

GOLDEN JUBILEE

(1956–2006)



AN ODYSSEY

FORUM

of Free Enterprise

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AN ODYSSEY

Despite forebodings of an early demise the Forum of Free Enterprise (Forum) has come through an eventful odyssey of half a century not only unscathed but revitalized to launch on a fresh journey of economic education for better and more effective governance in all spheres of our national activity.

The genesis of the Forum goes back to the ominous clouds of socialism which were gathering strength in the mid-1950s. The Government's decision to establish a socialist state based on the concept that the state should assume increasing control and ownership of the means of production and that the resources available to the private sector would be gradually directed to the public sector, caused great concern in the business fraternity. The nationalization of coal mines, civil aviation and life insurance in the early 1950s proved beyond doubt that the Government was serious in its intent to execute this policy.

Signed articles published in leading newspapers by prominent businessmen, A.D. Shroff, Murarji Vaidya, M. A. Master, M.A. Sreenivasan and others evoked considerable interest among a large cross-section of the intelligentsia and the thinking public of the need

to galvanise themselves into a constructive movement to stem the tide.

The Forum was launched in July 1956 under the leadership of A.D. Shroff. Though it had limited support from the very sections it sought to serve and protect, it was not deterred in its mission.

The leaders of the Forum were convinced that a centralized command economy and a pluralist democratic polity did not go well together. That with one dominant political party in power and with no active organized opposition the thin borderline between democracy and totalitarianism could soon be crossed.

Mr. Shroff and his colleagues toured the country extensively to highlight the enormous contribution made by the private sector in pre-independence days in the face of gross indifference and even discouragement on the part of the colonial rulers. The lay public were not conscious of the private sector's contribution and on top of that were subjected to ceaseless propaganda by the authorities and the leftist parties of their sins of omission and commission. Bereft of all sense of proportion responsible official spokesmen exploited mismanagement by a small minority as an excuse for sweeping condemnation of

the large majority. This campaign of misinformation and condemnation of the private sector was sought to be effectively countered through the Forum.

The founders were very conscious that there were some bad elements in the business community. Hence they propagated that an organised endeavour should be made among all sections to establish the highest standards of integrity and efficiency. They also advocated that however much some 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 pay their dues promptly without any attempt to avoid their obligations.

The Forum was the first organization in the country to evolve a comprehensive Code of Conduct in 1957 which in its scope is as wide as any code of governance formulated decades later. This was evidence of its earnestness to cooperate wholeheartedly with Government in all measures intended to genuinely promote national interests and curb malpractices.

As a result of misguided policies India's fiscal and forex situation deteriorated markedly by late 1950s and the Government faced a serious resource crunch, both on domestic and external fronts, to implement

its various Plans. The Government resorted to regulation and control of almost all economic activities. Industrial licensing, import controls, high import tariffs and unconscionably high levels of direct taxation were imposed. Between 1951 and 1980 the economy crawled at an average annual GDP growth of 3.5% and attained a woefully low rise in annual per capita income of 1.3%, one-third of what was planned for. Personal freedoms were also sought to be curtailed.

The indomitable Nani Palkhivala, who was the President from 1968-2000, waged a relentless crusade for human rights and more moderate rates of taxation. He wrote his lucid treatise, "*The Highest Taxed Nation*", which resulted in considerable pressure being brought on Government by Chambers of Commerce, tax practitioners and even members of Parliament to reduce tax rates to curb rampant tax evasion which resulted therefrom. Considerable credit should be given to the Forum and Mr. Palkhivala for the far more equitable tax structure, emerged since the early 1990s.

Forum's message was put across through the medium of public lectures, press articles and more importantly through booklets. The latter have been universally lauded.

The Forum has been also instrumental in setting up of the A.D. Shroff Memorial Trust, the Nani A.Palkhivala Memorial Trust and the M.R. Pai Foundation to pursue various objects and activities which were dear to them. A.D. Shroff's biography was published in 2000. Biographies of Mr. Palkhivala and Mr. Pai are also being published.

It has also striven for the last four decades to develop the youth. Numerous essay and elocution competitions, leadership camps and career guidance sessions have been held in Mumbai and other cities. The feedback has been most reassuring.

The Forum owes a deep debt of gratitude to M.R. Pai who was an invaluable guide and support to A.D. Shroff and Nani Palkhivala during their stewardship. His intimate involvement with the institution right from its inception to the time of his demise was a reflection of his rare dedication and commitment to the cause.

Distinguished individuals have delivered the annual A.D. Shroff Memorial Lectures on a wide range of topics of national importance, The list of speakers is most impressive and a testimony of the high regard and esteem in which it is held. Other internationally renowned scholars who have adorned our platform in

earlier years are Prof. Milton Friedman, Prof. Peter Bauer and Prof. Colin Clark.

The Government of India honoured the late A.D. Shroff for his contribution to India's economic development by issuing a commemorative stamp in 1999. Mr. Nani Palkhivala's outstanding contribution to public life was recognized by the Government in 2004 by issuing a stamp. Mr. Palkhivala was also recipient of the Padma Vibushan from the Government and Honorary Doctorates from leading universities in India and overseas.

Forum is now celebrating its Golden Jubilee and has lined up special programmes. A chronicle of its achievements over five decades will be released. A website is being launched in January 2006. Eminent speakers will be delivering lectures on subjects of vital importance to the country, on its onward march. The Forum will be publishing texts of these lectures in the form of booklets.

A NGO, like the Forum, can survive only with the support of its members. Many members who joined the Forum in 1956 and in the early years thereafter have continued their active association. This loyalty and esteem for the organization is most reassuring. While the membership fee is still very nominal, scores

of members send handsome contributions when renewing their membership annually.

Forum has made its impact on great thinkers abroad. In their autobiography, Nobel Laureate Prof. Milton Friedman and Mrs. Rose Friedman, '*Two Lucky People*' have made a mention about the Forum and M.R. Pai. George Woods, President of the World Bank referring to A.D. Shroff said – "Few patriots did more than he to make friends for the Indian nation and to build confidence in that nation among those whose business it is to provide capital for sound investment opportunities."

Forum is happy that thousands of people have benefited from its multi-faceted activities since inception. More heartening is the fact that during the last four decades the major beneficiaries of these activities have been several thousand young college and management students all over the country. Many of the participants are now holding important positions in government, business, industry and public life.

Forum has come a long way. It has carved out a niche in the public mind for its great objectivity and extolling high levels of governance and integrity in all areas of public life. It dedicates itself to this mission with added vigour and determination.