



Sardar Patel's Economic Ideas

Posted On: 25 OCT 2017 4:16PM by PIB Bengaluru

Special Feature: Rashtriya Ekta Diwas (31st October)

Sardar Patel's Birth Anniversary

Sardar Patel's Economic Ideas



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Sardar Patel dominated Indian politics from 1917 to 1950. First, he was at the forefront of the freedom struggle. Then, after Independence in 1947, as Deputy Prime Minister, he held the crucial portfolios of Home, States and Information and Broadcasting. The 'Iron Man' and a founder of modern India, he restructured the Indian bureaucracy after the transfer of large number of officials to Pakistan, integrated the princely States into the Indian union, and had an important role in shaping the Indian Constitution.

Following territorial consolidation, the immediate goal was for the Government, industrialists and labour to participate in a great national effort for recovery and reconstruction. The objective was to bring an improvement in the living standards of countrymen. The British had taken what they had to, leaving behind, in his words, only their statues. Many of the instruments of economic control that had been put in place by the British government to gear the Indian economy towards the war effort were still operating. So, imports remained severely restricted, and foreign currency earned from India's exports for the war had still not been transferred by the Bank of England to the Reserve Bank of India. As a result, a sizeable sterling balance had accumulated, but war-damaged England was in no position to settle the dues. Inflation had spiralled out of control. Speaking at the meeting of Indian National Trade Union Congress (INTUC) at Indore in May 1949, Sardar Patel declared his intention of rejuvenating the Indian economy. He said, "Our long period of slavery and the years of the recent war have drained the life-blood of our economy. Now that we have taken over power, onus is on us to rejuvenate it; new blood has to be poured in drop by drop,"

Partition added to the vulnerabilities and thus restoring business confidence was paramount. Ahead of Partition, Calcutta's worried businessmen had wanted to move out of the city that they had operated out of for generations. Sardar took the lead in dissuading them and asked them to stay on. He said in Kolkata, "I advised them to stay on because I was certain that no power on earth could take Calcutta away from India." The factories there had been dependent on jute grown in what was now Pakistan. The neighbour refused to honour agreements; even jute that had been paid for in advance was not delivered. Sardar Patel realised that India had no time to lose and gave a call for self-sufficiency. Speaking at a public event in Delhi in January 1950, he asserted, "If they cannot guarantee to implement agreements, we had better not depend on them. Let us grow the jute and cotton and the food grains we need."

Sardar Patel's thoughts and approach to India's economic challenge were shaped, to a great extent, by the historical setting at that time and also by his role of a nation-builder and a founder of India's political democracy. Self-reliance was among the chief tenets of his economic philosophy, on which, his views were closer to those of Pandit Nehru than Mahatma Gandhi's, who championed self-sufficiency at the village level. The role he envisaged for the government was that of a welfare state, but realised that other countries had taken up the task at more advanced stages of development. He was unimpressed with the slogans raised for socialism, and spoke often of the need for India to create wealth before debating over what to do with it, how to share it. Nationalisation he rejected completely; clear that industry ought to be the sole preserve of the business community. Nor was he a great believer in planning, especially of the kind practised in the developed and industrialised countries.

He was not for controls. The indifference was, in part, because there simply wasn't enough staff to implement them. He was working with an administration capacity depleted owing to the departure of a disproportionate number of officers that had opted to go to Pakistan and the posting of senior civil servants in the newly-established embassies across the world. Addressing the Chief Ministers of the States in April, 1950 he said, "We run the administration of the country with one-fourth of the service which was in existence when we took over. Fifty percent of the people whose presence was enough to keep law and order and make subordinates work with efficiency, and even overtime, are gone."

To him, the profit motive was a great stimulant to exertion, not a stigma. He wholly approved of it, and advocated it for even the non-capitalist classes, the middle classes, the labour and even the agriculturists. That does not mean he did not recognise concentration of wealth as a social problem and unethical. He did, and in fact, appealed for a higher sense of civic consciousness and national duty to transcend all motives. His argument was that it was not merely ethical and patriotic, but even economically pragmatic, to channelise hoarded wealth in economic undertakings, where the returns were certain to be richer. Besides, what good could the stashes be if the country's economic problems led to chaos. He constantly advised against greed. To the labour, he said, participate in creating wealth before claiming a just share, and advocated Mahatma Gandhi's philosophy on labour- employer relationships. The Mahatma's methods, he said, could bring labour its legitimate reward through constitutional means.

He wanted to see India industrialise quickly. The imperative being to reduce dependence on external resources. A modern army required equipment that only machines could produce: apart from arms and ammunition, uniforms and stores, jeeps and motor cars, aeroplanes and petrol. But machinery was not going to solve the "great disease" of idleness in the thickly populated country. *"Millions of idle hands that have no work cannot find employment on machines"*, he said while addressing the Chief Ministers' meet in April 1950. Being primarily a farming country, agricultural revival was of primary importance. His promise to industry was for no "impediments, bottle-necks or red-tape" as he said in a radio broadcast on Pandit Nehru's birthday On 14th November 1950.

In the same broadcast, he championed investment-led growth and said, "Spend less, save more, and invest as much as possible should be the motto of every citizen." He appealed to every segment of the society - lawyers, farmers, labours, traders, businessmen and government servants for saving every 'anna' that could be spared and to place their savings in the hands of the government for utilisation in nation-building enterprises. In the same address, he emphasised on saving every spare penny and said, "We must have capital, and that capital must come from our own country. We may be able to borrow from international markets here and there, but obviously we cannot base our everyday economy on foreign borrowing." This was a call for voluntary savings, and for savers to choose their preferred means of investment.

Sardar Patel's approach was balanced, pragmatic and liberal. Economics was an "intensely practical science" for him. Short cuts and arbitrary policies of temporary palliatives or artificial reductions in prices or stimulation of investment were not acceptable to him. He wanted Indian economy built on surer foundations of increased production, industrial and agricultural, and increased wealth.

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Views expressed in the article are author's personal.

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