

## **People Oriented Development: A Key to Resolve Global Crises**

**Dr. Ganesh Kawadia**

Professor and Head

School of Economics, Devi Ahilya University

Indore, India

**Miss Era Tiwari**

Junior Research Fellow funded by

University Grants Commission (New Delhi)

At School of Economics, Devi Ahilya University

Indore, India

### **Abstract**

*The paper attempts to view corporate oriented development process through the historical lens. It then proceeds to point out its obvious limitations in attaining true ideals of the development process. It further advocates that prevailing major global problems need an alternative mode of development for their effective solution. The flaws of market based modern economics have been discussed in great details. Socialism has been rejected as a viable alternative to the market system based on historical evidences. Paper argues for a search of an economic system which may lead to people oriented sustainable development, satisfaction, peace, happiness and incorporation of ethics as well as self-regulation in the profit maximization scheme of western economics. The search finally finds an answer in the Gandhian ethics and principles like self-reliance, trusteeship, localism etc. Their close resemblance with prevalent ideals of sustainability, corporate social responsibility and equity has been tried to be established. Paper maintains that despite Gandhiji's not being a trained economist, his suggestions and methods provide a rich insight into the right economic discourse to be adopted and have inspired some celebrated economists like Schumacher. It is in no measure opposed to scenario of growth but is rather a complement to it. The combination of ethics with economics truly makes the resulting development discourse "a people oriented development" discourse. This is the requirement of not only India but of the whole world in the current scenario.*

**Keywords:** Corporate oriented development, historical, limitations, problems, alternative, Gandhian, ethics, corporate social responsibility, People oriented development

### **Introduction**

World has registered tremendous growth in the last two decades. Global economy has increased in its size many-fold. GDP Nominal is up to US\$71.83 Trillion and GDP Purchasing Power Parity is up to US\$84.97 Trillion. Innovation led growth has primarily promoted investment on research and development. There has been fast transfer of technology and knowledge, better communication facilities and superior technologies available to integrate countries. The resultant global economy is thus flat and closed with a range of products available for consumers to make intelligent choices. These conditions, in sum have made everyone to aspire for a better quality of life. However, not everything is as fine as it seems to be. Along with prevailing general scenario of optimism, a number of world problems have also entered mass-consciousness in recent decades – such as hunger, poverty, vulnerability, environment, sustainability and population. The growth path being chosen or experienced is full of pains. There has been increased inequality in the world. Fifty percent of the world population is not able to earn \$2 per day. Merely 0.15 percent of the world population is millionaires. The world is experiencing increasingly more monopolies by countries which are equipped with know-how and power. There exists a perpetual poverty trap as poor do not have a share in trade. Deterioration in terms of trade for developing countries has been experienced and increasingly fewer countries are exercising control over natural resources. The dependence on foreign capital has increased. As a result more and more crises are coupled with rest of the world.

There have also been many distractions of growth. The growth has been largely jobless in its nature. The world is currently experiencing 9 percent world unemployment rate. The growth has also failed to trickle down. It has been a scene of unstable and uneven growth with trade acting as a source of exploitation of weaker partners. Trade has largely led into the creation of monopolies by countries having power and the much sought after know-how. Poor countries usually do not have a fair share in trade. So, there has been a consistent deterioration in terms of trade for developing countries. The world is thus a much more vulnerable place than before with the risk of getting affected by the communicable crises even if the virus originates at remote locations. These issues have been vigorously debated in varied academic circles. Introspection is going over the fact that what went wrong with Economics? Major questions which remain unanswered till date are: Why increased growth is not bringing about prosperity to the masses? Why countries are not able to achieve self-reliance along with economic sovereignty? Why the shining growth is coupled with suicide, youth unrest, uncertainty and tension? Thus, in view of all these questions; there is an urgent need to examine the extent and scope of so called modern or western economics.

The challenge is to create a balance between growth and equity; centralization versus local participation and classes versus masses mode of development. Equally challenging is the task to deal with historical injustices with respect to specific segments of society; say caste, race or gender. This awareness has questioned the relevance of the existing intellectual traditions. Both neoclassical and Marxian models seem to have failed to address these problems effectively. The gist of the argument is that despite every other thing; poor remains to be poor and the rift between 'haves' and 'have-nots' gets widen-up with every passing day. For instance, as the Sheth (1984) points out that the prevalent economic growth model has little to offer to the vast multitudes in the 'unorganized' and 'informal' sectors; the model simply holds them to ransom for cheap and perennial labor supply as and when needed by the ruler. This has happened even when the combination of technology and capital which can also be put as market driven development has presented a picture of growth and achievement on many fronts. There has been a tremendous increase in the output of consumption goods, considerable expansion of what are known as essential services like those of communication, transport, irrigation, banking and insurance coupled with steady growth of investments in the whole world. This dichotomy thus compels the planners to think seriously on the topic of growth and its distribution process. Human Development as envisaged by United Nations Development Program also intends to "put people at the centre of development process" and aims to enlarge people's choices. We; thus, essentially need to focus on people oriented development and how it can be achieved in the current scenario. It is all about reducing people's vulnerabilities and equipping them with essential capabilities. For this, we need to examine the basics of market driven development, its inherent limitations, how it created crises and then, how it can be reformed to make it truly people's oriented development.

### ***Capitalist Mode of Production***

Capitalism as a modern system was born out of the requirement of Industrial revolution of the West. The market was considered as the panacea for all the issues related to efficiency under capitalism. They advocated free and smooth market for maximization of growth which ultimately leads to welfare of the society. But this type of economic organization based on free market gave birth to poverty, exploitation and unemployment, disparities in the name of growth and development. The process of maximization of growth and development of the economy created many socio-economic conflicts. The Classical Work of Smith A. (1776), the Father of Modern Economics in his book '*An Enquiry into the Nature and Causes of the Wealth of Nations*' defines Economics as the '*Science of Wealth*'. Smith believed that the least Government interference and free competition as the essential ingredients for the creation of an efficient economic system. It advocates the creation of wealth for nations through production and exports to solve the problems of poverty, unemployment, disparities etc. It presented free market as the engine of growth. In this process of maximization of production, it encourages the exploitation of weaker section of the society and the natural resources. It took natural resources as free goods and nowhere in the text, there has been any mention about the optimum utilization of natural resources. The man and society also became secondary and victims of the market forces in this form of economic organization.

Marshall A. (1890) in his book, '*Principles of Economics*' has tried to present a different coverage and scope of market economics. He defines economics as, "*Political Economy or Economics is the study of mankind in the ordinary business of life; it examines that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of well-being.*"

*Thus it is on the one side, a study of wealth; and on the other, and more important side, a part of the study of man."* He thus could add the issues of welfare and consumption into the realm of economics. But this welfare again depends on maximization of production and consumption in the society. He thus has also emphasized on maximum growth through the use of productive and natural resources. This process of maximization of growth for mankind over the period has made man a cruel and greedy man and not the kind man. The approach of economics emphasizing the betterment of mankind has thus been lost in the market forces. In another attempt to define economics, Robbins L. (1945) has put economics as pure science. In his book, ***Essay on the Nature and Significance of Economic Science*** he defines economics as *"Economics is a science which studies human behavior as a relationship between ends and scarce means which have alternative uses."* It is therefore a science which deals with scarcity of resources for unlimited wants. He advocates no scope of ethics and value judgment in economic decisions.

### ***Market Driven Development and its Implications***

Market driven development implies to let the 'market' take over and do its job. 'Market' in economics is considered as the agent for efficient distribution of resources which will lead to maximization of satisfaction for all stakeholders. It therefore can be concluded that as long as the market functions in a perfect competitive environment, there should not be any need for a separate code of conduct and corporate governance for the business houses. The only thing the Government or the society has to ensure is to create competitive environment for the market. This will lead to Pareto Optimality for maximum welfare of the economy. But, we do have instances in the history of global economic development, when markets failed to deliver efficiently and ethically. This has led to scams and sometimes a complete collapse of the system. To name a few, the crisis of South East Asian Tiger Economies in mid-1997, the recent global recession and failure of financial institutions and debt crisis of European countries like Greece are all the result of failure of market driven economies. The market thus has a limitation in the efficient distribution of resources in many instances. It can deliver efficiently only under very specific conditions. The market is not fully empowered for efficient distribution of resources in health, environmental goods, education and natural resources mainly because of market imperfections. Economic theory propounds that if the 'First Best' i.e. the bliss –point is unattainable due to market constraints, it is useless to settle down on the 'second best' as proposed by Lipsey and Lancaster (1956). In such situations, we should rather place increase in welfare on equity grounds on an upper hand in comparison to the other alternatives emphasizing efficiency. We therefore need business ethics or self regulation or corporate governance or regulators to guard against the ill-effects of market to ensure welfare of all the stakeholders.

The classical work of Kautilya in fifteen volumes of Arthashastra, written more than two thousand years ago, mainly focuses on the code of conduct (ethical norms) for the King but not much has been written about the business houses (translated by R.Shamasastri,1915). Probably, the production and business at that time was mainly in small units and more or less fragmented. It was completely endogenous in nature and was derived from internal factors. The growth of business thus was independent and hence there was not much scope for code of conduct for the producer or businessman. The code of conduct for the citizens was enough to take care of the operations of market for allocative efficiency. These volumes on Arthashastra have made moral values as an integral part of all economic activities. But the Industrial Revolution of the West has changed the structure of the business activities and also the form of market. Mechanization was adopted in the production operation to take the advantage of economies of scale. This has forced the companies to enhance their market or search new markets for resources and sale of goods. In this process, the scope of economics has crossed the boundaries of nations which created a need for such a type of economic organization which can help in the expansion of opportunities for the citizens of the country.

### ***Weaknesses of Market Driven Development Pattern***

The journey of defining development therefore, has presented the coverage of economics into positive v/s normative economics. In order to make economics as a normative discipline, we tried to incorporate ethics into the subject matter of economics. For this, we created different forms of economic organization which again works on the principles of market forces and maximization of growth through the use of natural resources. The market is, thus presented as an essential agent for efficient use of resources which ultimately leads to welfare and betterment of the society in all the forms of economic organizations. But in reality, the market has limitations in allocative and distributional efficiency.

Over-exploitation of natural resources, gender and child exploitation are all market driven problems. These issues are becoming more prominent under globalization and global competitive forces. Market professionals are normally criticized for their unethical and wrong promises in the market. There are many examples of deceptive advertisement, hidden cost, high pressure selling, unsafe product and manipulative processing practices in the market. Under these conditions, it is thus difficult to believe that market will deliver efficiently and can maximize the welfare of all the parties particularly the customer.

Market driven prices of goods and services sometimes give false signals about their real value, confounding the communication between consumers and producers. Production and consumption externalities usually characterize for such market-failure phenomenon. Externalities occur when goods are non-rival; that is, when one person's consumption of the good does not diminish its availability to others. Market failure also occurs because of steep transaction costs, information deficits and monopolies, and other such competitive failure like adverse-selection, market for lemons, moral-hazard and information asymmetries. So, the basic assumption of Economics that market acts as a true agent of efficiency gets falsified. In all these situations, the market is not able to function as competitive market rather it deviates from the competitive characteristics in the economy. The industry always searches the techniques of creating monopolies or oligopolies. This helps them to maximize their profit or market worth which is the expectation of the owner or shareholders of the company. Under such circumstances, it is not proper to expect welfare maximization from market driven economy. In other words, this stage necessarily demands that market driven development should be subjected to timely reforms to minimize the sufferings resulting due to its ruthless functioning.

### ***Globalization of Economies***

The advancement in technology has promoted globalization all over the world. This has increased the trade openness, more flow of funds and better integration among the countries. It has made the entire world economy as flat. This has no doubt increased the growth rate, employment; transfer of knowledge, capital and to some extent the services. But, it has also led to origin of several problems and crisis. Subprime crisis and Euro crisis are good examples of these. It has led to increase in global imbalances and inequality as well. At the World Economic Forum (2011) in Davos, income inequality and corruption were singled out as the two most serious challenges facing the world, currently. It is important to analyze reasons and implications of these trends.

International markets for goods, services and capital have become increasingly integrated and, since the 1980's, this trend has shown a sharply upward curve (Rodrick 1997; Brady and Wallace 2000). Economic inequality has increased during this time period as well, whether measured between individuals, between nations, or within nations (Ram 1992; Korezeniwick and Timothy, 1997). The phrase 'corporate globalization' is used by critics to describe a situation in which the process of globalization takes according to rules set by larger corporations and ultimately benefits disproportionately those corporations at the cost of almost everyone else. The famous American scholar Peter Drucker (1993) has pointed out that the companies of the past (before globalization) could be compared with the pyramids or the constructions with a solid base, solidly rooted in their surroundings; now they are like tents in the desert that may be here today and gone tomorrow. This trend, known as the delocalization of production, implies that the entrepreneur has taken away his responsibility towards his surroundings. It was natural for the firmly rooted company of the past to feel in some way responsible towards its local community. Today, when the company may shift from one place to another without serious impediment, this assumption of responsibility diminishes considerably. This is also a prominent reason for the occurrence of varied economic crises prevalent worldwide. Stiglitz (2003), argues that, as actually practiced, globalization tends to make poor societies more rather than less unequal. Cornia and Court (2001) also showed that the widespread surges in inequality were linked to excessively liberal economic policy regimes and to the way in which economic reform policies were carried out.

This was evident in practice during the 'Occupy Wall Street' movement experienced in the capitalistic society of America last year. The true extent of the wealth hoarded by richest 1 percentage of the world has been severely underestimated. New research completed by the Tax Justice Network in Britain (2013) shows that between \$21 and \$32 trillion – as much as Japan and America's GDPs combined – has been stashed in offshore tax havens by the world's richest 10 million individuals. Just 92,000 of them claim a \$9.8 trillion dollar share. It is also to be noted in this regard that these figures only measure financial assets. The super-rich from around the world stash their wealth in countries with loose tax laws, often paying large sums to law firms and accountants to help shield them from tax authorities. But they also claim countless yachts, pieces of fine art, and mansions.

These types of savings are not included in the figures. Also, according to the World Wealth Report 2012, the world's richest 1 percent owns nearly half of the world's wealth, while half of the global population own just 1 percent of the world's wealth. And, according to Forbes Magazine (2012), the world's 1,226 current billionaires hold a combined wealth nearly four times the combined GDP of Sub-Saharan Africa. Last year, according to the aid organization Oxfam (2012), they earned enough money to end worldwide extreme poverty four times over. The other side of the picture reveals that more than a billion people of the world live on less than a dollar a day and 6 million children die each year of hunger-related illness. Of the 4.4 billion people in developing countries; nearly three-fifths lack access to safe sewers, a third have no access to clean water, a quarter do not have adequate housing, and a fifth have no access to health services.

### ***Global Capitalism and Unsustainable Growth***

The rise of global capitalism and acute corporatization has also put sustainability of development at severe stake. Forests have been felled, soil exhausted, rivers dammed and species made extinct in the eternal hunger for profits. The burning of fossils fuels has produced an increase in green house gases. Global warming and resulting climate change continues to accelerate. There does not appear to be a market solution of all such problems as the whole system in itself is in a deep crisis. Today economic crisis has pushed twenty-six million European workers into the dole queues. In Spain, Greece and Portugal more than one in five workers, and half of young people, are out of work. In the Middle East and North Africa, mass unemployment among graduates and stifling repression has sparked the Arab Spring, a series of uprisings that have seen dictators fall from Tunisia to Egypt and Yemen. The crisis is not simply about debt and poor financial regulation. Prof. Nouriel Roubini (2011) put it like this:

*"Karl Marx had it right. At some point capitalism can destroy itself... We thought that markets work. They are not working. What's individually rational... is a self-destructive process."*

Schumpeter (1950, p.83) has also explained the self- destruction of capitalism. He explains that the innovational process of capitalism "incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one. This process of creative destruction is the essential fact about capitalism." The practical break down of several crises in recent years like those of East-Asian, Subprime, Euro etc. are living illustration of authenticity of these words by Schumpeter. These crises are much more severe than the great depression of 1929-30. It is mainly because today's global capitalism is more integrated than it was during 1930's. Thus, the major disadvantages of capitalism can be summed up: Distortion of investment opportunities, greater degree of exploitation of the working classes, worshipping of money as God, skyrocketing of inequality, heightened corruption as well as rise in economic crimes for hoarding of wealth, loss of national sovereignty as well as cultural identities at the altar of globalization, acute competition leading to social alienation, climate-based ecological crises and so on... All these problems are even evident in the present day Chinese economy which has in past few decades systematically opened itself to the market based liberal economy. (Ollman, Oct., 1999).

### ***Economics at Cross Roads***

In view of above mentioned scenario, the given wisdom that laws of market are as certain as the laws of gravity, that capitalism is the natural order of things and that the system generally works receives a severe jolt. The major limitations of the market can be presented as under-

Fair and perfect market in reality is a myth. Market, overall is a poor agent of efficiency, equity and social-justice. It exploits weaker society and natural resources. Provisions of entitlement are indicators of a further failure of market system. Thus, market clearly needs a code of conduct. Way back in history, Kautilya created a code of conduct for the King; i.e. for governance. However, modern economics could not incorporate such an important code of conduct for the markets. The ethics and moral values could not find proper place in market. It created severe problems of sustainability of growth for many developing countries. It created the weapons of mass destruction as well. World peace remains a distant dream from a purely market based economic system.

In such scenario the natural question which arises is that – Is Socialism, the answer to the crises? – Socialism- the *ideal system* as visualized by Marx. History establishes that Socialism as an alternative was also not able to solve the defects of the market system. We need not to go further in theory about which experiment has already given ample evidence.

The break-down of state-planned Socialist economies in the 1980's and the European communist political systems are the practical cautions against socialism. Socialism does not work as it is against the basic human instinct of incentives. The failure of Socialism is the realization of 'tragedy of commons' phenomenon in reality. Moreover, the system has failed to integrate ethics, morals and people oriented development approach with that of the mainstream economics. There is a clear lack of establishment of 'property rights' in socialism which leads of eventual path of corruption and tyranny of despots (Like Stalin, Mao, Pol Pot, and many more). Concentration of power in the false name of 'welfare of all' leads to absolute degradation of efficient operation of systems at all levels. Much of the failure of socialism can thus be traced to lack of operation private property rights. As Peruvian economist Hernando de Soto remarked, "you can travel in rural communities around the world and you will hear dogs barking, because even dogs understand property rights!" (Quoted by Perry, 1995). No amount of natural resources can ever compensate for the lack of an efficient price based incentive system which can motivate individuals to perform. Thus both the systems fail to integrate ethics, moral values and people oriented development; the most important element of human civilization into mainstream. The world therefore now needs some alternative approach of development which can lead to sustainable development with more peace and a human face.

Thus by analyzing patterns of growth of development formed by following different economic systems so far; one can safely deduce that economics in its all glory and form has failed to integrate ethics and moral into its functioning system. It essentially could not create a kind man. The overemphasis on market and weak regulatory practices in combination; has led to a severe failure in governance. There has been an all-round corruption and deterioration of values. In addition to that the problem of environmental degradation and externality of green house gases continuously persists. The invisible hand of economics has been unable to create happiness and pleasure. There is thus a dire need to revise thinking in some visibly effective terms. Gandhian thinking emerges as a solution in this context.

### ***Gandhian Economics Revisited***

Before understanding Gandhian Economics, let us first concentrate on basics of Gandhian politics. Three tools of Gandhiji showed the way of political freedom of Indian nation from colonial powers. These were Satyagraha, Non-Violence and Non-Cooperation. He preached this message to a greater part of Asia and of course to Africa; wherein he experimented with techniques effectively for the first time. However, the countries today lying on these very territories are now struggling for economic self-reliance. The same Gandhian philosophy that once led to political freedom of these nations can also now provide way to their economic self-reliance by integrating ethics and moral values into the subject matter of economics. Gandhian thought may very well lead to the situation which we refer to as people oriented development.

The multiple global crises- social inequality, financial turmoil and ecological imbalance – have made it imperative to revisit and pay close attention to Gandhiji's vision of development and of civilization. In recent years, there appears to have been a resurgence of interest in what may be called Gandhian economics. It is used as an umbrella term for a number of related concepts (or principles) as well. Gandhiji first enunciated some of these ideas about a hundred years ago. These are contained in his book 'Hind Swaraj' (Suresh Sharma and Tridip Surhud, 1910).

Gandhiji's economic ideals much like everything else in his life were governed by ethical and moral considerations. Thus, an important aspect of Gandhian economic goals is that they are mixed with a number of ethical ideas. They are not purely economic goals. Mohanty (1989) notes that "Gandhi's critique of the western civilization is an important tool of this analysis and in fact his thought has become a baseline for a range of alternative notions of change". The marriage of economics and ethics can only lead to solutions of the problems which market driven development pattern has created. That is why, today there is an urgent need to understand and appreciate Gandhian economics more than at any other time in the past. We can list major differences between Gandhian and Mainstream Economics as shown in the following table:

**Table 1: Differences between Gandhian and Mainstream Economics**

ISSUE	GANDHIAN	MAINSTREAM
Resources	Abundant	Scarce
Human Image	Body, Mind and Soul	Body and Mind
Emphasis	Community	Individualism
Objective	Service and Sharing	Self-Interest
Philosophy	Small is Beautiful	More/Bigger is Better
Mechanism	Enough Trustees	Maximization Entrepreneur
Effect	Non-Exploitative Equality	Exploitative Inequality
Production	Values in Use and Exchange	Values in Exchange & Threat
Problems	Divergent	Convergent
Measures	Quality of Life	Standard of Living
Institution	Decentralized Communities	Market
Human Character	Self-Reliant	Dependent / Alienated
Ecological Impact	Enhancement	Destructive

Broadly Gandhian economic system is based on six concepts – **Swadeshi, bread labor, equality, non-exploitation, trusteeship and non-possession**. All the attributes in totality convey that an economy should be based on needs rather than wants. They also emphasize upon dignity of human labor in achieving economic ends. This is in context of bread-labor. It means that every able-bodied person must produce something to satisfy the material needs of the body by means of manual labor. This law applies to the intellectuals also. Manual labor on the part of intellectuals would not be a waste; it would improve the quality of their intellectual output. Bread labor can be related to agriculture, spinning, carpentry, etc. Next feature is the trusteeship concept. Phenomenon of trusteeship is related to the spiritual idea of non-possession. Gandhiji proposed to awaken the rich to a consciousness of their duties and responsibilities for the society and consider themselves not as the owners of the wealth they possessed but as its trustees. He would leave them in possession of what they owned and let them use what they reasonably require for their needs and in regard to the remainder act as trustees on behalf of the community. The principle of trusteeship is thus Gandhiji's formula for solving the problem created by the great and unjust disparities in the distribution of national wealth.

'Bhoodan Aandolan' carried out by Vinoba Bhave was practical realization of trusteeship phenomenon. The whole concept of 'Sarvodaya' model of development as explained by Sriman Narayan (1970) as an economic model is based on this concept as well. The currently famous doctrine of 'corporate social responsibility' is nothing but partial application of Gandhian trusteeship, which encourages companies to partly invest their profits into community-building initiatives. Shaw and Corvino (1996) argue that long term moral behavior positively influences corporate profits, i.e., that morality "pays". Thus ethics are a good business investment, especially because they entail positive externalities. They are a prerequisite for building trust with various inside and outside stakeholders. Such trust, in turn, is a pre-requisite for legal and innovative long term cooperation. Synergies are only possible through co-operation, and in areas where actions of others are difficult to supervise, trust built on long term ethical behavior becomes the only practical way to capture such synergies. Trusteeship phenomenon can also said to be father of the concept of many prevalent 'self-help' programs across the world. Localism and material self-sufficiency at the village level have been also strongly propounded by the Mahatma. Gandhiji talks in great details about economic decentralization. Gandhiji's free and autonomous village does not mean that they will exist in isolation. They just intend to fulfill their basic needs on their own. In Mahatma's vision decentralization is the most vital feature of the economic life in a new and just society. It means placing a great deal of emphasis on cottage industry and the interdependence of small, local producers rather than dependence on mass production.

### ***Industrialization under Gandhian Thinking***

The question arises: Can we entirely dispense with large scale industries? It is obvious that steamships, locomotives, high grade steel, heavy chemicals etc. cannot be manufactured in the way we prepare '*khadi, gur or ghani oil*'; they instead require large scale and highly centralized industry. To abolish large-scale industry would imply that we should be prepared to forego these products of modern civilization. This is the area where we need to appreciate Gandhian economics with clarity of purpose and thought.

Gandhiji was not an economist in his own right; but his ideas guided economics to follow a right direction. We need to undertake industrialization not for its own sake in the blind race of material development but to fulfill the “Triple Bottom Line” or “Triple P – People, Planet and Profit”. We can obviously look for support in economic theory in the limits to growth and sustainability approach. This would fulfill not only our modern requirements but also fulfill the basic requirements of sustainability and equity. Schumacher (1973) was greatly influenced by Gandhiji and he developed his ‘*Small Is Beautiful: A Study of Economics As If People Mattered*’ theory of economic development based on Gandhian principles of self-reliance. It champions small, appropriate technologies that are believed to empower people more, in contrast with phrases such as ‘bigger is better’. This is also in conformity with the current notions of human development. Gandhiji propounded this very idea. He wanted to ensure long term ‘employability’ of people instead of providing them short term ‘employment’ via corporate based practices. Employability, in essence; is about having an effective mix of skills, attributes and attitudes to function successfully in a gainful employment for a considerable period of time. It is thus a larger set than employment and incorporates inclusion of value-system on part of the individual to sustain this feature. Another related idea of ‘empowerment’ of people instead of mere ‘entitlement’ of goods and services to them. This means that people should be made capable by way of a good education and social support system. They should not be simply provided subsidies and benefits in the name of ‘distributive justice’. It is thus, worthwhile to notice in this regard that Gandhiji wanted people to take care of themselves in self-sustainable manner and should not be a burden for the rest of the society simply for their lack of knowledge or idleness.

Gandhiji as an egalitarian also propounded the “basic needs” approach of development in which he clearly stated that development should at least ensure reasonable diet for the poorest of poor for whom he said “God appears in the form of food. Today, after more than six decades of independence while still debating on the poverty figures and food security bill, we fail miserably to achieve even this basic objective as put forward by Gandhiji. There should not be any attempt to condemn Gandhian economic notions as utopian by any intellectual in the name of modern development; as that development which makes more than a quarter of its population to live without even two square meals a day in essence is not development at all. It is rather greed and avarice of a privileged few, carefully wrapped up in academic-jargon.

### **Concluding Remarks**

Mahatma Gandhi’s civilization vision can guide us through contemporary economic and identity related conflicts. In all economies, particularly the economies of the poor countries, there is a serious yet avoidable elite-mass contraction. Within India, twenty years of economic liberalization has expanded India’s middle class, but not raised the standard of living for the overwhelming majority of Indians. India also remains a mediocre country in terms of performance in human development index. We need to address these issues immediately as well as effectively. Furthermore, India is just not a country but a miniature world. So, development theories that fit well to India, fit well to the world as well. Gandhiji himself believed that his model could be employed on the international scale as well.

In terms of corporate systems, many companies in India today, appreciate the ethical dimensions of policy as a strategy of market access. Corporate social responsibility as we have already discussed finds its ideological basis in the Gandhian concept of trusteeship i.e. non-possession. It aims to embrace responsibility for the company’s actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders. For instance ITC-India is now generating fifty percent business from non-tobacco operation. Its *e-chaupals* and *Sagar* outlets are very effective intervention derived on ethical grounds. Social networking of ICICI Bank is also an example of ethical considerations for business expansion. *Nihar Shati Amla* is investing 2 percentages of its sales in the education of poor children. These are the few examples which the Indian companies are adopting as their business strategies to enhance their operations in the market. The ethical values are thus becoming the part of their policy. Many more such initiatives have to come from the big Corporate. This type of system is only possible when component of ethics and approach towards people oriented development are well integrated with the mainstream economics.



Thus, in the light of recent global crises and unsustainable growth process; the Gandhian economics appears to be an effective alternative. The review of Gandhian economics very well establishes that Gandhiji's economic vision is full of a rich understanding of economic dynamics and processes as well as of human and social reality. It was also stimulated by the alternatives which he proposed. For him, it was the dignity of the human being rather than their material prosperity which ought to be the basis of economic structures. Both economics and politics should not be reduced to only material things but should become the means to the realization of spiritual and cultural goals. This is what constitutes people oriented development, in theory and in practice!

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