

FREE ENTERPRISE IN INDIA

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FORUM OF FREE ENTERPRISE

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The role of Private Enterprise in the future can be assessed only in the context of Government's decision to establish a Socialist State in this country.

Two broad implications of this decision are obvious, viz., (i) that the State will assume increasing control and ownership of the means of production, and (ii) that the resources available to the Private Sector will be gradually diverted to the Public Sector.

Government have already taken certain measures, both fiscal and others, to work towards the attainment of this objective.

Government claim that their policy has been endorsed by the country which means that the vast majority of the unthinking millions of the country have understood the implications of this policy and are satisfied that it will ultimately lead to a substantial increase in the standard of

living of the masses. On the other hand, there are thousands of thinking people in the country who are honestly convinced that from a long-term point of view this policy will not only not help the country in achieving a rapid and all sided economic development, but may well hamper the attainment of this objective which is so anxiously desired by every section of the community. To take, however, a realistic view of the situation, everyone must be prepared to concede sincerity and honesty to the Ruling Party and their determination to pursue this policy till they realise that their philosophy is a good horse in the stable but may well prove an arrant jade on the journey.

After considerable cogitation, I have come to the conclusion that the most urgent need of the Private Sector is to organize on a country-wide basis a campaign to educate the public about the mistaken policy of the ruling party and to satisfy the country that the attempt to establish a Socialist State is not calculated to serve the best interests of the hundreds of millions inhabiting this country. In my daily contact with people engaged in trade and industry, big and small, I find that in recent months a large number of people have been seized with a feeling of despondency. A number of them are expressing a feeling whether it is at all worthwhile for them to make any additional commitments and, in some cases, even whether it would not be in their interests to reduce their existing commitments.

As a result of the cruel operation of Section 23-A of the Indian Income-tax Act, a number

of small people who started in a small way and have by their personal effort and sacrifice built up over a period of years successful businesses have been trying, to my personal knowledge, to dispose of their businesses. I have also come across some people with a fine record of achievement over the last generation or two, who are seriously thinking of migrating from this country before their anticipated fears of the worse coming in future materialise. Whilst fully appreciating the feelings of such people in the prevailing situation in the country, I am definitely of the opinion that this is a defeatist mentality and it can only result in the suicide of the Private Sector in the not very distant future.

From the country's point of view, this fast-diminishing morale amongst that section of the community which has made no mean contribution towards the development of the country's economy, cannot but be a matter of concern to everybody interested in elevating the economic status of India. I suggest, therefore, that the educative campaign should be organized on the following lines:—

There is a widespread lack of understanding as to what the Private Sector means. People interested in propagating the Socialist faith have been mischievously representing the Private Sector as consisting of a few “ tall poppies ” comprising a few hundred people who today happen to be responsible for the management of some large-scale industries. It is not generally appreciated that the Private Sector

consists of all Agriculture, large, small-scale and cottage industries and the whole range of Trade, including import, export, wholesale and retail. Even in the range of industrial activity, according to the estimates recently made by the National Income Committee, the value of nett output of "Small Enterprises" in 1950-51 was of the order ,910crores while that of "Factory Establishments" it was around 550 crores. Similarly, the number of workers employed in "Small Enterprises" in 1950-51 was about 11.5 millions as against three million workers in "Factory Establishments."

Throughout the length and breadth of the country there must be millions and millions of people engaged in retail distributive trade, either as individuals or as small partnership firms, who constitute a very important part of the Private Sector. It is, therefore, very necessary that the country at large should be made aware of what constitutes the Private Sector. Much of the excitement and fury that is often displayed on public platforms in deliberate misrepresentation of the Private Sector could be dispelled and the correct perspective established if the meaning of the Private Sector was made known in a sufficiently intelligible form to the country.

The achievements of the Private Sector hitherto in sustaining the daily economic life of the 365 millions and in the gradual development of trade and industry providing employment for an increasing number of people should be presented to

the country in graphic and pictorial for the average man and woman in the country can be made to understand the vital necessity of the uninterrupted continuance of these activities with the potential risk involved in disrupting the economic life of the country if the normal functioning of the Private Sector is disturbed by the implementation of the Socialist policy.

The stage has been reached when thinking people in the Private Sector, if they wish to serve the large interests of the country, cannot keep their thoughts and feelings to themselves in the fear of incurring the displeasure of the ruling authorities. The greatest danger, to my mind, today is that those who have pronounced their faith in the implementation of Socialist policies have all the advantage of propagating their gospel through the Central and Local Legislatures and through the countrywide organization of the majority party. It is an unfortunate tragedy that with few exceptions even a large section of the press is giving the widest prominence to the views of the majority party, if not actually applauding them. The continued and ceaseless propaganda against the sins of omission and commission of the Private Sector is producing an impression, in the absence of any attempt to counter this propaganda, that the whole country has tacitly accepted a policy which will ultimately lead to the complete elimination of the Private Sector. For instance, the foul campaign of vilification against the entire management of Life Insurance business to bolster

up Government's decision to nationalize life Insurance has created a feeling of distrust for all management of Private Enterprise.

Bereft of all sense of proportion, responsible spokesmen, both of Government and the majority party, have exploited mismanagement by a small number of people as an excuse for a sweeping condemnation of everybody concerned with the management of Life Insurance in the country. I believe, therefore, that unless the Private Sector realises the danger of such unfair tactics on the part of its detractors and counter such propaganda by placing facts in their correct perspective before the country, this process of slaughtering the innocents will gather momentum which, in course of time, would be impossible to resist.

It is absolutely imperative that thinking people in the Private Sector should make an organized endeavour to establish amongst all sections the highest standards of integrity and efficiency. However much we may disagree with Government in their policies and actions, everybody engaged in the Private Sector must recognise it as their elementary duty to respect the laws of the country and to pay their dues promptly without any attempt to avoid their obligations. Organized bodies like Chambers of Commerce and various Trade Associations should insist on the observance by their members of rules of conduct which would not be open to challenge. Employers should cultivate relations with their employees in a progressive and liberal manner so as to ensure the identity of interests between the two.

The Private Sector should also be prepared, as far as possible, to co-operate wholeheartedly with Government in all measures are satisfied, intended to promote national interests. The country must be given concrete proofs of the preparedness of the Private Sector to sincerely act in the above-mentioned directions if the capacity of the Private Sector to serve the country is to be made generally acceptable to the country.

A concrete plan for the rapid development of the country should be drawn up and presented to the country. This plan should be drawn up on the basis of mixed economy. It is generally accepted that in order to attain a speedy development of the country's economy in all its aspects, every section of the community must play its own part. The most imperative need today is increased production and, therefore the plan must point out how such increased production can be attained in the shortest possible period of time by utilization of the brains, energies, resources and experience of everybody in the country, whether he artificially happens to be placed in the Private or Public Sector.

Mere ideologies and dogmatic assertion of preconceived ideas should not be allowed to stand in the way of the organized utilization of all available talent and resources in the country. If real progress is to be achieved, there is an obvious demarcation of functions between the State and the Private Sector. Apart from the obvious and elementary duty of maintaining peace, order and

stability, it is the function of Government to provide the essential prerequisites for an orderly progress. These prerequisites are a quick and countrywide spread of education, essential health services, clearance of slums, opening of the country through district and trunk roads, rail road and river transport, and larger provision of postal, telegraph and radio services.

There is a tremendous field for the State to devote its energies for making our agriculture more profitable and reliable through extension of irrigation facilities, use of better seeds and fertilizers and more modern methods of intensive cultivation. Provision of warehousing, marketing and credit facilities in our rural areas will certainly result in enriching, over a period of years, 70 per cent. of our people who depend for their living on agriculture.

It will thus be seen that if the State confines itself for the next fifteen to twenty years to an adequate fulfilment of these functions, it will not only have enough on its hands but will make a substantial contribution towards the economic development of the country. In attempting to extend its scope of activities, the State is not doing justice to its own obligations.

To give a few illustrative experiences, the Postal services are so inadequate that even in a city like Bombay, the General Post Office would not accept more than 500 registered letters per day from any party. Wherever one travels throughout the country,

it is heart-rendering sight to see the manner in which third-class passengers are packed like sardines on our railways. Railway transport still continues to be a serious bottleneck, constituting a handicap to the free movement of goods and causing artificial shortages at different places in the country. The terrific congestion at Docks in important port-towns holds up both receipt and despatch of goods for inordinate length of time.

At an important air-port like Calcutta, three months ago, the Air-office was short of luggage tickets and it is reported that recently a Telegraph Office in Bihar ran short of telegraph forms.

If the State, therefore, concentrates its energies in providing these elementary prerequisites at a speedy rate, it will succeed in creating both an atmosphere and scope for the Private Sector to do its job in bringing about a rapid economic development. It is undoubtedly true that fiscal measures of recent years have considerably denuded the Private Sector of its financial resources and the State, therefore, will have to make available adequate finance on suitable terms to safe-guard the interests of the general tax-payer. Otherwise, with the background of experience and trained personnel, the Private Sector should prove capable of undertaking a large-scale industrial development of the country.

However limited the scope left to the Private Sector and the uncertainty about its continuance, whatever be the handicaps and disabilities imposed by fiscal and other measures, the Private Sector must

still be prepared to energetically continue its own allotted task, and I have no doubt that it will satisfy the country of its capacity to serve the country in future as it has done in the past.

In conclusion, I only wish to sound a note of warning that in a country like ours, with one dominant political party and with no effective organized opposition, the thin borderline between democracy and totalitarianism can soon be crossed. There is already evidence of totalitarian thinking at least in the economic field and unless public opinion becomes more vigilant, we may lose our most cherished possessions, viz., the freedom to think and the freedom to criticise.

