellbeing; and this idea of social development was called 'Sarvodaya' which means, 'upliftment of all'. According to the 'Bhagwad Gita', in all human beings dwells the same soul and adopting this thought Gandhiji based the principle of 'sarvodaya' on mutual cooperation and love. He further suggested that 'sarvodaya' type of socialism may be attained by forsaking desires which lead to greed. For successful implementation of 'Sarvodaya', he presented the ideas of renunciation, service, reducing dependence on machinery, protection of labour, decentralization of power and prevention of exploitation. He disliked the thought that very few people became rich due to the impact of machinery and industry. For him socialism means that there are no differences between people, and that all are equal.

11.4.2 Importance of Labour : Gandhiji promoted the idea of equitable remuneration for different types of labour. Labour is the only living factor of production. So anyone who labours is entitled to live a dignified life and there should be enough opportunities for all to work. He believed

that it was obligatory upon the state to create employment opportunities. Stating the importance of labour Gandhiji asserted that though mental/intellectual labour was important for development, everybody should engage in some form of physical labour. Gandhiji observed a decline in dignity and importance of physical labour in modern times and thus he emphasised upon the idea that dedicated physical efforts make a person give up greed and enable the person to get employment and thus get freedom from poverty.

11.4.3 Use of Machinery : According to Gandhiji the era of machines was called so as machines dominated the production methods. Some critics called him an opponent of machines but he was never against appropriate use of machines. He was against the reckless use of machines which replaced human labour and rendered labourers unemployed.

The following points summarise his views regarding use of machines.

(A) Gandhiji recommended greater use of basic and simple machines that can be owned by and useful to poor producers.

(B) According to him, those machines which facilitate the work of labour must be employed but those which replaced labour and rendered labourers unemployed should not be used widely.

(C) Gandhiji did not oppose machines which are used for welfare of the poor.

(D) Machinery which reduces physical labour and saves time and funds can be widely employed. But he cautioned the society against the use of machines which enhanced profits of a single individual or few individuals. Machines must be used for benefitting the society as a whole.

(E) He was against the use of machines which led to concentration of economic power in the hands of a few people and became a means of exploitation of the poor by a few profit motivated rich people.

He asserted that machines are for human beings and human beings are not for machines and hence machines must not be used so widely that human beings become highly dependent on machines.

11.4.4 Decentralized Economy : Gandhiji favoured a decentralized economic system for India. He wanted economic power to be distributed among many Indians and not among a few people only. According to him, development of villages should be the central concern of any process economic development and he wanted villages to get equal benefits of development which can happen only through decentralized planning.

He gave the idea of decentralized economic planning as an alternative to capitalist planning and as a solution to the problems of centralized economies and thus he promoted the idea of increasing the use of 'khadi' and the idea of spinning khadi as a household industry (with the help of spinning wheel/'charkha'.)

The concept of decentralized economic planning was rooted in the idea of 'Gram Swaraj' (village empowerment/village self-reliance).

11.4.5 Simplicity and Non-Possession: The problems of economic life arise owing to greed and race for increasing material possessions by forgetting ethics. Which is why he propagated the idea of non – possession and consumption for needs and not for greed. He advised people to restrict

their wants and work towards contentment. For his own life, he followed the principle of 'simple living and high thinking'.

He stated the following reasons for restlessness in human life: (1) Continuously increasing wants (2) Use of complex machines (3) Distribution systems of present times (which create unequal distribution)

Explaining the relationship between wants and welfare, Gandhiji stated that welfare increases when wants are limited. Real happiness live in simple living. Production and distribution should be undertaken keeping in to consideration the needs of people (to each one according to her/his needs) He insisted upon the idea of, 'everyone's livelihood without anyone's exploitation.

11.4.6 Doctrine of Trusteeship : Trusteeship is one of the important principles given by Gandhiji. He gave this principle getting inspired by the 'Bhagwad Gita' and the 'Ishopanishad'. The Ishopanishad quotes, " All that is created on the earth is because of God and hence we must relish it after surrendering it". If a person has inherited and accumulated large amount of wealth she/he should form a trust of excess wealth. A person requires only as much wealth as is necessary for a dignified living. Wealth which is excess than that belongs to the society. The owners of wealth and capitalists can voluntarily act as trustees of their wealth. They will be allowed to retain the stewardship of their possessions and to use their talent, to increase the wealth, not for their own sake but for the sake of the nation and, therefore, without exploitation.

The important aspects of Gandhiji's doctrine of trusteeship can be summarized as under:

11.4.6.1 Convincing the Rich (Change of Heart) : Gandhiji was a worshipper of truth and non-violence. His principle of trusteeship was based on voluntary action.

Trusteeship was Mahatma Gandhi's peculiar contribution to the technique of social change. He called it 'the technique of change of heart'. Therefore confiscating the wealth of rich or by collecting it by imposing high taxes was not an appropriate way of redistributing wealth. Trusteeship to him meant — being responsible for one's life, as well as for the life of the neighbour. Rich are able to accumulate wealth because of resources obtained from the society and because some people remain poor. Hence the excess wealth must be used for benefitting the poor by forming a trust through which the rich themselves will undertake activities that benefit the poor. The society should inherit excess wealth and not the individual.

11.4.6.2 Duty Instead of Right : Gandhiji opined that a rich should feel the responsibility of using the excess wealth for benefits of the society rather than just asserting their right over wealth.

11.4.6.3 Awareness, Referendum and Social Change : Trusteeship is a source of revolution or radical social change. It cannot be brought about by force but by a voluntary social change. Gandhiji did not promote the idea of very high taxes and forceful confiscation of wealth of the rich. He said a public opinion can be built for bringing about a social change

11.4.6.4 Importance of the Interest of the Whole Society : Gandhiji believed in working for the greaeter good. It was better that a large number of people are benefitted instead of few individuals. Thus, Gandhiji emphasized on large scale production of goods which are the necessity of the masses. According to him, interest of the larger society is more important than that of a few individuals.

11.4.6.5 Compensation to the Trustee : Gandhiji believed that the state should have provision to compensate the trustees for their service.

11.4.6.6 Opposition to Nationalization : Gandhiji opposed the idea of nationalization of resources for production and the abolition of private property rights for bringing out economic equality. Such nationalization would decrease the morals and ethics of people and turn them against the state. Gandhiji opined that he would allow rich capitalists and landlords to retain the ownership of their possessions but would convince them to become trustees and use their wealth for good of the society.

11.4.6.7 Appointing the Successor : Gandhiji's idea of trusteeship also raises the question of appointing a successor to the wealth of the trust. According to Gandhiji, the legal owners of wealth should be the official trustees. There is no need to entrust the trust to the society or the state. The actual owner should act as a representative of the society. Thus, in a way the society will own the resources. However, the present trustee can name the successor who will be the trustee after her/his demise. And the new trustee will also be a representative of the assets and not an owner. The state or society can't seize the property of the trust. The successor should be appointed through a legal procedure. Gandhiji suggested that though the owner of wealth can name the successor to the trust, the state must monitor the functioning of the trust.

11.4.6.8 State Control : When the owners do not form a trust of their wealth voluntarily, the state can under certain cases direct the use of private wealth with minimum force or violence. However, he suggested this only for some forms of wealth and not for all types of wealth. This can be done after evaluating the ways in which wealth was accumulated. The state can take control of some types of private property after providing adequate compensation to the owner.

In the context of principle of trusteeship, Gandhiji stated three forms of ownership (1) Ownership with the private sector (2) Formation of a trust (3) Ownership with the public sector.

Gandhiji has also expressed his thoughts regarding, 'swadeshi movement', cooperation, importance of small, cottage and village industries, equality, dignity of women etc. His thoughts pertain to welfare and humanism. Modern day economists have drawn from Gandhiji's views from time to time to provide a new direction to the world. Solutions to the problems of poverty, unemployment, inequality, concentration of economic power etc. can be found in principles given by Gandhiji.

11.5 Pandit Deendayal Upadhyay

11.5.1 Introduction : Simple living, uncomplicated and gentle personality with sparkling eyes, profound philosopher, an integral humanist with eminence in politics and economics are words which define Pandit Deendayal Upadhyaya. Born on 25th September 1916, during his life of just 52 years, Pandit Deendayal philosophised and worked for the development of the country by including people from the lowest strata considering the economic condition of those times.

He presented his ideas on philosophy, economics, sociology and literature. He earned a name for himself working in the areas of social organization, journalism and politics. Some of his works are, *Rashtra Jivan Ki Samasyayen*, *Devaluation: A Great Fall*, *Political Diary*, *Rashtra Chintan*, *Integral Humanism*, *Rashtra Jivan Ki Disha*, *Bharatiya Arthniti: Vikas Ki Disha*, *Akhand Bharat Kyon?* His views on politics, economics and society are found in his works.

11.6 Main Economic Thoughts of Pandit Deendayal Upadhyay

11.6.1 The Search for the Third Option : The two practical systems of achieving economic goals which the world knew were capitalism and socialism. Pandit Deendayal presented a third option. He expressed that though there is an advancement in methods of production and use of machinery has increased; and the world has abundant resources human beings face many complexities and problems created due to the blind race for prosperity. Nations have attained economic growth and development by adopting capitalism or socialism but these systems have also created the problems of exploitation, inequality, economic instability, class struggle and pollution. India also blindly copied the western economic system and thus in spite of economic planning there are growing economic problems like; low productivity in agriculture and industries, insufficient rural infrastructure, poverty, unemployment, inflation, excessive urbanization, pollution, devaluation of Rupee etc. To overcome these difficulties, Pandit Deendayal suggested that the third option against capitalism and socialism is 'an integral economic policy' which is based on 'integral humanism'.

11.6.2 Integral Humanism : Pandit Deendayal is the advocate of Integral Humanism. He advocated it for economic policies. He says that Integral humanism represents the Indian culture. He has presented thoughts on 'Integral Economics' through the idea of Integral humanism.

Integral humanism means a human life in which :

(1) A human being is not merely thought of only as an 'economic human being', but as a composite of all characteristics of a human being.

(2) It is an ideology which considers that the mutual relationship of one human being with another and with the world accounts to make human life happy and prosperous.

According to Pandit Deendayal, Integral humanism can be achieved by :

(1) Serving the ill informed/ignorant and deprived people of the society.

(2) Making them self sufficient by providing technical education and by skill formation.

(3) Enabling them to increase their income and by providing them better housing.

For this he chose some successful policies from the west which would also be suitable for the nature of Indian economy and which would help in the overall development of the country.

11.6.3 An Insight into what is Attainable and the use of Resources : Pandit Deendayal opined that India answered various problems of public life from a nationalist perspective. While after independence we adopted an economic perspective. According to him, the reason for this

is that the society has lost the insights into the difference between what is attainable and the factors which help to attain the attainable. Unless the society is able to decide the goals of human life and deliberate on the place of wealth in human life, we will not be able to choose the factors which will help us to attain the goals of human life. Hence economic development must be viewed only as part of the overall development of human life. The ultimate goal of human life is happiness for which human beings try to accumulate wealth which cannot be earned without human efforts (labour). Hence a society can never develop, if labour is rendered unemployed. Production processes must be created keeping this fact into consideration and the prime goal of our monetary policy and other economic policies should be overall development of human beings. He firmly held such views.

11.6.4 Ownership of Assets : In the use of wealth, it is important to consider the aspect of ownership. In a capitalist system, there is private ownership of wealth (property / assets) without state control. A socialist system on the other hand is based on the premise that private property is the cause of all economic problems and hence private property has no place in socialism. While Pandit Deendayal also states that abolition of private ownership completely is unwise. Because that would mean loss of incentive and willingness to work, loss of dignity of an enterprising person, loss of safety in some manner and hence reduction in satisfaction. Therefore, while people must be allowed to own private wealth, limits must be set on holding of property and such limits must be determined on the basis of human values. The limit on private property holding should be determined in a such a manner that the possession or deprivation of private property do not become the cause of devastation for a human being. He believed that uncontrolled possession and self willed use of property destroys the ethical and intellectual character of a society. Thus he suggested setting up of law, social governance and absolute decentralization of power in setting such limits. He believed that the use of assets and wealth should be done for the development of human beings.

11.6.5 Decentralized Economy : Centralization of authority and assets which exists in both capitalism and socialism hinders the overall human development. So Pandit Deendayal suggested a decentralized economic set up which promotes overall development and increases interaction among people. Decentralization of power can be attained by entrusting decisions regarding production, distribution and consumption to people. The producer will only check distribution in order to prevent wasteful consumption thus ensuring that resources are saved for furthering investment and production. He believed that decentralization of economic power can help in solving the major problems of Indian economy. He has emphasized on the development of cottage industries and small industries.

11.6.6 Restricting Consumption : Pandit Deendayal states, “to satisfy unlimited wants the society invents new methods and factors and such methods on the other hand create newer problems and also create the risk of destroying human values. So our economic goal should be to limit consumption. Keeping in mind the development of the nation, consumption and production limits should be decided and maintained.” He proposed to make the country self-reliant by adopting the policy of limiting consumption.

Even developed capitalist nations are influenced by the idea of limiting consumption put forward by Pandit Deendayal. Even these nations face problems related to insufficient raw materials, increasing crude prices, inflation, race for armament and product quality as well as increasing stress and environmental issues. Even these countries are working towards applying the concept of limited consumption to resolve certain issues.

The standard of living of many in India is low and Pandit Deendayal believed that there should be no argument regarding raising the standard of living of people. But to do that production has to be increased and appropriate distribution must take place. According to Pandit Deendayal appropriate amount of production and appropriate distribution can be made possible only by limiting consumption. He states that the requirements should be held within limit of one's income.

11.6.7 Labor Intensive Methods of Production : Considering the labour abundance and scarcity of capital in India, Pandit Deendayal proposed labour intensive methods of production for India. Adaption of capital intensive methods of production would mean spending the scarce capital resources in paying for buying capital technology from foreign nations; besides, capital intensive methods will employ less labour leading to unemployment. He further suggested reducing burden of population on land by setting up small industries which use simple machines. Hence he asserted that the motto of planning should be 'work for all' and plans must promote labour intensive methods which raise employment.

11.7 Objectives of Indian Economy According to Pandit Deendayal Upadhyay

Capitalism and Socialism have failed in comprehending human beings and their problems; hence according to Pandit Deendayal, India needs neither capitalism nor Socialism but India needs 'progress and happiness of her people'. In this regard, he stated the following objectives which Indian economy should pursue:

(A) A minimum standard of living must be ensured to all.

(B) Security of the nation must be an important goal.

(C) Gradual progress should be made in such a way that such new methods are devised that help India contribute in development of the world in her own manner.

(D) In order to attain goal of development, all young and able people should get the opportunity to work.

(E) Natural resources must be used prudently.

(F) Production processes must be adopted and devised keeping into consideration the availability of factors of production.

(G) Human beings must not be neglected in economic planning; rather economic planning must take into consideration the social, cultural and other values of human life.

(H) Decisions pertaining to ownership in various sectors; of state or private individual or of other organizations must be made by adopting a practical approach.

Pandit Deendayal Upadhyay also contributed by way of his ideas for development agriculture, industry, marketing, rural economics and 'concept of Swadeshi'. Many states have implemented schemes based on his ideology. Based on his theory of importance of labor and employment to everyone 'Shramave Jayate' plan was introduced in india on 16 October 2014. 'Gram Jyoti Yojana' was implemented for the development of agro and rural industries.

Even today, solutions to economic problems can be found in Pandit Deendayal's economic thoughts.

Exercise

1. Choose correct option for the following from the options provided :

- (1) During the great depression, economic thoughts on expenditure, income and employment were given by :
(A) Prof. Adam Smith (B) Prof. Marshall (C) Prof. Keynes (D) Prof. Robbins
- (2) Which is the leading work on Economics in India ?
(A) Manusmruti (B) Kautilya's Arthshashtra
(C) Shukra-niti (D) Ramayan
- (3) How many sources of income of the state did Kautilya show ?
(A) 7 (B) 5 (C) 9 (D) 8
- (4) Who is the author of the book "Unto the last" ?
(A) Thoreau (B) Ruskin (C) Tolstoy (D) Gandhiji
- (5) Who gave the theory of Trusteeship ?
(A) Kautilya (B) Pandit Deendayal (C) Gandhiji (D) Keynes
- (6) Which was the theory given by Pandit Deendayal with reference to Labour Oriented Production method ?
(A) Work for everyone (B) Food for everyone
(C) Rest for everyone (D) House for everyone
- (7) Who was the patron of 'Integral Humanism' ?
(A) Gandhiji (B) Pandit Deendayal (C) Kautilya (D) Prof. Marshall

2. Answer the following questions in one sentence :

- (1) Which Indian literature refers to the thoughts related to Economics ?
- (2) Who compiled and published the whole 'Kautilya's Arthshashtra' ? And when ?
- (3) Define : 'Arthshashtra' according to Kautilya.
- (4) Define : External charges according to Kautilya.
- (5) Which thoughts of Thoreau did Gandhiji implement ?
- (6) Define : Gandhiji's ideas on Sarvodaya.
- (7) Which is the third option suggested by Pandit Deendayal as a solution to the economic problems in India ?
- (8) According to Pandit Deendayal, which method is more applicable for production in India.

3. Answer the following questions in short :

- (1) The king should take care of which factors during the establishment of statehood ?
- (2) According to Kautilya, how should a city be developed ?
- (3) Explain : There is nothing like 'Gandhism'.
- (4) Briefly introduce : Pandit Deendayal.

4. Answer the following questions in brief points :

- (1) Which factors should be kept in mind while establishing the statehood ?
- (2) Explain : Gandhiji was an advocate for simplicity and non-possessiveness.
- (3) Explain : According to Pandit Deendayal limited consumptions the solution to major economic problems.
- (4) Describe : The opinion of Pandit Deendayal related to 'Ownership of assets'.

5. Answer the following questions in detail :

- (1) Explain Kautilya's thoughts on State treasury and Taxation policy.
- (2) Explain Kautilya's thoughts on Agriculture and Animal Husbandry.
- (3) Explain Gandhiji's thoughts related to use of machinery.
- (4) Explain the Theory of Trusteeship given by Gandhiji.
- (5) Describe the objectives suggested by Pandit Deendayal for Indian economy.

Glossary

Production	: Output created at a particular time with the help of given factors of production and available resources is called production.
State Treasury	: State Treasury means the financial resources of a state. A state collects funds for development functions, welfare functions, defence, creating employment, creating infrastructure and so on.
Land Revenue	: The tax collected by the state from farmers on land holding is called land revenue.
Sarvodaya	: The upliftment of all is called 'Sarvodaya'. Gandhiji envisioned a society which uplifts the deprived, poor and marginalized people and this idea was called 'Sarvodaya'.
Idea of Trusteeship	: A doctrine proposed by Gandhiji where the owner and heir of abundant wealth voluntarily creates a trust of the excess wealth for benefit of the society and acts as a trustee while owning the wealth is called trusteeship.

Capital Intensive Technique of Production	: A technique which uses capital as a predominant factor in production process while minimizing the use of labour is called capital intensive technique of production.
Labour Intensive Technique of Production	: A technique which uses labour as a predominant factor in production process while minimizing the use of capital is called labour intensive technique of production.
Dignity of Labour	: It is a value associated with social planning where all able human beings must be provided opportunity to work and must get respectable wages.
State	: A system established by the king for administration of the kingdom. In modern times it is a system governed by a body of representatives.
Non-Possession	: The idea which revolves around the human value of not holding excess goods/wealth/resources etc. than what is necessary to satisfy one's wants.
Antyodaya	: A word used by Gandhiji for upliftment of human beings in the lowest strata of social and economic development.
Consumption	: Process of using goods and services for satisfaction of wants.

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