

Planning and Economic Development

Nehruvian and Gandhian concept of development: Gandhian approach:

- Introduction of Gandhian perspective
- Essence of Gandhian appr.
- Features of Gandhian model
- Neo-Gandhian appr.
- Conclusion

Gandhi was not a professional economist. He himself has not formulated any formal model to be adopted by India as a development strategy. Still we can develop Gandhian perspective towards planning and growth strategy. We can develop Gandhian perspective on the basis of the views of Gandhi expressed in his work and through his speeches on diff. occasions.

Hind Swaraj

Essence of Gandhian approach: Gandhian approach towards development can be built on the basis of the basic philosophical doctrines of Gandhi. Gandhi believed in 'non-violence'. Hence he was against the exploitation of the environment. He wanted the minimisation of wants. He did not support large scale industrialisation. Instead of mass production he favoured production by masses. Gandhian concept of development is inclusive. He views development in terms of empowerment. The ultimate goal of development strategy is the attainment of the situation of 'swaraj'. 'Swaraj' will be a situation when even person belonging to poor class will have all such life chances which are normally available to a Prince. This was swaraj in economic sense. Gandhi felt swaraj of such type is necessary for achieving the goal of national integration. Gandhi emphasised on

(68)

(169)

64

rural development. He emphasised on moral regeneration. The essence of Gandhian approach can be defined in his own words

"Wealth without work,
pleasure without conscience,
knowledge without character,
commerce without morality,
science without humanity,
warship without sacrifice,
politics without ethics
have no relevance."

Thus for him, swaraj did not mean simply the change of rulers rather moral regeneration of India. Any developmental strategy should be a mix of -

- ① Economic growth
- ② Social justice
- ③ Morality

This development strategy has to be comprehensive. Gandhi did not favour blind emulation of the West. He believed that the strategy of Indian regeneration should be based on Indian freedom and specific needs of the country.

Salient Features of Gandhian model:

When discussion about the appropriate development strategy was being taking place, different plans were presented. S.N. Agrawal in 1955 presented Gandhian model. Later on he published a paper titled "Gandhian model of growth". Another prominent person who supported Gandhian strategy was Jhman Narayan. The key components of Gandhian model of growth are

- ① Reform of agriculture

It was at the core of Gandhian growth strategy. The primary objective was to gain self-reliance

in food stuff. For this strategy they emphasised on bringing land reforms and organisation of agriculture on cooperative lines. They suggested abolition of money lending & increase credit facility for farmers. Plan also suggested auxiliary occupations like dairy farming to be promoted.

② Rehabilitation of village industries:

Gandhian vision was the creation of self-sufficient and self governing village communities. Hence rehabilitation, development and expansion of village cottage industries was suggested. Cottage industries should develop & expand side by side with the revival of agriculture. Manufacturing of Khadi should be at the same level as production of rice and wheat. The idea ~~it~~ was to have every Indian possess basic necessities like clothes ^{make} & food.

③ Gandhian approach towards basic industries:

There is a misconception that Gandhi was against large scale industries. Gandhian plan has actually recognised the importance of key industries for India like defence, thermal power, mining, machine tools and heavy chemicals. The basic argument of Gandhians was that basic industries should not hamper the growth of cottage industries. Gandhi was not against machines. He was against the mad craze for machines. Spinning wheel or 'Charakh' is also a machine. His basic idea was against the displacement of human labour by machines in a country like India where huge workforce is available.

According to him, dead machinery should not be pitted against millions of living being scattered around 7 L villages of India.

At another point of time, he writes that he does not believe in multiplication of wants. Machines continue to supply & keep on creating the wants. Machinery well used can lead to human comfort but it can also become the source of exploitation. Use of machinery results into the concentration of wealth in the hands of capitalists.

According to Gandhi, people in the west talked about the quality of life in terms of raising material standards of living. However, real improvement lies in improving the character of man.

The other features of Gandhian plan were

- (i) Employment oriented planning rather than production oriented
- (ii) decentralised small scale production that can cut the root of accumulation of wealth
- (iii) promotion of afforestation, animal husbandry, soil conservation, compost making & small irrigation projects.
- (iv) Gandhi aimed to integrate production & employment, agriculture & industry.

In India we have adopted Nehruvian Mahalanobis model. Contrary to Gandhian model, it gave priority to basic industries. Agriculture and rural areas were given secondary importance. According to the critics of Nehruvian model, govt has adopted a development strategy which has created gap betⁿ rural and urban India. It has converted rural citizens into second class citizens. Such types of economic activities were promoted in rural areas which could supplement the urban needs. Thus, Nehruvian model created "internal colonialism". Rather than emerging as the self sufficient units Indian villages entered into

a relationship of dependency & unequal exchange

The first attempt to incorporate Gandhian model in the national plan was made during a short period of Janata Party rule in the draft of 6th 5 yr plan Neo Gandhian Approach.

This approach was advocated by former President A.P.J. Abdul Kalam. He has advocated in his mission India 2020 for the adoption of PURA model. It means providing urban amenities in Rural Areas. In his address to food security summit on 5th Feb. 2005, he outlined the concept & strategy of PURA, PURA is to act as the strategy of economic upliftment and poverty reduction of the villages. The road map includes integrated action in 57 five areas -

- (i) agriculture and food processing
- (ii) education
- (iii) Healthcare
- (iv) Expansion of IIT in rural areas
- (v) Development of strategic sectors like nuclear tech, space tech and defence tech.

These areas are to be developed into missions missions like networking of rivers, availability of high quality of uninterrupted power, green revolution, providing ICT. PURA model calls about four type of connectivities

- (i) physical connectivity
- (ii) Economic
- (iii) Electronic
- (iv) Knowledge

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(173)

(72)

68

43

Difference between Gandhian and PURA model :

It is Gandhian in the sense that it gives importance to rural development. It is neo Gandhian in the sense that it aims to bring rural regeneration through modern technology & it also aims to bring modern amenities to rural India. Thus it aims to bridge the gap between India and Bharat.

Conclusion :

Gandhian model aimed to bring a national minimum level of living in the shortest possible time. According to Gandhi, the problems which exist at the level of distribution should be tackled at the level of production rather than consumption. In contemporary times Gandhian strategy based on principles of non-violence, dignity of labour, sustainable development and empowerment of common people is receiving world wide appreciation. Friedrich Schumacher's book "small is beautiful" is inspired by Gandhian and Buddhist economics.

Nehruvian Approach :

Nehru was a modernist. He was attracted towards Fabian socialism. He was also influenced by Lenin and Stalin. He had great regard for individual liberty. Thus Nehruvian model is a mixture of liberalism and socialism. Nehru adopted the model of mixed economy. The guiding principles of Nehruvian model were - economic growth, social justice and individual freedom. Nehru has adopted the Fabian socialism. His model came to be known as "socialistic pattern of society".

INC has adopted this goal in Awaaz Session 1951.

Socialistic Pattern: It means social ownership of principal means of production. It also allowed sufficient space for private sector. However, public sector was to be in the commanding heights of economy and private sector was a subordinate partner.

Nehruvian model aimed at acceleration of national production and equitable distribution. He also called his model as "progressive socialism". The 11 5 yr plan was based on Nehru - Mahalanobis Model.

Salient Features of Nehru Mahalanobis Model:

① Investment in heavy industries:

It was thought that heavy industries provide basic condition for rapid development. Heavy industry would promote capital formation. The aim was to make India independent of foreign imports of essential machineries. This would have given greater freedom and autonomy to India in other spheres including foreign policy. Nehruvian model rejected the priority for light industries producing consumer goods. People were expected to sacrifice in short term in favour of high living standard in long term.

② Nehru favoured rapid industrialisation to reduce pressure on agriculture and to promote increase national income and to tackle unemployment problem. He considered industrialisation as essential for development of agriculture. Industrialisation would create demands for agricultural produce in urban areas. It would provide fertilizers, pesticides and machineries to increase agricultural productivity. Nehru also recognised the imp of agriculture in development strategy.

③ Nehruvian model also gave importance to small scale industries. Emphasis on heavy industries does not mean neglect of small industries. Since heavy industries required heavy investment and returned is slow so it was thought that they should be put under public sector. Private sector was expected to function in harmony with public sector. It should be in harmony with the overall aim of economic planning.

④ Nehruvian model emphasised on export promotion and import substitution. Nehru anticipated that the thrust given to basic industries will create shortages of consumer goods. Hence he provided for fiscal control and physical control (means rationing and administered price).

⑤ Nehru also supported progressive taxation. He visualised economic growth in context of promotion of S & T.

Achievements of Nehruvian Model :

① India could develop strong base of basic industries.
② India was converted from stagnant and dependant economy into modernised and self-reliant economy.

③ Overall volume of industrial production has increased.

④ India emerged as one of the most technically advanced country in third world.

⑤ There has been measure of growth in different sectors of economy, in life expectancy, literacy & rural developments.

⑥ In comparison to many countries of 3rd world in middle east, Latin America & African continent, we see India's situation was much better. These countries were under neo-colonialism. A phenomenon observed by Kwame Nkrumah of Ghana. A.G. Frank, ⁽⁷⁵⁾ suggested development of underdeveloped countries which were more integrated to int. economy, their situation was worse than those who had gone for import substitution model. (176)

Drawbacks :

Public sector production resulted into the rise of licence permit & quota raj. It has strengthened bureaucracy at the cost of ordinary people. It has created certain inbuilt problems in Indian Economy. eg, ^{existence} large scale black market economy, insufficient availability of consumer goods, compromise on quality, poor delivery system, neglect of agriculture, shortage of capital, the task of social justice, removal of poverty, or unemployment & regional development remained incomplete. Hence country has adopted a new economic policy based on LPG model.

Role of Planning and Public Sector

- need of planning
- nature of planning
- mode of operation of mixed economy
- achievements of planning
- limitations of planning
- changing nature of "

According to Gunnar Myrdal, Economic decisions are not taken in vacuum. There is a politics behind economics. Economics interacts with particular social political environment. Political factors influence economic decisions. This is known as politics of economics. Adoption of planning involves political choice. Planning is not simply an economic process. Adoption of planning in Indian context shows the influence of socialism and achievements of USSR under Stalin or Nehru. The economic conditions of India also required that we should proceed on the lines of planned economic development. There was shortage of capital & resources.

Hence we required the best possible use of existing resources to achieve the goals of distributive justice.

Model of Planning:

India has adopted the mixed economy model. Indian model combines the principles of liberty and equality. India has adopted top-down approach of planning. Normally, centralised planning is seen as against the spirit of federalism. However, Nehru never believed that planning is against federalism. Nehru felt that for the resolution of Indian problems we require total national efforts and commitment. Planning in Indian Constitution is a subject under concurrent list.

Objectives of Planning:

The planning aimed at the best possible utilisation of existing resources. It was to promote economic growth. It aimed at achieving the ideal of balanced regional development.

Achievements of Planning:

(i) There have been many positive achievements e.g. overall volume of industrial production has increased.

(ii) India recorded good measure of growth in different sectors of economy.

(iii) There were achievements in social areas in terms of Human development, literacy rate & life expectancy.

Limitations of Planning:

The way the goals of planning were to be implemented provided a system where public sector was to be in the commanding heights. Public sector

has to look for the issue of equitable distribution. It has to control the prices and availability of goods. Public sector has to address structural problems like unemployment and poverty. It has to check the growth of monopolies. It has to act as a senior partner in economy. It has responsibility to create basic infrastructure. It has to take initiatives in the areas where private sector was not willing to invest.

~~Thus~~ public sector was to promote balanced regional development.

Thus, the centralised planned model of Indian economy gave central position to public sector. This model had benefits but at the same time it also created certain structural problems.

- (i) Over-manning
- (ii) Low work ethics
- (iii) Low capacity utilisation
- (iv) Red tapism
- (v) Excessive expenditure
- (vi) Fiscal deficit
- (vii) Absence of rational pricing policy
- (viii) Negative rate of returns

* Ultimately, Indian economy faced serious economic crisis. In 1990's, India was forced to adopt new developmental strategy under SAP of IMF & World Bank. (Washington Consensus). This model has changed India's development strategy. It has changed the nature of planning. India moved towards adoption of indicative planning. Consequently the role of public sector also changed. Private sector was given greater freedom. Except certain strategic areas, other areas of economy were privatised & liberalised gradually. Thus the nature of state & its role in economics changed. Normally, state has three roles

in economy

- ① Producer of goods & services
- ② Supplier of public good
- ③ Regulator of economies

The first role lost relevance. Now the philosophy is to withdraw from those sectors where private sector can work effectively. The other two roles remain relevant.

Impact of GR in politics?

Green Revolution, Land Reforms and

Agrarian Relations

Land Reforms

At the time of independence, Indian agriculture was in dismal state. Food security is an essential component of national security policy. India has adopted planned economic development approach to achieve fast economic growth and to establish egalitarian society. It was realised that both agricultural development as well as industrial development is necessary. In Indian context, we found the freehold occupation of land as happened in China inadequate. Hence, we adopted the path of institutional mechanism to achieve above objectives.

Agrarian Relations

at the time of Independence

The British had imposed feudal mode of production or Asiatic mode of production. They have introduced permanent land settlement. They have introduced Zamindars as rent seekers. Feudal relations were existing in Indian agricultural life. There was bonded

labourers and in some areas 'begar' was practised. The small size of farms, subdivision and fragmentation, insecurity of tenancy rights and high rents were disincentives to the peasantry. It weakened farmers' capacity to produce, save and invest. India suffered recurrent famines. India had to import food grains. Social relations in rural areas were extremely exploitative. There was caste and class nexus in rural area. Most of the landless labourers and marginal farmers belonged to lower class caste. Indian state was committed towards the upliftment of this section of Indian society. Gandhi was advocating the revival of Indian villages. He gave the mantra "land to the tiller". The principle could change in rural society. This principle became guide of approach of govt. of India. The agrarian question was very

ordained among the leaders of Indian freedom movement. Scholars like Ranade wrote extensively on the issue. Thus there was a favourable climate after independence towards initiating land reforms.

Evolution of Strategy

19/08/09

For the revival of agriculture and for bringing change in rural India three type of approaches came forward -

(i) The revolutionary approach: This approach was inspired by communism. It favoured forcible acquisition of lands from zamindars & redistribution among peasants. The movements like Naxalbari and Telengana were based on such ideology. However, this approach was not found suitable.

(181)

(80)

76

51

(ii) Productionist : They were primarily guided by the ideology of capitalism. They believed in trickle down theory. They believed that poverty should be on increasing the agricultural growth. For that, we need investment. It also requires inputs in the form of new technologies etc. Small size of land holdings will not be economically viable. It will not allow the use of modern tech. because such a huge investment will be unfeasible.

(iii) Institutional : It is said that agrarian reforms are not simply the economic issues. The approach adopted by the state is guided by the politics of the time. Hence Indian state adopted institutional approach to bring change in rural India. Hence Indian state which is guided by the concept of socialist pattern adopted three measures:

(i) Land Reforms

(ii) Providing Institutional Credit to Farmers

(iii) Community Development Programme which aimed to increase awareness among Indian masses w.r.t the use of modern tech. in agriculture.

Indian state brought large number of legislations aiming to bring land reforms in India. These legislations were directed against the zamindari system, the legislations also aimed at

(i) abolish intermediaries

(ii) Regulate rent

(iii) Regulate tenancy rights

(iv) giving rights to tenants

(v) impose ceiling on land holdings

(vi) distribute surplus land among rural poor

(vii) facilitating the consolidation of holdings

Analysis :

According to David Thorner, large no. of legislations were passed by the State govt. over a short period of time. The no. of legislations was so large that they could be treated as the largest body of legislation in agrarian field to have been passed by any country in the recorded history of mankind. He further adds that the implementation of these legislations and impact of these legislations tell a different story. Most of the legislation had intentionally provided loopholes. As far as the impact of legislation is concerned there was hardly any change in the agrarian relations in the countryside. Failure of Indian State to implement the legislation earned her a title of "soft State". According to Radhakrishnan, land reforms could succeed only in those areas where peasantry was politically mobilised and could exert pressure from below. According to Atul Kohli, until and unless the political ideology of the ruling party does not support such measures. It is difficult to gain any significant achievements in such areas. He has done a comparative analysis of three states. He found that land reforms were successful in W-Bengal because the ideology of ruling party supported such a process. Karnataka had moderate success under the leadership of Derraj Urs. Land reforms were total failure in North Indian States like UP because there was no political will behind such programmes.

An analysis of diff. land reform measures can be done as following

(i) Abolition of Zamindari :

This was the most successful area of land reform. It has weakened the hold of absentee landlords on

rural area. Still it had many loopholes. Zamindars were allowed to retain considerable land for personal purpose. Rather than transferring land to the tillers, Zamindars were converted into tillers. The second flaw of the legislation was the heavy compensation paid in cash to Ex-Zamindars. Still, there are achievements in Zamindari abolition. About 20 million peasants were liberated from feudal oppression. According to a study conducted in Rajasthan by Uma Chakravarti, Rajputs did suffer from the loss of land. However, most of the village land moved into the hands of intermediate castes. Intermediate do castes were traditionally cultivating castes. In rare cases landless labourers belonging to so-called ex-untouchables received lands. Thus the beneficiaries were the middle classes.

Rudolph & Rudolph : They believed that social relations in Rural India hardly changed. Policies like giving compensation in cash benefited the intermediary caste. They got capital in hand. They invested the capital in profit-oriented activities in rural areas like establishing rice mills or cold storages. These intermediaries became rural entrepreneurs. There was also increase in no. of small land holders. But as such marginal farmers & landless labourers did not get the benefit. Hence the structure of rural society remained pyramidal. There was wealth at the top & poverty at the base.

(184)

(ii) Tenancy Reforms:

It aimed at giving ownership rights to tenants who had been cultivating the land. It also aimed at regulation of tenancy rights. The studies show that tenancy reforms were never implemented effectively. According to Atul Kohli, such reforms were successful only in W. Bengal & Kerala. He cites the example of operation Barga led by W. Bengal govt. This operation completed tenancy reforms in a targeted manner. This supports his view that political will is very imp. in success of such type of programmes. In most of the states it failed because the farm-owning classes were having dominating position in the political structure. However, we can say that in qualitative term most of the land began to be self cultivated & incidence of tenancy declined. However, it is also true that previous land-owners by utilising the loopholes converted themselves into tillers.

Daniel Thorner: "There was just a formal change in Indian context as the result of transfer of power. At micro level no fundamental change had happened. The colonial legacy continued. These dominant classes continued to control the political decisions because of their influence in state level politics."

(iii) Land Ceilings:

It has introduced the measure according to which no one will possess the land beyond a specific limit. Surplus land was to be transferred to the landless labourer. It is the least successful area of land reform programme. There were loopholes in the laws. The joint families were broken, backdoor transfers were done, benami transfers were done. There are studies which show that for saving the lands persons

(i) The poor peasants should be organised into a strong trade union.

(ii) Land reform committees should have been established at village, taluk and district level. These committees should have representation of marginal farmers and landless labourers. This committee could be given power to implement land reforms.

(iii) State laws should be revised & loopholes should be plugged.

(iv) Mere inclusion of land reform act in 9th schedule is not sufficient. Around 2 million cases are pending in courts. Hence, speedy decisions in these cases are necessary.

Other suggestions:

(i) Maintenance & computerization of land records.

(ii) Special protection to tribals.

(iii) Constitution of Lok Adalats to dispose off land reform litigations.

(iv) Resumption of land rights by land owners should not be allowed.

(v) NAOs can be utilized for identification of beneficiaries.

(vi) Agricultural land should not be transferred for non-agricultural uses.

Social Consequences of Land Reforms:

The rural landscape did not change much. Rural India continued to reflect hierarchical class structure. Caste wise also situation has not changed. Still ex-untouchables are landless labourers. So-called status of dominant castes remains entrenched. The nature of rural society remained semi-feudal. The castes which got benefit were the intermediate castes. Green revolution has further increased the social gap.

Green Revolution :

- context
- philosophy
- meaning
- achievements
- social & political consequences
- conclusion

Land reform programmes failed to bring changes in rural India. Daniel Thorner in his study has already talked about the inbuilt depressors found in Indian agricultural society. The complex of legal, political, economic & social relations created a situation where actual cultivators did not have surplus or capital for investment. They did not have motivation. Hence, we could not achieve the target of increasing agricultural growth. India was under serious crisis in 1960's. There were shortages of food supplies. India had witnessed war with Pakistan. Hence situation was really serious. The attitude of Johnson administration was also not favourable for India. Ultimately it became necessary to give priority to agriculture. By this time Nehru had died & Lal Bahadur Shastri replaced him who was a country man, who gave priority to agriculture over industries. There were disappointments over industrial strategies. They failed to address the problem of

IMF & World Bank were bargaining with Govt of India for bringing change in Agri. strategy. They forced for the introduction of tech. inputs & high yielding variety (HYV) seeds for ~~giving growth~~ growth. In this climate India started green revolution.

The term refers to the effects of introduction of H.V. seeds of wheat and rice in developing countries. Green revolution was not simply the use of such seeds but was a comprehensive package. New variety of seeds required fertility enhancing inputs i.e. chemical fertilisers, plant protecting chemicals i.e. pesticides, controlled irrigation, etc. The other components of the package was providing cheap institutional credit, price incentives & marketing facilities. In order to back up the application of new technology, large no. of agricultural universities & research institutes to be opened.

Introduction of Green Revolution in India

Green Revolution in India began in 1961 under Intensive Agricultural Development Programme (IADP). It began under direct supervision of Ford Foundation. Initially 13 districts were selected on experimental bases. Later on extended to 113 districts in the name of Intensive Agriculture Area Programme (IAAP) (1965).

Philosophy:

Green Revolution was based on productionist approach. It was based on trickle down model of economic growth. The failure of institutionalist strategy & urgency to solve issue of scarcity of food items resulted into the adoption of Green Revolution. The strategy was based on the neutrality concept of technology. It was advocated that new technology is "scale neutral" it means it can be applied by small as well as big farmers.

According to the critics, supporters of GR failed to understand that it was not "resource neutral". Actual implementation benefitted those who had sufficient resources for buying such costly inputs.

Achievements of Green Revolution:

(i) India became self sufficient in food production. It led to the substantial increase in agricultural output. In economic terms, it is treated as a revolution. Agri. sector experienced growth at the rate of 3-5% per annum which was many times more than the rate of growth during the colonial period.

Views of V.K.R.V. Rao: The gains of GR came at substantial, social and political costs. It made country self sufficient in food grains. At the same time, it has increased the gap between rich and poor. There was reversal of land reform process. Small farmers who were benefitted by the tenancy reforms lost their status of tenants. They were under rural indebtedness. Similarly, the earlier landlords considered agriculture as profitable & started personal cultivation. Govt. has assured insensitive prices. This has increased the prices of agricultural goods. Again these agri. goods went beyond the limits of marginal farmers & landless labourers. According to him, the problem of agri. in Indian context is not simply the problem of increase in production. It has humane & social aspect. GR neglected this aspect.

According to J. Mencher, bureaucracy doesn't favour small farmers during the implementation of GR. Hence their situation didn't improve.

Bureaucracy favoured the dominant caste.

According to Harris the new tech. was not 'resource neutral'. It compelled farmers to buy inputs from markets. Farmers took credit from institutional as well as non-institutional sources. In order to clear debts small farmers could not keep the surplus even the amount necessary for their consumption. They sold their produce at the time when prices were low - i.e. immediately after harvesting. They had to buy the same from the market for their consumption at higher prices. Thus GR benefitted only rich farmers.

Dhanagare points out the rise of new farmers' movement. These farmers were those who got benefit from GR. They demanded better deal like higher prices and subsidy inputs.

Rudolph & Rudolph: The agricultural policies of Govt. of India helped the intermediate castes. We see the emergence of 'bullock capitalists' in the countryside. The intermediate castes became imp. factor in Indian politics. It has increased the phenomenon of regionalisation & federalisation in Indian politics.

Other socio political impacts of GR are:

- (i) Rural society became more inequitable.
- (ii) There was eviction of tenants.
- (iii) There was inter-state migration. Labourers from other states came to work in the agricultural fields of Punjab & Haryana. It has increased displacement of indigenous labour. It also created animosity betⁿ the migrants & the original inhabitants.

(iv) The introduction of ^{machinery} like tractors, crushers led to the displacement of service groups from rural area to nontribally urban area.

(v) While cash wages of agricultural labourers increased but it didnot improve their living condition. Their purchasing power decreased due to increase in prices.

(vi) It has resulted into ~~into~~ freeing of agricultural labourers from relations of patronage. The phenomenon of floating labourers emerged.

(vii) GR also resulted into the dependancy of agriculture on developments in market.

(viii) Migration of labourers resulted into feminisation of agricultural force. The situation became more exploitative because women have lower bargaining power & they were paid little.

(ix) It has resulted into the destruction of traditional wisdom of Indian farmers.

(x) It has led to increase in regional disparity.

GR started in the area where assured watersupply, etc were existing. It was hoped that these areas would become pole of growth & development would spread to other areas. However, this didnot happen. It further increased the phenomena of regionalism.

The second phase of GR started in dry & semi-arid regions to reduce regional disparity. Since GR could not address the issue of rural poverty & unemployment, govt. had to start poverty eradication programmes in 1970s.

Conclusion

Both the agrarian strategies failed in achieving the objectives of socialistic pattern of Indian society. With few exceptions like in Bengal & Kerala, the traditional pattern of exploitation & subordination continued. The process of liberalisation & globalisation has increased the vulnerability of rural poor. Taking away the role of state in providing public services has created serious crisis in rural areas. According to former President K R Narayanan, "It is necessary to accomplish the task of land reforms. Those who could not get the benefits of GR should be empowered through land reforms. A type of ^(National) counter-revolution is emerging in rural areas. Hence it is necessary to take into consideration the interests of these sections. PM Manmohan Singh - "Naxalism is one of the biggest security threat to the country. Roots of naxalism like phenomena can be traced to the failure of land reform strategy. Hence it requires more urgency to deal with the phenomena of rural poverty."

24/08/2003

Liberalisation and Economic Reforms

- Objective of Constitution of India
- How economic policy & means to achieve above objectives
- Economic policy before the phase of liberalisation
- Neo Economic Policy
- Factors responsible for change in policy
- Critical Evaluation of Economic reforms.

Objectives of Indian Constitution

Indian constitution aims to achieve a social order based on the principles of justice. The theorists of democracy have always pointed out that democracy requires social harmony and inclusive growth. Herbert Marcuse has pointed out the issue of 'legitimation crisis'. Democratic states suffer from legitimisation crisis because they are unable to maintain balance between economics & politics. Hence the agenda of distributive justice was promoted by the theorists of welfare state to save states from such crisis. Indian constitution also visualises democracy in a comprehensive form. It is inclusive of social, political and economic dimension of democracy.

India has adopted the socialistic pattern of Indian society. It was based on 'mixed economy' model. The Nehruvian model gave public sector a commanding position in the economy.

Nehruvian policy adopted the path of relative self-reliance for economic development. Planning became the major instrument for promotion of economic growth & eradication of poverty and impoverishment. Nehruvian economic policy also aimed at strengthening the capacity of Indian state in dealing with the world. It was a difficult journey and a challenging path for an underdeveloped country with colonial past and lacking resource and technological constraints. Despite the failures on certain accounts like eradication of poverty or ending unemployment we can say that Nehruvian model did provide strong infrastructural bases for modernisation of industry & agriculture. India was able to adopt independent foreign policy. The strategy of self-reliance, planned development paid dividend irrespective of limitations & bottlenecks.

The Nehruvian model proved inadequate in the changing context of the requirement of the country. This was the time when there was a worldwide growth of neo rightist ideology. Countries of Europe & America had already shifted from the economic policy of Roosevelt to that of Reagan based on the concept of 'Rolling back of the state.' In the logic of huge fiscal

debate economists like Rayek suggested the
neoliberal economic agenda. Towards 1990's India
was also suffering from certain structural &
institutional problems. India's financial position
became bad. There was BOP crisis. There
was political instability, the collapse of USSR
has resulted into the loss of widespread enthusiasm
of socialist mode of production. IMF & World
Bank put conditionalities on Indian govt. for
giving loans to meet the BOP crisis.

Ultimately, govt of India under Narasimha Rao
was compelled to take steps in the form of
NEP for the restoration of the financial health.
NEP was different from Nehruvian and Ind
model. In Nehruvian model, public sector
occupied the commanding heights. NEP was
based on the model of LPG. The NEP was
expected to accelerate the economic growth. It
was based on 'trickle down' theory. Adoption of NEP
resulted into internal political debate. Parties
which were not in power were against the
adoption of economic reform package directed by
IMF & World Bank. However the supporters of
NEP held that India is not having adequate
amount of capital. There is vast capital
available outside. The unnecessary restrictions

Report on the condition of workers and promotion of livelihood in unorganised sector
bring following facts forward-

- i) 8% of the workers live on less than 20 Rs a day.
- ii) ~~22~~ 86% of the workload is employed in unorganised sector.

Setback in agriculture has resulted into the migration of people towards urban areas where they lived in distressed condition.

Poorly implemented programmes & leakages increase the problem.

Different studies show that nearly 50% of Indian population is surviving on income of less than 1 US \$ per day. Nearly half of the population is having daily income which is less than the statutory min. wages announced in NREGA.

According to the study of Gaurav Datt of World Bank between 1973-75 and 1986-87 there is a mark decline in both urban and rural poverty rate. After this, the rate of decline of poverty got stagnated in rural areas. Although in urban areas the rate of decline of poverty continues.

The above assessments about the type of economic growth emerged as a result of NEP

resulted into the widespread optimism from various scholars. Dr C P Bhambrani wrote that democracy in India operates in a situation of islands of poverty & mass deprivation. Analyst pointed towards the jobless growth. The biggest decline was in agricultural sector. The above thinking & studies forced govt of India to take a new approach. 11th 5 years plan talk about the objectives of moving for achievement of "inclusive growth". Govt. has started "Bharat Nirman". It started policies like NREGS, etc. for making economic growth more inclusive.

As a result of changed approach we see that positive change is coming in rural area and with the situation of poverty and unemployment.

According to Granville Austin the social revolution has brought beneficial changes to many citizens. However we it has not gone far enough. Meagre efforts have not resulted into the enjoyment and extension of liberty for Indian masses.

Austin's view suggests that democracy requires an inclusive growth agenda. Despite above shortcomings of recent recovery, it can be said that economic reform process 1991

has brought certain positive changes

- 1) It has increased Indian exports
- 2) It has increased the flow of investment in the country
- 3) It has resulted into the strengthening of Infrastructure.
- 4) It has reduced urban poverty

Note : Regional imbalance ~~has~~ not still there.
* SEZ

☐	Excellent
☐	Good
☐	Satisfactory
☐	Unsatisfactory
☐	Very High
☐	High
☐	Average
☐	Below Av

(199)

969