

# Gandhian Economic Model of Development and Its Relevance in 21<sup>st</sup> Century: A Review

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**Abstract:** *There is hardly any aspect of human life which is untouched by the philosophy of Mahatma Gandhi, who was considered the father of India. Like all his thoughts, Gandhi holds spiritual orientation in his economic conception as well. His economic conception advocates decentralisation, small-scale and cottage industries, economic equality, criticism of capitalism and excess of mechanisation. Gandhi criticised the Western mode of lifestyle based on materialism. Gandhi wanted to reduce the dependency of villages on cities and make them self-reliant and self-sufficient. He pointed out that everyone should earn his/her share of bread after rendering required labour only. His criticism of heavy industrialisation and capitalist economy is driven by the objective to ensure prudent utilisation of natural resources and to avoid the accumulation of wealth/property in the hands of a few. Like the conception of Swaraj, his economic conception also advocates for the upliftment of people at the grassroots level, like communism. Also, in no way did Gandhi wish to snatch away the property of the rich but distribute wealth voluntarily in his concept of trusteeship. In this review paper, various principles of the Gandhian model of economic development, such as critique of heavy mechanisation, trusteeship, decentralisation of the economy, Sarvodaya, Swadeshi, education, environmentalism and rural regeneration, and its relevance in the 21st century are explored.*

**Keywords:** Mahatma Gandhi, Cottage Industries, Trusteeship, Decentralisation of Economy, Sarvodaya, Swadeshi, Education, Environmentalism, Rural Regeneration.

## 1. Introduction

Gandhi, the great Mahatma of India, was a man of vision, and it was his vision with a reformist mindset that led the Indian freedom struggle to succeed from the British colonial rule. Today the world is facing other sets of issues such as depression, war, poverty, and unemployment originating from the fierce competition in the capitalist societies of the world. Mahatma Gandhi was not an acclaimed economist in academia, but his economic thoughts with his views on small-scale and cottage industries, swadeshi, trusteeship and rural development were relevant to the current pressing issues in the world. His economic thoughts were very crucial in decreasing, if not eliminating, the economic divide between rich and poor and were influenced by his two guiding principles of 'truth' and 'non-violence'. He believed further that work was not only an economic activity but also was necessary for spiritual growth, and his emphasis was on morally correct goals, which were crucial to his economic thoughts. On the issue of exploitation from rich nations to poor nations, he believed that 'there are enough resources in the world to satisfy everyone's need, but there are not enough to satisfy everyone's greed', and economic development of the nation should be based on its culture and condition (Anand Mittal, Nokhwal, and Arjun Mittal, 2019). Critics of current economic growth that emphasises additional economic growth needed for the country's welfare programmes and declining job levels argue that such an economic framework is a crisis in itself. Alternative strategies may soon be seen in the current economic sphere, as there is a range of stark alternatives available to us than before. Although it is not possible to revive historical consumption and production habits completely, what really differentiates Mahatma Gandhi's economic vision is the ethical considerations and sustainable growth which cannot be separated (Adhikari and Saha, 2023). According to him, the capitalist mode of production of the recent growth fails to give the dignity of

labour and happiness of human beings (Gope and Chatterjee, 2022). Gandhi became more practical, and he gave a constructive programme for village regeneration and put forward the ideal of Sarvodaya (Savitha, 2015). Therefore, the objective of this review paper is analysing the present economic scenario from the Gandhian perspective of economic development and to see whether his vision is still relevant.

## 2. Gandhian Model of Economic Development

### 2.1 Cottage Industries

Mahatma Gandhi was not against the concept of mechanisation and industrialisation, and according to him, mechanisation is good only where the hands are few and not in the case of populous countries like India. He further argued that if India embraces mechanisation, it will not only put thousands of workers out of jobs but also put them in irreversible poverty and unlivable conditions. To express his concern about the mechanisation, he wrote, "It is one of the few useful things ever invented, and there is a romance about the device itself. Isaac Merritt Singer saw his wife labouring over the tedious process of sewing and seaming with her own hands and simply out of love for her, he devised the sewing machine to save her from unnecessary labour. He, however, saved not only her labour but also the labour of everyone who could purchase a sewing machine" (Bose, 1996). Therefore, in the context of India, he recommended cottage industries that would produce labour-intensive jobs and would keep villagers occupied throughout the year in a self-reliant rural economy, which was the majority of Indian society. Further, he advocated that work is not just for capital production but also an important means for the dignity of labour, filled with a sense of responsibility, duty and dignity, making people industrious and self-reliant (Jha, 2020).

## 2.2 Trusteeship

In Mahatma Gandhi's trusteeship economic ideas, he differed from the compulsive nature of Karl Marx's classless society and state ownership of the property. In colonial rule Gandhi experienced that the concentration of wealth and resources is limited to only a few, whereas most of the population lives in hunger and poverty. He believed that absolute equality may not be possible, but with his economy of trusteeship, the gap between rich and poor can be reduced. He further added that all the individuals should live on day-to-day labour and not make a stock of things, and that would lead to the betterment of the society. According to him, rich people should consider themselves as trustees of the common good of the people and those who have been displaced and marginalised and distribute their wealth voluntarily for the betterment of the society and the nation as a whole (Ghosh, 2020).

## 2.3 Decentralisation of Economy

Decentralisation of the economy was at the heart of Gandhian economics, and it was his idea that each individual should work for his own food and clothing with appropriate and moral means of production, highlighting the dignity of labour. He believed that equality does not mean everybody has an equal share, but it means that everyone should have enough according to their needs. He knew that industrialisation would lead to overexploitation of the natural resources, and the individuals would give birth to immoral and violent means. This was evident in the industrialised development model that was chosen after the independence, whereas Gandhi's economic vision was focused on improving mental and moral growth synonymous with spiritual growth. According to him, this end could be achieved under decentralised governance where everyone is considered as his own master (Ghosh, 2020). This can be done by empowering local self-governments as in the case of 'Panchayati Raj' at the rural level and 'municipalities' at the urban level. Another example of such local governance is the 'Gram Volunteering System' in the case of the Indian state of Andhra Pradesh, where each volunteer is responsible for the welfare and reachability of their rural areas. In the current political scenario, decentralisation of governance has become very popular in many countries (Raghuramapatruni, 2020).

## 2.4 Sarvodaya

Mahatma Gandhi was influenced by the writings of John Ruskin in his concept of 'Sarvodaya', meaning upliftment of all (Dash, 2020). According to him, means and not the ends are important to achieve a goal in human civilisation that is built on truth and non-violence. Thus, he believed that duty towards his pets is equally credible as his duty towards the freedom movement, and the right to earn a livelihood and live their life to the fullest is equal to all despite his status and qualifications. His economic philosophy of 'Sarvodaya' does not contribute to the economic status of the country which is represented as the Gross Domestic Product (GDP) but simply in terms of the happiness of all. However, currently, as per the World Bank statistics of 2019, India's top 1% of the population holds 73% of the wealth, while the rest of the population saw their wealth rise by only 1%. Thus, the billionaire boom is not the thriving economy but a system of

a failing economic system (Raghuramapatruni, 2020).

## 2.5 Swadeshi

Mahatma Gandhi could understand the importance of 'Swadeshi' as a means to end the misery of millions of masses in India based on his principles of truth and non-violence. He defined 'Swadeshi' as "the spirit in us which restricts us to the use and services of our immediate, to the exclusion of the more remote" (U.R.Rao R. a., 1996). In his concept of 'Swadeshi', he advocated the use of produce that has been manufactured by local artisans and the exchange of goods locally where they are found deficient (Ghosh, 2020). 'Swadeshi' not only created jobs for millions of people who were struggling to meet their ends but also helped to improve their moral and spiritual goals in life.

## 2.6 Education

Mahatma Gandhi focused on an education system that leads to practical utilisation and an independent living that provides effective output to lead his life. According to him, the aim of education should be character building for strengthening towards working for great aims and not just work as a money-building tool. He believed that adult education is also a key factor in the education system to support their earning in the latter half of their lives. Furthermore, he advocated preaching on individuals with values and vocational education that outlines sanitation, hygiene, health, farming, and weaving (Raghuramapatruni, 2020). However, in the current scenario, academic excellence and theoretical knowledge are given more preference where there is no balance between demand and supply. Therefore, there is an urgent need to introduce Gandhi's 3Hs of education, i.e., head-on, heart-on, and hands-on education with skill courses. Such a change will provide better job opportunities, free-of-cost training, guarantees of employment, important entrepreneurship, a focus on various skills, development of the rural sector, provision of international opportunities, registered & certified courses and trained workers, improvement of several personal skills and productivity, etc. Through these activities, the socio-economic structure of the nation can be improved (Prajapati, 2020).

## 2.7 Environmentalism

The carbon-intensive industrial revolution of the 19th century did transform the world economy, leading to consumerism and materialism at the cost of nature, and has threatened its very existence by giving rise to environmental issues that are now widely acknowledged in the world. There have been some constructive efforts also made to reverse these environmental consequences by United Nations (UN) and national and international organisations to make the economy more sustainable that gives preference to ecological balance. Mahatma Gandhi had envisioned these environmental consequences much earlier in his life; therefore, are relevant and impactful, and today his silence speaks louder than words. Although environmental issues were not particularly a concern during his time, his writings on environmental preservation were a rich text that was beneficial in safeguarding the human race and the other species. His contribution to environmentalism was changing the lifestyles

and basic values which he was leading by example in which he said, "My life is my message." Even today the solutions on environmentalism given by Gandhi are seen as a ray of hope for many (Tripathi, 2020).

## 2.8 Rural Regeneration

Mahatma Gandhi toured all over India before he began the independence movement in India and found that the real India is found in villages and not in towns and cities. However, industrialisation that took place after independence brought mass poverty and unemployment in rural areas, leading to large-scale migration (Jain, Rawat, 2019). What Gandhi had envisioned was rural regeneration that would not only deal with the physical upliftment of villages but also the moral values. In his regeneration model of rural development, he covered every aspect of development, such as health, education, employment and the socially useful amenities required by the village community. His vision was that if all these amenities and facilities are provided at the rural level, that will reduce the dependency on cities, and the development would follow truth and non-violence with no place for mutual exploitation, but it will be of mutual cooperation. He further added that "village economy cannot be complete without the essential village industries such as hand-grinding, hand-pounding, soap-making, papermaking, matchmaking, tanning, oil pressing, etc. The other village industries cover cattle farming, dairying, farming and compost manure" (Ghosh, 2020). As a visionary of independent India, he wanted village republics which are self-governing and independent of external markets that would make her vulnerable. He further argued that villages should have a strong economic base and should prioritise local goods and services and follow the spirit of extended family rather than a collection of competing individuals. Schumacher, in his book *Small is Beautiful*, said, "Gandhi abhorred the industrial civilisation because it was based on callous exploitation of non-renewable resources (Upadhyay, 2019).

## 3. Gandhian Economy and its Relevance in 21<sup>st</sup> Century

According to the latest data, countries which are trying to follow socialistic principles in policy-making, which include Denmark, Finland, the Netherlands, Canada and Norway, are better off in their happiness index than the countries pursuing capitalism in recent times, which include Germany, China, the United States of America, Japan and India. Although there are multiple factors that decide a country's happiness index, it is mostly based on whether the country is socialist or capitalist. Thus, it is to be acknowledged that long-term happiness is rooted in Gandhian socialist principles of development (Anand Mittal, Nokhwal, and Arjun Mittal, 2019). His model of development is the blueprint that provides solutions to the economic problems of the modern world to be human-centred, sustainable and equitable. The Gandhian model of economics is purely based on human wants and societal wishes compared to capitalistic values and possessions. His enhanced socialist model with individuals having high moral values such as trusteeship, Sarvodaya, self-sufficiency and environmentalism thus acts as custodians of the natural resources in the production-consumption cycle, emphasising local employment. Thus, Gandhi's vision was

for collective welfare that would lead to societal change and world harmony. Therefore, in light of the modern world's socio-economic and environmental issues, Gandhian principles can provide a guideline, if not a direct solution (Tiwari, 2024).

Many scholars and economists were of the view that Gandhian economics was backward; however, it is to be noted here that Gandhi did not glorify poverty and labelled it as a sin. His economics was based on the parity of means. He believed that equality should be based on the value of trusteeship, where he not only looked at the interests of the poor and dispossessed but also appealed to the middle and upper classes to live a lifestyle of voluntary simplicity that was reflected in his 'Tolstoy Farm' community in South Africa. Today the Voluntary Simplicity Movement (VSM) is gaining ground with a motto of simple living, restrictions of wants and minimisation of the size of our ecological footprint that leads to viable options for peaceful coexistence and sustainable development (Vikas Singh and Vina Singh, n.d.). The illustration for living in such sustainable ways was observed during the COVID-19 crisis, where during the lockdown period our lives were simple; we came out only for bare necessities, stopped unnecessary outings, and life went on. It proved we could live a simple and healthy life. This simple approach towards life leads us to think about the greatness of a man, Gandhi. (Pathak, 2020).

## 4. Conclusion

Gandhian economics is considerably different from the current norms of the economy that are measured in terms of Gross Domestic Product (GDP) of the country and other mainstream economic concepts. The objectives of the Gandhian economy were to improve the quality of life of the citizens by improving their moral standards based on his principles of truth and non-violence, where there is no chance for exploitation by either of the classes but a mutual cooperation with his concept of 'Trusteeship' and 'Sarvodaya'. Through cottage industries and the rural economy, he addressed the issues of the masses in India by providing them employment opportunities and dignity of labour, where each worker is responsible and in control of his own needs. Moreover, in the Gandhian economy, the focus was on less dependence on materialism, environmentalism, development of agriculture and rural areas, empowerment of women and education that improves employability. This complete setup would naturally build up a non-exploitative society and economy. Thus, the Gandhian model of economy can be rested upon in the present context and be applied globally owing to its diverse ability to construct better economies.

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## Author Profile



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