

The Case  
for Free  
Enterprise

A. D. SHROFF

ON behalf of the Operational Committee of the Forum of Free Enterprise, I have great pleasure in welcoming you all to this function—the First Convention of the Forum. I would particularly like to thank our friends from Calcutta, Madras, Bangalore, Delhi, Ahmedabad, U.P., and other places for taking the trouble during this hot weather to attend this function.

To you, Mr. Sreenivasan, we are very grateful for accepting our invitation to preside over this function. Throughout your career you have been a great champion of Free Enterprise and we could not have had a more suitable person to inaugurate this first Convention than yourself.

Full text of the welcome speech, made by Mr. A. D. SHROFF, at the first convention of Forum of Free Enterprise, held on April 25, Bombay.

I am sure we all look forward to your lead and guidance in our work.

The Forum of Free Enterprise came into existence on July 18, 1956, when on that day we published our Manifesto in leading papers of the country. The genesis of the Forum lay in the honest conviction of its promoters that the case for Free Enterprise was going by default, and that a stage had been reached when an organised endeavour had to be made to educate public opinion about the achievements hitherto of Free Enterprise and its capacity to make a significant contribution to the economic development of the country. As the promoters felt that the need for the presentation to the country of the case of Free Enterprise was imperative, we decided to start as an *ad hoc* organization. With the experience of the last nine months, we have now framed a Constitution which we will place

before the members of the Forum this evening after this function is over. From today we are, therefore, creating an institution which will be dedicated to educating the country as to what Free Enterprise stands for, and I have no doubt that with the encouraging response that we have so far received, this institution, in course of time, will develop into an influential organization backed and supported by a large number of people who have faith in Free Enterprise as an instrument for bringing about a rapid and large-scale development of the country and for substantially raising the standard of living of the masses of the country.

As we have made it clear from the very inception, we are not a political organization. Our main, if not the only, objective is of an educative character. During the course of the last nine months we have been

pressed from various quarters that we should start a political party with the Forum as the nucleus. I want to assure you on behalf of the promoters of the Forum that we have no such intention. What, however, we shall continue to do undeterred by official frowns or even threats uttered to individual workers of the Forum is to continue the task we have undertaken and place our services at the disposal of any organization, including the Congress, for a proper appreciation and furtherance of our cause.

During the course of our short career, we have endeavoured to place before the public of this country the case for Free Enterprise through meetings, both public and private, the Press and the issue of literature bearing on the numerous problems of Free Enterprise and the handicaps to which Free Enterprise is subjected today in the framework of the

economic and financial policies pursued by the Government. The literature has been published both in English and in various vernaculars and the evergrowing demand for copies of various pamphlets and leaflets that we have issued is a hopeful augury for the increasing interest which has been evinced by the public of this country.

It will not be inappropriate for me to reiterate what the Forum stands for. From the very inception we have made it clear that we believe in planned development of the country and are as anxious as anybody in the country to see that a rapid and large-scale all-sided economic development is brought about. Planned development does involve a certain measure of control and regulation which we accept. We also accept the objective of bringing about a higher standard of living both through the creation of large oppor-

tunities for employment and by gradual reduction in the disparities of income and wealth. We, therefore, accept Free Enterprise with a social purpose. As a matter of fact, what we stand for is that within the framework of planned development every individual in this country should have the largest possible scope for making his or her contribution towards the development of the country by the use of his or her initiative and enterprise. What we do not accept is subjecting the economy to such a measure of regulation and control that it stifles initiative, incentive and enterprise, and if, during the course of our activities, we have found it necessary to criticise Government policies and actions, it is because we are convinced that the regulations and controls are 'defeating the very objective of a rapid, planned development of the country. Excessive regulation and control lead to concentration of

power in the hands of the bureaucracy and tend to regimentation of economic life. We also believe that excessive regulation and control of the economy in its various aspects cannot but lead to a gradual diminution in the democratic way of life which is assured to us under our Constitution. **In the background of the achievements of Free Enterprise in the past, we claim that Free Enterprise is ready and capable of making a substantial contribution towards the attainment of the common objective provided it is not handicapped and hamstrung by the sort of controls and regulations to which it is subjected today.**

One result of a controlled economy that we have experienced is that businessmen in general have been seized with a fear complex. It is inevitable that under a regime of controlled economy, increasing number of people have to depend upon

Government patronage whether it is in the form of licences, contracts, or in other ways. This has been a demoralising factor already noticeable in the life of this country. With a due sense of responsibility, I can say that during my recent travels to various parts of the country I have come across thousands of people who feel strongly on the issue of Free Enterprise but acknowledge their helplessness in expressing their minds because of the fear of inviting official wrath.

We claim for ourselves the right and liberty to criticise when we must. We cannot, therefore, deny the same right and liberty to others who differ from us. The Forum, I am glad to say, has attracted country-wide notice from the Prime Minister downwards. The Prime Minister recently said that there is some truth in Free Enterprise but there is a vast quantity of error. We have been search-

ing hard to discover this vast quantity of error and we are told that this error lies in our allegedly advocating 19th century *laissez faire* capitalism which suffers from obsolete thinking in terms of the conditions prevalent today. I would most earnestly request the Prime Minister to spare a few moments out of his busy preoccupations to study our Manifesto and some of the literature that we have so far placed before the public and I am sure that a fair-minded person that he is, he will soon recognise that Free Enterprise, as we advocate it, is not 19th century *laissez faire* capitalism but a dynamic and progressive attitude towards life in general and particularly the utilization of individual initiative and enterprise as potent instruments for achieving those economic and social objectives for which he so nobly stands. I must, incidentally, welcome the Prime Minister's statement made a few days ago

that there is an assured and respected place for the Private Sector in our economy which, by the way, effectively answers charges against Free Enterprise that "private enterprise has failed" or that "private enterprise profits by the distress of the country" or that "all business men are crooks" which I will dismiss now only as an unwarranted outburst of an over-enthusiastic new convert to Socialism.

It is neither possible nor necessary to answer criticism of people who, in spite of repeated assurances to the contrary, persist in either misunderstanding us or in misrepresenting us. We could not possibly make our position clearer than what we have admitted already in our Manifesto or in our various public utterances. It is childish, for instance, to argue that there could be no Free Enterprise in the country when the Private Sector has, at times, to seek the as-

sistance of the Government. I suggest that anybody who has even a nodding acquaintance with a controlled economy would understand that if the Private Sector has, on occasions, to seek Government assistance and if such assistance is granted, it is not to favour any individual or group of individuals but because it is realised that it is in conformity with the requirements of planned development and is in the larger national interests. It was again recently mentioned that the two steel companies in the Private Sector could not have carried out their schemes of expansion but for the assistance of the World Bank on the guarantee of the Government of India. If such critics do not care to inform themselves of the elementary rules of procedure for loans from the World Bank which, under its Charter, cannot advance loans to anybody except on the guarantee of the Government of the country to

which that party belongs, I can only leave such critics to the judgment of the public of this country.

There has been a striking departure in recent weeks from a healthy convention that officials of Government should not take part in public controversies. I will leave it to the Prime Minister to judge the propriety of putting up officials as apologists of Government policies and actions. Three Government officials have recently been giving radio talks explaining and defending Government's policy. I must say that some of these talks are really interesting in that that Government have felt the necessity for justifying their policies and actions. Apart from the question of propriety which I have raised, we are entitled to claim from the Government the same facilities for publicity and propaganda which they are providing for their own officials, and I hope

and trust that the Government will afford us in future facilities for radio talks to place our point of view before the public.

Whilst I do not think it necessary to refer to the whispering campaign about the genesis and the activities of the Forum which was sedulously started some time back in Delhi, I wish to take this opportunity of repeating a categorical denial that the Forum has been foreign inspired and that it is financed from America. **The Forum, I claim, is as genuinely Svadeshi in its genesis and operation as any other national organization, not excluding the Congress.** Regarding American financial assistance, the suggestion is as fantastic as expecting to receive remittances from the man in the Moon.

In placing the case for Free Enterprise before the public, we have been fully conscious of the existence of



some black sheep who indulge in various malpractices like profiteering, black-marketing and evasion of taxes. We are convinced that unless these malpractices are eradicated, the case for Free Enterprise will continue to suffer. It is because of this conviction that we have placed before the public a Code of Conduct to be followed by all those engaged in Free Enterprise, whether it is businessmen or professionals like doctors, lawyers, teachers and journalists. We have obviously no sanctions at our disposal to enforce this Code of Conduct, but we feel confident that the enunciation of the right principles of conduct and the unequivocal condemnation of malpractices must, in course of time, succeed in bringing about a generally higher standard of conduct amongst different sections of the community.

**We do at all times lead our weight and support to any action the Government may decide to take in eradicating these evils.**

In conclusion, I would say that there can be no doubt or dispute about our ultimate economic destiny of a powerful industrial India with a high standard of living for our growing population. It is no idle dream. It is a living faith with us today, and it will be a reality one day. The history of our democratic growth will be a dull and unexciting story if different sections of people inspired by the same patriotic urge and energetically struggling for the attainment of common objectives had not differing ideas and approaches to our various problems. But if we all learn to shed our dogmatism and face the problems in a spirit of

realism, the joint endeavour of Free Enterprise and the State Sector is bound to accelerate our march to the promised land of a happy and prosperous India.

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

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**A non-political organisation to educate  
public opinion on Free Enterprise**