

BOGEY OF SOCIALISM HINDERS RAPID ECONOMIC GROWTH

"Critic"

Even before the second year of the Third Five-Year Plan is out, widespread doubts are being expressed about the possibility of the fulfilment of the Plan targets. These doubts have even been expressed in official circles including by Cabinet Ministers. Coupled with this is the fact that certain targets, which might be fulfilled, are thought to be short of actual demand. Upgrading of targets in coal, power and transport is now almost overdue. Paper and cement are clamouring for upward revision of targets.

But need it be so? The main non-fulfilment is about our steel targets because it is doubtful whether we can build Bokaro, at the present rate of its progress, within the Third Plan period and whether the planned expansion of Rourkela and Durgapur can take place within the same span of time. While the delay in reaching the existing capacity in Rourkela and Durgapur rests squarely with their West German and British suppliers and they should be taken to task for that, the non-starting of Bokaro is the square responsibility of our Central Government.

The Government of India spokesmen point out that the delay is because of American dilly-dallying about their loans for this large plant on a Government-to-Government basis. Has it ever occurred to them that while it was difficult for the private sector to build either Durgapur or Rourkela on its own at the time these plants were sought to be set up, the position has radically changed today in the country? If the private sector is given the responsibility, it can find its own finance for Bokaro from domestic as well as from foreign sources, within the specified period of time. There is no doubt on that count. Once this big project is given to the private sector, the American reticence itself would vanish. But even if that does not happen, there

are plenty of British, German, Japanese, Italian steel interests, who could come to our aid, provided they are not only allowed to build a plant but also to participate in its future working on a profit-sharing basis for at least a limited number of years.

But would our Government have courage to hand over the Bokaro project to the private sector? To do that, it would have to modify a part of the Industrial Policy Resolution of 1948 and modify it in the light of experience. It should do it keeping the national interests in mind. Had it been in a position to undertake it and fulfil it within the Third Plan, it was quite in order. But the stark facts remain that the Government has failed in this matter and it should admit the failure publicly, if it is not to be guided by its Socialist dogma.

What is correct for Bokaro, is also correct for those sections of our vital industry where the Government cannot achieve targets. These include coal, electric power stations, river and other transport, alloy steel plants, heavy electrical machinery plant and the like. In the ultimate analysis, the Government of India, when really forced, would have to come to the private sector to bale it out of the difficulty as it has done in the past. The only difference it would make now is that there are still three and a half years left of the Third Plan and if the responsibility of making the expected shortage good is to be entrusted to the private sector now, it can do the job more efficiently and perhaps more cheaply.

It must be clearly realised that if our steel and coal targets are not met within the Third Plan, i.e., 10 million tons of steel and 100 million tons of coal by 1966, our Fourth Five-Year Plan will be a lame plan to start with and our

perspective of achieving the production of 18 million tons of steel by 1972 would remain almost a pipe dream. So this is the choice before us. Either we live by dogmas and shibboleths or we take a more realistic road and try to fulfil plan targets.

The same applies for power and transport. The official estimate is that by the end of this Plan period, there would be a shortage of about half a million volt of electricity a year in the country. Our estimate is that it would be of the order of 4 million to 5 million volts a year. Similarly, the shortage in capacity of transport would be 10,000 crores ton-miles by the end of 1966. Even the projected plan of using rivers as transport media would not meet more than 3,000 crores ton-miles, provided the whole riparian plan is fulfilled, which seems in strong doubt.

This serious shortage of steel, coal, electric power and transport would affect the whole of our industry and one would not wonder that if effective steps are not taken now for increasing the production and capacity of these industries, we are afraid that we shall be in for a very painful reckoning and a definite decline in our industrial development.

A large-scale participation by the private sector in developing all these industries is becoming a very urgent necessity, without which we cannot hope for economic salvation. This is the lesson of the tempo of economic development, which has been taking place during the last three to four years.

The logic of a planned economy is that all sections of that economy should develop in harmony and in step. It is not happening in our economy. Our first Plan was hardly a plan in the true sense of the word. It was at best a conglomeration of different projects. Our Second Plan started with a better groundwork and with a Plan-frame and with some statistics. By the time it ended, we found to our surprise that the most important statistics about the growth of Indian population were wrong and completely out of date. We also found that the planners had not taken the direction, magnitude and trends of the international trade into account at all and we had a foreign exchange crisis by the time we reached the middle of that Plan.

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