ABSTRACT

Beneath all the outrage about crony capitalism, inept governance and absent jobs is an unrest that arises from a fundamental mismatch between the economic and political sphere. We may be equal inside the polling booth -- with one-person one-vote and every vote carrying equal weight. But out in the market place there is no such thing as equality. The Directive Principles of State Policy which have been enshrined in Part IV of the Constitution aim at realizing the ideals of justice, equality and fraternity as outlined in the Preamble of the Constitution. These are the ideals which are to inspire the State to work for the common good of the people and establish social and economic democracy in the country. Perhaps the most vital component of economic democracy would be to foster a wider societal engagement. Our economic structures need to synthesise the efficiency of capitalism with socialistic ideals of justice and equity. Defining and constantly refining an economic democracy framework is essentially a challenge for all of us to address in our capacity as citizens and moral beings not just as consumers or producers in the market place. The main goal of economic democracy is to align market forces with the core aspiration of democracy -- which Mahatma Gandhi aptly expressed through the term Sarvodaya – literally which mean the well-being of all. The inspiration for this is deeply embedded in the formation of modern India. We need to actualize the Directive Principles enshrined in the Constitution of India.

Keywords: Social; Economic; Inequalities; Democracy; Directive Principles; Concentration of Wealth

INTRODUCTION

As an ideal, economic democracy is not easy to define, but its core principle is to prevent any such concentration of wealth that inhibits economic freedoms of society as a whole. The main goal of economic democracy is to align market forces with the core aspiration of democracy -- which Mahatma Gandhi aptly expressed through the term Sarvodaya – literally which mean the well-being of all. This was addressed by Dr. Ambedkar when he explained the objectives of Directive Principles of State Policy in the Constituent Assembly as: “….While we have established a political democracy, it is also the desire that we should lay down as our ideal economic democracy. We do not want merely to lay down a mechanism to enable people to come and capture power. The Constitution also wishes to lay down an ideal before those who would be forming the government. That ideal is economic democracy…..”

The Directive Principles of State Policy which have been enshrined in Part IV of the Constitution are a unique features of our Constitution. The basic inspiration for the Directive Principles came from the concept of a welfare state (Keshvananda Bharti v. State of Kerala, AIR 1973 SC 146). Directives aim at realizing the ideals of justice, equality and fraternity as outlined in the Preamble of the Constitution. These are the ideals which are to inspire the State to work for the common good of the people and establish social and economic democracy in the country.
OBJECTIVES OF THE RESEARCH PAPER

1. To emphasize the need of removing the Economic Inequalities in Modern India.


Economic Inequalities and the Need of Hour to ensure Economic Democracy

Beneath all the outrage about crony capitalism, inept governance and absent jobs is an unrest that arises from a fundamental mismatch between the economic and political sphere. We may be equal inside the polling booth -- with one-person one-vote and every vote carrying equal weight. But out in the market place there is no such thing as equality. In his seminal book, India after Gandhi, Ramachandra Guha quotes Babasaheb Ambedkar’s warning about India remaining a “mere political democracy”. Dr. Ambedkar cautioned: “In politics, we will have equality, and in social and economic life, we will have inequality. In politics, we will be recognizing the principle of one man-one vote and one vote, one value. In our social and economic life, we shall, by reason of our social and economic structure, continue to deny the principle of one man, one value. How long shall we continue to live this life of contradictions? How long shall we continue to deny equality in our social and economic life? If we continue to deny it for long, we shall do so only by putting our political democracy in peril.”

Inequality in earnings has doubled in India over the last two decades, making it the worst performer on this count of all emerging economies. If we look at the richest people of the world, we have record 90 Indians in the list of the top 1826 richest people in the world. On the other hand, India figures at number 67 in the Global Hunger Index. CREDIT Suisse which brings out a Global Wealth Report every year says in its current report that there is a phenomenal increase in wealth inequality in India during the period of 2000 and 2014. The share of the top 1 percent in the total wealth of households has increased from 36.80 percent in 2000 to a phenomenal 49 percent in 2014. Such concentration of wealth inevitably leads to a concentration of political power. The super rich corporate-capitalist elite uses all kinds of devices to ensure this, from buying up legislators and State personnel, to controlling and making use of the print and electronic media, to funding elections of favoured candidates who would push its agenda. Industrialists wish to have easy and low-priced land not only to setup industrial units, but to use this inexpensively acquired land to build their assets. In case of taking agricultural land, even productive multi-crop land, farmer’s rights are routinely usurped by a blatant misuse of sovereign powers in the name of industrial development. It is worthwhile to recall the recent CAG report, ‘Performance of Special Economic Zones (SEZs)’ tabled in parliament on November 28, 2014. It has been established that some clever entrepreneurs with the help of pliable powerful people mortgaged government land in Special Economic Zones (SEZs) and raised over Rs 6,300 crore from the banks….The government has lost whopping revenue of Rs 83,000 crore from SEZs in six years.

The Directive Principles of State Policy As An Agenda To Achieve Economic Democracy And To Remove Economic Inequalities

As regards the ways and means to achieve the economic democracy in Modern India, Dr. Ambedkar had asserted that “……having regard to the fact that there are various ways by which economic democracy may be brought about, we have deliberately introduced in the language we have used, in the directive principles, something which is not fixed or rigid. We have left enough room for people of different ways of thinking, with regard to the reaching of the idea of economic democracy, to strike in their own way, to persuade the electorates that it is the best way of reaching economic democracy, the fullest opportunity to act in the way in which they want to act.”

It may be noted that though the Directive Principles of State Policy are not legally enforceable by any court of law, and the State cannot be compelled through the courts to implement them, yet they have been declared as fundamental in the governance of the country and it is the duty of the state to apply these principles in making laws. The phrase ‘Directive Principles of State Policy’ means the principles which the State should keep in mind while framing the laws and formulating policy.Article 37
declares that the Directive Principles are “fundamental in the governance of the country” and that “it shall be the duty of the State to apply these principles in making laws”. Thus, it is clear that these constitutional directives were not intended to be merely moral precepts but were to be treated as positive mandates and part and parcel of the human rights provisions of the Constitution. They impose certain obligations on the State to take positive action to promote the welfare of the people and establish economic democracy. The decisions of the Supreme Court from the 1970s onwards have emphasized the positive aspects of the Directive Principles. They have been held to supplement fundamental rights for achieving the objective of a welfare state. Even the fundamental rights may be amended by Parliament to implement the Directives and such legislation may be held to valid unless it offends the basic structure of the Constitution.

The Directive Principles are directed towards the ideals of building a true welfare state and inter alia envisage an end to economic exploitation and staggering inequalities and inequities and cast upon the State and duty to secure a just social order. Thus, article 38, which is the keystone or the core of the Directive Principles lays down that “the State shall strive to promote the welfare of the people by securing and protecting as effectively as it may, a social order in which justice, social, economic and political, shall inform all the institutions of national life.” Further clause (2) provides that “the State shall, in particular, strive to minimize the inequalities in income, and endeavor to eliminate inequalities in status, facilities and opportunities, not only amongst individuals but also amongst groups of people residing in different areas or engaged in different vocations.”

Article 39 says that the State shall direct its policies in such a manner as to secure that (a) all men and women have the right to an adequate means of livelihood; (b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good; (c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment; (d) that there is equal pay for equal work for both men and women; (e) that the health and strength of workers, men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength; (f) that children are given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and that childhood and youth are protected against exploitation and against moral and material abandonment. This article may be referred to for interpreting the fundamental rights [Keshvananda Bharti v. State of kerala, AIR 1973 SC 146].

It has been held by the apex court that under article 38, 39 and 46, it is the duty of local bodies – Panchayats, ZilaParishads and Municipalities – to implement the directive principles in a planned manner by annual budgets providing right to residence to the poor(State of Kerala vs. Thomas, AIR 1976 SC 496).

Article 41 seeks, within the limits of the State’s economic capacity and development, to make effective provision for securing the right to work, education and public assistance in the event of unemployment, old age, sickness and disablement or other cases of underserved want. Articles 42 and 43 provide for endeavouring to secure for workers a living wage, humane conditions of work, maternity relief, a decent standard of life and full enjoyment of leisure and social and cultural opportunities.

Some of the important Directives relate to organization of village Panchayats (article 40); participation of workers in management (article 43A); promulgation of a uniform civil code for the whole country (article 44); provision of early childhood care and education to children below the age of 6 years (article 45); promotion of educational and economic interests of scheduled castes, scheduled tribes and other weaker sections (Section 46); duty of the state to raise the level of nutrition and the standard of living and to improve public health (article 47); organization of agriculture and animal husbandry and prohibition of cow slaughter (article 48); protection and improvement of environment and safeguarding of forests and wild life (article 48A); protection of national monuments (article 49); separation of judiciary from the executive (article 50); and the promotion of international peace and
security, just and honourable and treaty obligations and settlement of international disputes by arbitration (article 51).

**The Relationship between the Preamble, the Fundamental Rights and the Directive Principles**

It is intriguing to note that the Preamble, the Fundamental Rights and the Directive Principles are all integral parts of the same constitutional edifice. They are all equally important and have to be read with each other. The emphasis in the entire scheme of the Constitution under the headings of the Preamble, the Fundamental Rights and the Directives Principles is on building an egalitarian society and on the concept of socio-economic justice. In as much as the Directive Principles thought declared to be fundamental as guiding, principles for making and administering laws were not made enforceable in courts of law, they represented a subtle compromise between what the framers, as the leaders of the freedom struggle, looked upon as the ideal or the goal and what, as realists, they found to be immediately feasible. The Fundamental Rights and the Directive Principles together constituted the soul of the Constitution.

It is now clearly understood that there is no essential dichotomy between Rights and Duties or between the Fundamental Rights and the Directive Principles. They complement and supplement each other (Kesavananda Bharti v. State of Kerala, AIR 1973 SC 146). If the Fundamental Rights represent the don’ts for the Government and the legislature, the Directive Principles represent the do’s. There is no conflict.

A distinction is sometimes sought to be made between what may be called ‘positive rights’ and ‘negative rights’. Broadly speaking, while Part - III deals with areas of individual freedom and the extent to which the State can restrain it, Part – IV deals with the positive duties cast upon the State to attain the ideal of social and economic justice.

**Implementation of Directive Principles So Far**

The State has made and is making many efforts to implement the Directive Principles. Corporate Social Responsibility (CSR) has been made mandatory in case of large corporate through the enactment of Companies Act, 2013. Section 135 of the new Companies Act, 2013 provides that every company having net worth of Rs. 500 crore or more/turnover of Rs. 1,000 crore or more/Net Profit of Rs. 5 crore or more is required to spend in every financial year at least 2% of the average net profits towards CSR activities.

Several Land Reform Acts were enacted to provide ownership rights to poor farmers. In fact, the very first Amendment Act was for implementing land reforms. It was followed by the 4th, 17th, 25th, 42nd and 44th Amendment Acts. The 73rd Constitution Amendment Act (1992) is in pursuit of implementing Article 40. National Rural Employment Guarantee Act is in the directions of implementing Right to Work (Article 41). There have been several factory legislations to make the conditions of work humane for the workers. Promotion of cottage industries has been one of the main aspects of the economic policy of the government and there exists the Khadi and Village Industries Commission for the purpose. Apart from this, Silk Board, Handloom Board, SSI Board, NABARD etc have been created. Right to education has been made a fundamental right for the age group of 6-14 in pursuance of Article 45. The policy of preferential treatment in education, administration and economy for the weaker sections including women, SCs, STs and OBC has been a constant plank of the government’s welfare policy. Many schemes like the Integrated Child Development Services, mid-day meal scheme and the policy of prohibition followed by some states are in pursuance of Art. 47. National Rural Health Mission is directly helping in improving public health conditions of the rural poor (Article 47). In pursuit of Art. 48, the Green Revolution and the research in biotechnology are aimed at modernizing agriculture and animal husbandry, among other things. The Environment Protection Act, 1986; the Wild Life Act; the National Forest Policy, 1988 are some of the steps taken for implementation of Art 48A. In 1995, the Union government established the National Environment Tribunal.
CONCLUSION / RECOMMENDATION

Dissatisfaction has been expressed in certain quarters about the efforts made by the Government to implement the Directive Principles. It has been alleged that there has been no improvement in the general condition of the people since independence. The gap between poor and rich is becoming wider as is evident from the recent reports of Oxfam and Credit Sussie. This is on account of the failure of the Government to implement the various Directive Principles of State Policy in right earnestness. It is sometimes alleged that the courts have stood in the way of the implementation of the Directive Principles. However, this allegation is not quite tenable.

Perhaps the most vital component of economic democracy would be to foster a wider societal engagement. Defining and constantly refining an economic democracy framework is essentially a challenge for all of us to address in our capacity as citizens and moral beings not just as consumers or producers in the market place.

What we need is to transform our development model and redesign and situate it in the Indian context. A democracy needs solutions which are sensitive to the aspirations of the majority. Economic growth will have to lead to basic needs for all. Our economic structures need to synthesise the efficiency of capitalism with socialistic ideals of justice and equity. The inspiration for this is deeply embedded in the formation of modern India. We need to actualize the Directive Principles enshrined in the Constitution of India to ensure economic democracy in India.

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