

**IMPACTS OF GLOBALIZATION ON SOCIAL  
INCLUSION: A COMPARATIVE ANALYSIS TO  
GANDHIAN ECONOMIC PHILOSOPHY**

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**Abstract:**

The advent of 21<sup>st</sup> century has experienced a benign and thrilling realization concerned to the burgeoning economy in India, amid chaos in global financial market ignited by global financial meltdown and recent Euro-Zone crisis in Europe. The vastness of its natural and human resources and growing scientific and technological pursuance put India at the threshold of world's most promising economy, which according to some global financial experts, would be third largest on the earth by 2030, if the present growth rate is kept floating. However, the present orientation of neoliberal economic order presents a paradoxical distortion of inclusive discourses. The genteel-plebeian polarization is a serious symptom that could seriously subvert the promises of ongoing economic pathway in the foreseeable future. The ongoing discussion is an attempt to bring synergy in the contradictory developmental pathway in the context of Gandhian economic philosophy. Present paper proceeds to analyze the impacts of economic Liberalization, Privatization and Globalization (LPG) on the social inclusion and the welfare nature of Indian economy. The defining feature of the paper remains to comparatively analysis the Gandhian economic vision as an effective remedy to the emerging challenges of globalized economy to the welfare economy and social inclusion. The discussion progresses with the empirical analysis of primary and secondary data pertaining to Gandhian economic philosophy and contemporary neoliberal trends in Indian economy.

**Keywords:** Gandhi, economic inclusion and exclusion, welfare economics, capital development.

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**Introduction:**

The socialistic economic foundation nurtured under the Nehruvian visionary leadership has visualized a paradigm shift in the post-1990s economic reforms in India. The neoliberal regulatory readjustment brought about see changes in the old fashioned socialistic, mixed economy and welfare model of development in India.

**Globalization Presents both Opportunities and Challenges:**

Globalization is firmly fitted to the widening, deepening and accelerating the worldwide interconnectedness covering economic, social, political, technological, ecological and cultural dimensions of social life (Williams 2007). Therefore, globalization includes both material and ideational aspects. Globalization as economics poses both challenges and opportunities. The global economic interdependence provides a better opportunity to bring prosperity, profit and perfection in utilizing global physical, natural and technical resources through collective and concerted efforts. Globalization intertwines national economies and global financial institutions and ensures enhanced cooperation, coordination and harmony of economic policies, interests and benefits.

However, the challenges of globalization discourses are equally serious. Globalization as a hyper globalization and monopolistic business has polarized and segmented the world into the rich nations and classes of people and the poor national and impoverished people. The anti-globalization movement overwhelmingly connected to 1999 'Battle of Seattle' and emergence of World Social Forum from 2001 only reflects the limitations of globalization (Sutch and Elias 2007). The highly competitive nature of market driven world economy has benefited only a narrowly represented affluent people and added to misery to the poor and marginalized sections of the society. George Monbiot (2011) equates Libertarianism with injustice which empowers the powerful to exploit the weak and the rich to exploit the poor.

Similarly, the market driven neoliberal economic transformation has both developmental implications and substantive economic marginalization to India.

## **Gandhi's Economic Vision: Need to Harmonize the dichotomy of Welfare Economics and Free-Market Economy:**

Gandhian economic vision differs widely to the concept of globalization discourses of economy as Gandhi was against the centralization of economy while globalization is a process of profit-seeking exclusive control on natural resources. Gandhi demonstrated the ideas of welfare economy in his 1916 speech at Muir College, Allahabad when he accepted the promotion of happiness as the only justification to the social policy.

In comparison to western Utilitarian Philosophy, Gandhi was critical to the dictatorship of majoritarianism. He was a conscience keeper of minorities and oppressed in the society. Gandhi extends a very spontaneous solution to the hyper economic possessions resulting into rich-poor gap in the contemporary neoliberal economic practices as he demonstrates, 'Civilization in the real sense of the word consists not in the multiplication but in the deliberate and voluntary reduction of wants (Rivett 1959).

More importantly, Gandhi was not against market, industry and capital import and export. He only wanted to rationalize and prioritize the economic practices in the supreme welfare of poor and marginalized sections of the society. Gandhi was never in favour of such economic practice that creates large scale unemployment, economic disparities and social exclusion. His economic philosophy based on the concept of Sarvodaya is inherently inclusive that seeks elimination of poverty, unemployment and urban-rural inequalities through socio-economic development.

The major focus in this regards remains to increase production and create employment through strengthening the foundations of rural agriculture and cotton industry. Gandhiji vital thrust remained to invent and diffuse village based employment oriented technology and synthesize the utilization of modern technology in a way that it could insure greater productivity and employment in the rural India (Bhatt 1982).

For India, he focused on to strengthen the roots of village economy as the majority of people lives in rural India. In the words of Romesh Diwan, "the use and service of our immediate surroundings to the exclusion of more remote", remained the centre of Gandhian economic philosophy (Quoted in Rosen, 1982). The impacts of import oriented colonial economic practices

to the rural handicraft and traditional economic practices in general was a painful experience which Gandhi wanted to eliminate in order to create a self-dependent, poverty free and inclusive developmental paradigm.

Gandhi strongly supported village life in *Young India* on 7 November 1929 as he said:

“We are inheritors of a rural civilization. The vastness of our country, the vastness of the population, the situation and the climate of the country has, in my opinion, destined it for a rural civilization” (Gandhi 1929).

The greatest concern of Gandhi remained how to ensure a life of equality, freedom and justice to each and every people. He was fully aware to the fact that the establishment of heavy industries based on wage labour would culminated into the exploitation and absence of freedom, best explained by Marx in his Theory of Surplus Value. He therefore, suggested that the means of production should be owned by the families and the cooperative of families. This would not only resolves the conflicting interests in the society but, would equally contribute to the greater freedom, equality and social justice (Bhatt 1982)

Moreover, Gandhi desired a participatory and inclusive village economy where every people would produce cotton, own spinning-wheel and earn a minimum necessary quantum of reliable livelihood at the priority stage and trade the surplus in the market. According to Gandhi, earning surplus is acceptable only it serves as the general welfare of the state.

Gandhi's economic philosophy is firmly fitted to the inclusive and participatory development of villages. He expressed his concerns and commitment for village when he said, “for me, India begins and ends in the villages” (Gandhi 1979b). The purpose of economic practices therefore, remains to ensure equitable and sustainable development where all unemployed workers would get living wages through strengthening rural economy.

In comparison, Globalization which is comparatively a recent phenomenon, inculcated in the highly consumptive western value system. Economic liberalization is exclusively a profit multiplying market oriented process profoundly active in the big urban centres. The process of globalization has primarily attributed to the inter-personal and urban-rural economic disparities and exploitation.

The impacts of globalization are equally concerning to India as the recent trends in country's economic behaviour presents both promises and challenges. Positively, the economy kept racing on 7-9 per cent annual growth rate since past Five years which is one of the fastest on the earth (Rao 2011). The boom in Indian industrial and service sector amid global financial uncertainty and the increased employment in big urban centres due to market oriented economy are some of the pleasant effects of globalization.

But, the vital question remains how the current market boon in Indian economy would ensure the fair distribution of the wealth, values and capabilities. The dilemma of low-income and comparatively less developed country like India is to strike a harmonious balance between its ambitious entrepreneurs and the common masses especially the rural poor in the long run. The post-economic reform period has undoubtedly transformed the lives of millions resulting into the emergence of a vibrant middle class ranging 200 to 300 million, leading exploitators of market goods. However, various opinion polls revealed the truth that majority of the people believes the reforms have predominantly benefited 'the rich' which according to the common masses includes the 'middle class' in India (Varshney 2007).

The market centred economic reforms has widened the rich-poor and rural-urban economic disparities. The recently appointed Commission by the honourable Prime Minister reported that 77 per cent (836 million) of the people in India are living in less than 20 rupees a day. Adjusted to the Purchasing Power Parity (PPP) this tally with United Nations Human Development Report that estimated that 75.6 per cent of Indians live on less than \$2 a day (Yechury 2011).

Similarly, the analyses made by the eminent economist, Mr. Prabhat Patnaik demonstrated that the current developmental discourse, despite bourgeoning economy, has contributed to the increased poverty in rural India. Comparing the growing poverty with the parameter of 2400 calories or less per person in rural India and 2100 calories or less in urban India as poor, he holds that the measurement of calorie intake shows that 74.5 per cent of the rural population was poor in 1993-4 which increased to 87 per cent in 2004-5. Similarly the corresponding figure was 57 per cent and 64 per cent respectively in urban India (Patnaik 2011).

The one way flow of economic reforms outputs conceptualized the idea of two Indias: an India of booming businesses, growing cities, and a vibrant middle class and an India of struggling agriculture, poor villages, and a large lower class. The rising tide produced by economic liberalization appears to have lifted many boats, but not all (Varshney 2007). Mr. Patnaik (2011) holds that the strange paradox of accelerating economic growth and expending poverty, unemployment and social exclusion is due to the lack of commitment to Gandhian idea of khadi, Swadeshi and village industries.

Moreover, Mr. Prabhat Patnaik has been specifically critical to the government's recent decision to allow 51 per cent foreign equity in multi-brand sector. The government however, legitimises the decision as consumer friendly. But the decision has wider ramification to the small indigenous retailers which could ill afford compete with powerful retail MNCs. Mr. Patnaik argue that the benefits of any developmental discourses to specific section of the society could not present any justification to the sufferings of largely distressed and marginalized people in the society.

He raises an analogous apprehension to the current developmental paradigm on Gandhian concerns for Swadeshi in the rise of import goods in colonial India. Mr. Patnaik explains that, "the argument advanced by the central government in favour of FDI in multi-brand retail is reminiscent of the way the colonial regime justified the destruction of the craft production through imports from the metropolis" (Patnaik 2011).

It is contextual to relate Mr. Patnaik's assaults to the current non-inclusive developmental approach to that of Gandhiji's concerns for the rural poor as Gandhi demonstrated: "if my brother, the weaver is out of work because of imported cloth, than how can I be better of it" (Patnaik 2011).

Moreover, the ever widening inflation rate resulting into the multiplied price rise in essential commodities of common civic utilization has substantially devastated the resources deficit rural poor. The deepening crisis in agricultural sector added fuel to the rural poor. Agriculture is still the backbone of Indian economy which still attracts around 60 per cent of the country's population. The contribution of Agriculture which was 47 per cent in 1950s has come to mere 2.2 pre cent at present.

The continuous penetration of village centred welfare policy such as MNREGA and recently introduced National Food Security Bill only reflects the gravity of need to protect the

poor people from the scourge of highly competitive market economy. Similarly the National Innovative Council headed by Mr. Sam Pitroda suggested the establishment of an India Inclusive Innovative Fund (IIF) of Rupees 5000 crore in fiscal 2012-13. The Fund will assist those enterprises that are committed to address the needs of socially and economically marginalized sections of the country (Mehra 2012).

Gandhi, as a visionary was aware to the fact that the villages in India have their own socio-economic and infrastructural configurations which are distinctive to the process, practice and purpose of market based western model of economic development. He confirmed his conviction in Young India in 1921 as he said:

“Our cities are not India. India lives in her seven and a half lakhs of villages, (now 1.2 billion) and the cities live upon the villages. They do not bring their wealth from other countries. The city people are brokers and commission agents for the big houses of Europe, America and Japan. The cities have cooperated with the latter in the bleeding process that has gone on for the past two hundred years” (Gandhi 1966).

If an analysis to the contemporary processes of globalization is made, the search for resource rich regions worldwide reflects the exploitative and non-inclusive trends in contemporary economic practices. The growing conflicts between developmentalism, environmental sustainability and social exclusion only uphold the Gandhian economic vision that there is a natural conflict between the globalization of economic and the needs of rural people in India. He revealed this fact in 1946 at a worker’s meeting as he said:

“When the British first established themselves firmly in India their idea was to build cities where all rich people would gravitate and help them in exploiting the countryside. These cities were made partially beautiful; services of all kinds were made available to their inhabitants while the millions of villagers were left rotting in hopeless ignorance and misery” (Gandhi 1982).

In the sense, Gandhi was fully aware to the exploitive and devastating impacts of market economy on small scale village industries. He envisioned an egalitarian and inclusive economic model essentially based of self dependent villages free from all forms of exploitative and destructive intents. His much cherished dream of village Swaraj serves as an effective remedy to

the contemporary problems of unemployment, poverty and rural to urban migration. The humanitarian and reformist vision of Gandhi is more effectively expressed in his own words, as he said:

“My idea of village Swaraj is that it is completely republic, independent of its neighbours for its own vital wants, and yet interdependent for many others in which dependence is a necessity. Thus every villager's first concern will be to grow its own food crops and cotton for its cloth...Then if there is more land available, it will grow useful money crops” (Gandhi 1979a).

It is therefore evident that the village focuses economic approach not only reflects the vision and wisdom of Gandhi to empower India through rural development but also provides a comprehensive policy inputs to the decision-makers to ensure more inclusive, welfare oriented and participatory developmental paradigm. He envisioned an economic practice that is more egalitarian, inclusive and free from class dividants.

Gandhiji wanted a society where each would get according to his talent and labour. He believed that the first priority of government is to ensure every citizen the basic necessity of food and clothing. According to him food and clothing are the basic prerequisites for economic development (Koshal and Koshal 1973). The introduction of present National Food Security Bill by the central government is essentially in the fulfilment of Gandhiji's dream of a hunger free India (Swaminathan 2012).

Similarly, Gandhi was extremely concerned to the problem of unemployment prevalent in rural India. One of the important issues was related to the sale of mill cloth and the protection and development of textile industry. Small textile industry has not only been the source of livelihood but is a key source of employment to rural poor even today. The Gandhian vision to strengthen rural employment through the development of small scale industry could be a better supplement to MGNAREGA, and also to meet the basic challenges of Millennium Development Goals.

The most recent work by former President of India, A.P.J. Abdul Kalam and Srijan Pal Singh fervently expressed their compassion for the need of Gandhian notion of rural development through the principle of Providing Urban Amenities to Rural Area (PURA). The

central idea of the book is to increase capacities to destroy differences and insure equitable development across rural and urban India.

Mr. Kalam accept the differences as he said, “it is true we have differences. Differences arise from inequality of capacity. Building capacities dissolves differences. It irons out the differences” (the Hindu, Dec. 2011). Mr. Kalam therefore, suggests providing better financial, infrastructural and technological inputs to the rural India to ensure more inclusive and egalitarian developmental discourses.

### **Conclusion:**

Present developmental paradigm has immense possibility to transform human comfort and progress to a new height and ensure a life with plenty and perfection. However, the highly competitive market based economic development discourse has benefited only the few affluent classes in the society and thus resulted into imbalance in distribution of resources and capabilities in the society. The essence of justice in all civilized society remains in impartial and equitable distribution of earth’s resources among its citizens. There is a need to create harmony between ever expending capitalistic profitism and concerns for resource deficit poor and impoverished masses.

Gandhiji was not against development and capital creation he was against exploitative and inhuman economic prevalence. Gandhiji desired a society where all people will enjoy a real freedom free from the fear of wants and live an honourable and self-reliant life. The contemporary concerns of economic practices in India need to be revitalized and made more inclusive and welfare oriented by following the humanitarian vision embedded in Gandhian economic philosophy.

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