

# Economic Ideas of Jawaharlal Nehru and its Implementation after the Independence of India

**Buddhadeb Mahanta**

M.A. in History, Department of History, Cooch Behar Panchanan Barma University, West Bengal, India

Email - [bmahanta1910@gmail.com](mailto:bmahanta1910@gmail.com)

**Abstract:** Pandit Jawaharlal Nehru often called the architect of Modern India was a freedom fighter and one of the greatest statesmen of 20th century. He was studied from Harrow and Trinity College of London where he qualified as a barrister, return in India shortly before the First World War, he was practiced in his home town for some time. Then he joined in the Indian politics, Nehru was impressed and fascinated by Mahatma Gandhi and became his most favourite disciple who walked through the path of truth and non-violence. As a socialist he was aware much about India's economic tensions under the British rule, he discovered the middle path (mixed economic policy) for India's future economic plan. His economic ideas and policies were able to made India as a developing country. In this article we will see what were the economic ideas of Jawaharlal Nehru and how he wanted to improve India's economic condition and what the Ideas are still relevant in today?

**Key Words:** Economy, Independence, Capitalism, Socialism, Poverty, Planning.

## 1. INTRODUCTION:

Jawaharlal Nehru was born on 14<sup>th</sup> December 1889 in Allahabad. He was the only son of Motilal Nehru and Swarup Rani Nehru. After his childhood and basic education he went in Europe for becomes a barrister, he studied in Harrow and Cambridge from 1905 to 1912<sup>[1]</sup>. After that he engaged with Indian politics and in some years he became a major congress leader. His love for India can be seen in his renowned book 'The Discovery of India' (1946), his relationship with India and Indian people he described in 1954 as "This was the man who with all his mind and heart loved India and Indian people. And they in turn were indulgent to him and gave him of their love must abundantly and extravagantly"<sup>[2]</sup>.

The British rule and its economic policies destroyed the Indian market especially for de-industrialization and the industrial revolution of England, Indian market was flooded with British goods. At the beginning of the eighteen century India was contributed 23 per cent of World economy, but at the time when the British rule came to be an end it dropped just over 3 per cent<sup>[3]</sup>. That indicates how economic drain was there under the British rule. Rabindranath Tagore observed in 1941 in his last message for mankind that, "The wheels of Fate will someday compel the English to give up their Indian Empire. But what kind of India will they leave behind, what stark misery? When the stream of their two centuries runs dry at last, what a waste of mud and filth they will leave behind them!"<sup>[4]</sup>. There was poverty all over and Jawaharlal Nehru tried to change the condition through his economic idea. He looked upon rapid economic development as basic for India's independence and unity and for the removal of poverty and implementation of his social welfarist policies<sup>[5]</sup>.

## 2. ECONOMIC IDEAS OF JAWAHARLAL NEHRU:

Nehru's economic ideas was developed with his politics, he was influenced by socialism and the principle of welfare state, but his concept of socialism was not merely copying the ideas of socialism, he added his own ideas in it. Mohanlal Lallubhai Dantwala remarked, "Pandit Nehru's socialism was born out of a deep attachment to the values of ethics and social justice. He had no intellectual commitment whatsoever to its mechanics as prescribed in the Marxist text-books<sup>[6]</sup>. The central point and goal of all economic philosophy is the elimination of poverty and Nehru's was no different<sup>[7]</sup>. He knew India need to choose the scientific way to solve her problems. For removal poverty and introduce equality, India need a strong economic development to increase its wealth. Wealth is more important than in which way it will be distribute among people. He questioned 'We cannot have a welfare state in India with all the socialism or even communism in the world unless our national income goes up greatly. Socialism or Communism might help you to divide



your existing wealth, if you like, but in India there is no existing wealth for you to divide; there is only poverty to divide... How can we have a welfare state without wealth?"<sup>[8]</sup> In that way Nehru's economic philosophy was more complex than is sometimes supposed"<sup>[9]</sup>.

### **3. THE NATIONAL PLANNING COMMITTEE:**

Subhas Chandra Bose was the president of 1938 Congress when The National Planning Committee was set up under the leadership of Jawaharlal Nehru. But before the committee, there were some other economic plan for India. The famous Karachi Resolution of Congress in 1931 envisaged that the State shall own or control key industries and services, mineral resources, railways, waterways, shipping and other means of public transport<sup>[10]</sup>. Mokshagundam Visvesvaraya, an engineer administrator pointing to the success of Japan and insisting that 'industries and trade do not grow of themselves, but have to be willed, planned and systematically developed'<sup>[11]</sup>---an argument he expanded in 1934 in his book '*Planned Economy for India*'<sup>[12]</sup>. In the same year N.R. Sarkar, the president of the Federation of Indian Chambers of Commerce and Industry (FICCI) proclaimed, for a backward country like India, a comprehensive plan of economic development covering all aspects of the economy, agriculture, industry power, banking, finance, and so on, chalked out and coordinated by a high-powered 'National Planning Commission', was essential for India to make a structural break with the past and achieve her full growth potential<sup>[13]</sup>.

The set up of The National Planning Committee was an important step towards industrialization. There were 29 sub-committees for agriculture, industry, commerce and finance, transport, education, public welfare, demographic relations and role in a planned economy. There was about 350 members of the sub-committees, they were came from various sites of the country and engaged with various occupation. Nehru remarked, In a sense it was a remarkable representative committee cutting across political boundaries as well as the high barrier between official and non-official India--- except for the fact that the Government of India was not represented and took up a non-co-operative attitude's<sup>[14]</sup>. The planning Committee faced some difficulties for its diversity such as one group who were socialist aiming to run economy through a socialistic pattern, another group favoured a rapid growth of heavy industry and others wanted to the development of village and cottage industry. Although the original idea behind the Planning Committee had been to further industrialization--- the problems of poverty and unemployment of national defence and of economic regeneration in general cannot be solved without industrialization. As a step towards such industrialization, a comprehensive scheme of national planning should be formulated. This scheme shall provide for the development of heavy key industries, medium scale industries, and cottage industries...<sup>[15]</sup>. The committee wanted to improve the lifestyle of every individual of the country, therefore they suggested certain objectives such as (1) The improvement of nutrition--- a balanced diet having a calorific value of 2,400 to 2,800 units for an adult worker. (2) Improvement in clothing from the then consumption of about fifteen yards to at least thirty yards per capita per annum. (3) Housing standards to reach at least 100 square feet per capita<sup>[16]</sup>. The sub-committees were working on their report for submit to the Planning Committee, which will consider and approve or sent back to the sub-committees for creating final report. But in September, 1939 the World War II started, the political atmosphere of the country was threatened, so the reports of the National Planning Committee remain unfinished.

### **4. OTHER ECONOMIC PLANS:**

There was some other economic plan for India. In 1944, eight leading Indian Industrialists--- J. R. D. Tata, Ghanshyam Das Birla, Ardeshir Dalai, Lala Shri Ram, Kasturbhai Lalbhai, Ardeshir Darabshaw Shroff, Sir Purshottamdas Thakurdas and John Mathai signed for a plan titled 'A Brief Memorandum Outlining a Plan of Economic Development for India' popularly known as Bombay Plan. The Plan declared, We consider it essential that this lack (of Capital goods industries) shall be remedied in as short a time as possible. Apart from its importance as a means of quickening the pace of industrial development in India, it would have the effect of ultimately reducing our dependence on foreign countries for the plant and machinery required by us and, consequently, of reducing our requirement of external finance'<sup>[17]</sup>. However Jawaharlal Nehru did not officially accept the plan. The Plan was authored by M.N. Roy as an alternative of the Bombay Plan and drafted by the Post-War re-construction committee of the Indian Federation of labour. It's idea was taken from Soviet type planning which give more priority to agriculture and small scale industries. Another Plan was introduced in 1944 by S. N. Agarwal in the light of Gandhian principles which focused on agriculture, small-scale production, de-centralization of economic structure with self-sufficient villages and cottage industries.

### **5. THE PLANNING COMMISSION:**

In 15<sup>th</sup> August 1947 India got her freedom from the British rule. Jawaharlal Nehru became the first Prime Minister of free India. He wanted to set the ideal of a welfare state in India for all, not for a section of the community only<sup>[18]</sup>. He observed in other countries, where one or a small section of people enjoy the economic and social benefits

and a large section of people live there life insecure, that's why he was much aware about the unbenefited poor Indians. But at the same time Nehru did not denied the democratic way, he wanted to solve the problems of poverty and unemployment in a democratic way on this scale is something that has not been done anywhere<sup>[19]</sup>. He was influenced by the Soviet experimentation of Socio-Economic life of their country during visit of Moscow in 1927, but after the 1947 lots of changes were situated in Russia. Here after the end of the Second World War Nehru watched the recreation of economy of the European countries, these things also influenced Nehru. He followed three steps for India: (1) Industrialization directed by a state, (2) Constitutional democracy and (3) Economic and Social redistribution<sup>[20]</sup>.

The Planning Commission was established on 15<sup>th</sup> March 1950 under the chairmanship of Prime Minister Jawaharlal Nehru by a resolution of the Government. The commission outlined some points, *First*, To make an assessment in the material, capital and human resources of India, including technical personnel, and investigate the possibilities of augmenting those are related resources which are found to be deficient in relation to the nation's requirement. *Second*, To formulate a plan for the most effective and balanced utilisation of country's resources. *Third*, To define the stages, on the basis of priority, in which the plan should be carried out and propose the allocation of resources for the due completion of each stage. *Four*, To indicate the factors that tend to retard economic development. *Five*, To determine the conditions which need to be established for the successful execution of the plan within the incumbent socio-political situation of the country. *Six*, To determine the nature of the machinery required for securing the successful implementation of each stage of the plan in all its aspects. *Seven*, To appraise from time to time the progress achieved in the execution of each stage of the plan and also recommend the adjustments of policy and measures which are deemed important vis-a-vis a successful implementation of the plan. *Eight*, To make necessary recommendations from time to time regarding those things which are deemed necessary for facilitating the execution of these functions. Such recommendations can be related to the prevailing economic conditions, current policies, measures or development programmes. They can even be given out in response to some specific problems referred to the commission by the central or the state governments<sup>[21]</sup>. In July 1951 The Planning Commission prepared a draft outline under the title "The First Five Year Plan" where the above points were included.

The First Five Year Plan (1951-1956) was presented by Jawaharlal Nehru to the Parliament of India in 1951, Nehru himself was its president and Gulzarilal Nanda was the vice-president. The designer of this plan was professor Mahalanbis, who followed the simple two sector model of Soviet planning<sup>[22]</sup>. The motto of the first five years plan was 'Development of Agriculture', at that time India was facing various problems related to food and hungry. Nehru once remarked, 'everything else can wait, not agriculture'. Another targets of this plan was to lay down the foundation of industry, affordable healthcare and provide education. The total investment was 35 billion rupees, 20 billion rupees in the public and 15 billion in the private sector but by the end of the plan period only 31 billion rupees had been invested<sup>[23]</sup>.

The Second Five Year Plan (1956-1961) was presented in 1956 after the success of first plan. Now the second plan focused on the development of the public sector and rapid industrialization. Prasanta Chandra Mahalanbis was its designer. The total investment was to be of the order of 62 billion rupees in both public and private sectors, but again at the end of the plan period only 46 billion rupees were invested.

The Third Five Year Plan (1961-1966) was the last plan under Jawaharlal Nehru's prime ministership. On 27<sup>th</sup> May 1964 he died at the age of 75, his death left a deep impact in India's political scene. In 1962 the Sino-Indian war was started which exposed Indian military and economic weaknesses, India's image as a Non-Align country was damaged. Although in this plan the investment in the public sector stepped up with a target of 75 billion rupees but by the end of the plan period actually 86 billion rupees were invested in this sector.

## 6. CONCLUSION:

After witnessed the bad experience of colonial rule, India wanted to stepped up to a new dawn. As the commander of the country Jawaharlal Nehru tried his best to made India in a scientific way. His ideas of economy improved India's condition and stabled the economy. During his time India's national income or Gross National Product (GNP) grew at an average rate of about 4 per cent annum<sup>[24]</sup>. Professor K. N. Raj compared India's growth with Japan and quoted, 'the growth rate achieved in India in the last decade and a half (1950-65) is certainly a matter for some satisfaction<sup>[25]</sup>.' Indian agriculture grew at an annual rate of over 3 per cent during the first three five year plans. Industry grew even more rapidly than agriculture, at a compounded growth rate of 7.1 per cent per annum. Infrastructure, Health and Education were also witnessed a high growth.

## REFERENCES:

1. Nehru, Jawaharlal, *An Autobiography*, Jahn Lane, The Bodley Head Ltd., London, 1936
2. Roberts, Elizabeth Mauchline, *Gandhi, Nehru And Modern India*, Routledge Library Editions: British in India, 1974

3. Maddison, Angus, *The World Economy: A Millennial Perspective*, Development Centre of the Organization for Economic Co-operation and Development, 2006
4. Tagore, Rabindranath, *Crisis in Civilization*, Calcutta, Viswa-Bharati, 1941
5. Chandra, Bipan, Mukherjee, Mridula, Mukherjee, Aditya, *India Since Independence, 1947-2000*, Penguin Books India, Haryana, 1999
6. Dantwala, Mohanlal Lallubhai, *Economic Ideology of Jawaharlal Nehru*, The Economic Weekly, Special Number July, 1964
7. Venkatasubbiah, H, *Nehru's Economic Philosophy*, The Hindu, May 29, 1964
8. Nehru, Jawaharlal, *Speeches*, Vol.3, New Delhi, 1970
9. Guha, Ramachandra (ed.), *Makers of Modern India*, Viking by Penguin Books India, New Delhi, 2010
10. Indian National Congress (INC), *Economic Resolutions*
11. Visvesvaraya, Mokshagundam, *Reconstructing India*, P. S. King & Son Ltd., Orchard House, London, 1920
12. Khilnani, Sunil, *The Idea of India*, Penguin Books, New Delhi, 1997
13. Chandra, Bipan, Mukherjee, Mridula, Mukherjee, Aditya, *op.cit*
14. Nehru, Jawaharlal, *The Discovery of India*, The Signet Press, Calcutta, 1946
15. *Ibid.*
16. *Ibid.*
17. *A Plan of Economic Development for India*, Parts 1 & 2, London 1945
18. Nehru, Jawaharlal, *Letters to Chief Ministers*, Volume 3, Jawaharlal Nehru Memorial Fund, 1985-1989
19. *Ibid.*
20. Khilnani, Sunil, *op.cit.*
21. *The First Five Year Plan: A Draft Outline*, Planning Commission, Government of India, July 1951
22. Rothermund, Dietmar, *An Economic History of India: From Pre-Colonial Times to 1991*, Croom Helm Ltd, 1988
23. *Ibid.*
24. Chandra, Bipan, Mukherjee, Mridula, Mukherjee, Aditya, *op.cit.*
25. Raj, Kakkadan Nandanath, *Indian Economic Growth: Performance and Prospects*, New Delhi, 1965