

**M E EMERGENCY HIGHLIGHTS NEED
FOR A NEW ECONOMIC POLICY**

A. D. Shroff



FORUM OF FREE ENTERPRISE

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“People must come to accept private enterprise not as a necessary evil, but as an affirmative good.”

—EUGENE BLACK

Ex-President, World Bank

THE EMERGENCY HIGHLIGHTS NEED FOR A NEW ECONOMIC POLICY

A. D. Shroff*

Dark shadows of aggression lie across our land today. The aggression by Communist China has also thrown into relief the conflict between two ideologies in the world—totalitarian communism and democracy which stands for human dignity and individual freedom. Throughout the ages, the fruitful exercise of individual initiative and enterprise has progressively come to be associated with the evolution of democracy. In fact, a free society and free enterprise are interdependent, and the one cannot survive without the other.

Against this perspective, it is relevant that we examine our economic structure and development because, without a strong economy our political independence by itself is meaningless and defence becomes difficult. At the outset, as one who took an interest in planned development in India, even before it was thought of by the Government, I wish to reiterate that the country has done well in launching on the experiment of planning. There is no doubt that only planning can help our country to make rapid economic strides and usher in a society of freedom and prosperity for all. But the crucial determinant to the achievement of the objective is the method of planning. It is here that the economic policies adopted so far have gone wrong and need immediate rectification.

India's second and third Five-Year Plans have been based on the **communist model** of planning. The main features of communist planning, in brief, are: the comprehensive central control, direction and administration of all aspects of the economy; concentration on heavy industries

* Presidential address at the Sixth Annual General Meeting of the **Forum** of Free Enterprise on December 12, 1962.

to the neglect of agriculture and consumer goods industries; emphasis on state ownership in industry; joint co-operative or collective farming; the setting up of targets first, without relation to available resources, and then a search for resources; and, denigration of incentives, profit motive, private property and people's private enterprise.

We shall examine the results of the efforts to implement such communist model of planning in India. But, before that, it is necessary to appreciate the economic policy changes of a revolutionary character which are sweeping over communist countries.

In a thesis presented in **Pravda** of September 9, 1962, which has set a nationwide debate going in Soviet Russia, Dr. J. Liebermann, an economist of Charkov, has come down severely upon "cumbersome centralised planning", "pusillanimous regimentation of enterprises by bureaucratic planners" and against the method of "taking an influence upon production by means of administrative instead of economic measures." He pleads for the introduction of "profit motive". Similarly, writing in official **Russian Economic Gazette**, the director of a Gorky shipyard, Mr. M. Yuryev, complained about the wasteful control of central planners. He lamented that "no less than 15 higher authorities are in a position to give orders to a factory director and that often they are contradictory." If the Liebermann thesis is adopted, as it is likely to be, the emphasis on centralised, comprehensive planning will disappear in Communist Russia.

Under communist planning, now there is also an awareness that neglect of agriculture and consumer goods industries by giving preference to heavy industries is wrong. The Soviet Premier, Mr. Krushchev, in 1960, told the Supreme Soviet that consumer goods are "all that man really needs" and the Government's ambition was to produce them to match the "consumption level of the United States, the wealthiest country in the capitalist world." Indicative of the restiveness of the people about shortage of consumer goods is a report dated December 6, 1961, that **Izvestia**, the Government newspaper, lashed out at the shortage of razor blades throughout the Soviet Union. Reporting re-

ceipt of thousands of complaints from all over the country, the paper said that in one region the shortage was so acute that each family would have its own bearded Father Christmas as no shipments were expected before 1962. Black marketeers, charging about Rs. 7.50 per blade, were the only source of supply in several cities. A reader lamented that there were not "enough" black marketeers!

Agriculture has become the bugbear of communist economies. There is a campaign in Russia to make good the neglect of agriculture. At a special conference in Moscow towards the end of 1961, Mr. Krushchev warned bad farmers and agricultural experts with expulsion from the Communist Party. At this conference, which was part of his efforts to raise living standards by laying a sound agricultural basis and increasing consumer goods, he singled out the head of the principal Russian farm research institute and said that had he been an American and given to American farmers the advice he had given to Russian farmers, he would have been without a job. In the Soviet Union, however, Mr. Krushchev added, he and his like enjoyed high academic honours and were even awarded state prizes. "We cannot put up with this any longer," he warned them. Mr. W. W. Rostow, eminent authority on communism, after a special study, recently pointed out the dilemma of communist countries vis a vis agriculture. He observed that before World War I, Russian grain exports were 10 million tons, but "the Soviet leadership has chosen to eat its way through its natural grain exports since*1929, and it has converted the Soviet Union into a country which may import more farm produce than it exports." Mr. Rostow concludes that unless the peasant is given incentives, Soviet farm production will not go up; but to give incentives, social and political control of farmers is to be lifted and consumer goods which the farmer wants to buy should be produced more by cutting down on heavy industries and armaments.

There is also a shift in communist emphasis on state ownership of industries. Recently, Italian Communist leader, Mr. Palmiro Togliatti, disapproved nationalisation

of Italy's electrical undertakings. He said: "Nationalisation of public utilities is not being sought by anyone. We have never asked for such measures, nor will we. We have always seen the necessity of the co-existence of nationalised utilities with the vaster zone of private enterprise."

It is significant that the much despised "incentives" and "profit motive" are also coming into their own in communist countries. In a speech on March 5, 1962, Mr. Krushchev called for increased "material incentives" to farmers to produce more food. In justifying the increase in prices of essential foodstuffs, the plenary meeting of the Communist Party of the Soviet Union, in March 1962, laid stress on "material incentives". Stating that cost of production of several farm products was higher than the state purchasing price for them, the committee deplored the losses and pleaded for profits through higher prices. It said: "It is necessary to raise the purchasing prices of meat and milk in order to make production of these products economically profitable for the collective farms, to give the latter the necessary accumulations, and to interest them materially in swiftly raising output of animal husbandry products. This, however, calls for vast sums of money. Where should they be taken from?" Even dogmatic Communist China has been forced by inexorable economic laws to submit to human nature. Peking's "People's Daily" has reported that cash prizes as incentives to workers, and private plots to farmers had been instituted to raise production.

The most revolutionary change, however, is likely to be introduced by the Liebermann thesis referred to earlier. Prof. Liebermann wants economic activity to be judged solely by profitability. He has proposed the freeing of state enterprises from the clutches of the central planners who will be given authority only to fix overall gross production volume of factories. All other decisions will be left to factories and their performance will be judged by the profits they show. To appreciate the magnitude of the throttling controls exercised by the planners, to the utter neglect of the profit motive, one has to turn to Mr. Krusch-

chev's revelation that one machinery factory in Ryasan had been given 2,580 detailed instructions from the ministry, in addition to instructions from other sources. The director of the factory had to submit, to superior authorities, during that year, about 10,250 reports and statements! The profitability thesis has been enthusiastically welcomed by Soviet economists.

A look at central planning in communist economies makes it clear which way the wind is blowing. Indian experience of implementing the communist model of planning is also approaching the dawn of disillusionment. Since great emphasis has been laid by our planners on expanding the public sector, or sphere of state enterprises, a brief survey of them is in order.

The Explanatory Memorandum annexed to the Government of India Budget for 1962-63 disclosed that of 73 state enterprises, only 10 had so far yielded results. On an investment of Rs. 605.63 crores in 1960-61, the return was Rs. 1.95 crores which means barely 0.3 per cent, and in 1961-62 the yield has fallen to Rs. 1.95 crores on an investment of Rs. 709 crores. During 1962-63, the investment was expected to mount up to Rs. 807 crores and profits to Rs. 3 crores. The picture of enterprises owned by state governments is no better. For instance, the fifth report of the Madhya Pradesh Vidhan Sabha Public Accounts Committee for 1961-62 noted that most of the concerns run by the State Government were working "unsatisfactorily". The report said that the concerns were incurring losses from year to year and their accounts were not properly maintained. The Committee's recommendations went unheeded, it complained. In Orissa State, the return on state enterprises was hardly 0.17 per cent. Considering the reports of inefficiency of the state enterprises, these results are hardly surprising. The classic example is that of a bicycle factory of the Mysore Government. In 2½ years, it had manufactured only 18 bicycles, each costing Rs. 16,000. Saddles were yet to be fitted. The installed capacity of the factory was such that the production worked out to 1/10,000.

According to the Audit Report of Defence services for 1961, the Machine Tool-cum-Prototype factory, after six years, had "not been able to show any return on the capital invested. On the contrary it has actually incurred a loss of Rs. 68.63 lakhs (overhead) plus Rs. 8.13 lakhs or Rs. 77 lakhs approximately." The Audit Report for 1962 is replete with several such instances. Some items are "uneconomical manufacture of stores for civil trade" like photo enlarger, cinema projectors and Espresso coffee machines. In July 1953, the manufacture of photo enlargers at a cost of Rs. 275 each was proposed. By 1957, not a single unit had been made, although Rs. 2 lakhs had been spent. The manufacture was, therefore, suspended in 1957. In 1958, the scheme was revised to manufacture units at Rs. 600 each. By December 1961, only 9 enlargers had been manufactured at an estimated cost of about Rs. 2,745 per unit. The market price of similar enlargers was Rs. 450 in December 1959! Similarly, Rs. 3 lakhs were spent on the manufacture of two prototypes of movie projectors, and the scheme was abandoned. The case of the Espresso Coffee Machines, which has acquired a flavour of its own, is interesting enough to be repeated in the words of the Audit Report itself. The report said: "During the years 1958-60, the Rifle factory, Ishapore, manufactured 15 Espresso Coffee Machines at a total cost of Rs. 53,764 without obtaining formal Government sanction or financial concurrence. In the absence of any demand from the trade, these machines could not be disposed off.

"One of the machines was presented to the Chief Minister of the State. The remaining 14 are still' (October 1961) lying in stock."

While these experiments were going on, according to the same report, a high priority order issued in 1955 for manufacture of a particular type of gun, after some modifications, had resulted in an **infructuous** expenditure of Rs. 4.56 lakhs!

The story of the Government steel plants is too well known to need repetition. The **Solveen Committee Report** on Rourkela is a primer for all new entrepreneurs **as to**

what to avoid. For instance, it is pointed out that a loss of Rs. 78 lakhs was incurred as a result of lockout in order to save a couple of hundred rupees a month legitimately demanded by a few workers for their specialised work. Recently, at Sindri and Nangal factories, fertiliser stocks were piling up (as much as 41,000 tons at Nangal) **while** the country was short of supplies and farms needed them to boost agricultural production. This is said to be due **to** the fact that the new fertiliser was not sufficiently **adver-**tised among farmers, and production was started without sales co-ordination.

The largest state enterprise and at that too, a monopoly, presents a bleaker picture. The Indian Railways, whose poor performance has throttled industrial production by creating a transport bottleneck, set up a new record of accidents. In six months ending September 1961, there were as many as 1,883 accidents, some of these with high death toll. Shortage of railway tickets and essential amenities has become the order of the day. Illustrative is a report from Tenali in the far South that passengers from Guntur to Tenali on June 6, 1962, could not obtain even **substitute tickets** written on forms of paper because even those also had been exhausted. About the honesty of the Railways, the plight of the ordinary citizen may be imagined when it is found, according to a disclosure by the Union Deputy Railway Minister that a parcel sent to the Union Railway Minister was found to have lost its original contents and instead filled with bricks and saw dust!

This gross inefficiency arises mainly from the fact that the state enterprises, ostensibly the Public Sector, have **little** to do with public welfare. They are run by **bureaucrats** who enjoy power without accountability, and have no **personal** stakes in the enterprise or welfare of the public. The Chairman of the Hindusthan Shipyard, Mr. G. L. Mehta, observed in April 1962 that "those in senior and **responsible** posts in a public sector enterprise like the shipyard do not always evince the spirit of service and **co-operation** which are necessary for its effective functioning." The harm that such an attitude and inefficiency does to the economy **can** be deduced from statements like the one by **two**

Japanese industrialists, who visited India recently. They said that "bureaucratic mismanagement" by Indian officials had resulted in loss of iron ore markets in Japan. Further, people with no experience in the iron ore trade who went to Japan for such transactions had created doubts and misgivings in the minds of Japanese importers and the Government. This is merely one more complaint against the operation of the State Trading Corporation of India which has done immense damage to India's foreign trade and prestige.

In view of such a record of inefficiency, it is no wonder that the Government has dropped a proposal for public participation in the share capital of state enterprises. A report from Chandigarh, in a Bombay daily of June 15, 1962, is very instructive in this regard. It read :

"For the first time in its nine-year existence the Punjab Financial Corporation today faced the wrath of its private shareholders.

"They mustered strong at its annual meeting and demanded that the Government purchase their shares. They declared that the shares were not only unremunerative, but there were no buyers in the market.

"The shareholders' displeasure was voiced unanimously and it turned what would have been a routine meeting into an acrimonious one."

The consumers of state enterprises, especially when the product or service offered is a monopoly, are in an unenviable position. One sees scores of letters in the Press which end up with condemnation of such state enterprises. To quote at random, two readers of a Calcutta daily wrote as follows : "I am utterly disgusted with the L.I.C.'s inefficiency" and "In spite of publicity on the merits of L.I.C., many people are convinced that the Corporation is more of a hindrance than a help to us." Apart from the irritation caused to citizens by the inefficient conduct of state monopolies, there is another dangerous aspect. This was brought out in a judgement of the Madras High Court in September 1962. The Life Insurance Corporation of India came in

for severe strictures for taking nearly three years to consider a claim and lulling the plaintiffs into inaction till the period of the limitation expired and then promptly informing the plaintiffs that their claim was not entertainable. The learned judge observed : "Policyholders and the public are entitled to expect fairplay from the Life Insurance Corporation, and it is hoped that the concerned authorities will take action in future and inspire public confidence." In the subsequent glare of adverse publicity, the LIC made a payment to the claimants later on. But the incident upset once and for all the self-righteous posture of state enterprises, and illustrated graphically the dangers of state monopolies holding citizens to ransom.

In a democracy, based on the concept of the Rule of Law, the gross violation of law by state enterprises is a matter of concern. At the Indian Labour Conference in New Delhi in August 1962, Mr. S. A. Dange, trade union leader belonging to the Communist Party which presses for wholesale nationalisation, said that state enterprises were the worst violators of the labour laws in the country. State Government authorities have been frequently complaining that these enterprises paid scant attention to the Factorizs Act and other legislation. It is not surprising that one should find the following remarks by auditors in the fifth annual report (1960-61) of Heavy Electricals (India) Ltd., a big state enterprise : "There were contraventions of the provisions of the Companies Act"

This brief survey of state enterprises in India is sufficient to indicate that on all scores they reveal serious weaknesses detrimental to **Public interest**. It is, therefore time to review the basic policy of nationalisation and state ownership. The experience of socialist governments elsewhere has shown the futility of such a policy. A report from London, dated October 15, 1962, in a Bombay daily, stated : "With most of Britain's state industries running increased deficits this year, and their borrowings from banks and the Government set at a stubbornly high level, the country is taking a new, critical look at the whole question of nationalisation."

The public in our country is also no longer enamoured with slogans of nationalisation and growing Public Sector. Numerous letters in the Press indicate this growing scepticism. For instance, in a Bombay daily of October 26, 1961, Mr. J. D. Randeri, General Secretary of the Maritime Union of India, commented on what will happen if the Government takes over coastal ferry services. It will "raise the fares, as they have done in the Indian Airlines Corporation, in rail transport, in road and bus transport, and in practically every utility concern that has been nationalised. Probably that is the trend of the times." Another reader says: "The disease of statism is growing in India and it is time for the people to think about its consequences. In three important respects statism has failed to achieve the declared objectives of the country. It has not raised the standard of living; it has not liquidated unemployment; and it has not prevented the concentration of power It is also worthwhile to study the achievements of countries like West Germany and Japan without statism."

Fortunately, the alternative to communist model of planning and socialism is available. Tested by time, it is **planning for free enterprise of the people**. In brief it means that the state attends to its primary functions of defence and law and order, and the "infrastructure" of the economy within which people's private enterprise, i.e., free enterprise, can develop to the fullest. The state will give social direction to the economy, not by **ownership** but by **regulation**. This will not only result in giving full scope to individual initiative and enterprise, and lead to rapid and large-scale development, but also meet the ends of social control and justice.

What are the functions of the State and how far have we progressed? First and foremost are the defence of the territory and maintenance of internal law and order. The failure of our state enterprises in meeting the needs of defence has been amply demonstrated by the recent crisis.

The provision of a legal and institutional framework, including such things as a law of contract and right to private property, facilitates growth and smooth functioning

of the economy. A multiplicity of laws defeats the very ends in view. Therefore, legislation should be minimum. What Oliver Goldsmith wrote in "Vicar of Wakefield", viz., "the multitude of laws produce new vices, and new vices call for fresh restraints", is worthy of serious consideration. The effects of multiplicity of laws and controls on the economy can be assessed from the statement of Mr. I. F. Morris, Chairman of the Indian Tea Association. He stated in March 1962 that a manager of a large tea estate had to affix signature or initials to excise documents alone no less than 14,000 times a year. His remarks that it is "a criminal waste of time, money and manpower" applies to the situation obtaining in all other spheres of our economy. "The proper place for the manager is in the field producing more and better tea," Mr. Morris properly observed.

The importance of honest and efficient administration, another component of "infrastructure", cannot be underestimated. The multiplicity of laws and controls and inefficient administration have hampered our economic growth. The magnitude of the problem can be realised when one finds that as on July 31, 1962, there were 29,820 cases pending disposal for more than six months in the Maharashtra Government secretariat. As on August 31, 1962, there were 47,859 files pending decision by the Kerala Government. A 15-year-old file had just been disposed of! In Andhra Pradesh a file passes through 140 processes before it is passed for orders. In Mysore State, it takes 272.2 days on an average for processing a file. To top this delay, 25 per cent of secretariat proposals on the cases are turned down by the Government thus making it "appear that if secretariat scrutiny is not ineffective, it is by and large redundant." (Organisation and Methods study report).

The situation at the Centre is no better. A Press report in July 1962 said that Mr. T. T. Krishnamachari "whose job it is to cut across bureaucratic bungling and procedural delays" had been the latest victim of red tape because even six weeks after his taking over the ministerial portfolio, he had not received his salary. A report in Sep-

tember 1962, said that imported machinery, worth lakhs of rupees, for Okhla industrial estate was lying idle because of red tape. The Delhi Electricity Supply Undertaking, C.P.W.D., National Small-Scale Industries Corporation and the Delhi administration were blaming each other for this gross neglect. Income-tax forms were not available in Bombay for weeks after the beginning of the 1962 tax year. The Prime Minister himself has expressed his disgust at the red tape and wastage. Speaking at the Indian Medical Council conference in New Delhi in November 1961, he said that he was horrified at the wasteful manner in which buildings were constructed "at prodigious cost." He deplored that knowledge of modern building methods had not "seeped into the Public Works Department", and "rules evolved in the Vedic Age" were being observed. The Mysore Government State Audit report listed audit objections for over Rs. 24 crores in P.W.D. accounts. The most disturbing example of callous waste and methods of operation of government departments comes from Andhra Pradesh. In drought-stricken Chittoor, a new reservoir for city water supply built at a cost of Rs. 70,000 sprang a leak within 3 months of construction. The leak which drains half the water every day was not repaired for six years in spite of public protests. The cost of repairs now is the same as the original cost of construction—Rs. 70,000. The time for an overhaul of the administrative machinery and procedures is long overdue. The first step in this direction is to free the administration from the unnecessary industrial and trading activity which has devolved upon it because of growing intrusion of the state into economic activities which could as well be performed by private enterprise.

Another important component of "infrastructure", communications, is also grossly neglected. In March 1962, it was found out that over a lakh of telegrams which should normally be sent by morse or teleprinter were being sent by post! The situation in the postal services is not much better. Essential items like post cards and money order forms are in chronic short supply. To cite but a

couple of instances: a Press report in November, 1962, said that most of the 600 post offices in the Muzzafarpur district of Bihar had stopped registration and money order business because forms were not available. Some of them could not even attend to their basic duty because stamps, post cards and inland letters were out of stock. Even normal services had been suspended by some because they could not keep track of daily transactions for lack of ledgers and other ordinary stationery. A Delhi report in April, 1962, described the acute shortage of inland letters. Inquiries with officers at 20 post offices resulted in 14 of them saying "Sorry, no stock." Negligence and inefficiency have become habitual with postal services. No wonder that recently the irate husband of a woman, whose ten-year-old claim was sent to her six months after her death, described the postal authorities as "20th century Mohamad Ghazni." He recalled that Ghazni had sent the money he owed to poet Firdausi when the poet's body was being taken for burial.

Telephone services are no better. At the end of 1961, it was found out that as against a demand during Third Plan for 100,000 phones in Bombay only 75 per cent will be satisfied; in Madras 85.5; in Calcutta 85,000 phones were working, and waiting list was 32,000. As against 350 phones per thousand in U.S., in India the figure was 0.9. Trunk lines are often disrupted and service in cities is the cause of frequent complaints.

Roads, which are the lifeline of the nation and figure prominently in the "infrastructure" list, are in a poor condition in India. There are 144,000 miles of metalled roads, and 255,000 of unmetalled and unmotorable tracks and bridle paths. The motorable mileage is 12 miles of road per 100 square miles which is only 6% of road density in U.K. 10% of U.S.A. and 7% of West Germany. Dr. F. P. Antia, President of the Indian Roads and Transport Development Association, has warned: "We have no choice, if we wish to provide an adequate quantum of transport to the country, except to develop roads to the maximum extent."

Another component of the "infrastructure" is power. The difficulties experienced of inadequate supplies and

breakdown are country-wide. The breakdown of supply in the capital city in 1962 was scandalous, as the official inquiry showed. In Calcutta region, the jute industry, which is the largest industrial consumer in Eastern India and a big foreign exchange earner, lost over four million man-hours and 12,000 tons of production during February to June, 1961. The engineering industry is estimated to have suffered loss of production of about 40%. A census revealed that one colliery in Raniganj field suffered 108 stoppages in the mine owing to failure of power between 1959 to 1962. A report from Meerut in 1962 said that power breakdown was frequent, as many as 10 times a day. The voltage, it further stated, was so low that fans and radios did not work and even a candle would give more light than an electric bulb! A survey by Punjab and Delhi Chamber of Commerce showed that in 1961 the capital city suffered loss of Rs. 17 lakhs in industrial production owing to power failure.

Two other important areas of work for the state in developing the "infrastructure" are medical and educational facilities. The lapses here are glaring. In 1961, there were 3,000 government dispensaries in different parts of the country without doctors. The lack of facilities, and indifference to the public are well known to the suffering citizens. For instance, the superintendent of an Agra hospital has disclosed that the patients had to buy their own syringes, ice-caps and oxygen cylinders.

The greatest deficiency is in the field of education. It is yet to be realised that in a modern economy, "human capital" is to be developed by education. An authority on modern management, Peter Drucker, aptly writes: "A revolution is taking place in our world. Productive work in every field is increasingly based on a good sound education. Educated people are the 'Capital' of a developed society. When economists talk of capital, they rarely include knowledge. Yet this is the only real capital today. The development of educated people is the most important capital formation; their number, quality and utilisation, the most meaningful index of the wealth-producing capacity of a country."

And, finally, among important functions of the state, is the duty to provide a stable currency. Prof. B. R. Shenoy, who had warned our planners of the dangers of deficit financing, has summed up the situation correctly. Pointing out that between 1954-55 and 1961-62, the national product rose by 27%, money supply by 60% and prices by 34%, he warned recently; "If we must have orderly and stable development, we must first put a stop to this strange pursuit. The corrective to boiling water—rising prices—is to remove from underneath the fire of deficit budgetting; to pour cold water—foreign aid—can lower the temperature only temporarily."

If the state will concentrate on its functions outlined above, and create a proper climate for people to develop the resources of the country, the problem of defence and development can be successfully tackled simultaneously. Happily enough, today there are signs of appreciation of private enterprise. Dr. Radhakrishnan, President of India, said in August 1962: "We do not want to destroy private initiative or spoil the incentive." Mr. Nehru, Prime Minister, had earlier in the year conceded the importance of free enterprise in a mixed economy. The late Dr. B. C. Roy, as Chief Minister of West Bengal, in April, 1962, categorically emphasised the role of private sector in promoting the welfare of the people. He pointed out that the Private Sector could better look after business than the Public Sector. The Chief Minister of Bihar, and Mysore, among other states, have extended welcome to private enterprise. The Advisory Council for Industries in Gujarat has recommended that the State Government should allow private enterprise to establish industry and limit the role of state merely to assist them.

This growing realisation of the importance of private enterprise is justified by events. The Report for 1960-61 of the Development Wing of the Central Ministry of Commerce and Industry recorded "spectacular development" of industries. It listed 49 new industries established by private enterprise in 1960. A Planning Commission review published in August, 1962, recorded the appreciable pro-

gress by selected industries in the Private Sector during the first year of the Third Plan.

From this survey, it is evident that realism and expediency point to the same source of progress—people's private enterprise or free enterprise. The time for collectivist ideologies is past. To forge a strong nation, which can defend its territorial integrity and freedom, wherein there is work for all and equality of opportunity, wherein freedom and prosperity can be had together, a new vision and a new economic policy are required. There is no doubt that Free Enterprise will be the harbinger of this new society. This new spirit of self-reliance was expressed in a farewell address of the ex-President, Dr. Rajendra Prasad, when he said :

"We have had the experience of our struggle, and during that struggle Mahatma Gandhi taught us to be dependent on ourselves.

"I feel whenever I go round, I see people losing all self-dependence, all initiative; even for small things the people are looking towards the Government to do those things for them. I want that initiative to remain intact, that self-dependence to remain intact and unless the individual groups retain that kind of self-confidence in themselves, which enables to face great difficulties and to achieve things even in the midst of opposition, ultimately the country will be a loser.

"Therefore it is that too much dependence upon the Government should be deprecated, and the initiative of the people, their self-dependence should be encouraged as much as possible".

"Free Enterprise was born with
man and shall survive as long as *man*
survives."

--A. D. SHROFF

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