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LIBERTY TO TRADE ENDANGERED

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FREE Enterprise has been under fire, very incessant fire, in recent months. Free Enterprise includes not only business men, industrialists and traders, but also every section of the community whether they be lawyers, journalists, writers, auditors, or teachers. Unless those who are engaged in Free Enterprise in its widest sense become conscious of the danger that they are faced with in this country, they will have to thank themselves if they are wiped out one day.

Even in those days when there was very little encouragement from foreign government, in spite of tremendous disabilities to which we were to subject to, in spite of antipathy if not hostility on the part of the rulers, Free Enterprise through its pioneering efforts, and by dint of perseverance established a certain status and stature for this country in the industrial world.

In the earlier part of this century when the late J. N. Tata first conceived the idea of making steel in India, the most influential British business man of those days ridiculed the idea and threw out a public challenge that he would be prepared to consume every pound of steel that could be made in

India. Fortunately for him he is not alive; otherwise he would have suffered from terrific indigestion. Similarly, if you think of those days, when in Bombay the idea of generating power through hydro-electric system was first thought of, apart from the difficulties experienced in gathering together a sufficient amount of capital to make the project possible, even the millowners of Bombay were so sceptical of using electric power for running their mills that two men of considerable personal enterprise, the late Sir Sassoon J. David and Sir Shapoorji Bharucha, gave Tatas a sort of an underwriting arrangement that whatever power Tatas produce, they would see that it is used by the cotton mills of Bombay. I am mentioning this incident to show that we have in the last 50-60 years produced men of very high calibre, men of great pioneering zeal and enthusiasm through whose efforts and enterprise even before we attained independence we were able to put India on the industrial map of the world.

In those days, we business men complained that our Government did not take sufficient interest in the development of the country, much less in the industrial development.

Unfortunately, we are now so placed that we complain of Government taking too much interest in our industrial development. I personally would welcome Government taking all the interest they just want to take in our businesses provided that interest is of a character which would not disturb individual incentive, initiative and enterprise.

A number of journalists in different parts of the country, which I visited in connection with the activities of the Forum of Free Enterprise have asked me, "If you accept the concept of developing your country on a planned basis, how can you in the same breath object to regulation?" I have consistently replied that no sensible, intelligent, business man has been asking for complete *laissez-faire* economy. *Laissez-faire* philosophy simply does not exist in the modern world. Indian business men who are sufficiently intelligent would appreciate that if they accept planned development of the country, they take it for granted that there should be some measure of regulation involved in it. I have however, seen in one or two places men of the eminence of ministers of the Central Government trying to suggest that Free Enterprise means that the private sector wants no regulation at all. We should give a direct lie to this, because we are intelligent enough to understand that planned development must involve some mea-

sure of regulation. Our only objection — a very justifying objection — is that regulation should not extend to a state where in course of time it destroys all initiative and enterprise. Unfortunately, that is exactly what is happening during the last year or two in this country.

Controls are necessary in a planned economy. But these controls have been carried to a level of an increasing daily regulation of our economic life. And this is not only harmful to the economy of the country in general, but it carries a serious potential danger to the gradual diminishing of the democratic way of life. One of the greatest blessings which we are enjoying since achieving independence is individual liberties. Certain rights, certain liberties have been guaranteed to us under the constitution and one such right is that we shall be free to carry on our avocations. If that right is not violated, it is certainly being very seriously impaired by what is taking place in the country for the last few months. Therefore, it is the bounden duty of everybody who is interested in Free Enterprise and the democratic way of life to take notice of it and to contribute his mite towards the education of public opinion in the country.

I am asked "How do you expect to succeed against the steamroller majority of the ruling party?" I have sufficient

faith in democracy to believe that if an organised and consistent effort is made to educate the country — after all the steamroller majority depends on public opinion in the country — mobilised public opinion must ultimately tell upon the policies of the Government.

One unfortunate thing which results from a controlled economy is that the extensive patronage which the state comes to enjoy makes larger and larger number of people look up to the Government for their very existence. The nationalisation of life insurance has not only meant depriving companies of doing life insurance business, it has not only meant placing at the disposal of the Government Rs. 350 crores of life funds accumulated by the life insurance companies, but it has meant something more serious to the democratic life of this country in that thousands of agents who were working for life business have now practically become state employees. I do not say it will happen, but it is very likely that these agents will be the canvassers of the ruling party at the elections. The dangers of nationalisation in this sense are so implicit in the extended patronage that the State comes to command that they not only deprive you of the business that you are doing, but having deprived you of your business and having taken over this extensive patronage, that patronage can be used in a manner to control

your very lives. Take for instance, the new activities the State has undertaken, namely, the State Trading Corporation.

The Forum has come to command some notice in the country and, therefore, we have developed sources of information which normally we would not have expected. People themselves write to us. We gather from Delhi that the State Trading Corporation has started approaching foreign embassies asking them to negotiate terms on which their Governments would deal directly with the State Trading Corporation of India. This is not sufficiently known to the business public in general, but this sort of encroachment on trading — after all, there are millions of traders in the country — is a serious encroachment on the actual living of traders.

The dangers of State Trading Corporation have not yet been sufficiently realised in this country. It is not only, they have taken over the distribution of cement throughout the country, it is not only that they have taken over a certain quota of the export business of manganese ore and iron ore : but a good deal of imagination is being displayed by the officials of the State Trading Corporation and even on smaller businesses like the export of lemongrass oil and sandalwood oil, they have been casting their avaricious eye. They have no experience. They have no personnel. One of the

firms dealing in lemongrass oil for the last 90 years has received a letter from the State Trading Corporation inquiring not only how much business they do but also how they do it. If a small, limited type of business like export of lemongrass oil is intended to be attacked, you can well imagine for yourself what other business may not be attacked. The State Trading Corporation is the most sinister attack on Free Enterprise in this country. Unless traders in this country wake themselves up, realise the dangers before them, the State Trading Corporation will be a very serious encroachment on the individual freedom to trade.

Whilst I preach and will continue to preach Free Enterprise, I must also mention that Free Enterprise in this country has made itself vulnerable, in the sense that there are a few black sheep amongst those engaged in it. They may be very few. Those who want to destroy or want to attack Free Enterprise may exaggerate their number hundredfold, but their existence cannot be denied. We have amongst us a few people who do indulge in black-marketing, profiteering or dodging taxes. Therefore, we have placed before business men, industrialists and others our ideas in a "Code of Conduct". If Free Enterprise wants to survive in the country, it is imperative that Free Enterprise must convince the public that it is run on a standard of high level Al-

though we may criticise the Government for its policies where we are convinced that these policies are ultimately inimical to the economic progress and development of the country, at the same time we must also show a sense of responsibility, we must convince the public that whilst we are preaching Free Enterprise, we shall assure the country fair dealings also. If we are employers that we will treat our employees in a fair way. That we will provide opportunities for employees to rise to the highest position in our factories or offices. That whilst we are dealing with other parties, we will extend to them fair dealings which we expect from them. Similarly we have responsibility to the State also. We may oppose measures of taxation which we consider are not wise. But once the law is made it is the duty of every citizen of the country to carry out that law and to assist the State in seeing that the law is effectively carried out.

These are days when we also have to adapt our ideas to the changing circumstances of the world. Whilst I am not and will never be ashamed of saying that I do my business to earn my legitimate profit which is the basis of the democratic way of life, I would certainly consider it as a sin against society if I indulge in profiteering. Profit making is very different from profiteering and, therefore, we owe a certain responsibility to the community at large that we conduct

our trade and business in a manner which does not make the whole system of Free Enterprise look vulgar. There is such a lot of ignorance or lack of understanding of Free Enterprise and of economic matters in this country that whatever is said from the floor of the Houses of Parliament is readily accepted as gospel truth. The best way to counter it is every one of us individually should impress those with whom we come in contact that we also move by a certain sense of obligation to the society in which we live, that whilst we are not least ashamed of making a legitimate profit for our business which must be there, we will not behave in a manner which will give the community a chance to point out its finger against us.

There is another matter of importance which is an immediate danger to our economy. Of all the new tax proposals which have been recently enforced, the law about compulsory deposits is one which will prove most harmful to our economy. It also illustrates the manner in which all types of new legislation are being thrust upon the country. In the coming months the authors of this new idea, which I will not hesitate to describe as a forced loan from business in this country, will realise the full implications and will find that ultimately it is not practicable in the form in which it is enacted. It is necessary that all commercial bodies in this country should submit to

the Government a factual compilation of the real position of those who are going to be called upon to make these deposits. I made a detailed survey of two or three dozen companies which might well be taken as a sort of sample survey. Anything between Rs. 80—100 crores will have to be deposited if the Act stands as it is. The idea of taking these deposits arose out of a lack of understanding of industrial finance. There are some financial pandits in Delhi who look at the balance sheets of companies, find large figures of reserves and they take it for granted that we have kept the reserves somewhere as a sort of deposit with banks or in our own safes. Unless they had that idea, I fail to see how they could compile a law which in actual practice will not be practicable. The greater tragedy is that it comes in at a time when banks are not in a position to give us all the money that we may need to comply with the requirements of the law. I have some acquaintance with the banking situation of this country for over 30 years and I have not known an occasion when I have found banks so locked and tied up as they have been for the last few weeks. If that situation persists, banks may have to call back even a part of the facilities which they have granted to the business community now. Some banks have already started reviewing the credit that they have granted to their clients. At a time like this when even first class part-

ies cannot expect to go to their bankers to have their limits extended, to call upon the industries to deposit an aggregate sum of Rs. 80 — 100 crores is to invite a man-made crisis of the greatest magnitude which can be imagined.

I would invite your attention to the Forum of Free Enterprise which has been working

for the last few months. It is attracting more and more notice every day. If you keep the Forum going in an active way, it may not produce results overnight but in course of time it is going to produce at least one result and that is some restraint on the crazy and frantic financial policies that we have seen from Delhi during the last few weeks.

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