

## **Planning, Economic Development and the Constituent Assembly of India: A Brief Study**

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**Abstract:** The Constituent Assembly was one of the first forums that debated at length the entire political, social and economic structure of what would become the Republic of India. Within this gamut of topics, economic issues received slightly lower consideration and planning, lower still. Nevertheless, the Debates provide a fascinating glimpse into the economic ideas associated with a wide range of ideological positions, ranging from the socialists and their long-held belief in nationalization and planning, to the Gandhians and some conservative elements as well. Focusing on the critical areas of agriculture, industry and the overarching structure of the planned economy, I would argue that these opinions provided a crucial link between the idealistic formulations which preceded independence and the concrete Committee and parliamentary debates which forged the Planning Commission in the early 1950s, at a time when the ideals were on the cusp of becoming reality but before the nation had begun to grapple with the nitty-gritty of planning and economic development themselves.

**Keywords:** Constitution, Constituent Assembly, Planning Commission, India.

It is well known that the Constituent Assembly, which met between 1946 and 1949, forged what we today consider to be the backbone of every section of Indian life – the Constitution. While the ideals of the Constitution transcend time, historians find greater interest in the debates which preceded the actual writing of the Constitution. This is because the debates occurred at

a critical juncture in this history of India – they began when the final contours of partition were being drawn within an ever-growing spiral of violence and ended when the infant nation was beginning to move out of the transitional Dominion period and into full-fledged nationhood.

While much attention has been showered on the political and social aspects of these debates, it is equally important to remember that the debates were crucial for the formulation of various economic and socio-economic clauses as well. Debates on economic aspects occupy somewhat less of the pages of the Constituent Assembly Debates (Proceedings) and this is one of the reasons why attention to the economic aspects of the Constituent Assembly debates has been somewhat scarce. (On a point of clarity, it should be noted that hereafter I shall be abbreviating the Constituent Assembly Debates (Proceedings) as CAP followed by the volume number and date.)

It is therefore not surprising that scholarship on the genesis of postcolonial India's economy has so far tended to ignore these debates. While some seminal works, such as those of Benjamin Zachariah, tend to wind up around the time the Constituent Assembly was being formed, others are found to focus more on the committees or on personalities themselves (Zachariah 2012). For instance, Vivek Chibber's excellent analysis of the subject focuses on the specific committees that were formed at this time and the background negotiations that accompanied them (Chibber 2006). Francine Frankel, whose work begins roughly around the time the Constituent Assembly started out, also pays greater attention to the committees before moving onto the Plan documents and the related debates (Frankel 2006). This list may be increased by including BR Tomlinson, whose succinct study of the planning process also depends overtly on the plan documents themselves (Tomlinson 2013).

To be fair, it should be noted that barring Zachariah, the focus of scholars has traditionally been on the results of the plans for the Indian economy, rather than the genesis of ideas. As such, historians such as

Chibber and Frankel focus more upon the structural shifts that occurred around the planning process, leading eventually to the failure of the planning system as a means of enforcing government goals and instead turning into a liability. Others, such as Amiya Bagchi, have focused upon the plans from an economist's viewpoint, pointing out the various errors and miscalculations in the models followed by the planners (Bagchi, 2004).

That said, it should be noted that the Constituent Assembly was known for bringing people from the entire Indian political spectrum onto one stage in a manner that the nation had not seen before. From the socialist groups and the Gandhians, who had dominated the nationalist forums prior to independence, to groups such as the Congress Right, who made their weight felt throughout the debates. Political interests and provincial concerns would naturally have made these proponents of various ideologies follow specific tactics (as happens even today in Parliament), but that should not detract from the core concepts that were put forth, debated and accepted or rejected as the task of writing the Constitution gathered steam.

In terms of economic debates, this wide range of opinion came to center on the vital facets of the economy – the agricultural sector and the related question of zamindari abolition, industry and the related questions of nationalization and state control, division of various sectors between the Center and the states and finally, the overarching structure of the economy and the related question of whether it would follow a liberal or a socialistic mould.

These questions had taxed the minds of the nationalists and socialists even prior to independence. Starting with the somewhat liberal Visvesvarayya Plan in the mid-1930s, a number of formulations had been put forth. These – as will be seen in the next section – had come to possess an increasingly socialist tone, which was in keeping with the growth of the socialist segment (formalized as the Congress Socialist Party) in the Indian National Congress. Economic planning, nationalization of large and vital

industries and strict control over others and land reforms became the staple of these formulations.

As the 1940s had proceeded, however, the socialists were not the only group that devoted their mental faculties to the question of what the economy of an independent India would look like. From the Gandhian camp of JC Kumarappa and Shriman Narayan to the capitalists like GD Birla, many non-socialist groups began to put forth their own formulations. While some aspects of their plans proved to be remarkably similar to those of the socialists, they also differed widely on a number of aspects.

This ever-widening cast of ideologies and leaders came together in the Constituent Assembly, leading to the interactions, which I have noted above. Such interactions, crucially, occurred around the same time as the first committees of the Congress and the Indian government, were beginning to consider the vital questions relating to the economy in earnest. Hence, it would not be too much of a stretch to argue that the ideas of the members of the Constituent Assembly provided a useful mirror for ideas, which would find resonance in these committees and later in the First Five Year Plan.

Hence, I would argue that the Constituent Assembly debates are critical for a number of reasons – firstly, they offered a wider platform for economic ideas than any that had existed prior to independence. Secondly, they offered crucial insights into how the idealistic phase of pre-independence considerations would gradually move into the more complex and technical discussions regarding actual policy formulation. Thirdly, they would explain how some ideologies – including those of the socialists themselves – were gradually losing ground and would therefore help explain the difficulties that the socialist agenda faced in the committees of post-independence India. Fourthly and perhaps most crucially, these debates display the failure of some sections to enshrine their ideals in the Constitution itself. While it may be debated whether the specific concerns of the various groups could technically be accommodated in a broad document

such as the Constitution, it is nevertheless true that the failure to do so deprived these groups of a useful tool with which to push forward their later economic agenda. Their failures in the Constituent Assembly would be the precursor to their eventual defeat in the committees.

Therefore, to answer the question – how did the Indian ideas on planning and economic development move from the pre-independence forums to the post-independence Planning Commission and how did the mix of ideas change during this process? – it is necessary to look at these debates in some detail. While it would not be possible for me to delineate the background to the Constituent Assembly and the linkages with the committees in detail, I would endeavor to trace both alongside consideration of the actual debates.

For this purpose, the first part of this essay is devoted to explaining the ideas and ideological positions as they existed at the time of creation of the Constituent Assembly, the second would focus on the actual debates and the results of such debates, while the third would seek to draw some tentative conclusions regarding the implications of the results of these debates for the immediate future, where committees would prepare the ground for the creation of the planning apparatus.

## I

Concern about planning and the socialistic model as tools for economic upliftment of a nation full of potential but immensely backward, was growing from the late 1920s. Jawaharlal Nehru's visit to USSR in 1927 and Subhas Bose's journey to Europe during the late 1920s paved the way for the interaction of Indian minds with the broad contours of the experiments taking place in Soviet Russia. While information was scarce and deeply colored by ideology, it nevertheless led the younger generation of Congress leaders – Nehru and Bose included – to flirt with the idea of

planning and socialistic economic development in the Indian context. (Nehru 1972 and Bose 1980)

From the early 1930s, we find Nehru arguing for a socialist pattern of economy, including planning, nationalization of large and vital industries and banks, strict control over private enterprise, use of cooperatives in agriculture and major modifications to the foreign trade and currency policies of the government. While some demands, especially those relating to imposition of a countervailing excise for cotton goods coming from Lancashire and changing the rupee-sterling exchange rate to one more favourable to Indians had been current since the opening decades of the 20th Century, others came to be formulated under direct or indirect influence of the USSR model. (Nehru 1974)

More than Nehru himself though, it was Subhas Bose who appeared as a champion of a socialist economic pattern. Though he himself had a rather confusing formulation regarding the similarities between fascism and communism, he followed a consistent policy of pushing for socialistic goals to be included in the Congress resolutions in the 1930s. Most notable in this regard is the Haripura Congress, where he made his position on socialism clear –

Socialism is not the immediate problem for us – nevertheless, Socialist propaganda is necessary to prepare the country for Socialism when political freedom has been won. And that propaganda can be conducted only by a party like the Congress Socialist Party, which stands for and believes in Socialism.

Beyond this, in speeches and discussions with the eminent scientist Meghnad Saha, he made it clear that he was firmly in favour of a socialistic economic policy which would take the country towards socialism. (Bose 1980)

Following a somewhat similar trail was Babasaheb Ambedkar's suggestions for economic development. Trained as an economist in Columbia and London, his PhD and DSc dissertations provided interesting suggestions regarding the historical contexts of centre-state financial relations and the origins of the present problems of the rupee. (Jadhav 1991) More than these excellent historical studies though, it was his understanding of economic development in the contemporary context that sets him apart. Ambedkar accepted the Marxist concept of economic exploitation of the masses, but argued that social and caste exploitation were no less critical in the Indian context. The latter, by limiting mobility of capital, labour and skill within castes in a hereditary manner, deprives the nation of the development it should have had. Eradication of caste barriers was, therefore, a vital part of unlocking the true potential of the nation (Jadhav 1991).

The result would be a casteless and - in a Marxist sense - a classless society. However, it would witness Ambedkar's own interesting take on state socialism. For him, state socialism would mean –

- a. State ownership of agricultural land and key industries to meet demands of the poorer strata of society.
- b. Maintenance of productive resources by the state.
- c. A just distribution of the common produce among the different people without any distinction of caste or creed. (Jadhav 1991)

In the 1940s, his disenchantment with the private sector grew and he argued that one should “put an obligation on the state to plan the economic life of the people on lines which would lead to highest point of productivity without closing every avenue to private enterprise and also provide for the equitable distribution of wealth” (Ambirajan 1999).

Indeed, he began to argue that in case of agriculture, there should be state ownership of agriculture with a collectivised method of cultivation. State ownership of industries, especially heavy industries and nationalisation of

insurance were also on his agenda. Hence, despite the growing disillusionment with the private sector, Ambedkar remained a firm believer in individual liberty to achieve economic growth. Indeed, he found no solution in the violent methods of communism, since he was also a firm lover of democracy. At the same time however, he believed that economic justice and development come before political freedom and not the other way around. (Jadhav 1991 and Ambirajan 1999)

It was however, not Bose and his friends in the Congress Socialist Party, or Ambedkar for that matter, that led the way in formulating the first economic programme for India that was explicitly influenced by the ideals of planning. This was the achievement of M Visvesvarayya, an eminent figure in both the technical and the nationalist circles of the Raj era. His Plan was influenced more by the ideals of Keynes and the New Deal that Roosevelt was championing in the United States. Therefore, we find in his work suggestions for an overarching economic council that would include representation from business bodies (but not from labour!) and would be tasked with forming plans for the economy, a government role aimed more at promoting than regulating industry and a large private sector working in cooperation with the state. By contrast, he was far less forgiving for agriculture, arguing for some amount of force to be used in creating cooperatives and providing for model farms and all forms of state aid to these in order to promote agriculture. (Visvesvarayya, 1938)

On the other hand, there arose Gandhian alternatives, including those offered by JC Kumarappa and Shriman Narayan Agarwal. To look at Agarwal's formulation, we find the Gandhian structure of a hierarchy of village-based bodies being fully embraced. Agriculture would be the prime activity of the country and production would be for local consumption, leading to regional self-sufficiency. What little was required from outside the region would be traded but only for things that the region itself had surplus of. Industry would be the handmaid of agriculture and most industries would be small and village-based (aka cottage industries), eschewing the evils of large-scale

industrialization. He recognized however, that there would be industries – coal and petroleum for instance – which had to be large and centralized by design and these would be in the hands of the state. Beyond them however, there would be a decentralized, self-sufficient, agriculture-based economy that would work towards fulfilling basic requirements of food and clothing rather than aim at foreign trade or capitalist gains. (Agarwal 1944)

Finally, there was the famous Bombay Plan, which claimed to place the capitalists in the same boat as the proponents of socialist and planned economy. While claiming to find little merit in the purported conflict between socialism and capitalism, the capitalists led by GD Birla conceded a number of essentially socialist demands. These included strict regulations of industry, including the much-debated controls on patterns of investment. While trying to keep as much of the economy open to capitalist and private activity, they nevertheless conceded a large space to government-owned and government-controlled industries, thus falling back from the position claimed earlier by industrialists and definitely from that demanded by Visvesvarayya. Agriculture, for them as for most socialists and Visvesvarayya, would involve creating cooperatives and providing adequate credit and marketing facilities, along with technical education to the farmers. (Mathai, Birla, et al. 1945)

All these positions, along with some of their proponents, met under the National Planning Committee of 1939. Formed at the behest of then Congress President Subhas Bose and having the then champion of socialist economic development Jawaharlal Nehru, the NPC split into a number of smaller sub-committees to debate the nitty-gritty of what would become free India's economy. While it is not possible to discuss the points in detail, I may mention that the reports of the sub-committees (which came out very belatedly in 1948) showed the essential points of contention. For instance, the Industrial Finance Sub-Committee had been provided a strongly socialist brief by the Secretary of the NPC and noted socialist, KT Shah. However, the capitalist-dominated sub-committee rejected the suggestions of state-control

in favour of a more liberal and private-industry led system. The Chemical Industries sub-committee, on the other hand, had no difficulty in recommending that the state control all chemical industries since they were large industries and of vital importance to not just civilian affairs, but munitions production as well. (KT Shah, et al, 1948)

At the cusp of independence, then, we find that a number of positions existed on what the structure of post-independence Indian economy would be. Ranging from the socialists to the capitalist and the Gandhian, these positions would find an important forum – the first after the dissolution of the NPC in fact – in the Constituent Assembly. Here, they would run into not just each other, but the ideas of the Congress Right and even the Muslim League, both of whom had had little role to play in the formation of economic plans and structures in the pre-independence era.

## II

The Constituent Assembly was formed as a result of the complex deliberations that took place between the Indian National Congress, the Muslim League, the British and various smaller parties regarding the modalities of the transfer of power. In its truest sense, it was not a body elected by universal adult franchise like the modern parliament (Hasrat Mohani, CAP Vol VII, 4 August 1948, Part I, Damodar Swarup, CAP Vol VII, 5 August 1948, Part II), but tended to have representation from virtually every part of India. What is notable however is that not every section was represented throughout. For instance, bickering with the princely states regarding representation meant that their representatives came months after the Assembly had begun its work, with many signing their names as late as November 1948. While this led to some demands for postponing of vital agenda, the Assembly nevertheless continued to work without them. Again, the Muslim League took its own sweet time in joining the Assembly.

That said, it was obvious from the start that the majority of members were from the Congress and they included both the Congress Left and the Right. Notably, while proponents of the Right, such as Vallabhai Patel and Rajendra Prasad, took up important positions and introduced a number of important resolutions, the only recognized leader with socialist leanings who took an equally active role (or was allowed to) was Jawaharlal Nehru. Other socialists, including KT Shah, were gradually relegated to the position of introducing amendments, which were often relegated to other sections of the Constitution or flatly rejected. The latter, as may be guessed, was due to the comparatively weaker position of the socialists within the House, a reflection of the gradual decline of the socialist group within the overall power structure of the Congress. (CAP Vols II-VIII, 1946-1948).

Nevertheless, economic development and planning began to feature in the deliberations from the Objectives Resolution itself. Moved by Nehru, the resolution did not include “socialism” or “planning” within the text itself but Nehru declared, by way of explanation, that he hoped the country would move in a socialist direction. (Jawaharlal Nehru, CAP Vol II, 13 December 1946). Given that Nehru had been one of the most vocal supporters of socialism and move towards a planned economy in the pre-independence period, this position was hardly surprising.

Indeed, the socialists seemed to be broadly satisfied with his statement. Minoos Masani, one of the foremost members of the CSP, found that the resolution was altogether along the lines he had hoped for. He further asserted that the principles of equality of education, ending of social inequalities and social security would be achieved by following the resolution and its spirit. (M Masani, CAP Vol II, 17 December 1946). Another left-leaning figure, RK Sidhwa, agreed with Masani that the goals the socialists had hoped for were broadly championed in the resolution thus put forth by Nehru. (RK Sidhwa, CAP Vol IV, 19 August 1947).

However, not all were satisfied with Nehru's resolution. BR Ambedkar, who as we have seen above, had a well-defined conception of how the Indian economy should take shape, argued that Nehru had chosen to simply speak of problems rather than find solutions. He wondered why the lines –

that in order that there may be social and economic justice in the country, that there would be nationalization of industry and nationalization of land. I do not understand how it could be possible for any future government which believes in doing justice, socially, economically and politically, unless its economy is a socialist economy.

could not be found in Nehru's speech (BR Ambedkar, CAP Vol II, 17 December 1946). While he did not mention it, perhaps Ambedkar had, in view of Nehru's pre-independence statements, been led to believe that Nehru would stand by the essential aspects of what he had then believed socialism to be made up of. At the same time, this position was in consonance with his growing disenchantment with the private sector and growing belief in the role of the state in alleviating the numerous social and economic ills of the country.

Others also hoped that Nehru would call for a more thorough socialization of the country's economy. PR Thakur, for instance, put forth the demands for nationalization of vital industries such as basic and large-scale industries, as well as mines. (PR Thakur, CAP Vol III) NV Gadgil, on the other hand, demanded that at the early hour, the Assembly should resolve to write the entire constitution along socialist lines. He pointed to the Congress Election Manifesto of 1948, which had suggested nationalization of key industries and abolition of the zamindari system. However, Gadgil was willing to countenance a private sector and was therefore not demanding a Soviet socialist model. (NV Gadgil, CAP Vol IV).

However, most of these demands were rejected on the grounds that the Objectives Resolution was merely a guiding document and the specific arguments placed by the members should be dealt with at the relevant moment i.e. when the actual sections dealing with the economy were being debated. (Chairman, CAP Vol II, IV). Now as we have seen above in Section I, the demands for socialization of the key resources of the country – especially industries – had been a staple of the socialists and even the Gandhians had to some extent assented to it. The Bombay Plan, despite being born of the pens of capitalists, had also suggested state control, management and even ownership. However, with the members’ suggestions to this effect being stonewalled, any possibility of enshrining the socialist ideals in the Resolution itself was lost. As is well known, the Resolution would later become the Preamble of the Constitution. It may be argued that while not legally enforceable, inclusion of these points in the Preamble would have set a precedent on which the later development of the Constitution could proceed.

Another opportunity arose during the debates on the Fundamental Rights. The draft for the Fundamental Rights accepted the Right to Property, stating that if the state wanted to acquire property belonging to private persons, it would have to pay “just compensation” for it. This brought forth protests from Alit Prasad Jain and Phool Singh. Phool Singh feared that if by just compensation, market prices were taken as benchmarks, nationalization of industries and land would prove an impossible expense. (P Singh, CAP Vol III, 1 May 1947). Jain argued that nationalization of mines, factories and other productive sectors would occur in the interests of the masses. As such, there should be little or even no compensation at all for such actions. (AP Jain, CAP Vol III, 1 May 1947).

As debate moved into the distribution of sectors into the Union, State and Concurrent Lists, the question of planning itself came up for debate. Especially controversial was the inclusion of planning within the Concurrent List. K Santhanam wondered whether this would allow the central

government to take over any industry – private or public – in any state on a whim. However, he sought to situate this within the overall debate of federalism and the rights of the states vis-à-vis the Centre. (K Santhanam, CAP Vol V, 20 August 1947).

This view was strongly challenged by Balkrishna Sharma. He warned against being overtly alarmed by the “hobgoblins” of excessive Central power. For him, the danger was really the decentralization of economic power, since this would pave the way for the disintegration of the country. Indeed, he argued that the country should be better served by Central planning, since the Centre would be in a better position to do justice to all regions. Indeed, he used this argument of the Centre’s sagacity to argue that the Centre should be able to nationalize industries which it felt would serve the country better by being in government control. (B Sharma, CAP Vol V, 21 August 1947).

At this juncture, it would be prudent to note that the debate on the powers of the Centre over industries and economy in general had been going on for a long time and especially since the Act of 1935, which had made industry a state subject. Ambedkar, in his study of Centre-state financial relations, had argued that each provincial government organ must be as financially independent as possible, as lack of this independence had created the unwholesome demands on the part of the provinces of British India on the imperial treasury. At the same time, he believed that the Centre should have the political will to rein in the errant states and so ensure the best coordination of economic resource utilisation. This was the essence of what Ambedkar held to be collective responsibility (Ambirajan 1999).

Interestingly, the question now took the shape of a strong planning vs. weak planning debate. Seen in this light, we should consider Ambedkar’s belief in putting “an obligation on the state to plan the economic life of the people on the lines which would lead to highest point of productivity” as an argument for a stronger centre than the states with the Centre having the onus

for planning and coordination (Ambirajan 1999). It may be remembered that Visvesvarayya – by no means a socialist – had sought a careful balance between the powers of the Centre and the States, while ultimately favouring the Centre to some extent (Visvesvarayya, 1938). Others, from the socialists to the Bombay Plan, had argued for central control in the interests of uniformity and overall strength of industrial policy (Mathai, Birla, et al. 1945). Only the Gandhians such as Shriman Narayan had demurred, preferring a decentralized economy that would see industry more as a tool of agriculture than the other way around (Agarwal 1944).

These contours were evident during the debate as well. GL Mehta, a noted industrialist, argued that the only power that could claim to do justice to the demands of all the states was the Centre and as such, power of planning and formulation of economic policy should vest in it. Mehta argued further that in some areas – labour policy for instance – there was need for national uniformity and this could only be achieved by the Centre. That said, he insisted that more important than actual division of power was the spirit of cooperation between the Centre and the states, since this would ensure maximum benefit to the nation. (GL Mehta, CAP Vol V, 21 August 1947).

Despite their arguments having much common ground however, Balkrishna Das did not view GL Mehta's arguments as sincere. He countered by stating that Mehta actually wished to put control of the national economy in the hands of the capitalists and to this end, was making this argument for central control. He signed off with the accusation that as long as there were capitalists in the country, the common man would continue to suffer. (B Das, CAP Vol V, 21 August 1947). Amidst this vitriolic exchange, Narayan Das sought to put forth a Gandhian perspective. He argued that there was every possibility that one day the Central power may prove to be evil or whimsical. Such evil could only be contained if there was power in the hands of the villages, where the masses lived. For this reason, he argued that power should not be concentrated in the hands of the Centre at all. (N Singh, CAP Vol V, 21 August 1947).

The most serious attempt to enshrine socialist principles in the Constitution was made by Kazi Karimuddin, a Congress Member from CP and Berar. Following upon the demands for socialism made by Hasrat Mohani, Karimuddin moved a private member's resolution stating that –

“This Assembly is of the opinion that the economic pattern of this country shall be socialist economy based on the principle of nationalization of key industries and co-operative and collective farming and socialization of the material resources of the country and that the Government of India shall adopt the said principle immediately.”

(Kazi S Karimuddin, 17 February 1948)

Karimuddin's goal here was to obtain a declaration from the Constituent Assembly and thus achieve the socialist turn that Ambedkar had sought to be placed in the Objectives Resolution earlier. While the resolution itself didn't include planning, it included virtually all the goals put forth by the planners as ideal for the country. As such, acceptance of the resolution would have been tantamount to accepting an economy that would be strictly planned and follow a socialist idiom. However, Karimuddin ran into a most unexpected barrier – Nehru himself. Nehru had been unwilling to participate in the debates beyond the parts where he himself moved resolutions or clauses of the Constitution. While it is not possible to analyze Nehru's mind for the reasons for his reticence, one would have hardly expected the fiery socialist of the 1930s, one who had himself spoken of a socialist economy during the Objectives Resolution, to oppose such a resolution.

The reasons Nehru put forth for thus opposing Karimuddin included the argument that the government's prime goal would be increasing productivity instead of following any specific ideology. Indeed, following ideological goals at this critical juncture may lead to “petty disaster”, followed by “graver crises” and “semi disaster”. Hence, instead of seeking to change the

structure of the economy by seeking to nationalize or control existing industries, his government's goal was to set up as many new industries as possible and thus improve productivity. For these reasons, he considered Karimuddin's resolution to be impracticable and asked him to withdraw it. Faced with the prospect of being opposed by the very person who had championed socialism and planning, Karimuddin withdrew the resolution. (J Nehru and Kazi S Karimuddin, CAP Vol VI, 17 February 1948).

Improving productivity, as an instrumental goal, was not alone in being used by those opposing a strongly planned and socialized economy. In various reports submitted to the Constituent Assembly, it is mentioned that the nationalization of industry would "wash away the twin anchor sheets of Central finance- Income tax and Customs." Abolition of zamindari and other land reforms, on the other hand, would wipe out large amounts of agricultural tax. (Annexure B, CAP Vol VII, 4 August 1948, Part V). Others, such as the leaders of the Congress Right, sought to use technicalities to ensure that the debates were not bogged down by questions of economic structure. Rajendra Prasad, on more than one occasion, blocked the likes of RK Sidhwa from introducing resolutions regarding nationalization, planning, etc. While he did so on technical grounds, it had the effect of stymying discussion on the economic future of the country. (R Prasad, CAP Vol IV, multiple dates).

Vallabhbhai Patel played a similar role with regards to land reforms. When faced with resolutions demanding abolition of the zamindari without just compensation and nationalization of land, Patel argued that these debates were occurring in the provincial assemblies and need not take up the time of the Constituent Assembly. In doing so, he ensured that no overarching principle of economic development was pushed through and made binding upon the government. (V Patel, CAP Vol III, 1 May 1947). As the debates went on and the Constitution was passed, clause-by-clause, it increasingly became clear that the socialist and somewhat Gandhian goals regarding the economy would not come to fruition. With little support from Nehru, the proponents of nationalization, socialization and state control (or even

decentralization of the economy) found few takers. The Constitution, as it finally took shape by late 1949, was really one that the Congress Right preferred and not one that was envisaged by the Congress Left and the communists. This, as we shall see in the concluding section, was part and parcel of a larger shift that ensured a weak, capitalist-led economy despite the acceptance of the principle of planning.

### III

One of the reasons why the socialists had failed to get their agenda passed was that they were gradually becoming a spent force in Indian politics. From their heyday in the late 1930s and early 1940s, they were gradually moving out of the Congress and out of the limelight of the Indian political spectrum. With Subhas Bose, an early champion of planning gone, this departure would leave the socialists severely weakened and deprive Nehru of the support he might otherwise have received from this group (Chibber 2006). Furthermore, the Gandhians were gradually being sidelined. Despite Shriman Narayan himself holding the position of the President of the Congress in the 1950s, the Gandhian leadership was deprived of their spiritual leader – Gandhi himself – in 1948. This was followed by their being sidelined from the Congress decision-making process. Interestingly, the Gandhian ideals of a decentralized village-based economy, was actively opposed by the socialists and even by Nehru. Having himself noted that sectors like the cottage industries were of political and social utility but dubious as economic tools, Nehru did little to bring to reality the Gandhian goals. (Advisory Planning Board Report, 1947, Economic Programme Committee Report, 1948).

Despite this, the Gandhians managed to retain some influence, especially in matters pertaining to agriculture, not least because they were the only ones with any detailed scheme regarding this sector. For instance, the Agrarian Reform Committee (ARC) of the Congress (1948) had Gandhians among its members and suggested some interesting methods of dealing with

agricultural problems. These included the formation of rural cooperatives, fixing of land ceilings, formation of panchayats as rural governing bodies, protection of tenants and allowing them to purchase the land they tilled and setting of three points for deciding who should have the land – a. he should transfer the land according to well-defined laws and at a reasonable price b. he should not sublet his land and c. he should be good at husbandry and management of the land. It should be noted here that these points were not exclusive to the Gandhians such as Narayan, but had been championed by the socialists as well. However, it was the Gandhians who had fleshed out these goals into a coherent structure, which now became part of the suggestions of the ARC. (Agrarian Reform Committee Report 1951).

On the other hand, the failure of the socialists to have socialist principles enshrined in the Constitution proved to be a precursor to their failures in the committees. Having ensured that no overarching directives existed (except some in the Directives of State Policy, which were non-enforceable), the Right could leave the actual formulation of industrial and planning policy in the hands of the various committees that came up.

These committees had socialist representation, but where they made their influence felt, they were quickly overruled. Hence, in the Advisory Planning Board, KT Shah's arguments for nationalization were overruled. Instead, it was argued that nationalization beyond defense industries may burden the state and prevent rapid growth of the economy. Indeed, beyond defense, the state should only participate where it found private industry to be unwilling to invest (Chenoy 1983).

A more pro-nationalization line was taken by the Congress' Economic Programme Committee, which had Nehru as its Chairman. The EPC for its part argued that large-scale privately held industries would be provided a grace period of five years. At the end of this period, the government would nationalize them so as to be in sole control of the entire large-scale sector. (Economic Programme Committee Report, 1948). The

pro-socialist tone of this report was referenced by Karimuddin during his speech (Kazi S Karimuddin, CAP Vol VI, 17 February 1948).

As we have seen though, Nehru struck down the idea as being impracticable. This was partly because the industrial bodies such as FICCI had launched a vicious campaign against the report, warning the government that this would seriously hamper investor sentiment and prevent growth of the industrial sector. Eventually, Nehru was forced to declare that the government was not bound to follow the EPC report. Instead, the Statement of Industrial Policy of 1948 proved to be a very pro-industrialist and pro-capitalist document (Chenoy 1983). Nehru was eventually able to rid himself of the influence of Congress Right and its capitalist sympathizers (Zachariah 2004). However, as scholars have pointed out, his faith in socialism and planning had been severely watered down over the years and he refused to shore up the socialist agenda either in the final days of the Constituent Assembly or in the committees that accompanied or followed it (Zachariah 2012).

In the end, devoid of any overarching commitments to nationalization, major agricultural reforms or planning in the Constitution and being defeated by pro-industrialist and Congress Right members in the committees, the socialist agenda found only a weak expression in the final planning apparatus (First Five Year Plan 1952). As Chibber has shown, the planning apparatus was formed without teeth or muscle and soon came to be utterly dependent on whatever faith Nehru reposed in it (Chibber 2006). Beyond the plan formulation though, the Planning Commission had little say. Nationalization had been thrown out of the window, as had stringent state control. This created technical difficulties which ensured that planning produced deficits instead of surpluses and was eventually given a bad name in the late 1950s (Chibber 2006).

Thus, we see that the debates on the economy in the Constituent Assembly displayed a continuation of the concerns of the socialists and

Gandhians with the economic structure and economic regulation of independent India. However, their arguments were defeated, preventing any overtly socialist or even Gandhian articles being inserted into the Constitution, at least as far as the economy was concerned. Mirroring a broader decline, the efforts of these groups was further defeated in the committees – including by Nehru himself – and resulted in the eventual formation of an economic system that was pro-capitalist in many sectors and possessed a planning mechanism that had no real ability to regulate the economy.

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