

Application of Gandhian philosophy In Indian Companies Act 2013**Shreyas Vyas**

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Abstract

In this research paper there will be discussion regarding how Gandhian principles are been adopted in Company Act 2013. In first part there will be understanding of Gandhian principles of industries or how Gandhiji wanted industries specially village industries to grow. Then in second part there will be discussion regarding Indian company Act 2013 and different types of Companies existing in the setup. Then there will be further discussion on the understanding of companies which are new in system. Then in third part there will be discussion regarding how Gandhian principles are been adopted to new Company Act 2013 and there will be also analytical understanding as in how and what aspects can be more added to system so that more holistically Gandhiji principles can be adopted in Companies Act. Then in the conclusion there will be concluding remarks.

Keywords: Company law, principles, application, Gandhi**Introduction**

In every century there are been certain great leaders are been born to show the way of life and thinking. It is also necessary to understand that common human beings should listen and read the principles which they are giving because they are have a better and deep understand of circumstances and basic aspects of country in which they are working. Some of examples are like Nelson Mandela in South Africa and Mahatma Gandhi in India. In India in its modern history Mohan Das Karamchand Gandhi (Mahatma Gandhi) is a textbook which should be understood and read in deeper sense. The reason for the same is that because he was worked in every section of pyramid structure of society from village to big politicians of India. He has always inspiration to all of them in some way or another.

He was is a person who was always support of village economy because according to him if fundamental development of country is required them, it is possible only if foundation of economy is strong & in case of India it is India; so we need economically sound village. With the advent of Company Act 2013, there were significant changes which were brought in by Law makers. It can be seem that through this enactment a fresh approach is been seen which tries to strengthened all types of sectors which are been working in the economy and a structural strengthen is also been put in various sectors of the economy. So in toto this research paper there will be discussion on Gandhiji's views on economic development though process of adopting 21st century modern laws like Company Act 2013.

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Gandhian principles of Industrialization

Mahatma Gandhi was enriched with versatile personality. The aim of his life was to enlighten society by serving nation and mankind at large. Gandhiji born in India and so he considers and was of the firm belief that it was his prima facie duty is to serve India Diasporas. It is also necessary to under that he did not only preach the core values but also he did it through his thoughts, creative activities, different movements, organisations, and he also implemented all these core values into his own lifestyle. It proves that he did not believe only in saying but implementing it first on himself then preaching it to other fellow human beings.

It is necessary to understand that gandhiji's activities of reading, writing and speeches can be classified in forms which cover mainly political, economic, social, educational, religious as well as medical fields. It is also necessary to under that many forms of his activities were related to socio-economic well being of society. He was specifically cleared that economic self-sufficiency for an individual and for a nation is unavoidable. These thoughts led him think about and study various economic problems of the country and devise action plans for solving them and this was the root of his economic thinking.

It is important to understand that his work, discussions or writings therefore, were not educational fancy but were the need of the hour. He was very well aware that knew that the major part of human life is busy in economic activities. In that case economic activities can never be without ethics and non-violence. The principles of industrialization and economics and can be considered as one in the same thing for him because if there will be industrialization then economic prosperity will come automatic.

Gandhiji was always in the favour of grass root level development of economic and industrial development. According to him if the roots of the country i.e. are entacted then it will be easy for city dwelling industries to flourish because they will be able to avail the products in raw material form and

it will be easy for them to polish it and sell inside and outside country. We shall have to see that the villagers become first of all self-contained and then cater for the needs of the city-dwellers¹. I am not asking the city-dwellers to go to and live in the villages. But I am asking them to render unto the villagers what is due to them. Is there any single raw material that the city-dwellers can obtain except from the villager? If they cannot, why not teach him to work on it himself, as he used to before and as he would do now but for our exploiting in roads².

Gandhi holds the view of the maximization of social welfare and for this he gives prime importance to the welfare of the individuals by reducing inequalities in income and wealth. According to Gandhi every person should be provided with bare minimum necessities i.e. food, shelter, and clothing. Concentration of wealth to a few groups of people certainly will shatter the dream of a society which will be socialist in nature. Gandhi is in favour of the self-sufficient village economy where the villages will be the independent economic units. In agriculture that techniques will be adopted, this will not deplete the soil and pollute the environment. In a word, every village should be a self-contained republic. If every village distributes its surplus produce to the poor villagers then there will not be the problem of poverty and starvation in the rural areas. Only this can help eradicating poverty and thus people can be happy and self-reliant.

Economic Efficiency refers to revival of village industries for sustainable economic development. Gandhi was firm on encouraging village level cottage industries which are based on local raw material to create employment for the local people. The village industries cannot be complete without basic essential industries such as hand grinding, oil pressing, soap making, paper making etc. The other village industries cover cattle farming, dairying, farming, compost manure. Most of the industries located in the cities require raw material produced in the villages. However, it may not benefit villagers as expected. E.g. sugarcane is produced by the villagers but sugar mills are in the hands of a few rich people. Gandhi stressed on rural development through small scale industries & the principle of trusteeship. In the current context, India's villages require to be revived³.

It can be considered that Gandhian approach has always said about the voluntary wants, the need for self-sufficient village communities and the issues relating to better balance between man and nature. Gandhi wanted to have an ideal society of his own imagination and his economic ideas are a part and parcel of his philosophical and sociological ideas. He was interested in the growth of human beings and more significantly the growth of the deprived and underprivileged group of people. He was, in fact, the supporter of the maximization of social welfare and he had a belief that the growth of an economy is relied on the development of the totality of human personality⁴.

¹ Harijan, M K Gandhi 16-11-34, p. 316

² Harijan, M K Gandhi 16-11-34, p. 340

³ <https://www.mkgandhi.org/articles/managing-rural-economy-in-gandhian-way.html> last access 01.12.2019

⁴ <https://www.mkgandhi.org/articles/bhumi.html> last access 13.09.2019

Gandhian principles can be concluded that in the term that Gandhiji believed in a labour intensive approach rather than capital intensive & emphasise on self sufficiency of the villages because according to him village industries would create livelihood for millions of villagers. One must note here that Gandhi was not against machines but he wanted to create employment for the millions of hands which otherwise would remain idle. In the same lines Gandhiji insisted on conservation & management of local resource to meet the local needs. According to him “there is sufficient to satisfy the needs but not the greed”. He warned that if we could not take care of our animal resources then instead of becoming resources they would become a burden on our economy. He also advised to produce first to satisfy the basic needs by growing food & cotton also emphasized on land use planning by preserving grazing grounds & some place for recreational purpose, ensuring clean.

Gandhian principles in Indian Company Act 2013

In India with the advent of Indian Company Act 2013 there was challenge which has been put forward. JJ Irani Committee was been set up to create a new type of companies which could be a help in boosting the economy in a better state. There were certain new types of companies which were been introduced in which different segments/ parts of economy specially untouched/ unorganized sector was given a chance to perform. It is also necessary to understand that there were opportunities were been created so that grass root level entrepreneurs are able to develop their company which can help in further creation boost to the economy.

These new types companies which were been created were in Companies which were created were also part of previous Company Act 1956, but there were certain relaxation were been given to these companies so that they can work with more ease and encouraging environment. The types of companies which can be included into the Gandhian principles in the new Company Act 2013 are primarily Producer Company and One Person Company (OPC).

Firstly we need understand that how these Companies are fitting in Gandhian principles. In case of Procedure Company was essentially required because Indian economy is essentially being an agrarian economy, nearly 60% of the Indian population rely on agriculture for their livelihood and fighting for the benefits for the same is no less than a herculean task. The challenges which are indicative of the lack of good governance and formalization in the agricultural sector include climate issues, mobilization of resources, policy changes, technological advancements, coupled with their limited asset and capital base. These pressing issues have led to the evolvement of Producer Companies brought in by the Ministry of Corporate Affairs.

Essentially in generic terms, producer companies can be understood as a measure to improve the standard of living of those involved in the agricultural sector. Such companies are considered to be hybrid as these companies possess the goodness of co-operatives and the dynamicity of companies.

A producer company can be involved in following activities in activities like Production, harvesting, procurement, grading, pooling, handling, marketing, selling, export of primary produce of the Members or import goods for their benefit, Processing including preserving, drying, distilling, brewing, venting, canning and packaging of produce of its members, Manufacture, sale or supply of machinery, equipment or consumables mainly to its Members and Promoting mutual assistance, financial services and welfare measures of producers or their primary produce⁵. It can also be seen that cooperative farming and milk production can be considered as an important source on which producer companies can work and companies like AMUL is also working on the model of cooperative milk production and distribution. It will be highly suggestive to all farmers who producing some product like vanilla, strawberry etc which are exotic can form an association which can help them to work and distribute their product in a more systematic manner.

So it can be seen that essentially this type can be considered as part of Gandhian principles because it is helping the farmer or producers to come and work in a more systematic form and exclude all those entities which are essentially in the system to just manage it and earn profit, but these companies will be created to uplift those who are actually producing products.

To encourage individual grass root level entrepreneurship there was evolution of One person Company (OPC). Under Section 2(62) of Company Act 2013 OPC is defined as a company that has only one person as its member. Furthermore, members of a company are nothing but subscribers to its memorandum of association, or its shareholders. So, an OPC is effectively a company that has only one shareholder as its member. These companies are generally founded where there is only one founder/promoter for the business. There are various provisions which are given under Company Act 2013 where giving various relaxations to OPC's.

All though it can be said that Gandhiji was a believer of group activities, but at some level he was also individual working because according to him single person decide that he has to do certain task then in that, he will finish that task and it might also be possible that he might get more support from society as well, dandi march individual satyagrah are such examples of individual determination. In dandi march he

⁵ <https://vakilsearch.com/advice/producer-companies-companies-act-2013/> last access on 28.11.2019

as an individual decided that he has to break Salt law under British raj, he was able to do the same as he was determined for the same.

So in the same manner OPC also encourage those individual are having believe in themselves that they can do certain miracle for him. So in OPC basically a one person start the company and he will be managing its working although not many restrictions are there in employment in the said company. But this type of company is also breaking stereotype that to start company there is a requirement of group of people who are should have a common object of starting the company, but work in these companies based on the determination of individual person.

In accordance to the Gandhian principles this type of company is encouraging individuals to have an entrepreneurship spirit so that upliftment of individuals is also possible at grass root level and upliftment in economic way is also possible for village residents. It was also firm believer of Gandhiji that if a single individual is strengthened then he can strengthen entire society. Through this entrepreneurship spirit Gandhiji tried to work around individual behaviour, which according to him will take upraise if the mentally strong person lead an social impact movement, which at his time it was independence.

Conclusion

In this article there was discussion regarding economic though process of Gandhiji. It can be seen that Gandhiji's emphasis was always on grass root development. He always wanted that villages should be strengthening then economy will be strengthening from basic. In later part there was discussion regarding how Gandhian principles were incorporated in Company Act 2013 wherein companies like OPC and Producer Company are working in way in which both at group and individual level development of villagers are possible.

Although prima facially it can be said that there is less awareness among the village residents about these type of companies. Although efforts are to be made towards increasing awareness about these companies, so that in near future dream of Gandhiji can come true that from cities people are migrating to the village to work and live.

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