

GANDHIAN ECONOMICS IN PRACTICE: HISTORY OF COMMUNITY CENTRED BUSINESS MODELS IN INDIA

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Introduction

Gandhiji's economic worldview rested on the key principles of Ahimsa (Non Violence) and Satyam (Truthfulness). He strongly believed that economic or business practices that contributed to exploitation, corruption and an anti-democratic attitude should be discarded.¹

He argued that modern economic schools of thought like Socialism and Capitalism led to a centralized control over labour and production and ultimately to a rise in conflict. He wanted India to develop its own indigenous economic philosophy which was rooted in the native genius of the Indian people and civilization. In this paper, the author would like to present some studies of how community centred business models in India have contributed to economic growth in a Gandhian way.

Indian society is family and community centric unlike many western societies which have tilted towards extreme individualism in recent times. Many people do not realize that family and community ties play a very important role not only in social life but also in building business networks. The term social capital' has now become a buzzword for management gurus and economic thinkers across the world. Indian society has been a living example of this idea for many millennia.

It is a well-known fact that India was a leading contributor to world GDP till the 16th century CE. Angus Maddison reveals that India's share of the world GDP was 33%³. As long as India was independent and free to follow its own economic thought, it prospered.

Community Centred Business Models

It is interesting to observe that in the post-independence era, many native communities in India have taken up new avenues of economic activity and prospered immensely. Some communities which were into farming and agriculture have now become the leaders in industries like textiles and manufacturing.

For example, the Gounder community in Tamilnadu which was earlier known by the title Vivasaayi (farmers) is now a leading force in the economic and political life of Tamilnadu through businesses like textiles and pumps. The Patels of Gujarat are the leaders of the diamond cutting industry in the world.⁴

The striking success stories of these communities can be better understood in the light of Gandhian economic thought.

Satyam (Truthfulness) — The Patels of Gujarat and the Diamond Cutting Industry

Gandhiji strongly believed that truth was the cornerstone of all human activity including economic activity. And therefore any economic thought to succeed should be founded on honesty and transparency and not on exploitation and corruption.

The history of Indian economy proves that as long as India held on to its civilizational values, its economy prospered. Indian businessmen were reputed for their honesty and trustworthiness even in the ancient world. The Arab traveller Al Idrisi tells us that a large number of Muslim merchants visited Nahrwara (Anahilavada, Gujarat) because the people were 'noteworthy for their excellence of their justice, for keeping up their contracts, and for the beauty of their character.

The Italian traveller Marco Polo says, "You must know that these Abraiaman (reference to Indian merchant) are the best merchants in the world, and the most truthful, for they would not tell a lie for anything on earth... If a foreign merchant entrusts his goods to them, they will take charge of these and sell them in the most loyal manner, seeking zealously the profit of the foreigner and asking no commission except what the foreigner pleases to bestow."

The diamond cutting industry in Surat today presents a striking example of how trust based relationships can help in economic success of a community. Nine out of ten diamonds are polished at the diamond cutting workshops in Surat today. The Patels of Gujarat are the leading pioneers of this business. The Patels use human couriers to transport raw or polished diamonds between Mumbai and Surat. The reliance on human couriers is striking considering the risk involved in transporting diamonds. But this practice has been successfully deployed because most of the human couriers hail from the Patel community and the community relationship helps in building trust and confidence.

This is a striking example of how relationships built on trust and truthfulness can help in the economic growth of a community.

Ahimsa (Non-Violence) — Tolerance and Economic Success

Gandhiji believed that any economic model that led to anti democratic tendencies would contribute to violence and conflict. Leading economic thinkers of the world today agree with Gandhiji on this

principle. For example, in an article titled "Want to Prosper? Then Be Tolerant," Paul Johnson writes in the Forbes magazine:

"In economic activities the greatest of virtues is tolerance. All societies flourish mightily when tolerance is the norm, and our age furnishes many examples of this. China began its astounding commercial and industrial takeoff only when Mao Zedong's odiously intolerant form of communism was scrapped in favor of what might be called totalitarian laissez-faire. India is another example. It is the nature of the Hindu religion to be tolerant and, in its own curious way, permissive. Under the socialist regime of Jawaharlal Nehru and his family successors the state was intolerant, restrictive and grotesquely bureaucratic. That has largely changed (though much bureaucracy remains), and the natural tolerance of the Hindu mind- set has replaced quasi-Marxist rigidity. In the last fiscal year India's GDP grew an estimated 8%, and in the third quarter, 10%. India's economy for the first time is expanding faster than China's. For years India was the tortoise, China the hare. The race is on, and my money's on India, because freedom--of movement, speech, the media--is always an economic asset. When left to themselves, Indians (like the Chinese) always prosper as a community. Take the case of Uganda's Indian population, which was expelled by the horrific dictator Idi Amin and received into the tolerant society of Britain. There are now more millionaires in this group than in any other recent immigrant community in Britain. They are a striking example of how far hard work, strong family bonds and a devotion to education can carry a people who have been stripped of all their worldly assets."⁵

Today, Indian expatriates in the US, UK, Europe and other countries are known for being ideal minorities who adhere to social harmony and contribute to the economic growth of their host countries.

Dr. P. Kanagasabapathi highlights this important fact in his book on Indian Economic Models:

"In this context, we have to remember that the Indian diaspora of around 20 millions, is extremely successful in many countries of the world. Indians are playing a crucial role in many countries including the US and the UK, even in highly sophisticated areas such as information technology, medicine, engineering and finance. Kotkin writes that "Virtually wherever they have settled, they rank among the most professionally and economically mobile of all groups. In settings as diverse as Malaysia, the United Kingdom and North America, Indians, particularly Hindus, consistently display higher-than-average levels of education, most notably in technical areas." As a result they have become crucial to the functioning of different sectors in those countries. For example, the contribution of Indians to the growth of business in the Silicon Valley is too well-known to be repeated. Indians are into businesses in many countries of the world and their presence in business is significant. They are recognized throughout the world for their high business acumen. Indians are in business in good numbers in many countries including the US, the UK, Africa and the Gulf. In some areas of business such as diamonds and motels,

for example, they occupy a major share. Indians, constituting about 0.5 per cent of Hong Kong's population contribute 10 per cent to its external trades".

Decentralization vs Totalitarian Production Models

Gandhiji argued that centralized production in mega factories around the world often led to counterproductive results leading to mass exploitation of labourers and a tendency towards totalitarianism. The economic collapse witnessed in many socialist countries with strict government controls over private wealth is an example of this. Similarly, the rampant exploitation of the workforce in large corporations in capitalist economies is also an illustration of this Gandhian thought.

Dr. P. Kanagasabapathi writes in his book, "Indian Models of Economy, Business and Management"

"The fact that India is increasingly building from the ground-up while China is still pursuing a top-down approach, reflects their contrasting political systems: India is a democracy, and China is not but the different strategies are also a function of history. China's Communist Party came to power in 1949, intent on eradicating private ownership, which it quickly did. Although the country is now in its third decade of free-market reforms, it continues to struggle with the legacy of that period— witness the controversy surrounding the recent decision to officially allow capitalists to join the Communist Party. India, on the other hand, developed a softer brand of socialism, Fabian socialism, which aimed not to destroy capitals but merely to mitigate the social ills it caused...

Perhaps the greatest achievement of India is to have maintained a very robust democracy in an extremely multi-ethnic environment. Contrast that with Egypt, for example, which used to have a highly multi-ethnic make-up, but which has now been mostly dissipated. He says that in the contemporary world of conflicts and problems, India would prove to be an ethical model for the rest of the world. "The planet needs a sense of moral order, spirituality and an ethical compass. The Indian religious and philosophical traditions can provide a great deal of all three. But in a global environment desperate for ideas, philosophy and religion, India is the most prolific birthplace of all three—because of the great synergy of democracy and diversity, and the much greater degree of self-confidence that Indians now feel's": It is due to these fundamental strengths that India is emerging as a major economic power in the world."

Social Upliftment through Gandhian Economic Thought

Gandhiji argued that all work and economic activity should ultimately lead to social and spiritual upliftment of the people. It is encouraging to see how communities in India have uplifted themselves not only from poverty but also socially through such community centred business practices.

For example, the Nadars of Madurai, a closely knit business community have been able to reduce the

scourge of alcohol addiction in many villages as a result of the community linkages. Similarly, the Jain businessmen in India are known to strictly adhere to non violence and vegetarianism. The Jain businessmen do not invest in any business which involves killing animals for meat or other purposes.

Many of the business communities in India have contributed immensely to social upliftment through philanthropic and charitable activities. These entrepreneurs invest a significant percentage of their profits in building hospitals, educational institutions such as schools and colleges, orphanages, old age homes etc.

For example, Coimbatore is well-known to be a district which has one of the highest density of educational institutions in India. Many of these educational institutions have been built and managed by entrepreneurs belonging to such business communities like the Naidus and Gounders.

Conclusion

Gandhian economic thought is therefore not merely a fanciful theory nor has it become old fashioned or outdated in modern times. The above examples of community-oriented businesses in India show that India has long held on to the Gandhian principles of Truth and Nonviolence even in the sphere of economic activity.

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