

Development of Societies

HSMC 101-18

Unit 3: Economic Development

Development of Societies



Social Development

Political Development

Economic Development

Economic Development



Economic Development

- **Economic development** is defined as an increase in a country's wealth and standard of living.
- An **example of economic development** is when a country begins to produce more products and increase its overall wealth.

What is Economy?

- Economics is the study of the production and consumption of goods and the transfer of wealth to produce and obtain those goods.
- Economics explains how people interact within markets to get what they want or accomplish certain goals.
- Since economics is a driving force of human interaction, studying it often reveals why people and governments behave in particular ways.

What is Economic Development?

- Economic development generally refers to the **sustained, concerted actions** of policymakers and communities that **promote the standard of living and economic health of a specific area.**
- Such actions can involve multiple areas including development of human capital, critical infrastructure, regional competitiveness, environmental sustainability, social inclusion, health, safety, literacy, and other initiatives.

- Due to being mixed Economy, Economic development of India depends on following factors:-

1. Agriculture
2. Industrial Output
3. Services
4. GDP growth rate
5. Health
6. Safety

YEAR	GDP RATE
2000	5.6
2001	6.0
2002	4.3
2003	8.3
2004	6.2
2005	8.4
2006	9.2
2007	9.0
2008	7.4
2009	7.4
2010	10.1
2011	6.8
2012	6.5
2013	4.4

Growth versus Development

- Economic growth may be one aspect of economic development but is not the same
- **Economic growth**: – A measure of the value of output of goods and services within a time period. Phenomenon of market productivity and rise in GDP.
- **Economic Development**: – A measure of the welfare of humans in a society. Aims of economic and social well-being of people

Economic Growth

- **Increase in goods & Services** produced by an economy or nation, considered for a specific **period of time**.
- The rise in the country's output of goods and services is steady and constant and may be caused by an improvement in the quality of education, improvements in technology or in any way if there is a value addition in goods and services which is produced by every sector of the economy.

- Economic growth refer to quantitative changes.
- It is a process of growth in the national & per capita income.
- Production of Larger amount of Goods & Services signifies growth.

Difference Between Economic Growth and Economic Development

Economic Growth	Economic Development
Single Dimensional – Goods production and sale.	Multi Dimensional – health, safety and well fare.
Quantitative	Qualitative
Continuous and steady change	Spontaneous and discontinuous change
Used for Developed Economics	Used for developing Economics
Example- GDP (Gross Domestic Product)	Example - Industrial Development, HDI

Economic Growth**Economic Development****Definition**

It refers to the increase in the monetary growth of a nation in a particular period.

It refers to the overall development of the quality of life in a nation, which includes economic growth.

Span of Concept

It is a narrower concept than that of economic development.

It is a broader concept than that of economic growth.

Scope

It is a uni-dimensional approach that deals with the economic growth of a nation.

It is a multi-dimensional approach that looks into the income and as well as the quality of life of a nation.

Term

Short-term process

Long-term process

Measurement

Quantitative

Both quantitative and qualitative

Applicable to

Developed economies

Developing economies

Government Support

It is an automatic process that may or may not require intervention from the government

It requires intervention from the government as all the developmental policies are formed by the government

Kind of changes expected

Quantitative changes

Quantitative as well as qualitative changes

SUSTAINABLE DEVELOPMENT

- There is a **new concept of Economic Development** known as Sustainable Development.
- Sustainable Development is that process of economic development which aims at **maintaining the quality of life of both present and future generations** without harming natural resources and environment.

CONDITIONS OF SUSTAINABLE DEVELOPMENT

1. Economic development
2. Conservation of Natural Capital Stock.
3. Reduction in Industrial Pollution.
4. Reduction in Agricultural pollution.
5. Comprehensive Rural Development.

SIGNIFICANCE OF SUSTAINABLE DEVELOPMENT

- **Raising the standard of living** of the existing Population.
- **Checking any harm** to the living standard of the future generation.
- **Protecting the people** against **Pollution** of their quality of their life and health.
- **Conserving environment** which is so much necessary for sustainable development.

ECONOMIC DEVELOPMENT



External
Investment

Business
Incentives

EXPORTS

Capital

Labor

Land and
Infrastructure

Technology,
Management
and
Information

PRODUCTIVITY

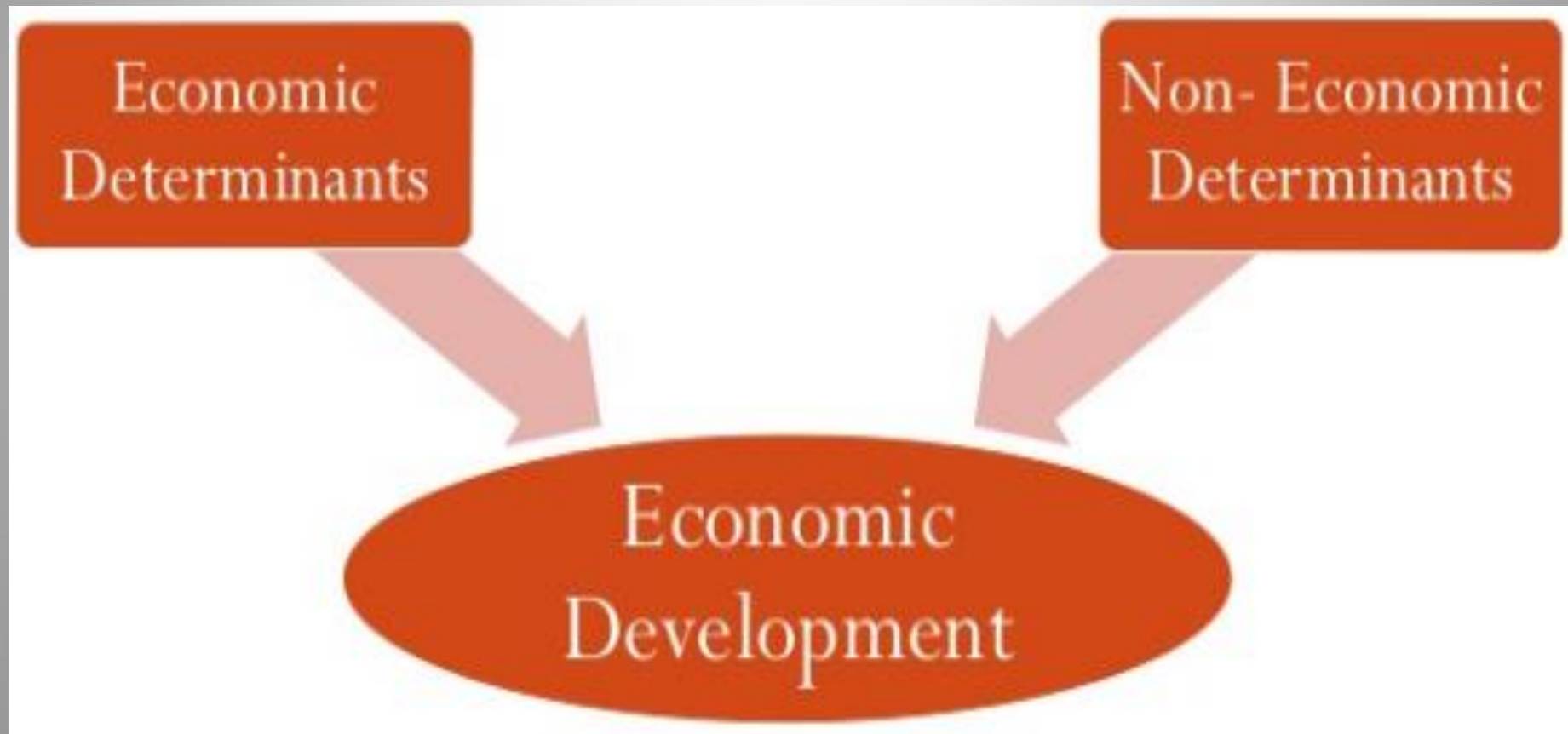
Environment

Human
Development

Quality of
Life

SUSTAINABILITY

Determinants of Economic Development



Economic Determinants

1. Quantity and Quality of Natural Resources.
2. Quantity and Quality of Human Resources – physical labors, entrepreneur, organization.
3. Physical Capital Resources- investment, real savings
4. Technical Progress
5. International Determinants

Non-Economic Determinants

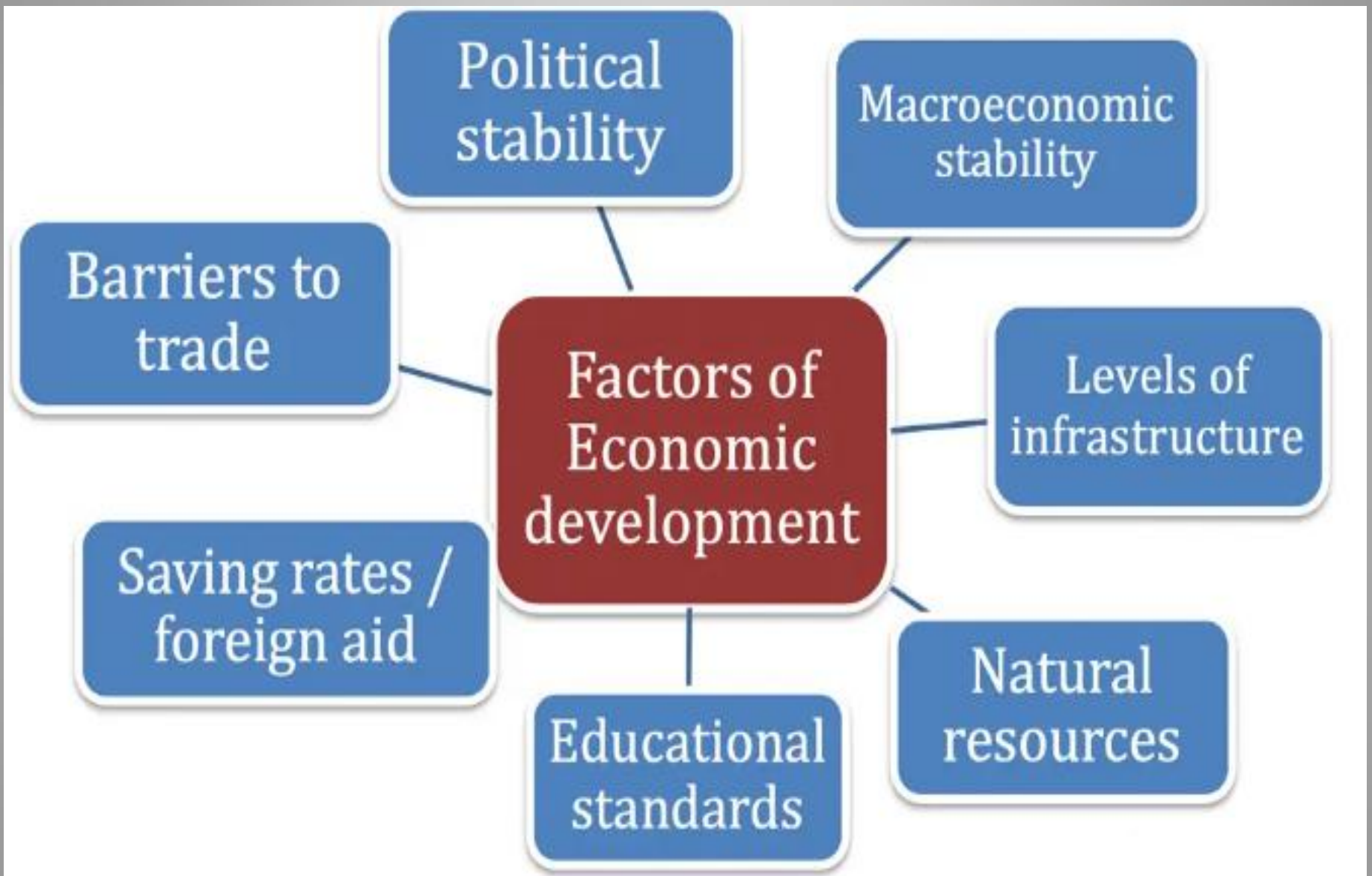
- Social Determinants
- Political Determinants
- Religious Determinants
- Freedom from Corruption
- Law and Order Situation
- Aspiration of Development

Human Development Index (HDI)

- It is a summary of human development around the world and implies whether a country is developed, still developing, or underdeveloped based on factors such as life expectancy, education, literacy, gross domestic product per capita.
- Used to measure Economic Development.

Gross Domestic Product (GDP)

- **GDP** can be calculated by adding up all of the **money spent by consumers, businesses, and government** in a **given period**. It may also be **calculated** by adding up all of the money received by all the participants in the economy.
- Used to measure Economic Growth.



- Thank You
- Any Queries?????

Development of Societies

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Unit 3: Economic Development

Birth of Capitalism, Socialism, Marxism

Capitalism

- Capitalism is the most prominent in our current global economic system. Its main characteristic is that its most means of production and property are privately owned by individuals and companies. The government has a limited role in such an economy limited to management and control measures.
- So a capitalist economy is a liberal economy. This means only the free market will determine the supply, demand, and prices of the products. There is no direct government intervention other than to control monopolistic practices in the economy.

- The economic system in which **businesses** are owned and run for profit by **individuals** and not by the state.
- **Capitalism** ensures **efficiency** because it is **self-regulated** through competition.
- It promotes **innovation**, **freedom**, and **opportunity**.
- **Capitalism** meets the needs of the people and is beneficial to societies as a whole.
- Minimal government intervention and protection of private property rights.
- USA, UK, Germany, Japan, Singapore all are classic examples of capitalist economies.

Birth of Capitalism

- In the medieval era, money could represent and convert only things that existed in the present. This imposed a severe limitation on growth, since it made it very hard to finance new enterprises.
- Smith's claim that the selfish human urge to increase private profits is the basis for collective wealth is one of the most revolutionary ideas in human history – revolutionary not just from an economic perspective, but even more so from a moral and political perspective.
- Capitalism began as a theory about how the economy functions. It was both descriptive and prescriptive – it offered an account of how money worked and promoted the idea that reinvesting profits in production leads to fast economic growth
- Its principal tenet is that economic growth is the supreme good, or at least a proxy for the supreme good, because justice, freedom and even happiness all depend on economic growth.

Features of a Capitalist Economy

- 1. Right to Private Property**
- 2. Price Mechanism**
- 3. Profit Motive**
- 4. Freedom of Enterprise**

• **Right to Private Property**: This is the essence of capitalism. This right means that private property such as **property, factories, machines, plants etc. can be owned under private individuals and companies.**

The three things covered under this right are:

1. Every individual can acquire **any amount of property.**
2. He can **use** these properties **as he wishes.**
3. He also has the right of **inheritance**. So he can inherit the property from his forefathers. And he can also **pass it on to his successors** on his death.

- **Price Mechanism:**

Price mechanism is like an **invisible hand** that controls the workings of a capitalist economy. The forces of **supply and demand** will determine the prices and the level of productions in the economy. The government will not have any interference in this matter.

- **Profit Motive**: The driving force behind any capitalist economy is the profit motive. All companies wish to **produce and sell their products to maximize their profits**. This also induces healthy competition in the economy.

- **Freedom of Enterprise**: In capitalism, **every individual is free** to make his own economic choices without any intervention. This includes both the consumer and the producers.

Benefits

1. **Economic Freedom** - one can spend one's income according to one's wishes.
2. **Automatic Working** - demand and supply
3. **Variety of Goods and Services** - attention to consumer's taste
4. **Optimum Use of Resources** - earning profit and no scope for wastages at all
5. **Efficient Producer** - encouraged to produce best quality of products due to competition
6. **Higher Standard of Living** - Varieties of goods at cheap rates for poor and weaker people
7. **Incentive to efficient** - reward according to his ability
8. **New Inventions** - To get more profit

Demerits

1. Labour Exploitation
2. Class Struggle
3. Wasteful Competition
4. Threat of Over-Production
5. Economic Fluctuations
6. Unbalanced Growth
7. No Welfare Activities
8. Monopoly Practices

Socialism

- The political idea that is based on the belief that all people are equal and that money and property should be equally divided
- Economic system is controlled and regulated by the government

Socialism

- Socialism, social and economic doctrine that calls for public rather than private ownership or control of property and natural resources. According to the socialist view, individuals do not live or work in isolation but live in cooperation with one another. Furthermore, everything that people produce is in some sense a social product, and everyone who contributes to the production of a good is entitled to a share in it. Society as a whole, therefore, should own or at least control property for the benefit of all its members.
- Socialism refers to the government ownership of the means of production, planning by the government and income distribution

Features of Socialist Economy

1. **Collective Ownership** - production are owned by the state, Government
2. **Economic, Social and Political Equality** - equality between rich and poor
3. **Economic Planning** - government fixes certain objectives
4. **No Competition** - state is the sole entrepreneur
5. **Positive Role of Government** - decision making
6. **Work and Wages According to Ability and Needs**
7. **Maximum Social Welfare** - no scope of exploitation of labour class

Birth of Socialism

- It began as a response to the dire poverty and inhumane working conditions in industrialized Europe in the early 19th century
- Socialism really took off in mid-century, spurred by the writings of German philosopher Karl Marx and the rise of labour unions
- Socialism emerged as a response to the expanding capitalist system. It presented an alternative, aimed at improving the lot of the working class and creating a more egalitarian society

Merits of Socialism

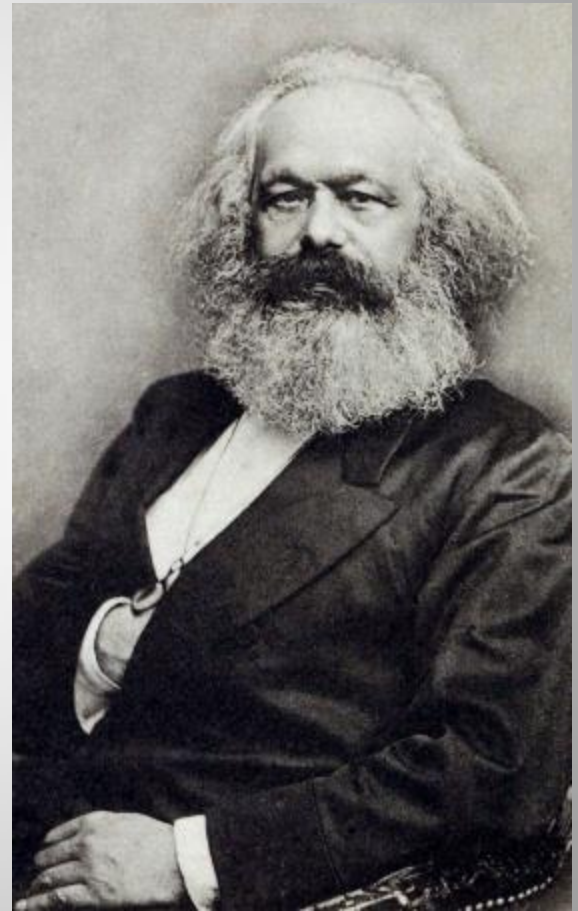
- (1) Greater Economic Efficiency**
- (2) Greater Welfare due to Less Inequality of Income**
- (3) Absence of Monopolistic Practices** - all means of production are owned by the state
- (4) Absence of Business Fluctuations** - neither overproduction nor unemployment

Demerits of Socialism

1. **Loss of Consumers' Sovereignty** - Consumers do not have the freedom to buy whatever commodities they want.
2. **No Freedom of Occupation** - Every person is provided job by the state; cannot change job.
3. **Allocation of Resources** - work is done on trial and error basis.
4. **Bureaucratic** - People work due to the fear of higher authorities and not for any personal gain or self-interest.

Marxism

- It is a social, political, and economic philosophy named after Karl Marx.
- It examines the effect of capitalism on labor, productivity, and economic development and argues for a worker revolution to overturn capitalism in favor of communism. (system in which goods are owned in common and are available to all as needed)



- **Marxism in simple terms**, it's a political and economic theory where a **society has no classes.**
- Every person within the society works for a common good, and class struggle is theoretically gone.

Birth of Marxism

Marxism originated in the thought of the German radical philosopher and economist Karl Marx, with important contributions from his friend and collaborator Friedrich Engels. Marx and Engels authored The Communist Manifesto (1848), a pamphlet outlining their theory of historical materialism and predicting the ultimate overthrow of capitalism by the industrial proletariat. Engels edited the second and third volumes of Marx's analysis and critique of capitalism, Das Kapital, both published after Marx's death.

Components of Marxism

❑ Dialectical Theory-A Triple method,

- mode of production change into **relation of production**
- relation of production give birth to **productive forces**
- Certain stage both clashes and give birth to **new product**

❑ Economic idea –Means of Production, Means of Labour, Subjects of Labour, Mode of Production, Surplus Value etc.

❑ State & Revolution-

- two type of socieities , class and classless.
- When relations of production and Productive forces clashes and give birth to new mode of production

Benefits of Marxism

- ✓ true equality – class basis
- ✓ benefits to the society
- ✓ helps with socialism
- ✓ reduces the tendency of debt
- ✓ protects the rights of unions

Weakness

- **abolish religion.**
- **limits opportunities for entrepreneurs**
- **lead to communism**

How Socialism differ from Marxism

- Under socialism, the means of production are owned or controlled by the state for the benefit of all, an arrangement that is compatible with democracy and a peaceful transition from capitalism.
- Marxism justifies and predicts the emergence of a stateless and classless society without private property. That vaguely socialist society, however, would be preceded by the violent seizure of the state and the means of production by the proletariat, who would rule in an interim dictatorship.

- Thank You
- Any Queries?????

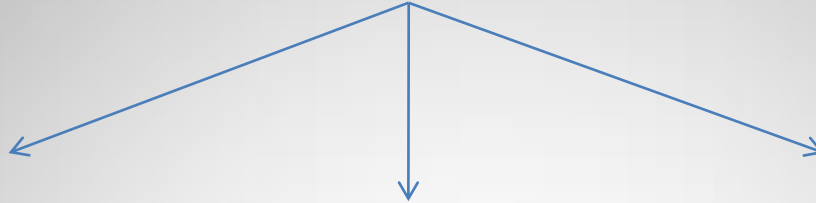
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Concept of Development in Pre-British
(Barter and Jajmani), British Period and
Post-British

Economic Development



Pre-British

British

Post - British

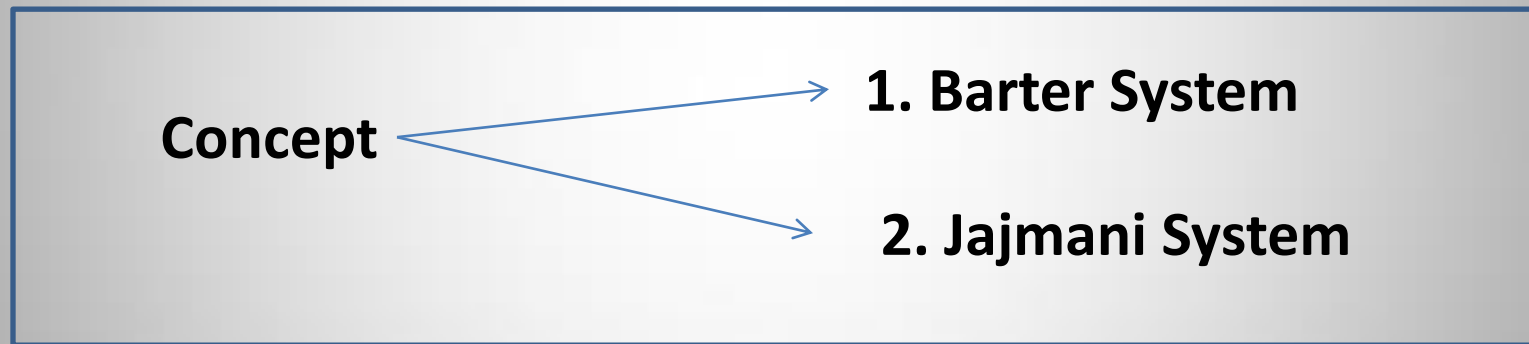
Pre – British era or Time Zone



1. Nawabs/ Kings – No concept of money
2. Evolvment of Money/currency

A. Nawabs/Kings

- No concept of money/trade/currency



Barter System

- Exchange of services or goods for other services and goods in return.
- Give and take
- Goods against services offered

Advantages of Barter System:-



1. No problem of concentration of wealth in few hands.
2. Simple system – give and take
3. No question of over/ under production – labour free
4. No external factor (Eg. International trade, foreign exchange, crises, etc.)

Disadvantages of Barter System:-



1. Double coincidence of wants – i.e., both to satisfy
2. No measure of value
3. Problem of storing
4. Problem of transportation
5. Lack of Divisibility

Jajmani System

- Closed Barter System.

- Between landlords

JAJMAN



Landless service class

KAMIN or Praja

- higher castes

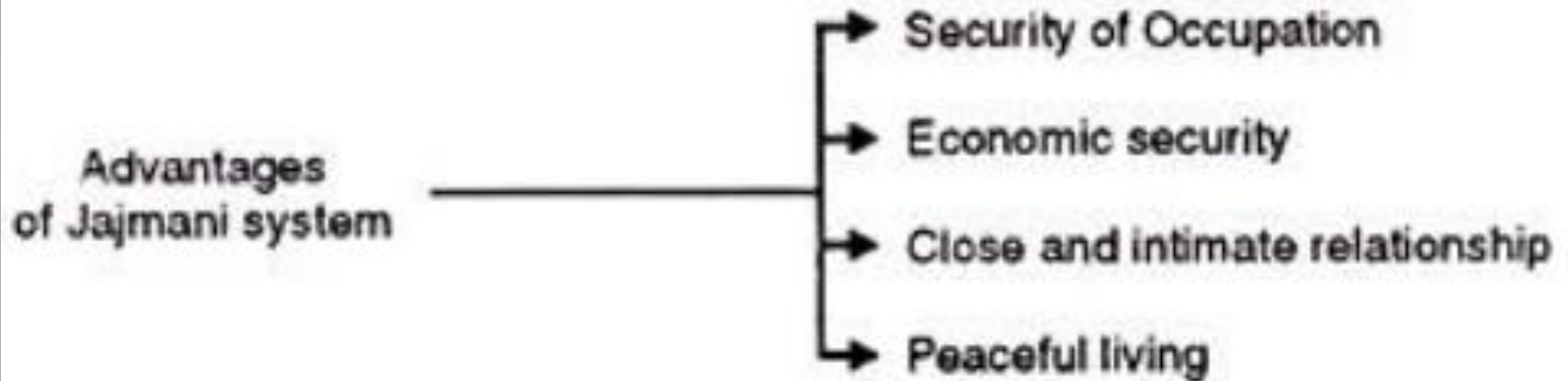


- lower castes

Jajmani System Feature

- **Hereditary** - generation after generation
- Kamins received grains from Jajman's for services offered. (eg – barber, cobbler)
- **Durable or Permanent Relation**
- **Goods Against Services**
- **Peace and Satisfaction**
- **Difference in Scope of Work**

Advantages of Jajmani System:-



- **1. Security of Occupation:**

Security of occupation is guaranteed in case of jajmani system. Since this system is hereditary, the kamin is assured of his occupation. He knows that if he breaks his family occupation he shall not be able to earn his livelihood.

- **2. Economic Security:**

It provides economic security to kamins as the jajman looks after all of their needs. The kamins are assured of their economic security. In every monetary crisis the jajman helps the kamins. They extend all possible help to the kamins. So there is economic security in the jajmani system.

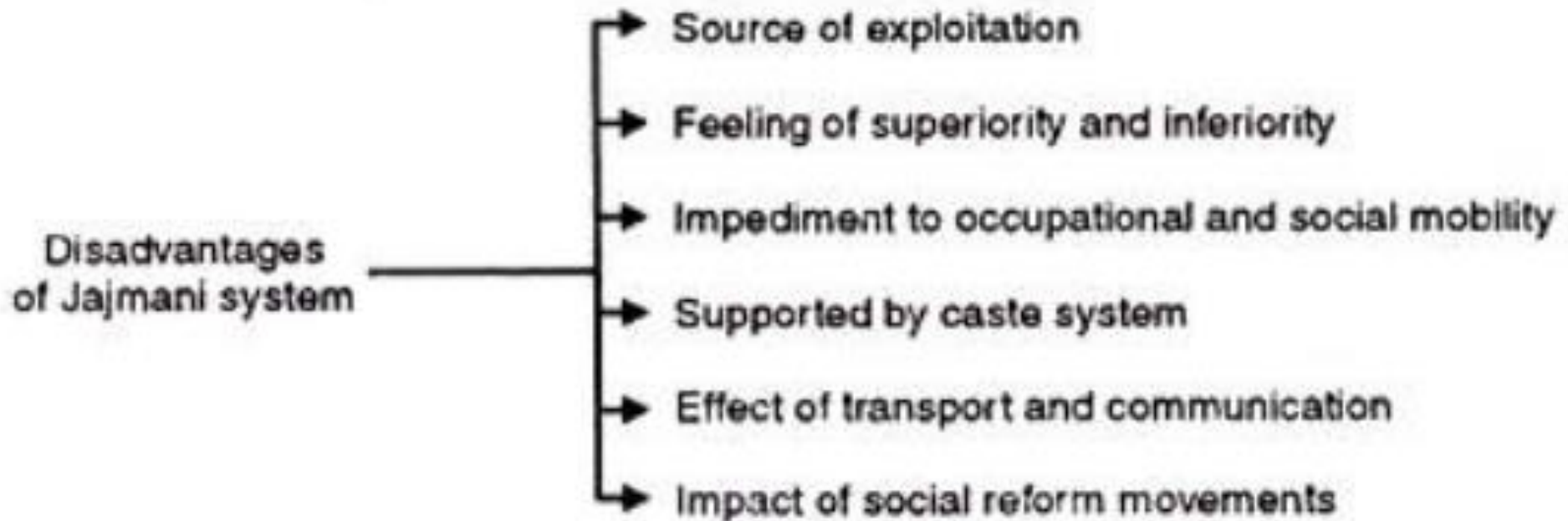
- **3. Close and Intimate Relationship:**

There is close and intimate relationship between the jajman and kamin. This relationship is not purely economical but it is sentimental and internal. A spirit of fellow feeling and brotherhood develops under this system. Both jajman and kamin know full well each other's limitations as well as plus points.

- **4. Peaceful Living:**

The cut-throat-competition for work or employment is almost absent in jajmani system. No jajman goes without service nor any kamin goes without food. So this system creates an atmosphere of peaceful living by creating the spirit of fellow-feeling and co-operation.

Disadvantages of Jajmani System:-



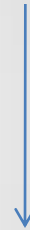
B. Evolverment of Money/Currency

- Emergence of

Agriculture and Cottage Industry



Farming



Local level people use
their surroundings to
make things

Eg - Handicraft, Selling
Honey

- India basically resided in villages.
- 85% dependent & indulged in Agriculture.
- Cottage industry –
 1. Locally manufacturing products
 2. at own level
 3. Example – Khadi, Silk, craft. Etc.
- Universally claimed i.e., famous worldwide and in demand
- Therefore, India called as **“Golden Bird”**.

- But it has its own disadvantages:-

1. Unorganized
2. Delayed payments
3. Transportation
4. Excess demand – labour

Taking advantage of this Britishers came into India to set up – EAST INDIA COMPANY.

British era or Time Zone

1. Machine Revolution –

Destroyed our cottage industries.

2. Cash Crop Policies –

Havoc on Indian environment
leading to famines (scarcity of food) killing
millions.

Eg – forced to grow cotton and silk

3. Wealth concentration to own land and not invested back –

Took money from India back to their own country.

4. Exporter —————> Importer

(became poorer and poorer)

5. Unnecessary Expenditure –

Burden over India. Eg - Army

6. Divide and Rule Policy –

breaking up larger concentrations of power into pieces that individually have less power

Therefore, Disastrous for Indian Economic Development moved the life of all sections particularly labour.

Post - British era or Time Zone

i.e., Independent India

Post – British



1. 1950's - Rapid Industrialization
2. 1960's - Agriculture Strategy
3. 1970's and 1980's - Agriculture[↑] industry[↓]
4. 1990's - Disinvestment
5. 2000's - All Multinationals available

1. Initial Strategy – 1950's

- **State Owned Enterprise (SOE)**
- **Rapid Industrialization** – in the field of Steel, Chemicals, machines/tools, power, etc.
 - Government founded and set up industries in above fields or invested back in development
 - Priority given to industry and not agriculture.
 - **Track protection/License Raj** to protect Government industries as well as all private industries to obtain license for – new, change, growth; but under the control of Government.

- Initial success but later on in 1960's and 1970's problems on account of political control/inter finance.

Result:- 1. Drained Government Resources.

2. No use in generating labour

3. All other sections ignored, depended upon other countries

– Food Crises of 1960's, leading to import from USA, etc.

2. 1960' s

- Back to Agriculture Strategy.

Twin formula – 1. Guarantee higher value for crops
2. Subsidy on tools, fertilizers

- Brought in “**Green Revolution**” – Self Sufficient

3. 1970's and 1980's

- While Agriculture gained Industry Drained.

Reasons: - 1. Rigid Licensing

2. Government Control – no free hand

3. Unreasonable policies

- Our products not of international standard as foreigners ignored and we had to use.
- Nail on the coffin - - Era of emergency
- - Unstable Government

4. 1990's

- Economy on the verge of collapse
- Disinvestment policy by Dr. Manmohan Singh



1. State owned enterprise (SOE) for Sale.
2. Allowed Foreign investors (reduced taxes, import duties)
3. Reduced Licensing Policy and Prices control.

Lead to Liberalization, privatization
and globalization.

5. 2000's

- Continued to bear the fruits of 90's
- All Multinationals, readily available.
- No difference between Global and Indian Brands.

Post – British



1. 1950's - Rapid Industrialization
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Idea of Development is Current Context

Development

Improvement

```
graph TD; Development --> Economic[Country's economic]; Development --> Social[Social Conditions]; Economic --> Wealth[Creates Wealth]; Social --> Lives[Improves People's Lives];
```

Country's
economic



Creates Wealth

Social
Conditions



**Improves
People's Lives**

Development

- Development means “improvement in country’s economic and social conditions”.
- It refers to improvements in way of managing an **area’s natural** and **human resources**. In order to **create wealth** and **improve people’s lives**.



- Development is not purely an economic phenomenon but rather a **multi-dimensional process** involving **reorganization** and **reorientation** of entire economic **AND** social system
- Development is process of **improving the quality of all human lives** with three equally important aspects. These are:

Three Objectives of Development

1. Raising people's living levels, i.e. incomes and consumption, levels of food, medical services, education through relevant growth processes
2. Creating conditions conducive to the growth of peoples' self-esteem through the establishment of social, political and economic systems and institutions which promote **human dignity** and respect
3. Increasing people's freedom to choose by enlarging the range of their choice variables, e.g. varieties of goods and services

Several conditions using which Development can be done:

- i. The capacity to **obtain physical necessities**, particularly food;
- ii. A **job** (not necessarily paid employment) but including studying, working on a family farm or keeping house;
- iii. **Equality**, which should be considered an objective in its own right;

iv. **Participation in government;**

v. Belonging to a **nation** that is truly **independent**,
both economically and politically; and

vi. Adequate **educational** levels (especially literacy).

Human scale development

- The people are held to be the principal actors in human scale development.
- Respecting the **diversity** of the people as well as the **autonomy** of the spaces in which they must act converts the present day object person to a subject person in the human scale development.

- Human scale development calls for a **direct** and **participatory democracy** where the state gives up its traditional paternalistic and welfarist role in favour of a facilitator in enacting and consolidating people's solutions flowing from below.
- **“Empowerment”** of people takes development much ahead of simply combating or ameliorating poverty. In this sense development seeks to restore or enhance basic human capabilities and freedoms and enables people to be the agents of their own development.

- A focus on people and the masses implies that there could be many different roads to development and self-reliance.
- The slogans “**human centred development**”, “**the development of people**”, “**integrated development**”, all call for a more inclusive and sensitive approach to fundamental social, economic and political changes involved in development such that all **aspects of life of a people**, their collectivity, their own history and consciousness, and their relations with others make for a **balanced advancement**.

Challenge

- The challenge of human scale development is to **nurture diversity** instead of being threatened by it, to develop processes of political and economic decentralisation, to strengthen democratic, indigenous traditions and institutions and to encourage rather than repress emerging social movements which reflect the people's need for autonomy and space.

- The issues of **environment, pollution, women, habitat, hunger** and **employment** have come to the fore one by one and continue to require public and institutional attention along with resource allocations.
- Two major contemporary concerns that require focus in any development initiative are that of **human security** and **sustainability**.

- Development does not mean social dislocation, violence and war and that we meet **“the needs of the present generation without compromising the ability of future generations to meet their own needs”**.

Purpose of development

- The purpose of development should be to **develop man** and **not** to end with **developing things**.
- **Fulfillment of basic needs** of mankind should be the true objective of development and achievements that either do not contribute to this goal or even disrupt this basic requirement must not be pursued as a development goal.

- Thank You
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E. F. Schumacher's idea of development,
Buddhist economics.

E. F. Schumacher's idea of development



Buddhist
economics

Great admirer of
Ghandi Ji



Gandhian
idea of
development



1. Decentralization
2. Swaraj

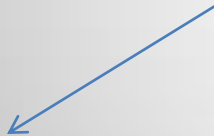
E. F. Schumacher's idea of development

- Born in Germany, but being against Hitler, moved to England. Resided and worked there.
- Considered to be among greatest of Economist of all times.
- Developed the concepts of :-
 - intermediate technology - making use of locally available resources.
 - small is beautiful.||



- In 1995, he travelled to Burma (now Myanmar) as an eco consultant there, where he developed the principle of “**Buddhist Economics**”.

- Buddhist Economics is formed from the two words: **Buddhist** and **Economics**.



Buddhist refers to the teaching of Buddha

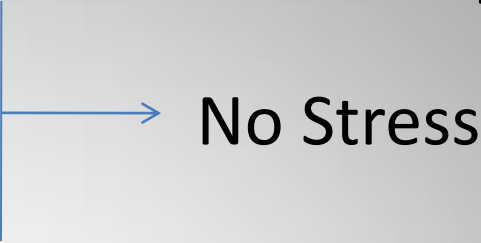


Economics is a subject studying **human behavior** related to the consumption of goods and **services for survival** as well as beyond that level.

Buddhist economics

- “**Production from local resources for local needs** is the most rational way of economic life and growth”.
- i.e., against Machine Revolution & harm to the environment, labor.
- Right Livelihood
- **Spiritual** and **philosophical** approach to the study of Economics.



- It is **revolutionary** in the fact that it stress upon work to be
 - meaningful
 - Creative

No Stress
- It is Successful because:-
 1. Focus on health & well being of individual
 2. Beneficial to the environment

i.e., Locals work Create from
Locally  Local Resources  Self Growth
+
Preserve
Environment

Differences between traditional and Buddhist economics

Sr. No.	Traditional Economics	Buddhist economics
1	Concentrates on Self Interest	Concentrates on Community Interest
2	Target MAX profit	Target MIN suffering
3	Maximize material wealth	Limited to Basic necessities – food, shelter, clothing, etc.
4	Reliance upon machinery to reach maximum production.	Self Work
5	GOAL: - Bigger is Better	GOAL:- Small is beautiful i.e. Less is more. Also a book with same name “Small is beautiful.”
6	No focus on the Environment	Prime focus on Environment Conservation.

- Buddhist economics aims to clear the confusion about **what is harmful and what is beneficial in the range of human activities** involving the **production** and **consumption** of goods and services, ultimately trying to make **human beings ethically mature**.

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Gandhian idea of development.
Swaraj and Decentralization.

E. F. Schumacher's idea of development



Buddhist
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Gandhian
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1. Decentralization
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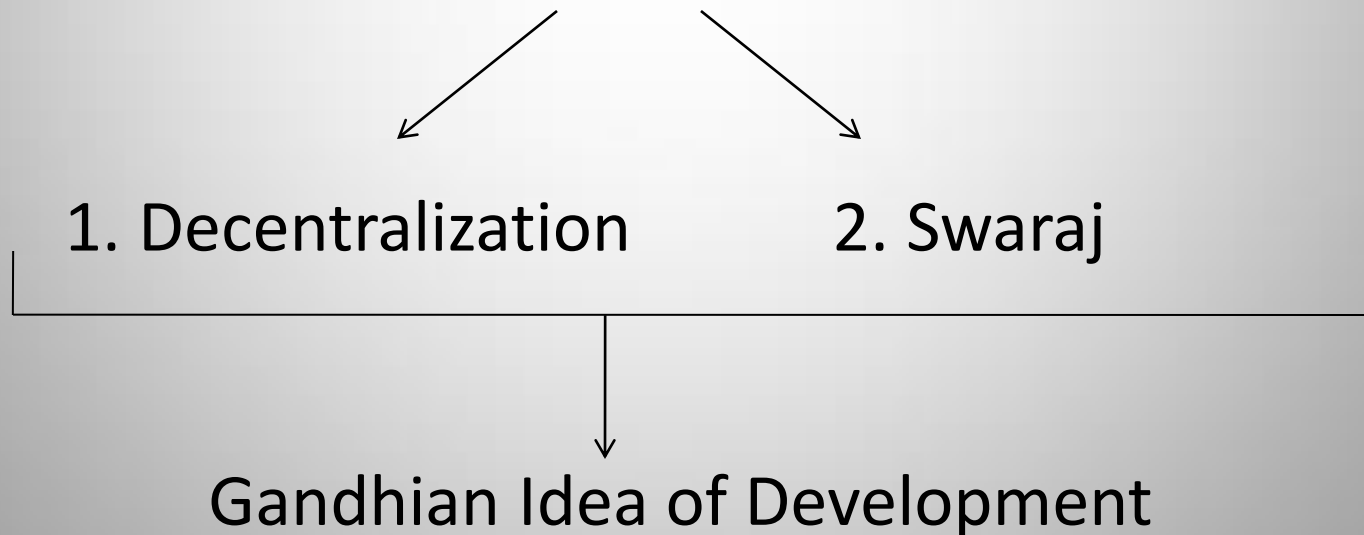
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 - intermediate technology - making use of locally available resources.
 - small is beautiful.||



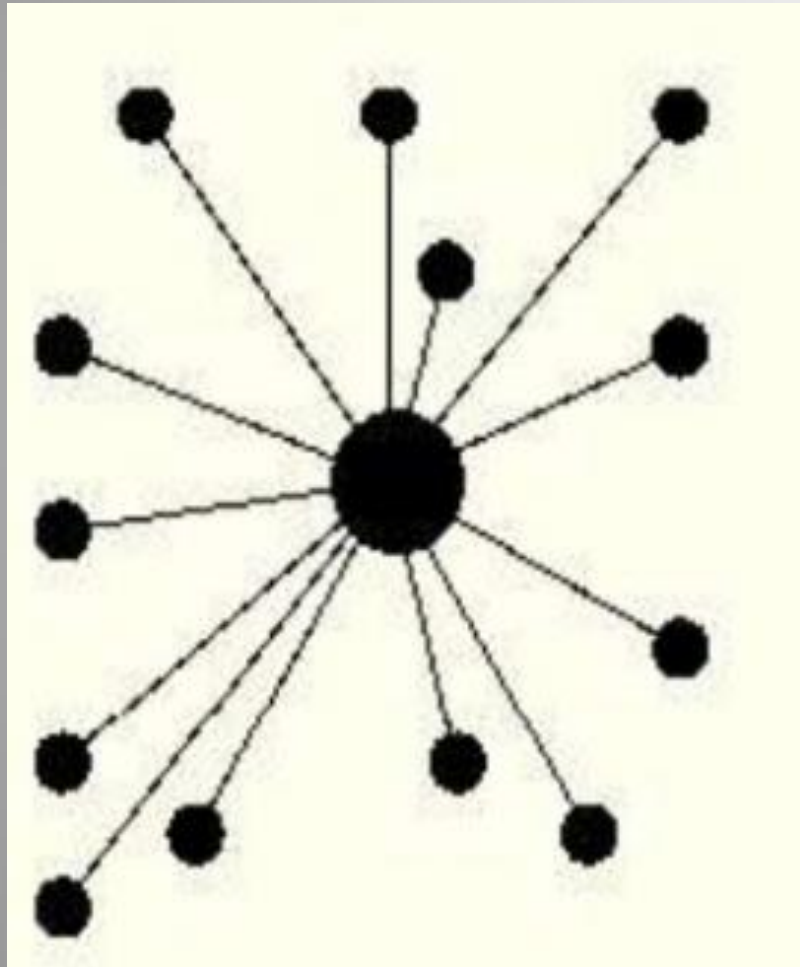
Schumacher –

- Great admirer of Gandhi Ji.
- Incorporated Gandhi ji's ideas in his work globally.

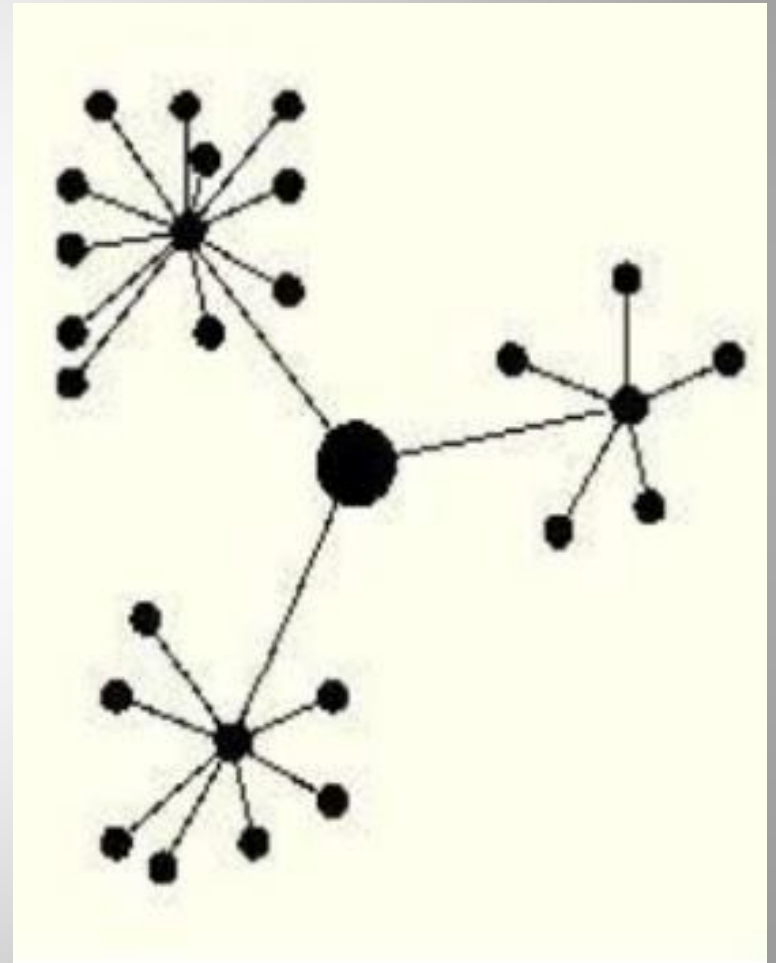
2 main concepts of Gandhi ji incorporated



Centralization




Decentralization



Decentralization

- **Basic activities** carried out at **various levels** giving adequate scope to **all participate** and **gain from it**.
- i.e., No entire control of Government /
one company & distribution to all
- Eg:-
 - Small – Village
 - Medium – Town/Cities
 - Large - Metros

(Production Units)

- The process of **transferring** and **assigning** **decision making** authority to **lower levels** of an organizational hierarchy.
- **Knowledge, ideas and information** are flowing from the **bottom to the top** of the organisation. 
- The span of control of **top managers** is relatively **small**.

Decentralisation has both political and economic dimensions.

Political Decentralisation



- different levels of **government**
- distribution of **powers** and **functions** at various levels of government
- such as **national, state** and **local** levels.

Economic Decentralisation



- various economic activities concerned with **production, distribution** and **exchange**.
- **sizes**- **small, medium** and **large**-owned by a large group of people and distribution of production through various channels.

The four elements of decentralisation observed are:

1. Decentralisation in decision-making:

- Gandhi's system is based on village republic or village **panchayat**. Here the people of the village participate in the decision-making process.
- All **economic, political** and **social decisions** related to the life of the people are taken by the people.
- Decentralisation thus implies **giving power to the people to take decisions that affect their lives.**

2. Decentralisation of structure of production:

- Decentralisation of production structure implies production in a large number of small and cottage industries.

3. Decentralisation of ownership of means of production:

- Economic decentralisation implies ownership of means of production by the masses. The village is a production unit. The production is organised in small and cottage industries, spread over different sectors operating with labour-intensive technology.

4. Decentralisation of location of production:

- The plan of rural industrialization involves organization of production in small units spread over the rural areas in the country.
- The distribution is thus equalized when production is spread over **geographical area** in **local units.**

ADVANTAGES OF DECENTRALISATION

1. Promotes small industries - Decentralisation promotes development of small industries using **local raw materials** and utilises simple tools and implements.
2. Equitable distribution of wealth – Equal selling of things

3. Solves Labour Problems - Cottage industries

generate employment in congenial occupations in the **natural setting** of the **worker's own place of habitation** which has many secondary and tertiary moral, physical and material benefits.

4. No problem of Strikes/ lock outs - production stability is maintained and therefore, there is **balance between production and consumption**

5. Peace and Harmony - Everybody is earning.

Small industries



more employment



more wages



more Demand



more production



SWARAJ



Freedom and self-rule

Swaraj can mean generally self governance or “home-rule”

(swa- “self”, raj- “rule”)

- (1) In case of **individual Swaraj**, it is self-control or Swaraj of the self.
- (2) In case of the **country**, it is the freedom of India from the British clutch, and
- (3) in case of **community level**, it is Grain Swaraj or freedom of village.

- Twin Objective: -

1. Empowering Self
2. Empowering State



Means giving full **right** or **freedom** to **people to work collectively**, making them masters of their work.

Advantages of SWARAJ

1. Promotes small industries
2. Equitable distribution of wealth
3. Solves Labour
4. No problem of Strikes/ lock outs
5. Peace and Harmony

- Thank You
- Any Queries?????