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Rethinking Public Finance in India through the Lens of J C Kumarappa

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Abstract

This paper argues that the public finance envisioned by J C Kumarappa needs to be seriously taken into consideration by the modern-day public finance experts and economists in India. Rethinking public finance is required if India needs to become Viksit Bharat by 2047 and the most sustainable way to do it is to adopt the Gandhi-Kumarappa economic model. The paper is largely based on desk research and it also employed a transhumanism framework, leveraging artificial intelligence (AI) to extrapolate Kumarappa's potential stance on goods and services tax (GST) based on his philosophical and economic writings on public finance. The paper begins with a detailed introduction that traces the Kumarappa model of public finance through his seminal works like 'Public Finance and Our Poverty', 'Economy of Permanence' and 'A Survey of Matar Taluka'. The paper is divided into three parts and the first part of the paper offers a comparative perspective on Kumarappa economics and modern-day public finance. The second part of the paper discusses the opinions of public finance experts and Gandhian scholars on Kumarappa Model of Public Finance. The third part of the paper looks into the Kumarappa Economy through the lens of Degrowth. It is followed by a discussion and conclusion.

Keywords: *Kumarappa, Moral Economy, Gandhian Economy, Colonial Public Finance, Rethink Public Finance, Economy of Permanence, Degrowth.*

Introduction

Joseph Chelladurai Kumarappa was a renowned Gandhian economist and a strong critique of colonial public finance. J C Kumarappa was born on January 4, 1892 in Thanjavur, Tamil Nadu, India. He was educated at Doveton School and Madras Christian College. He was a chartered accountant in Britain for some time. Kumarappa also earned a degree in Business Administration from Syracuse University and a Master's in Economics under E.R.A Seligman. In 1929, he met Mahatma Gandhi, who asked him to conduct an economic survey in Matar Taluka, Kheda district, Gujarat and this was later published with the title *A Survey of Matar Taluka (1931).* This Survey set the foundation for his seminal works including *Economy of Permanence.* Similarly, Kumarappa's PhD thesis titled *Public Finance and India's Poverty,* submitted to Columbia University, under the guidance of economist Seligman, is a pioneering academic work in Indian economic thought and Gandhian economics. In his thesis, Kumarappa critically examines how the British colonial public finance system contributed to India's poverty. His PhD thesis highlighted how British rulers' revenue collection, taxation and spending priorities were formulated to support imperial interests rather than Indian welfare. The PhD thesis laid the foundation for the moral-economic framework in his notable works. He argued that the Britishers designed public finance to drain India's resources, not to serve Indian development, the core argument he reiterates in another seminal work, *Public Finance and Our Poverty: The Contribution of Public Finance to the Present Economic State of India (from here onwards, Public Finance and Our Poverty).*

Kumarappa's interpretation of public finance is deeply ethical and metaphorical unlike conventional modern economics. For Kumarappa, public finance was a mirror of the moral character of a nation and not just about budgets, taxation and expenditure. He used metaphors to express how public finance reflects and shapes the trajectory of a nation. *In Public Finance and Our Poverty,* Kumarappa uses biological metaphors like Parasite Economy, Predatory Economy to classify the typology of economies.

He was the only Gandhian economist on the pre-Independent India's National Planning Committee and after Independence, Kumarappa chaired the Congress Agrarian Reforms Committee and authored the Kumarappa Report on Agriculture (Thangaraj, 2018). He also played an instrumental role in All India Village Industries Association and served as the editor of Young India during the Salt Satyagraha (1930-31). Eminent historian Ramachandra Guha calls Kumarappa as the first Gandhian environmentalist and portrays him as a Green Gandhian who developed environmental ethics in realm of social ecology and Eco socialism (Guha, 1994). Through his seminal works, including *Public Finance and Our Poverty* and *Economy of Permanence*, Kumarappa advocated people – centered (ethical) economics grounded in economic decentralization, village self-sufficiency and sustainable development. In *Public Finance and Our Poverty*, Kumarappa argued that the mismanagement of public finance during British rule led to structural poverty in India. Kumarappa called the British model of public finance (taxation and spending policies were designed to extract surplus from Indian villages to finance the colonial administration and imperialistic policies) as a tool of exploitation of the masses and looting India's resources. For instance, the regressive land taxes and salt monopoly impoverished the poor peasants, exorbitant expenditure on defense (army and administration) and minimal attention to rural development, health and education. India's share in the global economy was around 23 per cent when the British arrived in the country in 1700; by 1947, when they left India, it fell below 4 per cent (Tharoor, 2015, Tharoor, 2016). Prior, to the arrival of the British, India was a leading manufacturer of textiles, steel and shipbuilding. However, the colonial administrators dismantled indigenous industries through tariffs and bans. India exported raw materials, including cotton, indigo and opium while importing expensive goods from Britain.

The British also looted wealth in terms of gold, diamonds and artefacts and natural resources. According to Kumarappa, the British East India Company was a profit-making enterprise that ruthlessly extracted wealth from its colonies, including India. Britain also imposed unjust trade system wherein India became a market for British goods and a rich source of raw materials and monopolized trade routes. India became a colonial economy engineered to sustain the Imperial government and its policies. In short, the British rule left a painful legacy of poverty and underdevelopment to the Independent India, from which the country is yet to be liberated/resuscitated.

For Kumarappa, public finance was not merely about balancing accounts and stimulating Gross Domestic Product (GDP), but about self-sufficiency, sustainability, rural-centric budgeting rooted in simplicity. He was against the technocratic and bureaucratic, growth obsessed policy making. Kumarappa championed for ecological sensitive public finance and laid the moral foundation for just and sustainable budgeting in 21st century India.

Kumarappa, being an ardent follower of Mahatma Gandhi, advocated for fiscal decentralization through Gram Swaraj and redirecting revenue to prioritize local needs including construction of schools, tanks, and wells, affordable and accessible healthcare and other basic necessities. Kumarappa model of public finance focuses on development from the grassroots, where budgeting begins with the last person in the last village (Kumarappa, 1931). In *Public Finance and Our Poverty*, Kumarappa argued that British taxation and spending policies were designed to extract surplus from Indian villages to finance imperial administration and wars.

In *Public Finance and Our Poverty,* Kumarappa describes the concept of public finance as more than just revenue and expenditure. Throughout the book, he emphasizes the ethical aspects of finance; particularly how money raised and spent reflects the moral values and priorities of a government. Kumarappa opined that *"what we tax and what we spend on are reflections of the character of our State,"* (Kumarappa, 1930). For Kumarappa, public finance is more of a public service that serves the common good. He criticizes that the colonial rule used public finance as a means of exploitation that primarily served British interests. Kumarappa further points out that *"the public finance of British India was not an instrument of welfare, but a weapon of plunder,"* (Kumarappa, 1930). He cites the example of railways, *"the railway was built not to unite India, but to carry raw materials to the ports and troops to crush dissent."* (Kumarappa, 1930).

Instead of Western economic models that justify inequalities, Kumarappa advocated indigenous models like Gandhian vision of economic decentralization. Kumarappa proposed progressive taxation and ethical revenue collection with fairness and social justice. In his work *Public Finance and Our Poverty,* Kumarappa exposes the priorities of colonial administration, particularly mismatch between sources of revenue (collected mostly from poor people) and expenditure (for colonial administration and military). Kumarappa opined that poverty in India is not a natural phenomenon but the result of deliberate and flawed policy choices. Kumarappa remarked, *"to spend on armaments while millions go without food is a betrayal of civilization,"* (Kumarappa, 1930). He stated that "a nation's poverty is not always due to lack of wealth, but often due to perverted priorities, (Kumarappa, 1930). Kumarappa's emphasis on ethical governance and bottom-up development aligns with the Gandhian economic framework.

Kumarappa envisioned a national budget that gives due emphasis to rural development, education, healthcare and decentralization (self-reliant communities). Democratization of financial planning was the core feature of Kumarappa model of public finance (moral budgeting) in which resource allocation is based on the social needs of the citizens. For Kumarappa, an ideal national budget should be participatory in nature and locally informed. For Kumarappa, *"Budgets are not merely documents of income; they are moral documents,"* (Kumarappa, 1930). Kumarappa further argued that *"a budget is the mirror of a nation's soul; if the soul is dark, the budget will reflect it,"* (Kumarappa, 1930). In the book *Public Finance and Our Poverty,* Kumarappa offers a roadmap for a just and ideal financial system rooted in decentralized planning, rural industrialization, ethics and sustainability for India. A public finance that is people centric and ecologically balanced, more in line with Gandhi's concept of *Swaraj* is the foundation of Kumarappa model of public finance.

Kumarappa's *A Survey of Matar Taluka* (1931) offers an in depth yet systemic analysis of life in 54 villages in Gujarat's Kaira (Matar) taluka. This Survey offers a detailed qualitative data (empirical data and findings) on land holding patterns, crop yields, irrigation facilities, debt, and income vs expenditure at both village and household levels. The Survey of Matar Taluka offers a glimpse into the land revenue and debt analysis of the selected villages and traced the agricultural distress to seasonal crop failures, limited irrigation facilities, and excessive taxation. Kumarappa points out that the emergence of cooperatives and government banks led to the decline of traditional moneylenders. The Survey, primarily concentrated on economic aspects laid the groundwork for Kumarappa's advocacy of village industries, self-reliant economy and sustainable development. To capture the real state of public finance, Kumarappa undertook extensive field surveys and empirical studies as in the case of Matar Taluka, Gujarat and emphasized ethical, participatory and village-centric planning. In 1936, Kumarappa served as the Financial Advisor to the *Bihar Central Earthquake Relief Committee*, overseeing the disbursement of funds and ensuring transparency and accountability in the use of donations (Lindley, 2007). Kumarappa, despite being a close associate of Mahatma Gandhi, refused to approve a bill for Gandhi's expenses while working with the Bihar Central Relief Committee, following the devastating Bihar earthquake (Annamalai, 2017). The bill was not approved as Gandhi's expenses exceeded the per diem limit set by the Relief Committee. This incident shows Kumarappa's strict adherence to financial rules, even with his mentor and guru Gandhi, and it also stans as a testimony to his commitment to ethical and transparent financial and accounting practices (Annamalai, 2017). The present-day public finance experts are products of the 'textbook view school' (rely heavily on secondary data and statistics) and they should sooner or later adopt the 'field-view' and participatory approach of Kumarappa in studying public finance.

Part I - Kumarappa's Public Finance Model Vs Modern Public Finance in India

The Kumarappa framework of public finance is founded on the principles of simple living, decentralized economic empowerment and planning rooted in ecological harmony. The modern public finance is growth-focused, globalized, consumption-driven and prioritizes extractivism by simultaneously placing sustainable policies that does not interfere with their growth and development targets. Modern public finance treats economics as a technical discipline while Kumarappa model aligns with the Gandhian morals, concepts and ethics (more on a spiritual perspective). In Kumarappa approach, state acts as a facilitator of rural welfare, equity and self-reliance, while modern public finance plays a mixed role from a minimal state (in the neoliberal perspective) to welfare state (Keynesian economics). Kumarappa would likely criticize the GDP-centric, corporate -led economic model as his vision places service to the poor through empowerment of village economies as the first and foremost duty of public finance. Kumarappa dismissed GDP as a measure of true well-being.

Kumarappa might argue that the large allocations for defence, infrastructure and subsidies to big industries in the country come at the cost of rural development. In terms of revenue collection, Kumarappa favoured progressive taxation and urged to avoid indirect taxes that burden the poor. While modern public finance accepts the progressive income tax, the introduction of GST and other indirect taxes in India, which are regressive in nature, will negatively affect the poor and small producers. Kumarappa has aptly pointed out that *"no public finance system can be just if it perpetuates the poverty of the many for the luxury of the few…………. a finance system that does not reduce poverty is itself bankrupt – morally, if not fiscally,"* (Kumarappa, 1930). Meanwhile, from a transhumanist perspective, Kumarappa would likely support some aspects of the GST including efforts to bring businesses into formal economy provided that it does not come at the cost of environmental degradation and social inequality. However, Kumarappa would likely exercise caution regarding the excessive centralization within the GST framework that would prove harmful to local governments, local economies and village-level industries[1].

Modern economists and public finance experts in India have also expressed missed opinions concerns regarding the implementation of the GST. There has been considerable criticism that states have become mere agents of the GST council and their capacity to design tax policy for their own development needs is sidelined. Public finance expert M Govinda Rao, former member, 14th Finance Commission, calls for the inclusion of fuel, power and real estate in the ambit of the GST (The Hindu, November 12, 2021). Noted economist Prabhat Patnaik observed that indirect taxes like GST is a fiscal injustice if the poor have to pay more than the rich as a share of income (Patnaik, 2017). Y V Reddy, former Governor, Reserve Bank of India (RBI) that the GST mechanism fails to command the state's trust and a trust deficit has emerged within the states regarding the administration of the GST (The New Indian Express, April 4, 2019).

Kumarappa would oppose the growing public debt and debt financing as it can pose risks and challenges, if the borrowed funds are not directed towards the benefit of rural livelihoods and productive investments. He might support progressive taxation including wealth taxes on large corporations and landowners. In India, the tax-to-GDP ratio remains low (11%), effectively limiting wealth redistribution. The tax-to-GDP ratio measures the total tax amount earned by a government against its annual gross domestic product (Panigrahi, 2024). The low tax-to GDP ratio in modern public finance reflects a narrow tax base due to high inequality, concentration of wealth and poor compliance by elites. It also shows limited fiscal capacity to invest in public goods and welfare.

Like Kumarappa, Malcolm S Adiseshiah, a distinguished Indian economist often criticized the increasing share in defence expenditure in India’s budgets at the cost of human development. He advocated development-oriented budgets. According to Adiseshiah, public expenditure must reflect national development priorities – not elite consumption (Adiseshiah, 1970, Adiseshiah, 1985). He pointed out that India’s budgetary choices reflect misplaced priorities (Adiseshiah, 1970). Adiseshiah strongly believed in progressive taxation and emphasized that direct taxes, including income and wealth must play a greater role than

[1] The author has developed‘AI-driven analysis within the framework of Transhumanism’ to Kumarappa’s philosophical and economic ideas on public finance on July 15, 2025. The aim is to provide insights into his likely position on GST, had he been alive to consider the issue.

indirect taxes. He opined that tax policy in India should correct inequalities and not deepen them (Adiseshiah, 1988).

Renowned public finance experts like M J K Thavaraj and G Thimmaiah have noted that India’s tax system as regressive in practice, despite being progressive in design. Thavaraj observed that Indian tax structure fails to serve the redistributive objectives of public finance (Thavaraj, 1975). It has been argued that overreliance on indirect taxes can burden the poor more than the affluent. Thavaraj also noted that Indian budgets remained largely incremental and input-based, not outcome-based. He also observed that budgeting priorities has shifted away from public capital formation to consumption and transfers (Thavaraj, 1975, Thavaraj, 1978).

Thimmaiah has raised concerns regarding the inefficient public expenditure, particularly the rising share of non-developmental expenditure (Thimmaiah, 1979). Thimmaiah noted that public expenditure has often expanded without commensurate social returns with low outcomes in rural development and education. He also cautioned against fiscal deficit, particularly regarding fiscal deficits and public debt as persistent borrowing to meet revenue deficits can eventually led to a public debt trap (Thimmaiah, 1979). Thavaraj and Thimmaiah noted the lack of transparency, public participation and performance auditing in Indian budgetary process. The concerns raised by Thimmaiah and Thavaraj can be seen in Kumarappa's discourses.

When it comes to public expenditure priorities, Kumarappa would call for greater spending on rural development, health, agriculture, and education. The modern public finance system still prioritizes defence, infrastructure, welfare schemes and subsidies. Defence remains a major budget head in majority of the Union Budgets presented in India. Kumarappa would likely support schemes like Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Swachh Bharat Abhiyan (SBM), Pradhan Mantri Garib Kalyan Yojana (PMGKY), Galvanizing Organic Bio- Agro Resources Dhan (GOBAR-Dhan) as these programmes focus on rural upliftment and ensuring sustainable livelihoods to the village people.

Kumarappa's economic framework stresses village-level planning and budgeting, while fiscal federalism exists in Indian Constitution, the real power remains centralized and local governments remain underfunded, with actual devolution of funds, functions and functionaries yet to be materialized. Kumarappa's ideas has echoed in Panchayati Raj Institutions (73rd Constitutional Amendment Act) and Finance Commission grants to local governments. However, decentralized economic planning framework in its true sense (as proposed by Kumarappa) is missing in the Indian context as funding and autonomy remain weak and the element of empowered village planning is not yet fully realized.

The modern public finance thrives on extractivism policies while Kumarappa calls for degrowth approach rooted in ethics, morality and spirituality, which is largely absent in the technocratic policy making of today. Kumarappa's vision of an economic framework rooted in ethics, equity, decentralization, and sustainability offers a counternarrative to the dominant growth at any cost (paradigm). Modern public finance gives more emphasis to efficiency; Kumarappa emphasizes justice, decentralization and sustainable development. As India grapples with rising inequality, poverty, climate change and other crises, Kumarappa's vision and ideas have the potential to inspire a moral and just rethinking of development and budgeting.

Part II: Public Finance Experts and Gandhian Scholars on Kumarappa Model of Public Finance

V M Govindu and Deepak Malaghan in *Building a Creative Freedom: J C Kumarappa and His Economic Philosophy*, argue that Kumarappa offered a foundational alternative to modern macroeconomics and Nehru model of public finance. They further argue that Kumarappa as a pioneer of ecological public finance, emphasizing local self-sufficiency and moral foundations of taxation and finance (Govindu and Malghan, 2005).

Mark Lindley in *J C Kumarappa: Mahatma Gandhi's Economist*, presents a comprehensive account of how Kumarappa played an instrumental role in shaping Gandhian economic philosophy. Lindley argues that Kumarappa advocated public finance as a moral act, budgets as ethical duty (Dharma) rather than economic might (Lindley, 2007). Lindley further argues that Kumarappa's approach contrasts with modern capitalist public finance systems, especially in areas like defence and military spending, land taxation and social welfare

B. Zachariah in *Developing India: An Intellectual and Social History*, 1930-1950, argues that Kumarappa attempted an economic decolonization by incorporating village republics, cooperative living and decentralized public finance (Zachariah, 2005). Solomon Victus in his work *Religion and Eco-Economics of J C Kumarappa* argued that Kumarappa's Christian background and Gandhian spiritual ethics shaped his views on economic justice, non-violence in taxation and environmental sustainability. Victus also points out that Kumarappa's focus on eco-theology align with faith, ethics in public finance paradigm (Victus, 2018).

The Economy of Permanence proposed by J C Kumarappa concentrates on a natural order that supports the development of a society that coexists with nature, focusing on using renewable resources and sustainable methods (Chathukulam et al., 2018). Kumarappa's Economy of Permanence and Deen Dayal Upadhyaya's Integral Humanism framework can be used for achieving integral development (Upadhyaya,1965), social order and a new Upanishad of life, thereby generating new horizons of social theorizing, social transformation and planetary realizations (Chathukulam et al., 2018, Chathukulam et al., 2021).

Part III- Kumarappa through the lens of Degrowth Perspective

Parallels can be seen between Tim Jackson's Prosperity *Without* Growth and Kumarappa's *Economy of Permanence* as both rejects GDP as the sole indicator of progress and development (Kumarappa, 1931, Jackson, 2009). While Kumarappa critiques colonial exploitation and industrialism Jackson critiques consumer capitalism and its ecological impact. Kumarappa draws from Gandhian principles of non-violence, Christian service ethics and village self-reliance. Jackson emphasizes social justice, environmental ethics and well - being economics and a Gandhi-Kumarappa influence strongly resonating in his ideological perspectives.

Jason Hickel's Less is *More: How Degrowth Will Save the World* offers a powerful critique of capitalism and colonialism and proposes an economy grounded in ecological balance, justice and moral values. Kumarappa also discusses more or less these aspects in the backdrop of colonialism and mismanagement of public finance by the British in India.

Kohei Saito's *Slow Down: How Degrowth Communism can Save the Earth* shows that both Saito and Kumarappa (Economy of Permanence) share similar ideas on ethical economics, moral economy as well as ecologically sustainable development. While Kumarappa argues colonial public finance is extraction of imperial growth, Saito connects capitalism's origin and expansion to imperial extraction and exploitation. Kumarappa advocates for an *Economy* *of Permanence* based on village industries and non-violence, while Saito proposes degrowth communism, collective ownership, reduced working hours and eco-social balance (Saito, 2024).

Social embeddedness of economic life is a common theme in Karl Polanyi's *The Great Transformation* (1944) and Kumarappa's seminal works, *particularly Public Finance and Our Poverty and Economy of Permanence.* Ethics is also a common factor in Polanyi and Kumarappa, as in the case with social justice. In other words, Kumarappa's *Economy of Permanence* resonates well with Polanyi's vision of social re-embedding of the economy (Polanyi, 1944). Polanyi and Kumarappa advocated for sustainable development and human - centered economies. Kumarappa's ideas are more relevant than ever in today's world, particularly in the wake of the climate crisis and rural distress stemming from socio-economic inequalities (Bandhu, 2018). Kumarappa was a pioneer of ecological economics. Kumarappa's ideas and thoughts are closely aligned with degrowth and sustainable development theories in today's world.

The critiques of global economic systems and consumption patterns presented by Kohei Saito, Ulrich Brand, and Markus Wissen converge on the notion that the affluent lifestyles characteristic of the Global North are predicated upon the exploitation of natural resources and labor from the Global South. This understanding is central to Brand and Wissen's (2021) concept of the "Imperial Mode of Living," which posits that the resource-intensive and ecologically unsustainable lifestyles of people in the Global North are inextricably linked to the extraction of energy and natural resources from the Global South.

In a similar vein, Kumarappa's work on Gandhian economics offers a prescient critique of Western-style development and consumption patterns. Kumarappa's emphasis on decentralization, self-sufficiency, and environmental sustainability resonates with the critiques of Brand, Wissen, and Saito, highlighting the need for a more equitable and ecologically conscious approach to economic development. By examining the intersections between these thinkers' ideas, we can better understand the complex relationships between global economic systems, consumption patterns, and ecological sustainability. This analysis underscores the importance of rethinking our assumptions about economic growth, development, and the natural world, and highlights the need for more nuanced and equitable approaches to addressing the challenges of the 21st century.

Though Kumarappa doesn't use terms like 'extractivism' and neo-extractivism, his writings reflect the exploitation of natural resources for greed (Chathukulam and Joseph, 2024, Chathukulam and Joseph, 2023). Here is an excerpt from Kumarappa's *Why the Village Movement (1936): "Mines and quarries are the treasure trove of the people. Unlike the forests, these are likely to be exhausted by exploitation. Hence great care must be taken to make the best use of thorn. They represent potential employment for the people. When ores are sent out of the country, the heritage of the people of the land is being sold out. It is the birth right of the people to work on the ores and produce finished articles. Today, in India, most of the ores are being exported. We are, therefore, not only losing the opportunities of employment for the people but impoverishing the land. Minerals, like other raw materials, have to be worked into consumable articles and only after that can the commerce part of the transaction commence. Any Government that countenances of a foreign trade in the raw materials of a country is doing a disservice to the land,"* (Kumarappa, 1936, p.111).

Alberto Acosta argues that extractivism was an instrumental mechanism for colonial and neo colonial plunder and appropriation. According to Accosta, *"This extractivism which has appeared in different guises over time, was forged in the exploitation of the raw materials essential for the industrial development and prosperity of the Global North……………. Extractivism has been a constant in the economic, social and political life of many countries in the Global South,"* (Acosta, 2013).

Kumarappa is also viewed as a Christian – Gandhian Socialist, who sought an economic model rooted in nature and justice- the *Economy of Permanence*, sustainable, decentralized and morally sounds (Moolakkattu, 2022). Gandhi, Kumarappa and E.F. Schumacher, adhere to the separation of the economy of permanence from economy of violence (Nair and Moolakkattu, 2017). Schumacher's *Small is Beautiful* and Kumarappa's *Economy of Permanence,* share common goals, including an ethical, sustainable and human-centered economy (Nair and Moolakkattu, 2017).

The 2011 Western Ghats Ecology Expert Panel Report (WGEP), also known as the Gadgil report, envisions an inclusive, democratic and decentralized approach to environmental governance and this is in line with Gandhi and Kumarappa's vision of village republics (Nair and Moolakkattu, 2017).

While V K R V Rao appreciated the moral -ethical concern and rural focus of the Kumarappa-Gandhi economic paradigm, particularly in his work *Gandhian Alternative to Western Socialism* (1970), he expressed skepticism towards heavily decentralized Gandhian economics and its practicality (Rao, 1970). Though Rao has not explicitly criticized Kumarappa, Rao's strong advocacy for industrial planning, public-sector growth and capital-intensive modernization contrasts with Kumarappa's village - centric ethical economic framework. While Rao underscored that values and ethics should be integrated within economic realism, his fundamental support was for industrial and capital-based models, as is evident from Rao's *India's National Income 1950-1980* and other prominent works.

Kumarappa's economic paradigm emerged from the local realities and experiences of the people. This understanding helped him challenge the colonial and capitalist economic structures with the support of a Gandhian framework (Gireesan, 2018). Public finance experts in India should revisit the ideas propounded by Kumarappa to address the climate change crisis, rampant social and economic inequality and underdevelopment in rural areas (Gireesan, 2018). Kumarappa's economy of permanence offers a moral and ecological foundation for public finance and policy making in the present-day times. Shivanand Shettar in his paper titled J C Kumarappa: *The Educational and Cultural Ambassador of Gandhian Model of Development*, describes Kumarappa as an ambassador of Gandhian economic model, stressing education and culture (Shettar, 2018).

P. J. Thomas, a celebrated economist in British India and Independent India, shares thematic similarities with Kumarappa's vision on decentralized rural planning, public finance, cooperatives and focus on the rural poor (Thomas, 2021). John Moolakkattu, in his book titled *J C Kumarappa*, argues that while the contributions of Gandhi and E M S Namboodiripadu in decentralization, were duly acknowledged in Kerala's People' Plan Campaign (PPC), which began in the mid-90s to spearhead democratic decentralization, Kumarappa's efforts in this realm especially in strengthening village economy was pushed to the oblivion (Moolakkattu, 2022). This is mainly because Kumarappa remains largely absent from the popular culture. While there are biopics and documentaries on the life and times of Gandhi, Nehru, Patel and Ambedkar, the same cannot be said about Kumarappa. He still remains the forgotten Gandhian economist. Meanwhile, A. M. Jose[2] comments that

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Kumarappa's ideas and themes have been discussed in Bollywood films like Lagaan (colonial taxation and rural resilience), *Swades* (decentralization, self-reliance), *Peepli Live* (criticizes apathy of modern economics to rural poor) and *Jai Bhim* (structural injustice and poverty – a core concern of Kumarappa).

Kumarappa's contributions are ignored in the academic circles, particularly Gandhian studies and mainstream economic studies, within India and abroad. For instance, young professors with PhDs in economics, working in premier policy research and academic institutes in India, were found to be ignorant about Kumarappa and his economic philosophy. As part of National Education Policy (2020), Indian Knowledge System (IKS) is given due importance and Indian Economic Thought is major part of the curriculum and syllabi. The academic professionals in charge of designing core papers and curricula failed to incorporate Kumarappa and when asked about the reason for not incorporating Kumarappa, the academicians replied that they had not even heard about Kumarappa's *Economy of Permanence,* let alone Kumarappa. Even in universities that offer Gandhian Studies, there is not even one core paper on Kumarappa, as in the case of Ambedkar University. It doesn't stop with Kumarappa alone, books of renowned Gandhian scholars like Romesh K Diwan, Mark Lutz, Amlan Dutta, Mark Lindley, Narendar Pani, J.D Sethi, B.N. Ghosh, Amritananda Das also find no mention in the course curricula or the books recommended to students for further reading. Diwan and Lutz jointly published *Essays* in *Gandhian Economics* (1987), Diwan's *Gandhian Economics*: *Enoughness as Real Wealth* (1979), J. D. Sethi's *Trusteeship: The Gandhian Alternative* (1986) , Amlan Dutta's *The Gandhian Way* (1986), Mark Lindley's *Gandhi on Health*(2019), B. N. Ghosh's Beyond Gandhian Economics: *Towards a Creative Deconstruction* (2013), Narendar Pani's Inclusive Economics: *Gandhian Method and Contemporary Policy* (2001), Amritananda Das's Foundation of *Gandhian Economics* (1979) are not mentioned in the recommended readings nor the core papers.

Gandhi himself overshadows Kumarappa's contribution in Gandhian economics. Kumarappa is often treated as a footnote in Gandhian and economic studies. Mark Lindley, in the introductory chapter of his book titled *J C Kumarappa: Gandhi's Economist wrote: "Two experts advised me not to call Kumarappa "Gandhi's Economist." An economics professor in Kerala told me in 1988 that Kumarappa was "good man but not an economist," whereas an American-trained economics professor active in Hungary and Turkey told me, after reading a draft of his book in 2003, that Kumarappa was too important an economic thinker to be* *tagged a mere Gandhian,*" (Lindley, 2007). Kumarappa's contribution to ethical economy is not treated as separate and specialized discipline; it is considered an appendage of Gandhian economics.

Discussion and Conclusion

Despite its significance, public finance, particularly the quality of public expenditure, has largely been overlooked by policymakers and economists in India (Chathukulam, 2024, Karnam, 2022). At this juncture, Kumarappa offers an empirical understanding of historical trends and composition of public expenditure in India; the political economy of spending decisions and best practices that can guide India's course- correction process (Chathukulam, 2024). Kumarappa is also credited with offering an empirical understanding of public finance or a 'field view' of the public finance scenario in India whereas public finance experts and policymakers of today are largely relying on secondary and tertiary inputs to formulate policies, theories and interpretations. As a result, most people handling public finance as a discipline and profession are out of touch with the ground realities as they interpret things through 'textbook view' rather than a 'field view'. Gandhi-Kumarappa framework calls for civilizational reorientation – not just reformist adjustments to growth-centered economics (Nadkarni, 2018). An ecological, ethical and sustainable paradigm is what Kumarappa offers through his *Economy of Permanence* (Nadkarni, 2018).

Kumarappa's moral economic development typology includes Parasitic Economy (Exploitative), Predatory Economy, Enterprise Economy, Gregarious Economy (like a honeybee colony dedicated to mutual welfare) and Seva Economy (service-oriented). The modern-day public finance, including global public finance, falls under the category of parasitic and predatory economy; in some aspects; it qualifies as enterprise economy. While Kumarappa has made incredible contribution towards strengthening the public finance mechanism in India, there are only a few takers. Even public finance experts who write extensively on the need to adopt alternative development have failed to incorporate the Gandhi- Kumarappa economic model as a viable model in reshaping the public finances (Ray, 2024). As the countries across the globe are in the race to achieve sustainable development goals by 2030, India can secure a far more edge over other countries if it can revisit the Gandhi-Kumarappa economic worldview.

While embracing the Gandhi-Kumarappa framework in its entirety may seem impossible, alternative models that are rooted in social solidarity economies can be adopted as a viable option in this regard. India needs economists and public finance experts who can see through the eyes of the poor and marginalized sections of society. As Kumarappa rightly points out in the Introduction of *Public Finance and Our Poverty, "Indeed, when public finance is the handmaiden of public-spirited and farsighted statesmen, it could be the making of a powerful nation, but when mishandled, it could also be the ruination of a flourishing people. Like all other powerful instruments, this science is capable of being used for good, or ill, and therefore, it should be entrusted only to prove friends,"* (Kumarappa, 1930).

The core thesis of Kumarappa's Economy of Permanence, or Kumarappa's theory of public finance, emerges from the wise Talisman of Mahatma Gandhi. According to Gandhi, *"Recall the face of the poorest and the weakest man [woman] whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him [her]. Will he [she] gain anything by it? Will it restore him [her] to a control over his [her] own life and destiny? In other words, will it lead to swaraj [freedom] for the hungry and spiritually starving millions? Then you will find your doubts and yourself melt away,"* (Pyarelal, 1958).

While Kumarappa did not use the term 'extractivism', he was talking about the colonial plunder in India as a form of economic extractivism. New forms of extractivism have emerged over the years but majority of the public finance experts and economists in India have not discussed extractivism policies inherent within the modern-day public finance. The concept of extractivism[3] and neo-extractivism[4] are often discussed without adequately considering their underlying political economy context, which includes power dynamics, economic structure, and institutional arrangements that shape the extraction and exploitation of natural resources. Meanwhile, leading research and policy institutes specializing in fiscal and social policy, such as the Gulati Institute of Finance and Taxation (GIFT), Thiruvanthapuram, Kerala, have made significant strides in rethinking public finance to

[3] *Extrativism* refers to large scale extraction of natural resources, often driven by external economic interests with significant environmental and social impacts. The economy's reliance on exporting raw materials driven by entrenched economic interests and rent -seeking behavior, perpetuates a pattern of limited value addition and unsustainable development (Acosta, 2013).

[4] *Neo- extrativism* is a newer form of extractivism characterized by state -led or state captured resource extraction, often with promises of more equitable and better environmental management. Empirical evidence suggests that the promises of development are often rhetorical, and the process is instead characterized by rent –seeking behavior, which undermines the potential benefits of policy initiatives (Acosta, 2013).

emerging development challenges. The GIFT recently conducted a three-day international conference titled ‘Rethinking Public Finance for Emerging Development Challenges’ from 19 – 21 March, 2025 and meaningful deliberations concerning the need to rethink public finance was discussed by public finance experts and scholars across India and beyond. These efforts offer promising avenues for reform and innovation of the domain of public finance in India.

P. P. Pillai in his paper *titled Relevance of Economic Ideas and Ideals of Mahatma Gandhi and JC Kumarappa in Today’s Context of Decentralization and Development, argues that "If Indians have at least an iota of love, regard and respect for Gandhi, because of whom only we enjoy 'Democracy and Freedom', now, it is our duty at this last phase of existence of humanity on this earth to discuss the relevance of development ideas of Gandhi and Kumarappa,”* (Pillai, 2018).

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