
UNIT 13 DECENTRALISATION

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13.1 INTRODUCTION

The structure of an economy is shaped by the organisation of production and distribution. The organisation of production may be centralised in few large-scale industries catering to the domestic as well as international markets in the form of big corporations or multi national companies. It is also possible to organise production in a decentralised structure in the form of small and scattered production units owned by masses. The production structures have far reaching influence on the distribution of income and economic power. A society that intends to establish an egalitarian socio-economic set up has to establish a decentralised polity and economy prior to it.

Aims and Objectives

After reading this Unit, you would be able to understand

- Gandhi's concept of decentralisation, its structure and functioning
- The present status of decentralised planning in India
- The merits of decentralised process.

13.2 DECENTRALISATION- MEANING AND DIMENSIONS

Decentralisation is a system in which the basic activities are carried out at various levels giving adequate scope for all the partners to participate in these activities. Decentralisation involves a systematic distribution of powers and functions across different political and economic

agents in a society. Decentralisation has both political and economic dimensions. The political decentralisation involves different levels of government and distribution of powers and functions at various levels of government such as national, state and local levels.

Decentralisation in an economic system implies decentralisation of various economic activities concerned with production, distribution and exchange. It implies organisation of production in production units of different sizes- small, medium and large- owned by a large group of people and distribution of production through various channels. In a mixed economy plans for such a system are prepared at national, state and local levels to meet the local needs and enable the people to participate in development activities. Planning and implementation of economic activities is appropriately distributed at various levels. The empowerment of village panchayat i.e. the village local self-government is an essential requirement for building-up an effective decentralised politico-economic structure.

13.2.1 Concept of Decentralisation

Gandhi's concept of decentralisation is to build up a socio-political and economic order based on egalitarian framework. The four elements of decentralisation observed are:

- Decentralisation in decision-making: Gandhi's system is based on village republic or village panchayat. Here the people of the village participate in the decision-making process. All economic, political and social decisions related to the life of the people are taken by the people. Decentralisation thus implies giving power to the people to take decisions that affect their lives.
- Decentralisation of ownership of means of production: Economic decentralisation implies ownership of means of production by the masses. Gandhi's model of rural industrialisation based on khadi and village industries promotes decentralisation in ownership of means of production. The village is a production unit. The production is organised in small and cottage industries, spread over different sectors operating with labour-intensive technology. It is therefore production by masses. The means of production are thus owned and controlled by masses. Gandhi did not favour privilege and monopoly and opposed concentration of production and distribution in few hands. "I hate privilege and monopoly, whatever cannot be shared with the masses is taboo to me" (Harijan, 2.11.1934).
- Decentralisation of structure of production: Decentralisation of production structure implies production in a large number of small and cottage industries. Gandhi wanted to establish khadi production centres in each of the 7,00,000 villages in India. The structure of production is thus broad-based and the production is planned according to the local needs and requirements. There is no risk of over-production. Thus Gandhi advocated production by masses in the place of mass production by large scale modern industries. The capitalist production on a mass scale was responsible for the crisis caused by concentration of political and economic power. Large-scale industry leads to greed, exploitation, inequality and unemployment. He observed that, most of the farmers in the country could not maintain a minimum level of subsistence, unless there was supplementary employment. Hand-spinning, hand-weaving and other industries could create employment and make a visible dent on the poverty of the people. The spinning-wheel is a symbol of village and small industries and emancipation of the rural masses. It encourages and sustains many other village industries. Khadi is the sun of the village system. When demand for khadi increases, the demand for spinning-wheel also increases leading to more business for carpenters and blacksmiths. This will be followed by increased demand for dyeing and printing business and other village industries. These industries in turn will

support khadi (hand-made cloth). Thus there is interdependence between khadi and other village industries.

- Decentralisation of location of production: Centralised production structure leads to localisation of industries at few places, giving rise to urban agglomerates like Bombay, Calcutta etc. This also creates difficulties in distribution. Therefore, the plan of rural industrialisation involves organisation of production in small units spread over the rural areas in the country. The distribution is thus equalised when production is spread over geographical area in local units.

The concept of decentralisation thus covers different dimensions of decentralisation from the process of decision making to distribution.

13.2.2 Objectives of Decentralisation

Decentralisation of production has the following objectives.

- Generation of full employment and sustainable livelihood for the rural masses and promotion of full utilisation of local resources.
- Production of goods to meet the basic needs of the people and their equitable distribution.
- To promote mass ownership of means of production and attain equitable distribution of income.
- To control exploitation of villages by cities and towns.
- To promote ideals of bread-labour, simple living and self-sufficiency of villages.
- To promote balanced regional development and balance between production and consumption.
- To strengthen democracy through decentralisation of political and economic powers and empowerment of village panchayat.
- To promote skill development and capacity-building among the poor.

13.3 EVILS OF CENTRALISATION

Centralised production is characterised by mass production in large factories located at few urban places in the economy. Production is carried out with the help of machines. The investment requires large amount of capital to start such industries. Inequality and exploitation are inherent in the centralised production structure that characterises a capitalistic economy. The demerits of centralisation are listed below:

- Centralised production is highly capital-intensive and therefore leads to displacement of labour. It springs from selfishness and want of consideration for neighbours. It degrades workers and deprives them of their dignity and worth.
- Centralised production gives rise to the phenomena of colonialism through exploitation of villages by cities. In this context, Gandhi writes, “the poor villages are exploited by the foreign government and also by their own countrymen, the city dwellers. They produce the food and go hungry. They produce milk and their children have to go without it. It is disgraceful. Further they also face competition for their industries from urban sector. In the long run, the villages will dwindle and disappear gradually”.

- Centralised industry promotes violence. Mass production is exploitation of nature as well as man and the very negation of non-violence. Mass production can only subsist on the control of large markets. It has thus become the mainspring of modern international rivalries, imperialistic exploitation and wars.
- Large-scale production offends against nature too. Increasing cost of coal and oil and the accumulated energy reserves of the world and their fast depletion have necessitated balance of the energy budget of the world. Thus the environmental costs of centralised production are very high. It has led to threefold crisis – the crisis of resource exhaustion, the ecological crisis and the crisis of man's alienation and disorientation.
- Mass production requires much larger capital; capital is scarce in the developing countries. It therefore puts strain on the scarce resources at the cost of under-utilisation of the abundant labour-force. Centralised production is therefore a disease and an evil.
- Centralisation is hostile to the existence of non-violent social order. Large-scale production leads to economic concentration, increasing state control, monopolies, urbanisation and inequality of wealth and income. Even if it is socialised, it will not be free from evils of capitalism.
- The factory workers are deprived of the purity and naturalness of domestic atmosphere in rural areas. The work here blocks their creative urge and turns them into mere statistical units.

13.4 ADVANTAGES OF DECENTRALISATION

- Decentralisation promotes development of small industries using local raw materials and utilises simple tools and implements.
- The widespread ownership of means of production endures equitable distribution of wealth; decentralisation of production and distribution of wealth means automatic regulation of economic life with little chance of fraud and speculation.
- Cottage industries generate employment in congenial occupations in the natural setting of the worker's own place of habitation which has many secondary and tertiary moral, physical and material benefits. It helps to preserve the rural values and the village way of life and frees the labourer from the domination of the machine.
- Cottage industries have many other benefits. They preserve the purity and compactness of domestic life, the artistry skill and creative talent of the people and their sense of freedom, ownership and dignity. They are thus a move towards simplification of life and ruralisation of the society. Rural industrial decentralisation based on cottage industries promotes self-reliance and self-sufficiency in villages and builds the moral stamina among the people to face injustice. Small and cottage industries promote the distribution of income in favour of the poor labour class. It is estimated that in textile mills in India, wage bill forms only 22% of the revenue from production. In case of Khadi, the wages form about 60% of the price (Kripalani, p.214).
- The decentralised small and cottage industries use labour-intensive technologies that create demand for local labour. This helps to promote full employment and sustainable livelihoods for the pro-poor growth process.
- Democracy and decentralisation of political power is meaningless without decentralisation of economic power.

- Production in decentralised set-up reduces costs through reduction or elimination of costs. In khadi production, these are listed as follows:

Assembly of raw material; storage of raw material, transportation; packing required by long transportation; waste of cotton fibre by high-speed power ginning and cording; damages from transportability storage and handling fire and theft insurance; advertising; obsolescence of product due to changes of taste and fashion, brokers, middleman and wholesale trade charges, overhead costs, fuel and power charges, legal expenses, interest and charges on loans, income and other taxes, municipal taxes and water rates, repair and maintenance of machinery, depreciation of machinery, transposition to employees etc. (Richard Gregg, 1958)

- Decentralisation reduces the risks due to strikes and lock-outs; production stability is maintained and therefore, there is balance between production and consumption. It also promotes balanced regional development.
- Decentralisation has significant impact on poverty reduction through a strong trickle down process. The Gandhian chain of action works in the following way.

Small industries '! more employment '! more wages '! more Demand - more production

The establishment of village industries in rural areas will create more employment. This will increase the incomes and generate more purchasing power in the hands of the poor. This, in turn, will increase the demand for goods leading to more production through further expansion of the village industries. Since most of the production is localised in villages and caters to local needs, there is little exchange, market and profit. There is neither any payment in excess of the remuneration for the managerial skill to the owner, nor any exploitation of labour. The increased effects of development across the rural economy are stronger than the backwash effects leading to balanced growth in all the sectors of the rural economy.

- There is little room for increasing the surplus beyond the basic necessities of life. To illustrate, if a village community needs a hundred tons of all the commodities for their necessities of a fuller life, then the village will produce by the application of simple tools and labour one hundred tons and a little more i.e. 120 tons. The little more surplus is needed for depreciation and repairs. There is no incentive to produce more as the ideal is simple life. The model implies that production and consumption should be as proximate as possible and based on proper use of local resources. This system of decentralised production helps to generate full employment and production by masses, but may not speed up the development process as there is no scope for accumulation.
- Decentralisation of production would lead to decentralisation of economic as well as political power. It is one of the means to create classless, unexploited egalitarian society. Decentralised village industries are seen as employment- friendly, environment-friendly and hinterland-friendly. Khadi economics is based on patriotism, purity, sacrifice, non-violence, justice and love for the poor, truth, purity of soul and body and humanity. GDH Cole observes that Gandhi's campaign for the development of home-made cloth industry is no mere fad of a romantic, eager to revive the past, but a practical attempt to relieve the poverty and uplift the standard of the village.

It is sometimes argued that village industries will put the hands of the clock back and reverse the engines of progress in economic development. Developing village industries based on simple technology is not a regressive step. This is now considered essential to provide employment opportunity to the people and enable the rural population to organise industrial activity side by side with agricultural work. This will also help to check out migration to cities

for employment. In view of the growing problem of unemployment, in Asia, Africa and mainly in India one is convinced that Gandhian approach alone will be able to find a lasting solution to this problem.

13.5 STRUCTURE OF DECENTRALISATION- GANDHIAN APPROACH

The Gandhian approach to economic decentralisation was revival of the village economy into a republic complete in itself, self-supporting and self-sufficient with due equilibrium between agriculture and cottage industries. In this self-sufficiency equilibrium model the entry of small scientific technology was permissible if it did not cause unemployment and did not exploit others.

Gandhi believed that centralisation was hostile to the existence of a non-violent social order. Economic centralisation will lead to increasing state control, monopolies, urbanisation and inequality of wealth and income. But in case of certain basic and key industries like mining, heavy engineering, chemicals and in case of public utilities like electricity and railways, centralised production is indispensable. These industries will be owned and managed by the State and they will be in public sector, but the means of production of elementary necessities of life remain under the control of the masses. What cannot be produced in small and cottage industries may be produced in large-scale industries.

The conversion of the village into a republic makes it decentralised. This set-up promotes direct participation of the people in the economic, political, social and cultural affairs on similar pattern; the town and city communities are organised and bound together in bonds of mutual cooperation and interdependence. As far as possible every activity will be conducted by the panchayat on the co-operative basis. The panchayat or community government will be the legislature, judiciary and executive combined to operate for its year of office. Here there is perfect democracy based upon individual freedom and the individual is the architect of his own government.

Thus, in the decentralised economic system, there are two major sectors- the public sector and the private-cum-cooperative sector. The decentralised private-cum-cooperative economy is shaped in Gandhi's eighteen point Constructive Programme. But the issue of coordination between the nationalised and non-nationalised sectors is made clear by Shriman Narayan Agrawal in his book, 'The Gandhian Plan of Economic development for India' (1944). The salient features of this planned economy are:

- The basic and key industries shall be owned and managed by the state in the interests of the nation as a whole.
- There will not be much scope for capitalist investment and enterprise under this plan.
- In the execution of this plan of economic development, although there will be a Central National Planning Committee, with its provincial branches, greatest emphasis will be laid on the resuscitation of village communities with the largest possible autonomy.
- The Gram Panchayat is the pivot of the whole plan.
- Simple living and high thinking is the creed of this plan.

Thus the objective of the decentralised private-cum-cooperative village community system plus the nationalised commanding heights of the economy is a higher standard, (but not progressively higher standard) of living for the people.

It is criticised that in the Gandhian village production system, there is balance between production and consumption. There is no scope for the progressively increasing standard of living and accumulation of surplus for further development of the society. The society is thus forced to rotate within the orbits of simple reproduction as it was in the Middle Ages. Although his ideas of voluntary poverty and non-possession make provision for accumulation of surplus, it does not offer enough incentives to promote faster economic development. The organisation of production in small units and the mass ownership of means of production promote equality in the distribution of income. It generates employment and therefore, every one has access to income. On the other hand, the centralised production in large-scale units leads to concentration of income in the hands of few people but promotes accumulation and development. Therefore, some adjustments in the system are required to balance the accumulation and development on the one hand and equality and employment on the other.

Thus Gandhi's concept of Swadeshi and Village Swaraj, his concern for the poor and the self-sufficiency of the village republics, the sovereign position occupied by the individuals in his scheme of things, his passion for the growth of man in freedom through the exercise of person of initiative, his desire for building-up the social structure on non-violence and his view of the state as a soulless machine make decentralisation as a base of his philosophy. The decentralised model was to address the basic questions about development raised by Dudley Seers. These are: what is happening to poverty? what is happening to unemployment? And what is happening to inequalities? Economists like D R Gadgil, C N Vakil and Brahmananda have accepted the Gandhian model as most suitable to India.

13.6 REQUIREMENTS FOR THE SUCCESS OF DECENTRALISATION

Decentralisation requires the following politico-economic structures for its successful operation.

- Planning from below: Plans should be prepared at the village level to provide the basic necessities the village needs. The village plan or the local plan must consider the needs and circumstances of each family which is below poverty line. Additional avenues of employment within a reasonable distance must be provided to make full employment a reality.
- Establishment of local self-governments at district/block and village/panchayat level and proper distribution of administrative powers at various levels with proper co-ordination and centralised direction. There should be right balance between the measure of decentralisation that was desirable and the extent of central management that would be needed.
- The members at various levels should have adequate knowledge and information about development programmes and policies. Appropriate knowledge should be transferred to them through capacity-building programmes.
- Public participation in planning process: People should get adequate opportunity to participate in the process of planning, in taking decisions about what to produce, how to produce and how to distribute at the village level. The poor should be empowered adequately to participate in the process. This may require a change in the present structure and distribution of power at the village level. The power is mainly concentrated in the hands of the rich landlords. Its redistribution is essential to enable the poor to participate in the development process.

- Integration and Implementation of the plans: The plans prepared at various levels should be integrated in a broad framework and should be implemented effectively. This requires adequate planning and implementing machinery at various levels.
- Village as a unit of production: Decentralisation implies autonomy in production and distribution beginning from the lowest level, i.e the village. At the village level all the basic necessities of life should be produced based on the available local resources. It should result in an integrated programme of rural development and rural industrialisation may help to attain this.
- The spinning-wheel symbolises the decentralisation of production with its forward and backward linkages. The combination of spinning and weaving with agriculture provides supplementary employment to the idle labour force. If every Indian utilised his spare or idle time for spinning the yarn necessary for his own clothing, then idle persons would get employment. The surplus labour would be utilised and the supply of cloth would increase. If this could be done without reducing essential production anywhere else, then there would be no need for developing a cotton mill industry; the spinning-wheel would be able to use the surplus labour involving little or no social cost and provide an employment enduring substitute for mechanised production.

Thus decentralisation of powers and functions, appropriate planning and decision-making at various levels, and evolving the village as a unit of production based on an integrated programme of rural industrialisation are the essential requirements of decentralisation.

As Gandhi says, India is in villages, if villages perish, India will perish. The ideal village is one in which the cottages are built based on local materials and are well lighted and well ventilated; perfect sanitation of traditional kind based on local recycling of human and animal manure; houses have courtyards where vegetables can be planted and cattle are maintained; the lanes and streets are clean and free of dust; a village common for grazing; common worship place, common meeting place; a cooperative dairy; primary and secondary schools where the main subjects are practical crafts and village industries. It would produce its own milk, grains, vegetables, fruits, khadi and cotton cloth. When people become village-minded and love to use their own goods, the desire for machine-made products from the West will be reduced. The economics of khadi requires that from the cultivation of cotton to the manufacture of khadi and its disposal, all the processes should be as far as possible gone through in the same village.

13.7 DECENTRALISATION IN INDIA- PRESENT STATUS

The self-governing communities have been an important feature of India's Policy since historical times. These grass-roots units of local self-government in the history were popularly referred to as 'panchayats' and they had tremendous influence over the political as well as socio-economic life of rural people in India. These institutions received set back during the Mughal period and British rule but were revived after independence.

The 'Panchayat Raj' institutions received special attention after the recommendations of Balwant Rai Mehta Study team (1957) but they were again put to background within a decade and did not receive much attention even after the Ashok Mehta Committee's report. However, some of the states like West Bengal, Karnataka and Andhra Pradesh tried their own models of Panchayat Raj. The success of these experiments, especially the epoch making Karnataka model enunciated by Ramakrishna Hegde regenerated the countrywide interest in Panchayat

Raj and political decentralisation, during the 1990s. During this period the consensus however was in favour of giving Constitutional status to Panchayat bodies. This led to a landmark passing of the 73rd Amendment to the Constitution which came into force with effect from 24th April 1993. This Amendment was widely hailed as a revolution as it would bring democracy and power to the door steps of millions of powerless rural Indians. Gandhi always believed that the country's well-being and progress depended very much upon how the village people shaped themselves. These institutions of local self-government are expected to provide a platform to the people to participate in the governing process and enable them to shape the policies and programmes that lead to their total development.

A three-tier structure with Zilla Panchayat at the apex, the Taluka Panchayat at the middle and the Gram Panchayat at the grass-roots level is established in the country. In recent years, there is a drive towards the empowerment of Gram Panchayats with transfer of more powers and functions at this level. The issues like primary education, rural health, watersheds, employment, rural energy, poverty eradication and employment generation are in the purview of the gram panchayat for planning and implementation.

13.7.1 Decentralised Planning Process

In the initial stage of planning, the focus was towards rapid industrialisation through development of large-scale industries which required centralised planning. Planning at the village level for major economic activities with long-run vision was not considered viable. The high levels of illiteracy, lack of expertise and planning machinery were the other obstacles to start the process at grass roots level. But the failure of planning in meeting the basic goals of development viz. poverty, unemployment and inequalities, the growing regional imbalances and low levels of attainment in human development has necessitated the preparation of plans at the grass roots level based on local needs and priorities.

Now plans are prepared and implemented in decentralised structure to enable the people to participate in the governing process. At present a three-tier structure of local self-government is working in India. This is called "Panchayat System". There is Zilla parishad or panchayat at the district level, Taluka / Block panchayat at Taluka/Block level and Gram Panchayat at the village level. The existing system is shaped out of reviews and re-designing by different committees such as Balwant Rai Mehta Committee, Ashok Mehta Committee (1978) etc. The 73rd and 74th Amendments to the Constitution in 1993 have transferred many powers to local self-government for planning and implementing various development programmes and policies. The division of powers and functions is based on their relative importance at various levels and relevance to local needs and requirements. Various issues related to public health and sanitation, primary and secondary education, Women and Child Development, Drinking Water, Rural Electrification, Agriculture, rural housing rural energy, Social Welfare, Management of public property are transferred to local self-governments at village taluka and district level.

Many self-employment and wage employment programmes like National Rural Employment Guarantee Scheme, Swarna Jayanti Swa-Rozgar Yojana are being planned and implemented at the Gram Panchayat level. The beneficiaries of poverty alleviation programmes are identified in Gram Sabhas. The Panchayats are given powers to impose taxes and collect revenues for rural development. The marginalised groups are given opportunity to participate in the governing process through their adequate representation ensured by reservation policy.

Gram Sabha is a basic tier to popularise development programmes. It tries to fill up the gap between the two roles of the Zilla Panchayat/Parishads as a local government body and as a district development organisation. The Gram Sabha establishes an active dialogue between

the village people and their elected leaders at the village level regarding the choice, planning and implementation of development programmes. This involves the village community in the decision-making process. The Gram Sabha will be able to function effectively if the members have a minimum level of literacy.

Dr. APJ Abdul Kalam, in his Vision 2020, has advocated PURA (Provision of Urban Amenities in Rural Areas) model for rural development. PURA model involves four basic connectivities to the rural areas- physical, electronic, knowledge and economic- to promote sustainable development in rural India. It attempts to check the rural-urban migration process in the country.

Planning from below is now being practised and the plans at local level are then integrated into the State and the National Plans. The 11th Five Year Plan aims to promote inclusive growth through effective planning and implementation of programmes and policies for the poor and marginalised groups at the regional and local level. Efforts are now being made to incorporate Gandhi's ideals of decentralisation in planning and development.

13.8 SUMMARY

Gandhi's model of economic development was based on decentralisation of economic activities and organisation of production in small units. This was considered essential to eradicate poverty and unemployment and promote economic equality. The focus on Swadeshi, the village swaraj, the concern to eradicate poverty and unemployment and to attain economic equality indicates the decentralisation as a base of his philosophy. It was an integrated individual-based model that linked economic development with spiritual development.

Centralisation adds to the complexities of life. It damages initiative, resourcefulness, courage and creativeness, and reduces opportunities of self-governance and of resisting injustice. Gandhi's decentralised economy aims at nothing less than relieving the countryside from the domination of urban industry, urban finance and urban political control and freeing the manual workers from the domination of the machines.

In spite of this progress, the village is yet to establish itself as a production unit. The rural industrialisation programme, through the establishment of small and cottage industries in the agro-processing sector, has not gained viability to withstand competition from the modern sector. It continues to be sick and surviving on government subsidies and support. Globalisation and the entry of multinational companies have further increased their problems and chances of their survival are declining rapidly. The rural-urban divide is increasing rapidly. Though policies like PURA (Provision of Urban Amenities in Rural Areas) are initiated to strengthen the rural economy, their implementation is not effectively undertaken. The rural economy is in need of an integrated approach in the Gandhian framework to attain sustainable development. The inclusive growth strategy deserves adequate attention in this regard.

13.9 TERMINAL QUESTIONS

1. Explain the concept of Decentralisation and its various dimensions.
2. Examine the need for decentralisation and bring out the benefits of decentralisation.
3. Discuss the Gandhian approach to decentralisation.
4. Analyse the nature of decentralised economy in India.

SUGGESTED READINGS

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UNIT 14 AGRARIAN ECONOMY AND COOPERATIVES

Structure

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14.1 INTRODUCTION

In the Gandhian parlance, it is considered that India lives in its villages and therefore India can grow only if its villages are transformed and developed. The living condition of people can *inter alia* be improved through rehabilitation of agriculture, cattle breeding and village industry (Gandhi, 1962, p.92). One may consider Gandhian framework of analysis or otherwise, the fact remains that rural economy in general and agriculture and its allied sectors in particular remain the mainstay for majority of the population as well as workforce in the developing and underdeveloped nations for their livelihood. This fact attaches special significance to agrarian economy in a country like India where over 60% of workforce depends on agriculture for their survival.

Aims and Objectives

After reading this unit, you would be able to understand

- The recent global development scenario and details of the agrarian economy of India
- Opportunities and challenges the economy faces
- The interactions of agriculture with cooperatives.

14.2 RECENT GLOBAL DEVELOPMENT SCENARIO

The over-all Gross Domestic Product of the World grew by 3.2% in-between 2000 to 2007. The developed countries, particularly the United Kingdom and United States of America, registered a growth of 2.6 and 2.7% respectively, France 1.7%, Germany 1.1%, Italy 0.8%, Japan 1.7%, China 10.2%, India 7.8%, South Africa 4.3%. The GDP of low income countries grew by 5.6%, low and middle income countries grew by 6.2% and high income countries grew by 2.4% in the referred period (World Development Report, 2009, pp.356-357).

The share of agriculture in global employment has declined sharply from 55% (in 1960) to 33% (in 2004). Declining and rising contributions of agriculture and manufacturing sectors respectively have changed the distribution of labour in the low-income and emerging middle-income countries since the mid-twentieth century in South Asia and Sub-Saharan Africa, and long before in East-Asia and Latin America. Institutional reforms remained instrumental in rapid transformation of rural economy to a great extent. The World Development Report 2009 suggests that agriculture contributed 3% of the world's gross domestic product (GDP) in 2007. Agriculture of low income countries contributed 25% of GDP, middle income countries about 8% and agriculture of high income countries contributed only 2%. Agriculture of Europe and Central Asia contributed 7% of GDP, South Asia 18% and Sub-Saharan Africa 15% and Latin America and Caribbean contributed around 5%. Thus, the agriculture of South Asia and Sub-Saharan Africa together contributed about 33% of the World GDP. In the Indian economy, agriculture contributed about 18% of the GDP (World Development Report, 2009, pp.356-357).

14.3 AGRARIAN STRUCTURE IN INDIA

Agrarian economy has been acknowledged as shelter for majority of the workforce residing in rural India. Over 56.5 % of the workforce and 63.9 % of the rural workforce – 39.8 % self employed and 24.1 % agricultural labour were still directly dependent on this sector for their livelihood (NSSO, 61st Round, 2006, p.27). Majority of holdings in this country were of marginal and small farmers. According to the census of agriculture 2000-01, about 63 % holdings were of marginal farmers who had only 18.82 % operational holdings and about 18.88 % small farmers had 20.17 % operational area. Semi-medium holdings were 11.66 % and operated 23.96 % of area and almost similar amount of area were operated merely by 5.44 % medium holdings and about 1 % of large holdings operated 13.21 % of area. This shows the glaring inequality in the distribution of land. The number of small holdings remained almost constant in the last 30 years with marginal variations. However, the area under operation increased. Moreover, the number of holdings under medium and large categories of holdings decreased over the years but the area under their operation is disproportionately higher than other holdings. It is obvious from the data that number of holdings has been increasing in different farm sizes consequent upon sub-division and fragmentation of land on account of natural attrition through population pressure.

The average size of marginal, small and semi-medium holdings remained almost stagnant with marginal variations. The average size of holdings for medium and large also declined marginally. It is important to note here that Gandhi was against fragmentation of holdings. Initially he advocated that the zamindars should act as trustees of land but he learnt in due course of the freedom movement that the question of equity and access to land to the direct producer can help in the eradication of poverty and therefore he changed his stand and advocated that land

should belong to the tillers: “No man should have more land than he needs for dignified sustenance. Who can dispute the fact that the grinding poverty of the masses is due to their having no land that they can call their own?” (Gandhi, 1962, p.98). However, land reforms remained a distant dream and an unfinished agenda.

14.3.1 Growth Performance of Agriculture

Though India's growth since independence has been significant, its contribution of agriculture in GDP declined from 59.2% (in 1950-51) to 18.5 % (in 2006-07) (Economic Survey, Government of India, 2007-08). While other sectors have been growing fast because of the continued neglect of this sector, there has been a substantial decline in rural income. During the pre-Green Revolution (1951-52 to 1967-68), the total economy grew by 3.7 % where as agriculture grew by 2.5 %; crops and livestock by 2.7 %; non-agriculture grew relatively faster, at 4.9 % as infrastructure building initiatives and community development programmes made a dent in the initial years of planning. Interestingly, the average growth-rate of total economy in the post-Green Revolution period until 1980-81 was only 3.5 % and of agriculture and allied sectors was 2.4 %, and non-agriculture was 4.4 % which were slightly lower than earlier period. The growth rate of total economy in 1980s (1981-82 to 1990-99), known for its wider dissemination of technology, was 5.4 %. Agriculture and allied sectors were also at their best at 3.5 %. Crops and livestock grew even higher at 3.7 % and non-agriculture by 6.6 %. This period was also known as the best period of economic growth. During the early phase of reforms, i.e., between 1991-92 and 1996-97, the total economy grew by higher rate of growth, i.e., 5.7 %. Agriculture and allied sectors and crops and livestock also grew by 3.7 % each. Non-agriculture also showed higher growth rate to the tune of 6.6 %. During Ninth and Tenth Plans, the total economy achieved highest rate of growth. However, agriculture and allied sectors and crops and livestock suffered deceleration in the last one decade (1997-98 to 2006-07).

Crop-wise overall growth rates of area, production and yield of all principal crops during 1949-50 to 2007-08 were 0.51, 2.57 and 1.64 %. For food grains it was 0.27, 2.35 and 1.77 % and for non-food grains 1.22, 2.92 and 1.40 % respectively. Agriculture progressed significantly in terms of production and productivity and the country was relatively comfortable at food. Production of food grains increased from the self-sufficiency of 50.8 million tonne in (1950-51) to 216 million tonne in (2006-07). In the pre-Green Revolution period growth rates of all principal crops, in terms of their area production and yield were 1.58, 3.15, 1.21 %, for food grains 1.35, 2.82, 1.36 % and non-food grains 2.44, 3.74, 0.89 % respectively. Post-Green Revolution, the growth rates of area and production of all principal crops were lower but the yield registered higher growth rates than that of pre-Green Revolution period. Non-food grains growth rates of area and production witnessed deceleration. However, productivity registered increasing trend from 0.89 % to 1.61%. In case of food grains, production registered lower rate of growth and yield rate increased.

The area of all principal crops increased in the 1990s but production and productivity registered deceleration. Area of food grains declined, production and productivity encountered lower rate of growth than 1980s. Area, production and productivity of non-food grains indicated an increasing trend with deceleration, i.e., lower rate of growth than 1980s. However, during 2000-01 to 2007-08, there were overall signs of recovery reflected in the growth rates of area, production and yield of cereals, pulses, total food grains, and taking all the principal crops together.

14.3.2 Technology

In order to improve production and productivity of land, technology played significant role. Expansion of irrigation coverage protected crops from uncertainty and vagaries of monsoon but also enabled to intensify uses of land for multiple cropping. Gradually the increasing use of modern technology - high yielding variety (HYV) of seeds, chemical fertilizer, pesticides combined with irrigation changed cropping pattern remarkably. Irrigation coverage increased over 40 % and cropping intensity also improved to the level of 134 %. But percentage coverage of food grains did not change significantly until 1980-81. Coverage of total cereals hardly changed and remained at the level of about 75 %. During 1990-91 to 2000-01 it remained around 65 %. Coverage of oil seeds, fruits and vegetables almost doubled and area under HYV increased from 1.2 % of GCA to 41.17 %. Paddy coverage of HYV increased from 0.56 % in 1966-67 to 17.34 % in 1998-99, wheat from 0.34 to 12.61 %, jowar from 0.12 to 4.89 %, bajra from 0.04 to 3.76 and maize 0.13 to 1.89 % of GCA. Though Production and productivity increased, in the absence of extension services, technology did not spread as expected. At many places environmental questions cropped up. Uncritical use of technology in general and extensive use of surface irrigation in particular resulted in water-logging and salinisation in Punjab, intensive exploitation of ground water for cotton and sugarcane in Maharashtra and Karnataka resulted in the depletion of water table, and disproportionate use of nitrogen (N), phosphate (P) and potash (K) created imbalances in soil nutrient and raised alarming situation against sustainable agriculture. It may be recalled that Gandhi warned against this kind of quick mechanism of raising production and its impacts on soil nutrition. As he said: "Trading in soil fertility for the sake of quick returns would prove to be a disastrous, short sighted policy. It would result in virtual depletion of the soil." (Gandhi, 1962, p.93). However, the experiment of organic-farming is providing positive results towards sustainable agriculture free from pesticides but the multinational control over this technology and access to common farmer is also not free from challenges of extension services.

14.3.3 Factors responsible for poor performance

Important factors causing poor performance *inter alia* were: continued neglect of agriculture towards structural inequity, non-development syndrome in infrastructure, inadequate budgetary allocation of resources, etc. Percentage agricultural investment to GDP witnessed declining trend over the years. During 1985-86 it was 2.3 % at 1993-94 prices, which declined to 1.6 % in 1989-90 and continued to decline further to 1.4 % in 1999-2000 and 1.3 % in 2003-04. Even at prices of 1999-2000 the level of investment in 2003-04 was 1.9 % and remained stagnated at 1.9 % for three consecutive years, i.e., up to 2005-06 (GOI, 2006-07). It imposed serious challenges on sustaining private investment.

Cost of cultivation increased significantly with the increasing use of modern technology across the states. Difference in cost and price structure is another dimension for examination of the viability of the crops. Escalating cost of production with poor returns from agriculture amidst uncertainty of monsoon, risk of crop failures, absence of effective insurance cover, and almost non-existent extension services pushed farmers into unprecedented hardships. Terms of trade remained against agriculture even after termination of industrial protection and devaluation of rupee in 1991 and employment in rural sector witnessed declining rate (Bhalla, 2005). Data from NSS rounds suggested that there was significant decline in employment in primary sector for both male and female (NSSO, 60:506). The findings supported apprehensions of non-compliances that National Rural Employment Guarantee Scheme encountered and implementation reports from different states added to frustrations. Another disturbing factor is decelerating real wage rates in agriculture and non-agriculture (Sharma, 2005).

14.3.4 Indebtedness, Credit Markets and Institutions

Rural indebtedness is an indicative of deficiency of rural income to carry out necessary activities for livelihood support. Findings of the Royal Commission (i.e., farmers are born in debt, they live, die in debt and transfer debt liability to next generation) still holds good which aggravated peasantry to a syndrome of despair and suicides. NSSO data revealed that 48.6 % of the farmers' households were indebted with an average outstanding loan amount of Rs. 12,585/-. Out of indebted farmers' households, 31.3 % were landless and below marginal farmers, 29.8 % were marginal farmers and 18.8 % were small farmers. Thus, altogether 80 % of the indebted households were from the poorest landholdings. About 45.3 % landless labour households of rural area were indebted, who owed on an average Rs. 6121. With the increasing size of land in possession, the rate of indebtedness and amount of loan increased. Indebtedness by monthly per capita expenditure (MPCE) was higher in lower MPCE and vice versa.

Among the states Andhra Pradesh registered highest incidence of debts (82 %) followed by Tamil Nadu (74.5 %), Punjab (65.4 %), Kerala (64.4 %) and Karnataka (61.6 %). Uttarakhand reported lowest percentage of farmers with loan. Punjab carried highest burden of per farmer loan amount Rs. 41576 followed by Kerala (33907). Haryana stepped third with Rs. 26007 followed by Andhra Pradesh (Rs.23965), Tamil Nadu (Rs.23963), Rajasthan (Rs.18372), Karnataka (Rs.18135) and Maharashtra (Rs.16973). Among social groups of STs, per farmer loan amount Punjab was an outlier (Rs.1, 18,495), followed by Haryana (Rs.23555), Tamil Nadu (Rs.21023) and Andhra Pradesh (Rs.12760). In case of SCs per farmer loan amount was highest in Rajasthan (Rs.16708) followed by Haryana (Rs. 13341), Kerala (Rs. 13308), Tamil Nadu (Rs.12786) and Andhra Pradesh (Rs.12720). For OBCs per farmer loan amount was highest in Kerala (Rs. 33116), followed by Tamil Nadu (Rs.27355), Haryana (Rs. 26226), Andhra Pradesh (Rs.23697), and Rajasthan (Rs. 22009). In general category also per farmer loan amount was highest in Kerala (Rs.38013) followed by Andhra Pradesh (Rs.37802), Haryana (Rs.31548), Gujarat, Karnataka and Tamil Nadu.

About 30.6 % of loan amount was spent for capital expenditure in farm business followed by current capital expenditure (27.8 %). Non-farm business consumed 6.7%. Thus, altogether 65 % loan amount was directly used for production purposes. Another 15 % was spent for social development and remaining 20% was on marriage and other ceremonial occasions and on consumption expenditure. Medical treatment and other expenditure cut significant proportion in some of the states.

Formal players in the credit markets were government, cooperatives, commercial banks, whereas informal credit market was run by and large by money lenders - often farmer, traders including dealers of inputs, other professionals, friends and relatives. Commercial Banks remained major players in providing credit to farmers (35.6 %) followed by cooperatives (19.6 %) and government (2.5 %). Altogether 57.7 % of credit taken by farmers was provided through institutional arrangements. Remaining 42.3 % credit market was controlled by informal players. It is evident that credit extended by cooperatives and commercial banks emerged positively directed towards increasing size of holdings whereas credit extended by moneylenders had inverse direction. Landless households took 47.3 % loan from moneylenders alone. Adding extended informal usury network it came to 77 %. Near landless and marginal households took 56.7 % and 47.2 % of loan amount respectively from informal usury networks. Among the states, Andhra Pradesh controlled greater non-institutional finance and credit market (68 %) followed by Rajasthan, Assam, Bihar and Punjab. Although Maharashtra provided 83.8 % credit through institutional sources, farmers were not free from distress and suicides. This

suggests that provision of institutional credit, although was important, it alone was not sufficient to rescue the farmers from the syndrome of despair.

Flow of institutional credit to agriculture over the years increased many folds by cooperatives, commercial and regional rural banks in terms of short, medium and long terms loan. Total credit extended by cooperatives was to the tune of Rs.24.23 crore (in 1950-51) to Rs.15957 crore (in 1998-99) and 33, 174 crore by December 2006 (GOI, 2007, p.171). Credit volume extended by commercial banks and regional rural banks were even higher than cooperatives although initials were the same. Their initial credit amount was to the tune of Rs.24.23 crore in 1950-51, which increased to Rs.36860 crore in 1998-99 and 1, 16, 169 crore up to December 2006 (ibid). The share of agriculture in total bank credit had steadily increased under the impulse of bank nationalisation and reached 18 % towards the end of the 1980s, but thereafter agriculture suffered neglect of institutional credit delivery mechanism in the reform period. The distributional aspects of credit remained contentious.

The agriculture's credit share dipped to less than 10 % in the late 90s. The number of farm loan accounts with scheduled commercial banks declined in absolute terms from 27.74 million (in March 1992) to 20.84 million (in March 2003) (Shetty, EPW, July 17, 2004). Per hectare credit to agriculture in recent years increased from Rs. 1940 in 1998-99 to 4578 in 2003-04 but annual growth rate of per hectare credit to agriculture, slipped down to 14.2 % in 2000-01 from 25.5 % in 1999-00. After witnessing partial recover (17.4 %) in 2001-02, growth of per hectare credit registered lower rate (14.1 %) in 2002-03 (Lok Sabha, 2005). This partially explains as to why moneylenders were dominating credit market appropriating surpluses through exorbitant rate of interest (Bhalla, 2005, p.6).

14.4 CHALLENGES BEFORE AGRICULTURE SECTOR

The NSSO data revealed that about 40 % of the farmers did not like to continue with agriculture (NSSO, 2005, 59th Round), and about 27 % were reluctant to continue because of non-viability. Interstate variations were even higher than that of all India average. About 36 % of the farmers of Bihar, West Bengal; 34 % of Orissa; 30 % of Haryana and Jharkhand; 29 % of Maharashtra; 28 % of the farmers in Punjab, Kerala and Karnataka, and 30 % farmers of Haryana did not like agriculture occupation.

Indian agriculture, irrespective of the size of holdings, has been experiencing worst forms of crises that culminated and manifested in starvation and tragic suicides of its producers, who have been feeding the nation. Besides unregistered starvation in backward regions diversified and prosperous agriculture of Punjab, petty cotton growers of Maharashtra, Andhra Pradesh and Karnataka were also not spared from this trap. The Expert Group on agrarian crisis underlined suicides as a disturbing symptom of deep-rooted crises that Indian agriculture has been confronting. Broadly two dimensions of agrarian crises – low growth with declining productivity and high-dependence of population on lower farm income have been the root causes. Reflecting a little further stagnation, increasing risk in production and marketing, collapse of the extension system, growing institutional vacuum, and the lack of alternative livelihood opportunities, etc., were *inter alia* main factors behind agrarian crisis (Radhakrishna, 2007). Challenges of the fatigue syndrome of technology, institution, policy and governance (Narayanamoorthy, 2007; Behera and Mishra, 2007) have been debated at length. Mounting criticisms loaded with adverse results of reforms undermining human face compelled planners and policy makers to incorporate such policies that may appear addressing the crises and concerns of marginalisation. Hence, the Eleventh Five Year Plan has been set to focus on faster inclusive growth (GOI, 2006) to address the issues of exclusions.

14.4.1 Farmers' Suicides

A comprehensive study on suicides of farmers of Maharashtra (Mishra, 2006, p.41) found that about 86.5 % suicides were because of indebtedness, 73.9 % for deteriorating economic status, and 40.5 % because of crop failures. Loss of face in community because of non-payment of loan, unable to marry their marriageable sisters and daughters, etc., - were also found among many other reasons. About 91 % of suicides were committed by male members. As per police record, the number of suicides in Maharashtra, in 2004 alone was 4147. The study reported that number of suicides increased from 11,866 to 14,729 between 1995 to 2004. Suicides in female population registered decline after 1999. Even cash crop growers - small and marginal farmers of Amaravati and Yavatmal districts- were trapped in debt lured with better returns from cultivation and committed suicides (Mohanty, 2005).

The Kisan Sabha estimated that more than 5,000 farmers committed suicide in Andhra Pradesh since 1998, more than 3000 committed suicide in Maharashtra, about 1,000 farmers committed suicide in Punjab from 1998 to the present, and about 5,000 committed suicides in Karnataka over the same period. It was estimated that 488 farmers committed suicide in Wayanad District in Kerala between 2001 and 2005 (People's Democracy, vol.30, no.09, February 26, 2006). Another study (Vidyasagar, and Chandra, 2003) argued that "The central issue of farmers' suicides is the debt trap. Small and marginal farmers, especially those, who lease in land from others, are not eligible for availing institutional credit and crop insurance. Thus, they land at the doorsteps of the usurious moneylenders. This debt trap is tightening because of the drastic shifts in the cropping pattern that is market driven." Seeds, fertilizer and pesticide dealers are at the centre of a growing controversy in Andhra Pradesh. They are the new moneylenders to a peasantry strapped for credit. "The banks have given no loans in the past seven years," says Malla Reddy, general secretary of the Andhra Pradesh Rythu Sangham (APRS). "So many farmers are forced to depend on sources like these for credit. The same man advises them on what to buy and then sets the rates for the purchase." With the seed dealers tacking on hefty interest rates to their credit sales, the problems got sharper.

The Deccan Herald dated August 11, 2005 reported that Movement against State Repression (MASR) claims that about 40000 farmers committed suicides in Punjab since 1988 but the state government admitted only 2116 cases. Rising cost of cultivation, lack of market security, exorbitant rate of interests charged by moneylenders, dishonouring contracts, etc., were *inter alia* a few important reasons. After 1996 loan amounts increased four times but public institutions' share was merely 20 %. As Dr. Diwakar points it, most of the suicides were debt-driven. Delivery mechanism of institutional credit and its defined connivance with local middle men and functionaries often hatched conspiracy to confiscate land of the poor marginal and small farmers forcing them to commit suicide.

Tenant farmers have seldom access to institutional credit in the absence of ownership of land as collateral security and they are forced to be trapped in usurious exploitative network. They often sell their crops at pre-decided tied price to the input dealers or at best at farm harvest price to petty traders. Kisan Sabha deliberated upon this serious crisis and noted: "While every such death is a tragic individual reality for grieving families and loved ones, there are important common features to the farmers' suicides. These farmers invested heavily in inputs – biological inputs, electricity, machinery, and other components of fixed and variable costs. These costs have risen sharply in the period of liberalisation, and are especially onerous when the farmer invests in seeds produced by private companies, particularly multinational corporations. The farmers were often the victims of plain cheating – they were sold spurious seed and other

inputs by unscrupulous traders. Since 1991, farmers have had to witness the massive withdrawal of the formal sector credit from the countryside, and have had to borrow from the informal sector at usurious rates of interest for their production and consumption needs. Finally, when they reaped a harvest, neo-liberalism and the new trade regime robbed them of prices that could even cover their costs, let alone earn them a livelihood. Where the output itself is destroyed by pest, disease or natural disaster, the farmer was un-indemnified by any system of insurance, and inadequately compensated, if at all, by the state. It is the stark reality that, for many in our society and in such a situation, suicide appears as the alternative of last resort" (People's Democracy, vol.30, no.09, February 26, 2006). Market driven farms diversification, not necessarily designed differently but for the interests of corporate sectors, exploited the farms undermining ecological and fertility balance. Globalisation and new trade regime has made farmers condition vulnerable and exposed to uncertainty (Vidyasagar and Chandra, 2003, CSD, NIRD).

14.4.2 Question of Food Self-sufficiency, Security and Sovereignty

Self-reliant growth and self-sufficiency at food front was the prime objective after independence. The Green Revolution could resolve problems of food shortage to some extent but unequal access to infrastructure and technology remained a big challenge. Infrastructural gaps, rising cost uncovered through inefficient administered prices, uncritical diversification, non-responsive support system, unfavourable terms of trade of agriculture, etc., compounded the challenges of food self-sufficiency. The USA argued to end the regime of food self-sufficiency in Uruguay Round 1986. With the onset of reforms and liberalisation, the concept of self-sufficiency was replaced by food-security through trade. Self-reliance got a new meaning which was defined by purchasing power underlying assumption of free trade. The World Trade Organisation was established to ensure level playing field and trade by rule and not by non-economic factors. But this level playing field is a myth between land and capital starved poor nations and land and capital surplus rich nations. Moreover, the trade has seldom been away from diplomatic complications and free in real sense in the history. Creation of different subjective boxes, particularly green and blue and *sanitary and phyto sanitary proviso* are the testimony under which developed nations have manipulated their subsidies and trade restrictions, which have been distorting trades. Rich countries have manoeuvred access through provision of obligatory imports of food grains to the poor nations. Access to rich markets of the world has not been ensured freely. Free access of labour from poor country to rich country is another area. Therefore free trade is nothing but freedom of capital to flow in the poor countries for profit.

Food sovereignty is the responsibility and autonomy of any country to meet the demand of the respective country in normal and exceptional situation. We have seen the aid linked loan and technology imposed by the US and the World Bank. India faced many such situations in the past and had to devalue her currency despite her unwillingness to get food grains under PL-480 in 1960s. India had to maintain humiliating silence in favour of the US. Undoubtedly Green Revolution brought some relief for many of the countries including India. However, during 1975 the US took a cruel decision to identify only a large number of smaller countries to save from starvation for diplomatic game of numbers and India was kept in negative list. In the early 1990s, the US turned down India's request for wheat on the pretext that India permitted supply of one boatload rice to Cuba which was archrival of the US (Dasgupta, 2001). When India introduced green revolution technology, Mexico extended its substantial support for HYV seeds of wheat and now following uncritical diversification for horticulture. Mexico itself has become dependent on US for food. Being a small country in size perhaps it can afford to import food and survive. But India, China and Russia cannot ignore their huge requirement of food grains. Nor is it possible for any country to supply sufficient food grains

to these nations without vested interest when they face natural calamities. Privatisation and unaccountable participation of multinationals in agriculture through diversification and seed control brought about irreparable loss and agrarian crises to the farmers.

Agriculture in India is a major source of livelihood for the majority of the masses beyond the commercial mechanism of market, profit and trade and is a mark of sovereignty. The wheat surplus nations such as US, Canada, Western Europe, Australia, and Argentina are in need of market for their surplus food grains. Rice surplus nations are smaller, with Thailand and Vietnam notable among them. India has paid much higher prices to its wheat imports, and in sum food insecurity crisis is looking large and sovereignty at risk.

14.5 COOPERATIVES

The word cooperative has been derived from the Greek word '*co-operari*' which means working together. The idea and concept of cooperative was first used by Robert Owen and Charles Fourier of England. The idea got breakthrough in 1844 with the emergence of Rochdale Society of Equitable Pioneers, a cooperative society of weavers. A consumer cooperative store was set up in 1884 leading to European Consumer Movement and establishment of International Cooperative Alliance in 1894. Since then cooperative movement has been spreading worldwide with many dimensions.

14.5.1 Cooperatives in India

Cooperation has been one of the basic principles of the Gandhian action. During the colonial rule, the British fought many wars to expand its empire in India against Indian feudal rulers in different parts of this country. Expenditure incurred on this account was mobilised through exploitation of peasantry which created simmering contents of resistance and revolts. Based on the European experience, cooperatives were institutionalised in India to contain lurking resentment. Frederick Nicholson, appointed by the British government in 1892, visualised the establishment of Agricultural Bank as an alternative to local money-lenders either as cooperative or joint stock.

Consequently, a few societies were established by the district officials in parts of Punjab, United Province and Bengal. But, in the absence of stable legislation, this initiative failed to provide credit to the needy agriculturists and consumers. A committee headed by Edward Law proposed a scheme which formed the basis of the Cooperative Credit Society Act by the British India Government on March 25, 1904. Later, comprehensive provisions were made in 1912 and 1919 Acts. In 1945 a committee under the chairmanship of R.G.Saraiya was constituted to decide the organisation and principle of the cooperative societies.

Gandhi favoured protecting the economies of scale in agricultural production through cooperative farming, as he said: "In regard to agriculture, we must do our utmost to prevent further fragmentation of land and to encourage people to take to cooperative farming" (Gandhi, 1962, p.65). He advocated cooperative movement for the development of national interest. He said: "Cooperative Farming or dairying is undoubtedly a good goal promoting national interest" (Gandhi, 1962, p.66).

14.5.2 Cooperatives in Independent India

Indian cooperatives in agriculture, post-independence, were basically aimed at addressing institutional credit support gap towards reducing the exploitation of peasantry by money lenders. The All India Rural Credit Survey Committee, in 1954, recommended measures to revive cooperative societies. Cooperatives have been contributing towards transforming the

socio-economic condition of India particularly the rural society and agriculture in terms of institutional credit. Cooperatives have been expanded from credit sector to inputs, marketing, processing and now employment in general and poverty eradication through self-help groups in particular. Cooperatives cover almost all villages of India, and the dimensions include agriculture and food credit, fertilizer production and distribution, sugar production, wheat procurement, cotton procurement, processing, handloom production and marketing, fisherman cooperatives, animal feed production and marketing, milk and milk products procurement, processing and marketing, rubber processing and marketing, retail fair shop, housing, banking, utility, social workers' insurance, etc.

14.6 BASIC ELEMENTS OF COOPERATIVES IN INDIA

The Cooperatives have following basic elements:

- Unity of interest
- Common goal
- Common bonds
- Democratic functioning
- Solidarity
- Defined methods
- Equal rights in decision-making process
- Ownership of individual, and
- Proportionate share in costs, profits and risks.

Structure of Cooperative Societies in India

Cooperative societies are credit and non-credit oriented. Apex cooperative structure is called National Cooperative Union of India (NCUI) followed by State Cooperative Unions (SCU) – 27, District Cooperative Union (264) and Primary Cooperative (4.58 lakh credit and non-credit).

14.6.1 Agriculture Cooperative Structure

1. Primary Agricultural Cooperative Societies (PACS)/ Large Size Adivasi Multipurpose Cooperative Societies (LAMPS)/ Farmers Service Societies (FSS): These societies are aimed at providing inputs, credits, seeds, fertilizer, insecticides, pesticides, and other inputs, and storage facilities at village levels.
2. Agricultural Marketing Cooperatives are engaged in states operating primary agricultural markets and purchasing agricultural produces and providing support to secure better prices to farmers.
3. Processing and Specialised Commodity cooperatives: engaged in agro-processing activities to add value in sugar, spinning, dairy, oilseeds and horticulture sectors.
4. Integrated cooperatives are related to industries to manufacture agricultural inputs and machinery, for example, Indian Farmers Fertilizer Cooperatives (IFFCO), Krishak Bharati Cooperatives (KRIBHCO) for fertilizers and National Heavy Engineering Cooperatives for machinery for sugar and oilseed crops.

14.6.2 Agricultural Credit Structure

Agricultural Credit cooperatives are of two types- a) production credit and b) investment credits.

Production Credit

Production credit cooperative structure at the apex, a National Federation of State Cooperatives Banks followed by State cooperative Banks (28) – District Cooperative Banks (367)- Farmers Service Cooperatives.

Investment Credit

At the apex, there is a National Cooperative Agriculture and Rural Development Banks' Federation (NCARDBF) followed by State Cooperative Agricultural/Rural Development banks (19)- Regional /Division/District offices (318) – Primary Agricultural/Rural Development Banks (728), Branches of State Cooperative Agricultural/Rural Development Banks.

14.6.3 Agricultural Non-Credit Structure

It includes marketing, sugar cooperatives, fisheries, labour, dairy, etc, each sector with its own structure. For example, Dairy Cooperatives has at apex the National Cooperative Dairy Federation Ltd., followed by State Cooperative Dairy Federation, District Cooperative Milk Producers Union, Primary Milk Producers Cooperative Societies and their members. NDFI coordinates and conducts research, undertakes publication, provides consultancy, and builds linkages with other national level agencies such as NDDB and others. SCDF does production and marketing programming, provides consultancy, and training. DCMDU organises and supervises primary cooperatives, collecting milk from primary units and processing, marketing milk and milk products. It distributes cattle feeds, provides technical inputs, and extension services, training to DCS and farmers. Primary units collect and sell milk, make payments to producers, provide first-aids and veterinary services. Similarly other cooperatives have their structural support system and organisations, operating successfully. Self-Help Groups and Micro-Finance approaches have brought new dimensions to cooperatives in India. However, the sustainability of cooperatives as a movement to reduce inequality and poverty remains a bigger challenge.

14.7 SUMMARY

This Unit dealt in detail the structure and workings of the agrarian economy and how their growth has accelerated or decelerated over the years. It also highlights the demerits of the agricultural system that have led to suicides of the farmers and the role of moneylenders, who charge exorbitant interest rates. The Unit also dealt with the working of the cooperatives in India, their inception and progress over the years. The success of any economy depends not on its services or manufacturing but on the agricultural sector on which over 70% of the population is dependent. Necessary steps have to be taken up by the policy makers and those who implement the programmes. It helps in saving the agricultural sector from further crumbling.

14.8 TERMINAL QUESTIONS

1. Highlight the main features of agrarian economy in India. What are the impediments to its accelerated growth?
2. Analyse the role of cooperatives in the Indian economy. How have they contributed to the growth of the nation?

3. Write short notes on:
 - a) Food Security and National Sovereignty
 - b) Indebtedness of the agricultural farmers
 - c) Basic elements of Cooperatives

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UNIT 15 SUSTAINABLE ECONOMY AND SOCIAL JUSTICE

Structure

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 - Aims and Objectives
- 15.2 Sustainable Economy – Its Significance
 - 15.2.1 Sustainable Development
 - 15.2.2 Sustainability
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15.1 INTRODUCTION

“For me, an India, which does not guarantee freedom to the lowliest of those born, not merely within an artificial boundary but within its natural boundary, is not free India....I shall strive for a constitution which will release India from all the thralldom and patronage, and give her, if need be, the right to sin. I shall work for an India in which the poorest shall feel that it is their country, in whose making they have an effective voice; an India in which there will be no high class and low class of people; an India in which all communities shall live in perfect harmony. ...Everyone must have a balanced diet, a decent house to live in, facilities for the education of one’s children and adequate medical relief...”

– **Mahatma Gandhi**

India embarked on planning after its independence in 1947. Influenced and inspired by the ideologies of capitalism, socialism, liberalism, and Gandhism, the planning took the model of ‘mixed economy’ with coexistence of public and private sectors. It aimed at the goals of economic growth with rising national and per capita incomes; reduction in inequalities – both personal and regional; full development of manpower resources including employment generation; eradication of poverty; and self-reliance with emphasis on science and technology

and modernisation. However in every plan all these goals were not given the same importance. The earlier plans also emphasised heavy and basic industries.

This 'growth with equity or social justice' became the overriding general goal, presumed to spread its benefits to all the sections of society and to reach the poorer and weaker sections of the society also, thus resulting in all-round development. Though India has achieved significant progress in agricultural production, industrial output etc. and in GDP in the present decade, the goal of equity or social justice was not satisfactorily achieved. During the 1990s and later, environmental concerns became very strong with emphasis on sustainable development. Presently, along with the achievement of sustainable economy, the realisation of social justice has also become very important. As Gandhi suggested, the necessities of life 'should be freely available to all as God's air and water are or ought to be, they should not be made a vehicle of traffic for the exploitation of others'.

In July 1991, India liberalised its economy and made a significant change in its development policy placing emphasis on private sector and market-oriented approach. This policy is continuing, gaining more acceptance and is referred to as the LPG model (Liberalisation, Privatisation, Globalisation) which has replaced the earlier LPQ (Licence, Permit, Quota) regime. The government's planning has been confined to social sector and infrastructure, covering poverty eradication, employment generation, education, health, transport and other infrastructure. In other words, now the whole private enterprise concentrates on business while the government has taken the responsibility of equity or social justice wherein a lot has to be done.

Aims and Objectives

After reading this Unit, you would be able to understand

- The meaning of sustainable economy and social justice
- the present socio- economic profile of the Indian economy
- measures to promote social justice in the context of ensuring a sustainable economy

15.2 SUSTAINABLE ECONOMY-ITS SIGNIFICANCE

15.2.1 Sustainable Development

Sustainable economy means an economy that is ready to embark on a sustainable development. In the second half of the twentieth century, much emphasis was laid on peace, freedom, development and environment. Peace was needed after the Second World War ended. Freedom was demanded by people in the colonies. Both these were achieved to a large extent, and attention centred on the remaining two.

The pace of rapid development, especially after the 1950s, affected environment adversely. It was realised that both development and environment are very much needed for the survival and good life in the posterity. From the studies and discussions on the relationship between development and environment, the concept of sustainable development emerged.

The most popular definition of sustainable development was given by the UN's Brundtland Commission's report which states that 'Humanity has the ability to make the development sustainable - to ensure that it will meet the needs of the present without compromising the ability of the future generations to meet their own needs'. This definition stresses the resources regeneration or renewal and their optimum use for the benefit of people, society and the world community.

The 2002 World Summit on Sustainable Development (Johannesburg) expanded this definition by adding three models used as pillars of sustainable development: economic, social and environmental. The Johannesburg declaration created 'a collective responsibility to advance and strengthen the interdependent and mutually reinforcing pillars of sustainable development – economic development, social development and environmental protection – at local, national, regional, and global levels'. This view has been criticised as having more emphasis on economic development and 'such a narrow definition obscured (their) concerns for human development, equity and social justice'.

Sustainable development is also discussed in terms of what is sought to be achieved. This is discussed with reference to three sets of goals to be achieved in short term (by 2015) given by the UN; medium term (by 2050) given by the Board on Sustainable Development of the US National Academy of Sciences and long term (beyond 2050) given by Global Scenario Group which assisted the Board (Kate et al, 2005).

The short-term goals are reflected in the Millennium Development Goals Declaration of the UN (September 2000), eight of them, that cover peace, development, environment, human rights, and attention on vulnerable-hungry-poor. Some of these were specific, like cutting poverty by half and achieving universal primary schooling by 2015. In medium-term, the short-term goals and larger set of human needs would be achieved by 2050. In the long-term there would be much greater achievements for all humankind including a 'rich quality of life, strong human ties, and a resonant connection to the nature'.

The sustainable development debate continues to be dynamic. Different groups of experts and different institutions have added to its various aspects with the goal of making development people-oriented and environment more and more renewable so that life of more people can be enriched. It has become a social movement for the welfare of people and for sustaining their development along with environmental protection. In the present study these aspects of social justice and equity will form a special focus with reference to India.

15.2.2 Sustainability

Sustainability is a broad concept that speaks about the ability of a society to sustain itself. What does sustaining a society mean? Is it only human beings or all living creatures? Further, sustainability should be at what level? Is it at survival or subsistence level or a very high standard of life? It is also argued that sustainability will depend on collective values and choices that a society chooses and such choices are political at national or macro level.

Prugh T & Assadourian E (2003) point out that 'it may be convenient to think about sustainability in terms of four dimensions – human survival, biodiversity, equity, and life quality. These are four parts of a pyramid at whose base level is human survival which gives sustainability at the minimum level. As we move up the pyramid the sustainability is at higher levels of welfare covering freedom, fairness, fulfillment and related ideas. It means if we want to move to higher levels of sustainability, we have to pay attention to biodiversity, social justice and equity, and ending with sustainability with a very high quality of life. This study looks into sustainability with social justice and equity under given resources, level of development and future potential. All these are dynamic concepts and values over which individuals and communities may differ.

When we say that sustainability is a dynamic concept, we should note that sustainability, once achieved, has to be maintained or it can be lost. The following box (Box 1) gives a typical illustration:

Box 1: Sustainability in Easter Island

Easter Island is a speck of land in the then Pacific Ocean 2000 miles off the Chilean coast. This remote place and its people have been studied intensely for years, for Easter Island today bears little resemblance to the island settled by voyaging Polynesians over 1500 years ago. The Island's dramatic story tells us a great deal about sustainability.

When the new arrivals beached their ocean-going canoes, they found a lushly forested place offering several valuable tree species, including large palms suitable for building timber-framed dwellings. For food, the settlers have brought chickens (deliberately) and rats (inadvertently), but the island also teemed with edible birds. Dolphins, seals, and the crops typical of Polynesian culture—bananas, taro, sweet potatoes, and sugarcane—rounded out the settlers' diet. They thrived on the island's abundance and their numbers eventually grew to perhaps 7000 (20,000, by some estimates). A sophisticated hierarchical culture emerged, wealthy and organized enough to produce the island's remarkable stone statues. Hundreds of these sculptures were carved over the centuries, and more than 200, some weighing over 80 tons, were raised up onto stone pedestals.

But the Eastern Islanders' success triggered their undoing. Generations of harvesting trees for building, making rope, and for fuel wood—and of seed-eating by the stowaway rats—led to complete deforestation. (When the Dutch explorer Jacob Roggeveen first saw Easter Island in 1722, it was shrubby grassland.) The spiraling competition among clans to build and raise ever-larger stone statues, which required a lot of timber for rollers and other simple machines, took a particularly heavy toll. Pollen analysis suggests that the last of the great palms were cut down in 1400. Bird nesting grounds were destroyed along with the forest; that and direct consumption drove every native land bird species to extinction. As the trees disappeared, so did the means to build the traditional big canoes.

Fish and dolphins from deeper offshore waters could no longer be harvested (and escape or migration to other islands became impossible). Firewood supplies dwindled and streams dried up. Soils eroded and became less fertile.

In short, the Island's carrying capacity plummeted. Food surpluses disappeared, leading to cannibalism. With the surpluses went the social complexity. Eventually the population crashed by 75 to 90 percent and the culture devolved. Roggeveen found perhaps 2000 people on the island, living in "singular poverty".

Prugh Thomas & Assadourian Erik, 2003, in 'What is sustainability, Anyway'. pp.19-20

The Eastern Island example tells us what happens to sustainability if environment and resources are abused and people do not exhibit the needed concern for sustainability. It highlights the need for utilising resources consistent with biodiversity, conforming to the principles of social justice, and avoiding an excessively consuming behaviour.

The above example, as the experts say, is a potent warning offering the following four lessons:

- a) Human beings respond strongly to incentives to overuse of resources. People prefer to find more resources than regulate their use and conserve existing resources.
- b) We do not pay attention when things go wrong gradually. 'Bounty is taken for granted' without realising that gradual overuse will wipe it off.

- c) 'Declining resources can undermine the very organizational structure and capacities needed to fashion a response'. We can deal with short-term threats, not long-term ones. Actually, 'culture, including our social organizations, social learning, science and politics, is our only defence against the latter'.
- d) The failure of East Island culture to understand the erosion of resources, environment and standard of living, led not to its extinction, but to its radical impoverishment and loss of capability to preserve itself.

Thus sustainability depends not only on resources and environment but also on how people govern themselves. It highlights the necessity of using resources in a way that can be sustained for a long time and all people participate and develop a culture of sharing resources on the principles of social justice and equity.

15.2.3 Sustainable Economy

Sustainable economy could be stated as the situation and capacity of an economy to perpetuate or sustain itself at the given resource endowment and chosen national and social goals. It indicates the rate at which the economy must grow to satisfy the needs of the society and at the same time have sufficient surplus to maintain the growth rate to feed the growing population and other life systems.

In the Indian context, sustainable economy has to be a dynamic concept. It is the ability of the economy to sustain high growth rate and simultaneously ensure a mechanism to distribute the benefits of the growth among people equitably on the principle of social justice. It must be realised that Indian economy can be sustainable only if the socio-economic goals – especially poverty eradication, reduction of personal and regional inequalities, and employment generation are achieved and basic infrastructure is created to the extent of helping the people to contribute and participate in the developmental process.

The achievement of socio-economic goals including social justice will help in creating and carrying forward a sustainable economy in the long-term but at the same time the prevailing economic structure and situation and the developmental process should concentrate on the realisation of the socio-economic goals. There has to be a symbiotic relationship between building up a sustainable economy and achievement of social justice and equity, one reinforcing the other, resulting in the process and achievement of sustainable development.

15.3 SOCIAL JUSTICE– ITS NECESSITY

Social justice refers to a fair and just treatment of every section of a society. If there is no just treatment and if there has been a victimisation of a section in the society, it is said to suffer from social injustice. For example the practice of untouchability, which is banned by law now, when it existed, was an example of extreme social injustice to people of certain castes who were ill treated.

Social justice is a wide and multidimensional concept. It is very difficult to grasp the 'holistic' view of social justice. Every discipline like political science, economics etc. looks at social justice from its own discipline point of view. According to John Rawls, justice is concerned with the welfare of an individual as well as of the society. From political science point of view social justice refers to fair treatment of the deprived, exploited and disadvantaged sections of a society. In economics, social justice indicates equal opportunities and distributional equity. In short, social justice refers to fairness, absence of harmful discrimination and just treatment of all sections of the society. In the present study, social justice refers to fair socio-economic

treatment of all sections of the society in the context of a sustainable economy. It demands measures that will remove the social injustice done to or suffered by certain sections of the society.

In the process of economic and social development it was earlier presumed by economic thinkers that in a free capitalist economy, the operation of the market forces will ensure that quality and efficiency is rewarded and as economic development takes place, all sections of the society get the benefits of such development. Prosperity of western societies and their high standard of living was pointed out as indicators of their 'trickle-down and spread effects'. But the problems faced by the developing economies in Asia and Africa disprove their claim. These countries suffer from a number of problems like poverty, unemployment, discrimination, exploitation and socio-economic inequalities among persons as well as regions in an economy.

Amartya Sen has highlighted that when in an economy and society significant inequalities in income and wealth are present, the poor remain poor because of lack of capabilities they suffer on account of poverty and deprivations. He advocates an effective role to be played by government, civil society and private agencies.

Sustainable economy and social justice can have a symbiotic relationship in which government and business can play significant roles. Infact sustainable economy can be achieved better, if social injustice is removed and citizens, especially poorer sections are enabled to contribute towards development. Such an economy can also allocate more resources to deal with the problems of injustice with measures like free primary education, subsidised skill-building programmes, promotion of self-employment and entrepreneurship programmes. These can raise capabilities and contribution of poorer sections to economic and social development.

Social justice measures like poverty eradication programmes and employment generation schemes can inspire the weaker and disadvantaged sections not only to improve their own lot but also contribute to asset creations as well as production of commodities, which help the economy to remain sustainable. All these demand right policies in the areas like poverty, unemployment, taxation and public expenditure to reduce inequalities and promote inter-generational equity, education, skill-building and environmental protection.

15.4 INDIA-PAST PROFILE

This section concentrates on the position of the Indian economy soon after independence, from the early 1950s, with special reference to the nature of the economy and position of social justice. The objective is to judge later, the progress in the field of sustainability of the economy and achievement of social justice.

- a) At the time of independence, the primary sector consisting of agriculture and allied activities constituted the largest sector in terms of workforce employed as well as contribution to the GDP. See Table 1 below:

Table 1: India's GDP and Workforce Distribution in 1950-1951 (%)

Sector	GDP in 1950-51	Workforce in 1951
Primary	55.9	72.7
Secondary	14.9	10.0
Tertiary	29.2	17.3
Total	100.0	100.0

Source: Misra & Puri, p.64

The rural workforce was 73% of the total workforce and contributed 60% of the GDP. The GDP itself was a small amount of Rs. 8979/- crores (at current prices). Given the large population, the per capita income was only Rs.255/- in 1950-51. The large masses were very poor, less educated, and received low wages.

- b) Large sections of the population were below poverty line which means such people are left to partial hunger. In 1973-74, about 55% of the people were below poverty line constituting about 321 million people. Poverty level was much higher in rural areas than urban areas.
- c) In 1983, in rural areas about 90% men were self-employed or were casual workers where terms and conditions were poor. 56% of the urban men were similarly employed with remaining 44% employed in regular/salaried jobs. In the case of women, in rural areas 97% were in self-employment or casual work, only 3% were in regular/salaried employment. In case of urban women 74% were in self-employment or casual employment and remaining 26% were in regular/salaried employment. The workers in general were better off in urban areas and among them males were better employed than females. This shows the comparatively poorer position of rural workers and women workers (IJLE, January-March 2007, p.161).
- d) In 1983, the lowest 20% of the households had only 8.1% of the household expenditure compared to the highest 20% having 41.4% of household expenditure. It shows steep inequalities which is socially unjust.

There are other injustices about which we do not have precise data but are well known. Caste system is a major issue in which S.Cs/S.Ts/OBCs together constitute about 50% of the reservation in several areas. In the earlier period, reservations were Constitutionally provided for S.Cs and S.Ts. The OBC joined this group later. These groups have faced exploitation and discrimination for long and are now provided with special facilities and programmes for their welfare and development.

Social justice for women is another important issue. Even after independence they were not paid any significant attention. Their wages in private sector are lower than that of men. They also face many social, economic and other problems. It is only after the International Year for the Women in 1975, that more attention is paid towards women's welfare and empowerment. The group of aged, destitute, and disabled constitute another disadvantaged group. The position and problems of child labour is another example of social injustice.

Rural labour has always been in an inferior position in labour market. Bonded labour in rural areas is another category. Similar is the case of contract labour in urban areas.

The plight of unorganised labour who constitute over 90% of the labour force is also well known. So is the case with migrant workers in India.

From social justice point of view, the Indian economy and society faced a colossal problem of social injustice and it became a major challenge to the social and political leaders and governments in India. There were several movements and agitations, of the people suffering social injustice which led to the governments coming out with a number of special measures to deal with injustice.

Now as far as economic development and efforts for creating a sustainable economy is concerned, India was placed in a difficult situation at the time of independence. The parameters that influence the growth process favourably and help in building a sustainable economy were

not significant even after independence. According to Ch. Hanumantha Rao (1998), 'for this purpose some 'classical prerequisites and other parameters are essential'. These include:

i) Savings rate ii) technological change iii) Appropriate population growth rate iv) Human resources development v) Resource-use efficiency vi) Proper pricing of inputs vii) Elimination of gender bias and viii) Proper use of natural resources.

Many of these are qualitative. He clarified that technological change should be environment-friendly.

At the time of independence the savings rate was only 8.6% of the GDP in 1950-51 and later increased gradually. The technological level was low, population growth rate was high and the literacy rate was abysmal at only 18.3% and with inadequate school infrastructure. Human Resources Development had yet to take deep roots. Resource-use efficiency depends on capital, technology and human skills which were at a very low level. Pricing of inputs was a complex issue of balancing the interests of several stakeholders and had its limitations. Gender bias in terms of son preference, male domination, discrimination and exploitation did not help women in significantly contributing to development. Exploration and efficient use of natural resources was also a complex task in the absence of required expertise and technology.

Thus the Indian economy could not be called as a sustainable economy that can also contribute to social justice at the time of independence. It is only after the establishment of the Planning Commission and the implementation of several Five Year Plans that India began to move towards creating a sustainable economy, capable of releasing resources and skills needed to promote social justice.

15.5 MEASURES FOR SOCIAL JUSTICE AND SUSTAINABLE ECONOMY

The measures for creating a sustainable economy that promote social justice are discussed in this section.

15.5.1 Environment

The Constitution in Article 48A says that the state should protect and improve environment and safeguard forest and wildlife in the country. People are also expected to contribute to this. There are several laws covering water, air, and noise pollution, forests, wildlife and pest-control. Proper implementation of these laws can go a long way in creating a sustainable economy. However our focus is on social justice.

15.5.2 Sustainable Economy

During the planning period beginning from 1951, the government has taken a number of steps to make the economy sustainable. The goal of 'self-reliance' precisely reflects the government's aim of creating a sustainable economy.

Government's efforts can be discussed in terms of the parameters given by Ch. Hanumantha Rao. Major efforts were made to raise savings rate and towards the mobilisation of small savings. The nationalisation of banks in 1969 and 1980 helped in this process. In the initial period and up to 1980s foreign aid came in handy for adding to the resources mobilised for development.

In science and technology, rural and industrial development, the government emphasised 'self-reliance'. In agriculture the government went for food self-sufficiency through better technology and seeds under the 'green revolution' during the mid-1960s. In industrialisation it went for

basic and heavy industries like iron and steel and heavy machinery industries and also opted for import substitution.

The Government took measures for controlling population growth rate but compulsory measures were resisted. The government has been relying more on incentives and on concentrating on 'family welfare planning'.

In human resources development, school education was promoted in a big way, a net work of vocational training institutes was established, and the higher education institutional network was expanded, like the Indian Institutes of Management (IIMs) and Indian Institutes of Technology (IITs).

In the field of resource-use efficiency, the government also promoted productivity under the apex 'National Productivity Council' and quality control framework including the Bureau of Indian Standards (BIS) for certifying and encouraging quality standards. It also promoted R & D activities in pharmaceutical and food-processing industries.

In the area of pricing of inputs, government made attempts to balance the interests of producers like the farmers and manufacturers and the consumers. Institutions like the Commission on Agricultural Costs and Prices, and Bureau of Industrial Costs and Prices have been established to ensure prices based on costs, demand, supply, balancing and development requirements.

Attempts were made for women's empowerment, especially after 1975. Some of the measures include setting-up of National Commission for Women, reservation in local bodies, Women entrepreneurship promoted by institutions like Mahila Arthik Vikas Mahamandal (MAVIM) in Maharashtra and by institutions for entrepreneurship at central and state levels.

Natural resources are very vital for development and good life. Government has been promoting usage, conservation, and exploitation of minerals and metals. National Forest Policy Resolution takes care of forests, their expansion and development. Similar steps were taken for optimum utilisation of water, soil, petroleum and gas etc.

A significant change took place in the role of government since 1991 when the economic reforms were introduced under the liberalisation regime. As a result, government is withdrawing from areas like business leaving them to market forces, and the basic focus of creating a sound and sustainable economy is now being shared between government and the private sector.

15.5.3 Social Justice

In the process of creating sustainable economy, the government has also been promoting social justice wherever possible by promoting special schemes for the needy sections, keeping in view the social justice aspects in the society. Some of the important developments are stated below.

While framing fiscal and monetary policies, the needs of poor and unemployed and the prevailing inequalities are sought to be attended to. For example, while levying taxes, government keeps this principle in view and imposes taxes to ensure that the burden of taxation is shared by people according to their abilities and capacities. In taxing income, progressive taxation is resorted to where people below a level of income are totally exempt from income tax. Government's expenditure policies pay special attention to infrastructural facilities which are needed for common people most of who are poor. Similarly by taxing incomes and commodities of richer sections, Government levies a higher rate of taxes so that more resources are mobilised and inequalities in the distribution of income and wealth are reduced.

In the field of education, training, and employment, government meets the demand of social

justice by having the policy of reservation for S.Cs./S.Ts/OBCs and other disadvantaged sections, starting from school and extending upto elite institutions like the IIMs and IITs. There is reservation for these sections, which enables them to improve their standards of living and quality of life over a period of time when they start earning better and thus overcome their chronic socio-economic problems.

A number of special measures for those who are poor and suffer from social disabilities are promoted like poverty eradication schemes like the Integrated Rural Development Programme (IRDP), Food for Work programme, Integrated Child Development Services (ICDS) and Mid-Day Meals Scheme (MDMS) for the poor and backward sections to overcome acute poverty and hunger.

Similarly special employment schemes are being initiated for poor, less educated or backward sections. The National Rural Employment Guarantee Scheme in rural areas ensures employment to one person in a household for 100 days in a year. This scheme takes care of both poverty and unemployment and also ensures creation of productive assets thus directly helping in building up a sustainable economy. Government also has schemes for urban areas like the Swarna Jayanthi Shahari Rojgar Yojana (SJSRY).

It has been promoting self-employment and micro-entrepreneurship schemes for the poor and socially deprived people. There are apex institutions like the National Institute for Entrepreneurship and Small Business Development (NIESBUD) in New Delhi and the Entrepreneurship Development Institute of India (EDII) in Ahmedabad which promote such schemes among all, with special attention to those who are disadvantaged or disabled or poor belonging to S.Cs/S.Ts/OBCs. There are such organisations at the state level also.

In spite of the above measures towards ensuring sustainable economy and social justice, there are problems of poor implementation and leakages. These aspects are discussed in the next section.

15.6 SOCIAL JUSTICE IN THE INDIAN ECONOMY

In this section we briefly analyse the effectiveness of the measures in the above-mentioned areas. It should be noted that not all measures are quantitatively measurable. Some are qualitative evaluations. The positive and negative aspects of sustainability and social justice are discussed here.

15.6.1 Positive Aspects

India's economic growth has been steadily moving towards a higher path, despite fluctuations in some years. It can be analysed in three phases. In the first phase of 1951-80 the average annual growth rate was 3.6%. During this period a strong industrial and economic foundation was laid and substantial development of basic and capital goods had taken place. During the second phase of 1981-90 the growth rate of the economy rose to 5.6% per annum. During the third phase of 1992-2007 the growth rate accelerated to 6.1% per annum. During the recent period of 2005-08 the growth rate increased to 9% per annum suggesting that from July 1991, the growth rate has been impressive. During 2008-2010, it is expected to slow down on account of the global recession but is expected to be around 6% or more. The savings rate increased from 8.6% of the GDP in 1950-51 to over 34% now.

During the period of planning, significant infrastructural development took place, which has strengthened the economy making it more sustainable. The installed generating capacity in electricity rose from 2300 Mega Watt (MW) in 1950 to 1,43,800 MW by the end of March 2006. The production of crude oil too increased from 0.25 Million Tons (Mn.Ts) in 1950-

51 to 34.0 Mn.T in 2006-07. Non-conventional energy sources like solar, biogas, and wind power are also being expanded. India's railway system is one the largest in the world with a route length of 63,465 kms. The total road length has increased from 0.52 million Kms to 3.34 Kms now. Significant progress has been made in communications, where phone connections (Landline and Cell phones) have reached the 500 million mark.

In agriculture too impressive progress has been made in the production of food grains, which has increased remarkably after the 'green revolution' that commenced in mid-1960s. In 1950-51 the total food grains production was 50.8 Mn.Ts which increased to 216-1 Mn.Ts in 2006-07. India is one of the largest producers of food grains in the world. The irrigation potential has increased from 22.6Mn hectares in 1950-51 to 102.8 Mn hectares in 2006-07.

There has also been a rapid development of public sector enterprises that produce several important commodities and services in the country. The total sales of 244 central government enterprises was about Rs.9,64,410/- crores in 2006-07.

The government has made a creditable contribution to the development of infrastructure; subsidised school education and started the National Rural Health Mission to attend to the health needs of rural poor.

The government also subsidised public distribution system (PDS) that enables poorer sections to get commodities at cheaper rates, the National Rural Employment Guarantee Scheme for the unskilled and unemployed poor, reservation in jobs for the S.Cs/S.Ts/OBCs. Provision of cheaper modes of transport in urban areas benefits common people many of who are poor. In taxation too, the poor are treated favourably, with tax exemptions and lower taxes.

15.6.2 Inadequacies in the Development

Though the sustainability of the economy has increased as indicated in rising incomes and growth rates, the benefits have gone to already better off sections, making the process of social justice difficult. Some of its negative effects are presented below.

The impact of economic reforms and accompanying globalisation policies has also been having adverse effects on social justice with benefits spread unevenly in the society. Such policies have 'multifaceted adverse effects to entire common people of the world and planetary environment.' These include the social and economic exclusion of poor who have no power in the market; unfavourable effects on the quality of employment; weakening of the trade union movement that normally stands for the protection of the workers; private business sector encroaching upon public/common property resources like water and land; food insecurity as governments may withdraw from such a role; adverse ecological impact; rising terrorism and militarisation; and potential anti-people effects when government tries to serve the needs of big business and the MNCs (Kurian V. Mathew, 2004).

The poverty levels have been coming down, but slowly after the introduction of new policies in July 1991. See Table 2 below:

Table 2: Poverty ratios and change in poverty (%)

Category	Poverty	Ratio		Change in Percent	Poverty(%) annum
		1993-94	2004-05		
	1983			1983-94	1994-2005
Rural Poor	45.8	37.3	29.2	-0.81	-0.73
Urban poor	42.3	32.3	26.0	-0.92	-0.59
All Poor	44.9	36.0	28.3	-0.85	-0.70

Source: Dev & Ravi, quoted in Rudder Datt, 2007

To summarise, while poverty has been decreasing at 0.85% per annum during 1983-94, in the post-reform period 1994-2005, it has decreased only by 0.70% per annum. Same is the case in rural and urban areas.

There is also increasing inequality of consumption in both rural and urban areas during the post-1991 growth. In rural areas inequalities in land ownership also continue.

Employment growth rate in organised sector, where the quality of employment is much higher, has been falling in public sector as well as on the whole as indicated in the table (Table 3) below:

Table 3: Rate of growth of employment in organized sector (% per annum)

Sector	1983-94	1994-2005
Public Sector	1.53	-0.70
Private sector	0.44	0.58
Total Organized	1.20	-0.31

Source: Economic survey, February 2008, table 10.12

Except for a small growth in private sector, the scenario is discouraging. According to NSSO Rounds, unemployment rates have gone up during the period 1994-2005. Though government has claimed large employment creation, it appears to be in the informal sector where quality of employment is poor.

While the sustainability of the economy has been expanding, after the economic reforms in 1991, it has been in favour of better off sections as indicated by the large production of FMCG (fast moving consumer goods) goods and elite consumption. As far as social justice is concerned, there has been a strong criticism, appearing justified, that growth and development has not been inclusive. A number of studies on the position of the backward classes over a period of time show that these communities have not improved significantly, especially in rural backward areas. Substantial attention needs to be paid to social justice aspect of development in the future.

15.7 FUTURE PERSPECTIVES

The goals of sustainable economy and social justice can be and should be effectively harmonised in any economy. Sustainable economy has to be one that sustains the welfare of the people without any discrimination and adjusts to the environment and ecology. In the present study the emphasis has been on sustainable economy and social justice. Here the concept of social justice is fairness to all, support to the weak, and service to the disadvantaged as Gandhi would have liked.

Gandhi was distressed by the absence of social justice on the one hand and craving for the riches, on the other. "Let no one try to justify the glaring difference between the classes and the masses, the prince and the pauper, by saying that the former need more. That will be idle sophistry and a travesty of my argument...The contrast between the rich and the poor today is a painful sight." (The Mind of Mahatma Gandhi, p.267). Sustainable economy will have no meaning and value, without social justice in the society.

At present India is also one of the fastest growing economies in the world. According to a study by Uri Dadush and Bennet Stancil for Carnegie Endowment (Free Press Journal, 22-11-2009), India will become the third largest economy in the world and in spite of its growing

population which will make India the world's most populous country in 2031, India's GDP will reach to \$17.8 trillion US dollars, sixteen times its current GDP of \$1.1 trillion US dollar. Thus there seems to be no question of Indian economy's rising sustainability in the future. The Indian leaders should make sure that the growing economy does not miss the goal of social justice to become weaker because of the craze of consumerism and luxurious living.

The government and Planning Commission have expressed their clear preference to social justice by mentioning in both Tenth and Eleventh Plans that their goal will be 'growth with social inclusion' where weak and poor will be taken care of and they will be able to participate and contribute to development.

In the future, government, business, and the civil society must manage environment and ecology in a way that sustains the economy and at the same time promote social justice. According to Prof. C.K.Prahalad of the Michigan University, "if you look at the water shortage, high commodity prices and certainly global warming, the need for sustainable development is obvious" (Economic Times, 20-11-09). Food security for all, in quantity and minimum needed quality, must be ensured, which calls for priority for adequate food production. Conservation and optimum use of resources like water and land is going to be crucial, while managing environment and ecology, needs of people traditionally dependent on these, like tribals and the displaced people.

International cooperation is highly essential to make the economies over the globe more sustainable and socially more responsive. Cooperation in food production can be achieved wherein countries producing more food can share their surplus with the developing poor countries rather than diverting them to bio-fuel production. It is a welcome sign that organisations like the World Bank and the WTO are coming together to help the poor in the interest of social justice.

India should take the lead in promoting social justice and sustainability by encouraging innovation and entrepreneurship that benefit the poor and where poor can also participate. The World Bank feels that this is possible and must be attempted. Inclusive innovation is knowledge creation and adoption activities most relevant to the needs of the poor (Dutz A. Mark, World Bank, 2007). ITC's e-choupal, Mumbai Dabbawala's efficient distribution of food boxes, use of mobiles by Kerala fishermen for selling fish are some of the examples quoted in the book of Dutz. Such innovations not only benefit the poor but also improve the sustainability of the economy. This would enable us to create a more egalitarian, contended, and peace-promoting society that will be cherished in a Gandhian system.

15.8 SUMMARY

Sustainable economy and social justice are related concepts. Sustainable economy is necessary to generate resources for social justice. Social justice, when achieved, raises the national efficiency, and the poor and disadvantaged are enabled to contribute to developmental activity. Sustainability covers survival needs of the present generation, environment and biodiversity, equity that takes care of the future generation also, and life quality. India has tried to create a significant sustainability in the economy over the six decades. Though the Government attempted social justice through appropriate policies of taxation, public expenditure and programmes to help the disadvantaged and the poor, social justice could not be claimed to have been achieved totally and the conditions of poor has not improved as needed. India can be expected to improve its economy's sustainability in the future and it is forecast that it will be the world's third largest economy by 2050. Obviously the economy will become strong and highly sustainable. But social justice will continue to need the government's intervention.

International organisations like the World Bank and WTO can also play a supportive role to promote social justice. Thus sustainable economy and social justice can be balanced and achieved.

15.9 TERMINAL QUESTIONS

1. What is sustainable economy? What is its significance for social justice?
 2. What is 'social justice'? What is its importance?
 3. Discuss the measures taken by government to promote economic sustainability and social justice after independence.
 4. Briefly attempt to provide some future perspectives in the area of sustainability of the economy and social justice in India.
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UNIT 16 PARADOXES OF DEVELOPMENT AND GANDHIAN ALTERNATIVES

Structure

- 16.1 Introduction
 - Aims and Objectives
- 16.2 The Dominant Paradigm of Development
 - 16.2.1 Promises of Development
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16.1 INTRODUCTION

One who serves the body, serves what is his, not what he is.

—————*Plato, Alcibiades 131.*

Let man always remain greater than what he makes and more precious than what he has.

—————*Lanza Del Vasto, Return to the Source.*

Every age embraces a key word; its repetitive use and redefinition mark the distinctive channels of faith and thought. It has symbolic value; it exerts greater influence upon the nature and direction of men's thinking. This word epitomizes the faith of the times. More than a linguistic vehicle of expressing thought, such words symbolize the conviction of men about who they are and what the world they lived in means. They are both the outcome of thought and the elicitors of thought. Men are fascinated by their referents and properties (Nisbet, 1977).

Such a key word has, since the Second World War, been "development". It has pervaded the contemporary sociopolitical scene in almost all societies. The use of the word "development" by laymen, experts, administrators and policy makers demonstrates its centrality in our thinking and doing.

The widespread use of this word "development" refers to three situations. First, it refers to the discontent about patterns of development in the past. It refers to pervasive poverty and its malignant consequences for human personality and dignity. It also bemoans material deprivation as the primary factor leading to the loss of freedom, self-confidence and self-reliance. Second, the word "development" articulates the belief that the present is malleable and the future

determinable. It also affirms that mankind is capable of amending its own follies thereby successfully erasing the pernicious effects of mal-development to clear the way for a bright future. Lastly, it points, even if ambiguously, to certain referents and properties of the concept of development. When translated into reality, it is hoped, it would induce and sustain ‘proper’ development that will ensure human well-being.

Proper development refers, primarily to three different aspects of man’s existence in contemporary times. First, it is asserted that man’s well-being can be assured only when his material needs, such as wealth, power and prestige, are fully satisfied. Hence, man’s development into a moral being would be assured. Lord Keynes underlines this when he identifies economic development as the foundation of development of all kinds. Thus, the term “development” turns out to be a normative concept indicating the passage of civilisation from one level to other higher levels. Second, such a development is supposed to assure not only individual happiness but also collective well-being and harmonious social relations. And, lastly, development is also seen as a process in which technological advances would free man from strenuous labour, grant leisure that would allow man to cultivate culture and introduce progressive refinements in thought-ways and work-ways.

Thus, the modern paradigm of development holds out the promise of unparalleled richness of life, both in material and cultural senses, and also promises individual felicity and collective well-being. The benign outcome that is expected to flow from development posits happy individuals and harmonious collectivities. It promises well-being by obliterating lower standards of living reinforced by agricultural economy. It also engenders the belief in his power to change himself; he also believes in his power to change the world around him. Thus, development reflects the idea that man can refashion the conditions of his living. However, the satisfaction of ever-proliferating material needs leads unavoidably to the transformation/manipulation of nature to create goods and services.

Interestingly, the search for bodily comfort has been given preference in the name of man’s freedom, dignity and self-determination and also assures leisure, which sustains civilisational progress. The denouement of the modern idea of development has thrown up a plethora of paradoxes. These pertain not only to the failure of the modern paradigm of development to deliver on its prodigious promises, but also to the pernicious conditions created by the idea of development that threaten freedom, dignity of man and above all his very existence because they have pushed mankind to the brink of an ecological disaster.

Aims and Objectives

After reading this Unit, you would be able to understand

- The idea of man underpinning modern development
- Specifications of the modern paradigm of development
- Characteristics and consequences of the modern paradigm of development and its paradoxes.

16.2 THE DOMINANT PARADIGM OF DEVELOPMENT

The idea of development is unintelligible without a reference to ‘who man is’? After all, the first question that we need to answer is: Development for what? Obviously development is for something- a changed state, a phenomenon which can be measured on a temporal dimension along with the substantive changes that it brings about in whatever it touches. Obviously again,

our reference here is to both individual person and the socioeconomic milieu he lives in. As such, development, whether of a person or his socioeconomic environment, implies some implicit or explicit notion of 'who man is' (Heschel, 1965, p80). It is necessary to unveil the idea of man that underlines the world he resides in. It is the substantive idea of man that shapes the world and its characteristics.

Broadly speaking, two different perspectives about who man is compete for ascendance and control. One of these perspectives considers man, as he ought to be. It underlines the need for man to overcome and rise above his base nature and make the pursuit of a higher life purpose, for example, self-realisation, the cardinal principle of his life. It is this principle that must regulate his life activities. To be guided by a higher life purpose is not, in anyway, to neglect or turn one's back to the fulfillment of ordinary life needs. For, the pursuit of a higher life purpose without attending to the fulfillment of ordinary life needs is not possible. The fulfillment of ordinary life needs constitutes the other, very important aspect of man's existence.

Traditionally, the view of man as he "ought to be" was regnant. However, with the arrival of the modern era in the seventeenth century, this view was eschewed in favour of what Giambattista Vico called, "man as he is." This view saw man as simply a mind-body complex, an amalgam of reason and passion. Obviously then, the spiritual aspect of man's existence is suppressed, even excluded. As Thomas Hobbes underlines, the rejection of any ultimate aim or *summum bonum* in life, the rejection of the ultimate aim meant jettisoning the traditional worldview, particularly the idea about man as more than a natural being. As Taylor (1981, p.112) notes:

Traditional worldview considered good life to consist primarily in some higher activity distinct from the fulfillment of ordinary needs involved with production and reproduction of life. Meeting these ordinary needs was, of course, infra-structural to a distinct activity that gave life its higher significance....Lives which lacked the favoured activity, and were entirely absorbed in meeting life needs were truncated and deprived.

With the rejection of higher life purpose, the acquisition of wealth, power and prestige emerged as the focal point of man's activities. A huge industrial system came into existence with a view to fulfilling his endlessly proliferating needs. As a result, economic development came to occupy the highest point on the scale of the values, that not only assures the realisation of man's self-defined purposes and, through it, his bodily well-being but also his moral development.

Thus what was simply infrastructural in the traditional view of man became central in modern times. This made possible for *kama* (desire) and *artha* (resources necessary for satisfying desires) to escape the suzerainty of *dharma* (righteousness) and allowed needs to become limitless and gain auto-legitimacy. Man's life becomes, as John Cooper points out, "open-ended" signifying that man must maximize, as a whole, the amount of certain goods but without specifying at all what this maximum must be (Cooper, 1975, p.83). Here the traditional view of man differs from the modern view insofar as it prescribes limits on the ever-proliferating desires and underlines the principle of limitation of wants as something necessary to install order in man's interior.

The dominant paradigm of development is inspired by a partial image of man; it makes him, in essence, a "broken totality" in Iris Murdoch's view. This paradigm has provided the Third World with a readymade model of What Ernest Gellner calls "social creation". Man participates in social creation by trying to realise his self-defined purposes. And this purpose largely, even exclusively, as Hobbes insists, consists in satisfying one desire after another ceaselessly.

Man emerges as a free subject and becomes, in essence, someone who "follows an internal

purpose and who owes no a priori allegiance to a preexisting order but only to structures that one has created by one's consent." What is striking about men, as Taylor puts it, "is their ability to conceive different possibilities, to calculate how to get them. The striking superiority of man is in strategic power. The various capacities definitive of a person are understood in terms of his power to plan". (Taylor, 1985, p.55). Since man is a striving being, his felicity depends on the degree to which he can satisfy his desires and acquire more and more power for doing so. Therefore his rationality simply becomes instrumental rationality, a vehicle for calculating the optimal means for realising a particular end. Rationality that was meant earlier to control and regulate man's unruly passion turns, on this account, as the calculation of cost and benefit to realise a particular end. As such, rationality becomes subservient to passions, cognition surrenders to will.

The fulfillment of the ever-proliferating desires is claimed not only to be the means of man's felicity but also supposed to promote two other things whose contribution to the development of a person's character is of immense value. In the first place, it is only through the satisfaction of desires that hidden and slumbering potentialities of man are actualised. For Kant, the desire for honour, power or wealth is natural. It stimulates man to strive after rank among his fellowmen whom he can neither bear to interfere with himself, nor yet let alone. Discord is the necessary outcome of this as it awakens in him all his latent powers and "the first real steps are taken from the rudeness of barbarianism to the culture of civilisation."

Thanks be then to nature for this unsociableness, for this envious jealousy and vanity, for this insatiable desire for possession, or even of power! Without them all the excellent capacities implanted in mankind would slumber eternally undeveloped. Man wishes concord but nature knows better what is good for his species, and she will have discord (Kant, 1972, pp.159-160).

In the second place, the claim that discord, fathered by man's desire to possess, leads to the full flowering of culture and promotes progress is not the only one. It is also claimed that in the process of satisfaction of desires radical changes occur in man's nature. For Spinoza, it is the pathway for the development of "kindness" or sympathy. It is also claimed that man is *tabula rasa*, a clean state; it is filled with qualities and attributes in the process of his interaction with the external world. In this process, the external world undergoes changes, moving from one level of development to another higher level. As the external world changes, so do man's motivations and beliefs; that is, his essential nature also changes along with his changing beliefs. This leads to a radical change in man himself. As such, "in a new age, man's individual and social life could undergo almost unlimited change; a radically new order of social relationships could be established, and in that new order there would be fundamental transformation in human nature." (Mandelbaum, 1971, p.142).

16.2.1 Promises of Development

The modern paradigm of development does two things concurrently. First, it draws our attention to the fact that man's past has been flawed in three important respects. It is flawed because of its speculative philosophy, which relying on what Claude Helvetius calls "magic of words" gave more importance to the world above. As a consequence, the world of here and now was undervalued. This tended to ignore the material aspect of man's existence. Poverty, therefore, was not only tolerated, but was also praised and promoted. Consequently, extremely low standards of living, deprivation and even hunger made the lives of a large number of people all over the world extremely miserable. The past has also been flawed because speculative philosophy promoted superstition, ignorance and a multiplicity of doctrines. Doctrinal

differences led to frequent conflicts. The past was marked by deprivation, ignorance and conflict.

Secondly, the modern paradigm of development underlines mankind's promising future and offers the path to achieve it. Repudiating speculative philosophy, Rene Descartes underlines the need to rely on practical philosophy. This will, he argues, render men, "the masters and possessors of nature" (Descartes, 1958, pp.130-31). Practical philosophy projects two important perspectives. The first relates to the creation of a purified universal language encompassing simple, unambiguous and straightforward ideas. Such a language leads, it is claimed, to the unification of all sciences (both physical and moral), on the one hand, and to the reduction if not the elimination of contestable doctrines on the other. Such a language makes knowledge available to all as well as eliminates differences and, therefore, conflicts. The second aspect concerns the mastery over nature; this would pave the way for manipulating/transforming nature with the help of technology enabling man to produce ever more goods and services to satisfy his myriad needs.

The modern paradigm of development releases man from his erstwhile subjugation to the unknown and the unknowable divine entity. His newly earned freedom permits him to indulge his passions and desires. Man must constantly endeavour to create wealth to ensure his felicity. This means that cupidity must be given a free play because it is only by pursuing it that individual happiness and collective well-being can be ensured. The modern paradigm of development, thus promises that man can gain the ultimate knowledge of the universe by developing scientific ability and also promises that by using technology, nature can be pushed to yield its hidden wealth and thereby fulfill everyone's desires. In short, it promises to establish heaven on this earth. It is ironical that the route to the promised terrestrial paradise must pass through the thorny and insalubrious landscape of the enchantment of the body. This paradise proves elusive and ever slips out of man's grasp, and the promised paradise is not only hollow but also never comes to pass. In this pursuit, man has to bear immense misery and suffering. This is the cruellest paradox of the modern paradigm of development.

16.3 DISCONTENTS WITH DOMINANT PARADIGM AND REVISIONS

According to the dominant paradigm of development, the key to personal development and civilisational progress lies in the search for felicity, involving the fulfillment of ordinary life needs. Underlying this conception of development are two postulates. First, the need to produce and create ever more goods and services must be given the highest priority, if the satisfaction of proliferating needs and wants is to be assured. Second, the fruits of development must not be limited to only a few in society; they must be available to all so that they too can enjoy the good life of modern conception. This good life assures everyone a life of affluence, considered to be the means of ensuring salubrious human development, expected to guarantee to man his dignity, safeguard, promote his freedom and give him the necessary leisure and the wherewithal of creating culture. It is also assumed that man's moral and intellectual levels will continuously be raised. With this peace and order will mark human existence.

Central to this prospective is the strategic importance of rationality, and also the primacy of the individual and his liberty. Rationality does not, however, refer to a true vision of things. It is not an active principle of the soul that allows us to rise above particularities or contingencies of our experience and 'participate' in the structure of the cosmos. Instead, reason is conceived of as the handmaiden of appetites; it signifies instrumental, prudential, and calculative reasoning.

It serves not the soul but the body. Its primary role is to suggest costs and benefits of different means of realising a given end. It is then expected that the individual would choose the most advantageous means of realising his purpose.

The dominant paradigm assumes the primacy of the individual who, driven by the need to satisfy his material needs, advocates acceleration of economic growth as the necessary condition of development. This model of development is incompatible with the spirit of communitarianism, creating a market society where internecine competition rules. The spirit of competition characterises market society where self-interest takes precedence over every other consideration. And obligations are determined by the needs of mutual interest. Even common interest is treated as an aggregate of self-interests of different individuals or groups. In a market society, everything is subservient to 'maximisation of profits'. Human beings are reduced to self-seeking animals with no permanent bonds of loyalty or commitment to any great ideal.

16.3.1 The Critique of Romanticism

The dominant paradigm of development has provoked a lot of criticism and most of these refer not to the fact that it makes the fulfillment of ordinary life needs the gateway to man's well being. Romanticism, for example, is opposed to it for its rationalist perspective, which reinforces the subjectivist bias. The rationalist bias pits reason against emotion and man against society and nature. To overcome this separation, Romanticism considers man as a biological organism whose life experience should express unity, wholeness, and purposiveness. As a biological organism, man grows and changes according to the pattern encoded in the person, an inborn inner essence that initially exists in *potential*, known in Greek philosophy as intelligible essence, which, as it were, yearns for its realisation through a natural process of self-unfolding. The process of self-unfolding can get and usually gets distorted and warped, if the environment in which it occurs does not harmoniously echo the person's inner pulsations. On this view, discovering the unique essence constitutes in itself the mode of self-expression.

The vision that Romanticism projects on man and his world has yet to be absorbed and assimilated in public institutions. It constitutes an integral part of modern identity of man and shapes his private aspirations. It advocates a life according to nature. This involves a fusion of the biological and the moral instead of their hierarchical ordering or setting in a relation of rational control. If this fusion were to be fully realised in private life and institutional structures, it would accentuate the opposition between man's subjectivity and the external world.

16.3.2 Marxian Reformulation

If Romanticism attacks the dominant paradigm of development for its predilection for rationality, Marxism does so for its propensity for the primacy of the individual. It cannot be denied that the fulfillment of human needs is *sine qua non* for human development. However, the environment in which these needs are to be fulfilled receives different treatment by different schools of thinkers. Karl Marx makes the fulfillment of man's needs a necessary condition for the actualisation of man's dormant capacities in a characteristically human society. Making a distinction between biological and human needs, he argues that, unlike animals, man has, besides biological needs, which he shares with animals, also non-biological needs (cultural, spiritual, etc.). These needs arise out of activities aimed at satisfying material needs.

To satisfy needs, man uses tools that give rise to production system. Constant proliferation of needs induces a corresponding expansion of man's power along with the application of technology to meet them. However, there develops, in the process, a disjunction between the forces of production, the resources that man can command through his augmented powers and

the relations of production the forms of social organisation, which govern the exercise of these powers and the control of resources. The disjunction is the genesis of dehumanisation of needs and man's alienation.

In the capitalist society, where this disjunction becomes very acute, use-value is transformed into exchange value. Labour becomes a commodity to be sold and bought; workers get alienated from their own labour. Marx uses the term "alienation" in three different senses. First, the workers' product becomes alien to him because his employer appropriates it. Second, as a consequence of this, labour becomes a commodity and capital becomes both a product of labour and a power over labour. And lastly, the entire thing must be considered as an effect of what man has done, an effect, which they never intended, do not understand and cannot control.

Marx believed that alienation in all these forms would cease with the end of capitalism. It will usher in communism signifying the socialisation of all productive forces; it is only through this that production relations could be freed of exploitation, appropriation and the resultant alienation in all the three forms. With the coming of communism, man will become himself and begin to satisfy all human needs. However, capitalism will not end of its own volition; it is to be violently thrown out with the help of revolution. Thus, violence, for Marx is therapeutic since it cures man's alienation; this is tantamount to arguing that the path to heaven passes through violence.

16.4 DEFICIENCIES OF THE DOMINANT PARADIGM OF DEVELOPMENT

The basic feature of the dominant paradigm of development and some of its variants underline the fact that acquisitiveness or avarice, as Adam Smith points out, is unquestionably the most effective means of keeping man's destructive passions under leash. But, avarice inevitably leads to the proliferation of material needs. This, however, remains the cornerstone of development as it is practised today. As a natural result of this, technologically induced and sustained economic growth must lead to a system of a large-scale production system making the advent of industrial civilisation unavoidable. As Adam Smith noted, augmentation of fortune constituted a regular order of fact; even while it is the most vulgar, it is the most obvious means by which, Smith insisted, the greater part of men propose to better their condition. A passion that was condemned as one of the most deadly sins was elevated to the status of the regulator of man's destiny. It was also supposed to be most durable basis of social order.

The pursuit of self-interest thus stands at the centre of the dominant paradigm of development and its variants. The pattern of development that takes its inspiration from the primacy of the pursuit of self-interest neither creates riches for all nor does it promote development of man. It has certainly created riches, but only for a few; it has also succeeded in checking despotism, but has also installed state despotism that is popularly elected, as Alexis Tocqueville notes. What is perhaps more disturbing is that it has distorted man's development, reflecting a phenomenon of mal-development.

Given the centrality of economic development as the basis of all round development, it becomes necessary for man to focus his energies on the mobilisation and utilisation of resources for satisfying his proliferating needs. This leads to the externalisation of man; it means that man becomes simply the reflexive creature of external, largely material, objects which attract or repel him, his relations to those objects, of course, being, to a great extent, determined by his class and economic position. The externalisation of man signifies the suppression of the indwelling divine being. This paves the way for man to become what *Chhandogya Upanishad* characterises

as *kamachar* (life engaged in satisfying desires) or, as Plato calls “the slave of many mad masters”. Man’s slavery to his passions renders him a “broken totality” signifying a split in the interior of man. This further leads to splits between man and society and between man and nature.

These splits are the natural result of the ascendance of instrumental rationality that treats both society and nature as objects. Instrumental view of the external world drains out all significance from society and nature. Given the nature of man as nothing more than a receptacle of interests, he must disengage himself from the external world and seek to mould it to his own will to serve his purpose. That is why freedom is defined as the absence of constraints on human action. But to define freedom in such terms is to give a free play to power drive that transforms social relations into “war of one against all.” It depicts a situation in which everybody must seek to have a privileged access to and control over scarce societal resources. Competition is forced upon individuals because everyone has to fend for himself as his well-being depends on the extent to which he can mobilise the necessary resources in a situation where everyone else is engaged in a similar pursuit. In this competition, a divergence occurs between the good of one individual and the good of all individuals. This is so for basically two reasons. First, there operates a tendency in the economic system signifying that the very process of satisfaction of wants creates wealth, to be sure; however, material growth, as Fred Hirsch points out, creates new wants. The efforts to satisfy these wants create “divergence between what is possible for one individual and what is possible for all individuals. Increased material resources enlarge the demand for positional (that is, status-related) goods, a demand that can be satisfied for some only by frustrating demands by others”.

Second, the pursuit of self-interest is both natural and rational. However, acute competition for controlling resources by individuals and corporations is likely to collide with the realisation of collective good. In promoting his own interest, the individual fails to confront in his own action “the distinction between what is available as a result of getting ahead of others and what is available from a general advance shared by all.” Failing to do so, “the individual who wants to see better has to stand on tiptoe. In the game of beggar your neighbour, that is what each individual must try to do, even though not all can” (Fred Hirsch, 1977, p.10).

These strategies underline the motivation of individuals, signifying the need to outdoing others for comparative advantage. As a result, social co-operation, morality and social harmony become the casualty of human cupidity. The competition of each against all does not imply that all can succeed; some get ahead and a large number of people are left behind. In this unequal race, only the rich and powerful can win. Thus inequality is not only aggravated, but also deepened and perpetuated. Unable to secure equality by their own strength and efforts, people have to depend on the state for attaining and enjoying equality. This allows the state to become omnipotent by entering into various aspects of people’s life, regulating social relations, and severely limiting people’s freedom of choice.

What the dominant paradigm of development does is to encourage what Gandhi calls the “act of establishing the maximum inequality in our own favour”. This mentality accentuates the affliction of inequality, facilitates exploitation and institutionalises domination. It also makes social conflict endemic. It leads to ecological degradation brought about by the relentless use of sophisticated technology that science has contrived. We seem to have reached a state where the follies of man cannot be easily repaired. As Jonas observes, “we live in an era of enormous and largely irreversible consequences of human action, in an era of what I call the total and global impact of almost any of the courses we embark upon under the conditions of technological might; and we must anticipate that these courses, once set in motion will run self propelled to their extremes” (Jonas, 1969, pp.78-79).

The variants of the dominant paradigm of development are least helpful in promoting human development. The reluctance to give up the idea of self-interest and the objective of a materially prosperous life renders them theoretically unsound and pragmatically unhelpful in neutralising factors that impede human development. When things go wrong, they propose not to heal the psyche of man, but to change man's exterior, that is, the society he belongs to. This is tantamount to dealing with symptoms without focusing on the root cause that produces these symptoms. As Gandhi observes, the standard of the kind of life that man must lead is in the interior of man, not outside. He reiterates that it is not possession but possessiveness that is the root cause of man's problems. It is in this context that John Dewey's saying that the Cartesian dictum "I think, therefore, I am" is not as appropriate as the dictum "I own, therefore, I am." And yet, what I own does not either make me happy or even comfortable. Moreover, it has not added to human well-being; rather, there operates the phenomenon of increasing totals and decreasing margins.

16.5 PARADOXES OF THE MODERN PARADIGM OF DEVELOPMENT

The dominant paradigm has led us from crisis to crisis, from bankruptcy to revolt and from revolution to conflagration. Today because of the pursuit of this development the impact of globalisation on contemporary society has become all-encompassing. Human beings are seen as rational, self-interested persons, who economise- make cost-benefit analysis before reaching a decision. Growth and development are understood in terms of consumerism and material success. New Right philosophies and neo-liberal tendencies have given impetus to consumerism and have globally affected public policies. The gap between the rich and the poor is widening. Controversies such as Special Economic Zones (SEZs) have been witnessed in recent years. Terrorism and extremism have become festering wounds. Instead of peaceful means of conflict resolution, wars continue to be seen as a means of dispute-settlement. Dangers of environment degradation have caused panic, thus putting the very survival of human race in jeopardy. In their greed, world leaders find even the modest targets of Kyoto protocol unacceptable.

Leaving aside the upheavals that this paradigm of development inflicts, what are the advantages by which it tempts us? It claims that the use of machines for production helps man to save time and labour, to produce abundance to multiply exchanges between people and to bring them into closer contact and ensures leisure for all. If it is true that it saves time then it is surprising that where machine is the master one sees only people who are pressed for time. The assertion that it saves labour too is not supported by experience insofar as wherever it reigns, people are busy, harnessed to unrewarding, fragmentary, boring, repetitive tasks. Very few have a peaceful family life. These jobs wear a human being out. It can be asked: Is this saving of labour worth all the trouble? Development claims to produce abundance, but then how is it that wherever it reigns, there also reigns in some well-hidden slum the strangest, the most atrocious misery? More importantly, if modern paradigm of development is instrumental in producing abundance, why then can it not produce contentment? Overproduction and unemployment have been its logical accompaniments. If it is true that it has brought people into closer touch, why have people become more intolerant?

The most paradoxical consequence is that man's freedom has been put in jeopardy by the market. In the pursuit of the "cargo cult" man has been robbed of his freedom of choice, does not procure what he wants. Rather the producers of goods and services determine what he acquires. As such, his freedom is given content by forces outside of him (Taylor, 1979, p.106). We should also note two further consequences. First, the trans-market society has placed a

premium on ever-escalating growth and has raised aspirations and expectations. However, as aspirations keep proliferating, their very endlessness ensures that they must eventually encounter frustration on remaining unfulfilled. This necessarily heightens social tension and puts a strain on societal relations. Second, as the pace of industrial civilisation becomes fast, minority alienation also amplifies. The erosion of traditional identity and its supportive structures have stimulated radical movements with millennium hopes of laying the foundation of a new future. However, these new beginnings fail to make any dent in obtaining harsh reality. As the promissory note of a better future proves untenable, frustrations multiply; unrest escalates; and social accord breaks down. With increasing unrest, differential characteristics of minorities and ethnic groups become politicised and the system becomes crisis prone. It is paradoxical that while traditional referents of identity have lost their sheen, they provide the basis for political unrest and conflict. As a consequence, discord not harmony becomes the prominent attribute of modern society.

16.6 GANDHIAN ALTERNATIVE

The preceding discussion underlines that as long as acquisitiveness and proliferation of needs remain the corner stone of human development, the economic system geared to fulfill human needs will have to depend on industrialisation. Once this choice is made, man's externalisation will eclipse his inner-being and the resulting alienation of man will create several fundamental problems. Since life will remain mechanically organised, man will be unable to develop his capacities to become human. Thus atrophy of man will be complete. It is against this background that the Gandhian alternative assumes significance.

Gandhi's primary concern is to remove this difficulty that man faces by denying the development of his capacities to become human. This requires the reversal of the process of man's externalisation. Gandhi observes that in the West, they always think of raising the standard of life for improving human condition, however how can an outsider raise the standard when the standard is within all of us? This inner standard is the indwelling divine. As such, true development of man lies in his effort to get closer to God. For Gandhi, the attunement of the soul to the divine ground of being is the firm foundation of development.

To seek to come closer to God is to install an overseer in one's interior who takes a critical view at what man thinks and does. By installing this overseer man links his finite existence to the absolute, which happens to be the source of truth, meaning and value. This linkage between the finite existence of man and the absolute makes the requisite change in the inward spirit possible. This change in the inward spirit occurs in the lived world. Two conditions must be fulfilled to promote this change. Firstly, the conduct of different life activities- social, economic, political etc., must reflect a commitment to and be permeated by the requirements of the quest for change in inward spirit. To be sure, this quest proceeds in the lived world; it must take note of the empirical reality that confronts man. There must, on the one hand, be harmony between man's inner life and his external life activities and, on the other, there must also exist a harmonious coexistence between the members of society.

Gandhi equates economics with ethics. Economic life and relations must be guided by moral values, as economics must serve the cause of justice. This is possible by promoting *Sarvodaya*. The key to this is the principle that "we should "cease to think of getting what we can and we shall decline to receive what all cannot get." As Gandhi underlines, "Earth provides enough to satisfy every man's needs but not for every man's greed." To live according to this principle is to emphatically put a stop to satisfying material needs beyond a limit. Gandhi recognises that "a certain degree of physical harmony and comfort is necessary but above a certain level it

becomes a hindrance instead of help (CWMG, VOL.XXXV, p. 174). To cross this limit is to allow it to degenerate into physical and intellectual voluptuousness". Gandhi insists on minimising one's wants. One must resolutely refuse to have what millions cannot. However, all must enjoy the necessities of life. It is only on this basis that economics will be able to shed what Gandhi calls its "demonic" character. Also the internal and external aspects of man's life can be well harmonised and human happiness can be combined with mental and moral growth. The troika of physical, mental and moral growth constitutes true human development for Gandhi. With the synchronisation of all the three aspects, human development can be assured. This development becomes instrumental in establishing a proper balance and harmony between man's internal and external existence, between man and society and between man and nature.

According to Gandhi, it is through the refinement of individuality that a healthy social set-up is born. By the refinement of individuality, he meant changing life into a pursuit of truth, through the twin paths of "*aparigraha*" and "*ahimsa*". He says: "Man's happiness really lies in contentment. He who is discontented, however much he possesses, becomes a slave to his desires. All the sages have declared from the rooftops that man can be his own worst enemy as well as his best friend. And what is true for individual is true for society" (Ibid, vol.LV, p.62).

Self-contentment and the consequent simple-living can curtail the wants of human beings. Multiplication of material wants is the root cause of exploitation. Therefore, an individual has to grow above the material plane of knowledge and experience and reach a higher level of spiritual plane. Gandhi believes that spirituality should be reflected in the day-to-day affairs of an individual. This spiritual dimension compels one to see a relationship between man and nature. This sense of harmony along with self-contentment minimises the attitude of exploitation of nature and fellow beings. Minimisation of exploitation and maximisation of happiness is the essence of Gandhian philosophy of development. This can be realised only when the principles of "*aparigraha*" and "*ahimsa*" are practised by the individuals in a society. Gandhi insisted on 'production by masses' over 'mass production' by machines (Young India, 13-10-1921, p.325). It was also necessary to prevent the concentration of wealth. According to him, the present use of machinery tends to concentrate wealth in the hands of a few in total disregard of the teeming millions whose bread is snatched by it out of their mouths. Gandhi's principle of non-violence was not confined to dealing with human beings. He wanted to extend it to dealing with nature. In effect, he deprecated the actions that degrade the earth, impoverish nature by overexploitation of its resources and create inequality among human beings. He pronounced a code of ethics for the society and the individual. Ethics, with truth ensconced in the centre, guided all spheres of man's life. His concept of 'bread labour' insists that individuals do physical labour thereby raising the dignity of labour. To eliminate dominance and exploitation, a system of self-governance of small communities was for him, the logical step (CWMG, vol.LXIII, p.241). He emphasised devolution of political and administrative power. He argued for Swadeshi, where the communities will conduct their business by consensus, depend on the use of local resources for the satisfaction of their needs, but coordinate with the neighbouring communities for mutual help. This, according to him, is true development.

16.7 SUMMARY

This Unit highlights the discontent aspects of the modern paradigm of development. It is paradoxical that man, instead of turning inwards to attain ultimate happiness through spirituality is taking recourse to the material wealth and multiplication of wants as the ultimate source of happiness. Gandhi opposed this materialism. He was in favour of an economic system in

which every person earned his bread by 'bread labour'. Gandhi elevated economics from a mere material plane to a spiritual plane and directly related the science of economics to the science of life, which, he felt, would lead to the right kind of development.

16.8 TERMINAL QUESTIONS

1. The modern paradigm of development promises a better life for all. Critically examine this statement.
2. 'The modern paradigm of development must be given up in favour of Gandhi's idea of development'. Analyse.
3. In what way does the dominant paradigm of development differ from the Gandhian idea of development?
4. What, in your view, are the paradoxes of development? Can they be corrected or overcome without adopting Gandhi's worldview?

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