



# Relevance of Nehru's Economic Policy

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**Abstract** - This paper contains the ideas of Nehru on economic policy. It is a matter, which widely accepted that the suitability of the central planning initiated by Nehru in India to achieve the desired objectives of Socio-economic development. During and after Nehru's era the continuation of plans and adoption of mixed economy are the pioneering steps for achievement of social justice, equity and employment generation. His vision in creating local government in the form of Panchayat Raj bodies continues to guide our rural development efforts as well as the socio-economic and political life of rural India. Nehru put much emphasis on science and technology as a means of attaining food grain, self-sufficiency and rural uplift.

**Keywords** - Economic Welfare, Social Assimilation, Oppressed Masses, European Revolution, Government, Socialism, Mixed Economy.

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Nehru was one of the few politicians of his time to have received a great deal of attention, admiration and respect from many quarters. In the history of modern India, his name figures with prominence. After Mahatma Gandhi, he was the only leader who could influence Indian masses through his ideas and charismatic personality to the extent that people could not think of an alternative to him for leading the country till his death in 1964.

"The democratic view of Nehru is keenly concerned with the economic well-being of man. It takes into full consideration the rise of socialism and the working class movements. The good life certainly implies a measure of satisfaction of man's essential economic needs, which will relieve him of continuous oppression and fear. Political democracy must be accompanied by economic welfare and social assimilation. To a starving man, democracy means nothing; so appears the problem for democracy's-a more equitable distribution of wealth and material happiness among the people. Socialistic ideas should be connected with ideas of political democracy".<sup>1</sup> "All our institutions, including the parliamentary institutions, are ultimately the projection of people's character, thinking and aims. They are strong and lasting in the measure that they are in accordance with the people's character and thinking-otherwise, they tend break up."<sup>2</sup>

## Beginning of the awareness of Economic Issues:

The year 1920 was marked by a significant shift in Nehru's socio economic and political outlook. His first direct contact with the Indian peasant in that year gave him an insight into

their living conditions He wrote "In 1920, I was totally ignorant of labor conditions in factories of fields and my political outlook was entirely bourgeois."<sup>3</sup> His visit to villages and the personal experience with the peasant folk gave him insight into the real India" "That visit was a revolution to me."<sup>4</sup> Nehru felt visibly moved by their miserable conditions of life. There he patiently listened to their tales of woes, of oppression and inhuman treatment at the hands of the landlords, talukdars and moneylenders.

"Nehru began to discover the real India in terms of the oppressed masses. The instant sympathy that he developed for them was bound to be a key note of his future thinking. What surprised him most was that the peasant's protest against oppression and exploitation was taking place largely uninfluenced by any political group. The agrarian agitation was entirely independent of the congress and had no relation with the non-co-operation that was taking shape."<sup>5</sup>

Nehru had at that stage, no clear idea of peasant participation in politics. His entanglement with the *kisans* in united province was purely accidental and he had, at that time, no desire to organize any revolutionary peasant movement as Nehru observed"... Ever since then my mental picture of India always contains this naked hungry masses... And the impression I gathered were indelibly impressed on my mind."<sup>6</sup> It also made him aware of the weakness of the nationalist movement as it remained almost out off from the masses. His main effort was, therefore, to strengthen the mass base of the National Congress by enlisting the support of the *kisans*

Nehru's concept of freedom at this stage was purely political. He has no clear thinking on social and economic implications of the political struggle for which he sought the co-operation of the *kisans*. As a matter of fact he had even accepted rather "Unthinkingly that economic issues should not hinder political activity, and till swaraj was attained peasant should not complain about their economic disabilities."<sup>7</sup> However in the light of his new experiences he succeeded in establishing a direct communion with the masses which subsequently enabled him to assume mass popularity "But unlike Gandhi, Nehru never tried to identify himself with the masses in dress, habits or mode of living. He neither practiced asceticism nor accepted it ever as a social ideal But from the beginning of his direct contact with the masses, Nehru developed a passion for social justice, and he began to pay his attention to the economic aspect of the political struggle for freedom."<sup>8</sup>

**Comprehension of the economic implications of imperialism** - Nehru had undergone a gradual change in his ideas and outlook during 1922 to 1926. The change was quite apparent particularly after his return from the European tour in 1927. His experience at the Brussels Conference as well as a continuous process of self education brought about a radical change in his thinking. Further his close contacts with the European revolutionaries and movements created in him a new awareness of the forces which were shaping the destiny of mankind. "He drew the attention of the Congress to the naked manner in which British Government steadily pursued their policy

to divide and rule, of keeping the feudal princes in power, of supporting rich landlords and promoting an unholy alliance with the Indian capitalists. The imperialists were doing everything in their power, Nehru emphatically stated, to hold on to India. At the end he made an impassioned appeal to all progressive forces to lend their support to the just struggle of the Indian-people.”<sup>9</sup> "He believed that the dominant class-the class which controlled the means of production was the ruling class and the class conflicts in an exploitative and oppressed society could not be avoided-As an intellectual he had diagnosed the social maladies arising out of class antagonism and thoroughly understood the social significance of each one of them. But on the practical side of his politics, he remained extremely cautious a man.”<sup>10</sup>

Personally Nehru had nothing against England or the English people. His resentment was fundamentally against the system which Britain was holding on. Nehru was clear in his mind that so long as imperialism was not rooted out, mankind would continue to suffer both exploitation and oppression. The goal of the nationalist movement, therefore, shall be the destruction of all imperialism and reconstruction of the society on an altogether new basis. That basis must be socialism. The national ideal, according to Nehru, shall be "the establishment of a co-operative socialist commonwealth and our international ideal, a world federation of socialist states.”<sup>11</sup> Nehru asserted, India had to be uncompromisingly anti-capitalist, anti-feudal, anti-bourgeois and of course anti-imperialist”<sup>12</sup> and its sole objective should be the establishment of a democratic socialist republic in a completely free and independent India. "Nehru regards socialism as the panacea of human ill's like poverty, chronic un-employment, and the feudal system of social economy. The concept of his socialism is a type of empirical collectivism. The increasing economic legislation in recent time has been variously called liberalism, radicalism, popularism and progressivism but the distinctive mark is the collective tendency. Nehru as a collectivist, has rejected the extreme form of economic determinism. His idea of empirical collectivism, visualizes that though many industrial projects may be owned by private sector, yet they should be subject to state regulations. Such control is democratically necessary in order to secure justice for the working class as well as for the community. The ultimate aim of a democratic-socialist state should be the development of man, peace and order. Nehru felt that state must centralize certain works of public utility, but at the same time it must safeguard the rights of the individual. There should not be exploitation of many by man.”<sup>13</sup>

**Planning for a Mixed Economy-** In the late thirties Nehru came to the conclusion that it was no longer necessary nor possible in India to abolish the capitalist system as a whole. "All that he wanted was to reform it by gradually introducing some of the basic tenets of socialism until a new economy combining both capitalism and socialism emerged.”<sup>14</sup> "It should be noted that in the twenties when he bitterly criticized capitalism and held it responsible for all miseries, and suffering of the people, he was in fact, attacking the 'laissez faire' capitalism. In this context Nehru paid rich tribute to capitalism for many of its great achievements particularly in the field of knowledge, Science technology, medicine, sanitation and many other things. Since early forties it became quite apparent that his bitter antagonism to capitalism was being modified. By

that time in several countries of the west, capitalism had been civilized, tamed and toned down, and many of its old evils extirpated by the insistent demand of the masses....”<sup>15</sup> These countries were working vigorously to provide a better life for masses. "Nehru was aware of these developments however continued to stress the importance of socialism for tackling contemporary economic and social problems. But finally he threw himself in favour of a mixed economy as the most suitable, and most practicable, for India. It would be an economy, he asserted, in which socialist principles and ideas will prevail generally, along with a fair share of capitalism. Thus the concept of a welfare state on the basis of a mixed economy in place of completely socialized society became Nehru's political creed and programme of action.”<sup>16</sup> Nehru realized that an economic regeneration was a prerequisite of a progressive modern life and it could not be achieved except through a concerted planning. "Insistence on planning for social and economic reconstruction, thus became a cardinal feature of his thought. He was also deeply impressed by the Soviet economic development through planning, which, according to him, caught the imagination of the world.”<sup>17</sup> "Everybody talk 'planning' now, and of 'five year' and 'ten year' and 'three year' plans. The Soviets have put magic into the world.”<sup>18</sup> The fact that Congress was in charge of the administration in many Indian provinces under the Act of 1935, added a new dimension to his ideas on economic planning, Subsequently in 1938 when the Congress decided to set up a 'National Planning Committee' with Nehru as its Chairman, he boldly accepted that challenging task. He took up to work in all earnestness and constituted a broad based committee enlisting the service not only of the congressmen but also of scientists, economists, businessmen and industrialists. Nehru as Chairman of Planning committee became a significant factor in the literature of economic planning in India. To Nehru, Planning was necessary ingredient of a socialist economy in a democratic structure. However, he had no intention of frighten away any section of the people by stressing the socialist aspect. Nehru became more and more forthright in his views. His idea, at that stage was to take advantage of the Congress resolutions of 1929 and 1931, the former pleading for revolutionary socio-economic changes and the latter demanding state control over the key industries and services.

Nehru's concept of planning was not based on any dogmatic or doctrinaire consideration. "He was guided more by the desire for quick result than by any ideological adherence. His only interest was put the people on the road of steady economic and social progress.”<sup>19</sup>

Nehru's concept of a mixed economy involved the recognition of public and private sector's participation in the developmental activities. Key sectors of the economy were to be wholly under state control while the private sector operated in other spheres. But the private sector must be subject to state control so as to make it function within the objective of the national plan. While commenting on the role of private sector, Nehru observed, "the control over the private sector will relate not only to its dividends and profits but will extend to all the strategic points in the economy of the country”<sup>20</sup> within the broad framework of the national plan, private enterprise was to receive sufficient encouragement to operate in many fields. He envisaged more and more

state control over the private sector gradually as the years passed on making the mixed economy sufficiently capable of adapting itself, to changing conditions.

Nehru's arguments in favour of mixed economy might sound logical if not convincing. According to him the choice before the country was between the socialist and capitalist system of economy. But in view of the serious shortcomings inherent in each of them, he was not prepared to exercise the choice. He argued "Western economics though helpful, have little bearing on our present day problems. So also have Marxist economics which are in many ways out of date even though they throw considerable light on economic progress. We have thus to do our own thinking, profiting by the example of others, but essentially trying to find a path for ourselves suited to our own condition."<sup>21</sup> Thus it was unwise, according to Nehru, for India to imitate any economic model from other countries. "India must evolve a system which suited her own requirements and genius. The ideal of mixed economy was thus considered to be the best. Nehru was quite emphatic about this when he declared (economic) change will have to be in the direction of a democratically planned collectivism..... A democratic collectivism need not mean an abolition of private property, but it well mean the public ownership the basic and major industries..... India especially it will necessary to have in addition to the big industries, co-operatively controlled small and village industries. Such a system of democratic collectivism will need careful and continuous planning and adaptation to the changing needs of the people."<sup>22</sup>

"Nehru's view on mixed economy involve the recognition of public & private sector's participation in the developmental activities. Within the broad framework of national plan, private enterprise was to receive sufficient encouragement to operate in many fields. The result was that the country, under his leadership began to embark upon a capitalist path of development, planned and controlled to some extent because of a sizeable state sector and a few welfare measures."<sup>23</sup>

In recent times, the growth with social justice for the oppressed and under privileged masses would continue to be the guiding principle of the govt policies. The government's policy of thrust on poverty alleviation programs would be through employment guarantee schemes and subsidized food distribution to the poor, proper targeting and linkage of the food programmes with employment is necessary for the rural development so that food did not become a dole. The Nehru's model and his strategy of development shall continue to be guiding spirit for the upliftment of the Indian rural masses. His agrarian policy was designed with a view to increasing agricultural production by means of scientific and technological changes. He laid emphasis on the co-operative movement with a view to rooting out the rural backwardness and ensuring facilities to farmers. He planned and implemented developmental schemes for the promotion of the welfare of the weaker sections.

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