The President, Shri Lalji Mehrotra, in opening the proceedings of the twenty-second Annual Session of the Federation, delivered the follow- ing speech :

Members of the Cabinet and Friends,

It gives me great pleasure to extend to you a warm welcome on my own and on behalf of my organization. The Annual Sessions of the Federation—a body which seeks to speak in the name of the entire mercantile and industrial community of the country—is of considerable importance to that community. Herein we gather from all parts of the country to devote thought to the economic problems of the day, to take counsel among ourselves and to make recommendations to those in power for solving the economic ills of the day. It is, therefore, very fortunate that on such an occasion we are able to have in our midst the Leader of

the Nation in the person of our Prime Minister whom we expect to hear tomorrow and his valued colleagues of the Cabinet, to whom has been entrusted the task of leading the country to its cherished goal. I am also glad to see that so many Ambassadors and Representatives of Foreign Countries have responded to our invitation. We are living now in a shrinking world. Contacts between different countries through such gatherings are bound to be of inestimable value ; more so, when, under the unique leadership of the Prime Minister, India is coming to be recognised as one of the major countries who have a great contribution to make to the peace and prosperity of the world.

Since we met last in the month of March, important events have happened in the world, making it to recede further from the much looked-for era of peace and prosperity. While the world welcomed the peace plans and plans for the economic collaboration of democracies in the world announced by Harry Truman on his return to the White House, our Eastern neighbour—China—witnessed the intensification of her civil war and the exit of the powerful personality of Marshall Chiang Kai-Shek. The communist drive has brought them to the doors of Nanking and the better part of that country appears to be on the point of coming under their domination. While the fate of the civil war in that country seems to be nearing decision, it is still too early to anticipate the pattern of communism the victors are going to adopt, whether it would be of the Czechoslovakian or the Yugoslavian type, whether it is going to adopt a pattern of ruthless totalitarianism or of democratic socialism. A pressure of similar kind, with which is mixed, curiously enough, the democratic urge, is being exercised in Malaya. In Indonesia, a bid for power was made by the communists for a time. It is extremely unfortunate, however, that just when the Republican Government there had almost succeeded in quelling the communist revolt, the country was over-run by the Dutch troops in utter violation of all previous agreements, thereby constituting a menace to all the younger and small democracies in the East, who have recently found their freedom. The state of disorder in China has spread its contagion to other adjoining countries. The Burmese Government is faced with a serious Karen revolt. The communists there, true to their principles of the end justifying the means and with their insatiable love for destruction, seeing in this an opportunity for themselves, have joined the Karens who otherwise belong to the extreme right wing and are their opponents in every way. Siam is also beginning to be drawn in the vortex of communist strife. Our own country has not been altogether free from their attempts at mischief. While the Nation witnessed with great relief the end of the Police Action and the restoration of normal life in Hyderabad, as also the cease-fire agreement in Kashmir—which seems to bring nearer the solution of that serious tangle—the forces of disorder which, during the days of Razakar terror, had joined hands with them, still seem to be

fighting the rear-guard action in some of the districts in Hyderabad. All these, though seemingly of minor importance to this country, point to the necessity of utmost vigilance on the part of our Government in dealing with this element in society. The industrial community too has to play its part in fighting this menace. They can do so by encouraging the development of sound trade union movement in the country, meeting their legitimate demands and keeping the labour force generally well contented.

The clouds that had for a time gathered in the sphere of Inter-Dominion relationship appear to be slowly rolling away ; a series of conferences have led to considerable improvement in the relationship between the two Dominions. A substantial progress has been made in solving the refugee problem which dominated the political field last year. The evacuation from the West Pakistan is not only almost complete but most of those evacuated have been provided with shelters in camps or colonies, and plans for the resettlement of a large number of them have been made. Some of these plans have already fructified. While the country may feel grateful to Government for what they have done in this connection, one cannot help observing that the agonies of those who have not been able to find employment have been ever increasing. Most of them have now come to the end of their tethers. In my opinion, it is not proper to entirely depend on Government agencies for the accomplishment of this stupendous task. No Government can succeed in accomplishing it unless it gets the support and co-operation from private agencies. Further, a larger measure of initiative on the part of the refugees themselves than has been forthcoming so far, is needed to achieve the desired results. Notwithstanding the alleged lack of sympathy, with these unfortunate victims in certain parts of this country and in spite of their feelings that even in social and political life, there is a tendency to keep them away from what is regarded by the old inhabitants as their sacred preserve, I would counsel my friends not to lose heart and courage. Time will break the barrier and get them into the position which they deserve.

In the economic and legislative fields, the events of importance have been the announcement of Government's Industrial Policy, the passing of the Reserve Bank Nationalisation Act, steps that Government have taken to combat inflation, including limitation of dividends, and the adoption of some portions of the draft Constitution of India. The viewpoint of the Federation on almost all these questions has been placed before Government from time to time and I would, therefore, confine myself to only two of these events, namely, the nationalisation of the Reserve Bank and the adoption of certain Articles of the draft Constitution. As for the former, the mercantile community has all along held the view that the measure was at the moment uncalled for and not justified by any possible good that might be expected to result from it.

One fails to understand why the Government should, for mere ideological reasons, take upon themselves this unnecessary burden when their hands are already full of so many pressing problems. In refreshing contrast to this, their approach to the demand for the Nationalisation of the Imperial Bank has been more practical and full of wisdom. Even in deciding about the quantum of compensation the well-known theory of maintainability of revenue has been ignored in sharp contrast to what was done by the British Government in the case of the Bank of England. Notwithstanding the subject being closed the question is of considerable importance to us today as the clause of the Constitution relating to compensation is soon going to be considered. A number of amendments that have been tabled to Article 24 of the draft Constitution have strengthened the fear of the commercial community that the owners of property that may be hereafter acquired should not in every case expect a just and fair compensation. We are of opinion and we have the example of the Socialist Government of the United Kingdom before us that no property should be acquired for public purpose without a just and fair return being guaranteed.

We are extremely disappointed to find that our simple request for representation in the Central and Provincial Legislative Bodies was unceremoniously turned down. The manner in which the principle of functional representation has been differently applied in the cases of Lower and Upper Houses of the Central Legislatures makes a confused reasoning. While such a representation has been completely ruled out in the Lower House, its utility has been accepted in dealing with the Upper House. What is even more surprising, however, is that even in the Upper House, while the principle has been accepted, the representation has been denied to an interest whose separate existence and usefulness to the legislative bodies has all along been recognised in the Constitutions we have so-far worked. It does not seem to be properly realised that in an atmosphere surcharged with tendency towards extremism, the section which stands for moderation and orderly progress cannot expect to receive due appreciation. In my opinion, the Constituent Assembly in having rejected the claims of the mercantile community to a special representation in the Legislatures has done something for which its leaders in their cooler moments will not feel very happy.

While the Nation has been busy consolidating its hard-earned freedom, the economic conditions in the country have been rapidly deteriorating. The prices of all goods and commodities which were kept under restraint during the war period by means of a number of Regulations, found a spurt after the cessation of hostilities. The pent-up demand suddenly found opportunity to come to the surface and the country saw the spectacle of too much money chasing too few goods. The deficiency was sought to be made up by the import of a lot of junk unrestricted

and unplanned. This naturally failed to produce any useful results. The only thing which could have helped to remedy the defect was not done. The industrial production in the country which had almost attained a peak level during the war-time fell off. The production of cotton textiles which had reached a figure of 4,800 million yards in the peak year declined and touched the low level. of 3,600 million yards. The most noticeable decline was recorded in the production of steel which having once risen to nearly 1.2 million tons came down to nearly .9 million tons in 1947 and nearly .85 in 1948. The fall in the production of cement has been equally alarming. It has come down from about 2 million tons to 1.5 million tons in 1948. While the industrial production was almost continuously declining, the wage level continued to rise. Between the years 1946 and 1947, the wages, not only money wages but real wages of textile workers in Bombay, have on an average risen by about 12 per cent. The rise has been much higher in coal-mining, namely, nearly 35 per cent. Increase in wages naturally accentuated the inflationary spiral and, in turn, was to some extent offset by an increase in the cost of living. The situation has been analogous to what happened in Spain in the early sixteenth century when its planned expansion was nipped by inflation due to a rapid upward movement of wages. It would have been some consolation, had the rise in wages been followed by an appreciable rise in the productive capacity of labour. On the contrary, however, the productivity of labour in almost all the industries registered an alarming decline. Compared to the figures of 1939, the productivity of a textile worker in 1946 was 85.2 per cent in yarn and 75.6 per cent in textiles. The position in coal industry was even worse, where monthly production per worker had fallen to 68 per cent. The decline has been accentuated by a process in which while the number of workers has increased, the total output has been on the whole falling. In cotton spinning and weaving industries, while the number of workers rose between the years 1939 and 1946 from 488.554 to 630.609, the production fell from 216 lbs. and 702 yards per worker to 184 lbs. and 531 yards. Similarly, in the coal industry, while the number of workers rose from 201.989 to 323.992 the monthly production per worker declined from 10.18 tons to 6.87 tons. To illustrate as to what will be the outcome of this trend of increasing wages and falling production I can do no better than quote from a speech of Mr. Herbert Morrison in the House of Commons :

> " The second danger is to snatch at our objectives too fast. Higher wages and lower hours before the goods are there to be bought is worse than useless. They give no more real income, and, by inflation and financial strain, may wreck the whole structure we are trying to build. A reasonable sense of urgency is all right, but if we try to reap rewards, we have not yet earned, we shall cause chaos and confusion in which our own people will be the

worst sufferers. Believe me, there is little or no more to be got towards the better standard of living by squeezing the incomes of the rich. From now on what we get in social benefits and higher wages, we shall have to earn by higher production. We cannot live indefinitely on overdrafts without heading into an economic and financial smash."

I trust this statement comming as it does from one of the top-most leaders of the Socialist Government of Britain, would be taken to heart by those on whom rests the responsibility of guiding the labour movement in our country.

The great increase in the cost of production and the frequent loose talks about nationalisation of industries indulged in by several responsible and irresponsible people together with the rude shock which the 1947 budget of the Interim Government gave to the investing public, created a state of demoralisation in the stock market from which it has not been able to recover till today. Even the Government securities have not escaped its effect. As has been pointed out recently by the Presidents of the Stock Exchanges in Bombay, Calcutta and Madras, in a joint memorandum submitted to the Finance Minister, "the stock exchange values have suffered a cataclysmic decline, an amount in the neighbourhood of Rs. 1,000 crores having been wiped out in a little over two years. The main brunt of the loss has fallen on the common man, small and middling investors who constitute an important class separate from the capitalists and industrialists". The market structure according to them has been essentially weakened by adverse factors affecting both the supply of investment funds as well as the effective demand for securities. The banks have lost an appreciable percentage of the entire value of their portfolio. The source of investment seems to have been completely dried up. A large number of schemes sanctioned by Government in accordance with their plan for the zonal distribution of industries have not been even touched for lack of funds. In many cases, even the necessary expansion of the existing industries for securing for the country the maximum benefit of even our existing resources, could not be carried out for lack of adequate funds. Even Government's own plans of productive reconstruction have, to some extent, been put in abeyance. A close examination of the causes will reveal them to be two-fold. The margin of saving has disappeared and there is not left much money which could be made available for investment; secondly, whatever little could otherwise be available is scared away by the state of uncertainty created by factors national and international.

The need for a thorough examination of the present tax structure and its incidence on both the agricultural and industrial interests, with special reference to its effects on trade, industry, employment, standard

of living, capital formation, etc., has been felt for the last few years. The Honourable Sir Archibald Rowlands the then Finance Member of the Government of India, having seen the force of this demand had in his budget speech in the year 1946, announced his intention to appoint such a Committee. Before, however, this Committee could be appointed, some important changes in the political set-up were introduced and an interim Government was installed and, as I have mentioned above, the rigours of the tax burdens imposed by the budget of the Honourable Mr. Liaquat Ali Khan dealt such a staggering blow to the confidence of the investing public that the country has not been—even to this day—able to recover. The damage done by that budget is too well-known and admitted on all hands, including the present Finance Minister, and his predecessor in office, Shri Shanmukham Chetty. Shri Shanmukham in his budget presented during February 1948 provided some small relief to the general tax payers.

Enunciating the policy of the Government, Shri Shanmukham Chetty had stated, " The aim of our policy should be to secure that while the level of taxation is reasonably high, a genuine margin is left for savings which would flow back into investment and thereby add to the productive wealth of the community . . . and it is also necessary to so adjust our taxation as to provide a real incentive to the ploughing back of profits into fresh business."

Since the above policy was enunciated some measures were adopted during last October—though for a different reason—which could be expected to provide to some extent an impetus to the setting of new industries in the country. These were mainly by the way of liberalisation of depreciation allowance for new buildings, plant and machinery and exemption from income-tax for a period of 5 years of profits upto a limit of 6% per annum on the capital employed in new undertakings. None of these could, however, achieve the desired end inasmuch as they did not in any way help those engaged in existing undertakings to obtain any relief from direct taxation which alone could provide them material for new investments. As things stand at present, with the high capital cost involved in setting up a new industry, it would be uncommon optimism to expect such an industry to yield profits for the first few years after its commencement. The failure of these measures, therefore, to act as a proper incentive to fresh investments can easily be understood.

Even the present Finance Minister, the Honourable Dr. John Matthai, has on several occasions including the last Budget given evidence of his being alive to the need of doing something to revive the lost confidence. Public confidence, however, especially in the monetary field is such a sensitive instrument that it is easy to damage it but difficult to put in order. The malady has got so deep rooted that it will need something more than a superficial treatment to eradicate it.

My predecessors have for the last few years been asking from this platform for the setting up of an *Ad Hoc* Committee to thoroughly examine the tax structure and to suggest modification to suit the needs of a planned economy. It is high time that their suggestion is accepted. Meanwhile attention may be given to the recommendations made by the Federation from time to time dealing with the subject of immediate reliefs.

Amongst other things, the Federation has been pressing for the abolition of the Capital Gains Tax which undoubtedly is the most unpopular and unscientific of the taxes, as also a bad yielder. The conference of the industrialists has also pointed out this tax as being most detrimental to fresh activity and damper to fresh enterprise. It is gratifying to note that the Finance Minister, having appreciated the force of the argument, has now abolished this tax. The abolition of Business Profits Tax about which a definite assurance was given by Mr. Liaquat Ali Khan at the time of its introduction that it would not be kept alive beyond one year, as also a reduction in the Corporation Tax and a lowering of the maximum for individual tax which to some extent has been done in the last Budget are a few of the recommendations made by the Federation. I do not propose to claim that the acceptance of these recommendations would perform miracles and would immediately bring back the normal state of confidence, but I have not the slightest doubt that these measures, if adopted, would be a step in the right direction and would yield fruitful results.

Another noticeable feature of our economic life has been the shifting of income from the industrial and commercial to the agricultural groups. This is but an inevitable result of the great importance which food has come to acquire in the economy of the country ; today it dominates the whole of the field. It is the pivot on which the whole mechanism of inflation is today sustained ; falling internal production and increasing import at heavy costs have created a situation which cannot but cause serious alarm to all concerned. The growing imports of foodgrains are involving a heavy drain on our resources of foreign exchange to the detriment of all other nation-building activities. Our imports from the soft currency area which stood in the year 1943-44 at 833 lakhs rose to 4,880 lakhs in 1947-48 and Rs. 6,112 lakhs for the closing nine months of 1948. Imports from the hard currency area which were valued at a small figure of only 11 lakhs in 1943-44 rose to 5,995 lakhs in 1947-48. The closing nine months of 1948 have registered a partial proportionate decline to 2,629 lakhs, in this sector due to a satisfactory arrangement with Australia. Most of the selling countries, including some of those who were otherwise under our obligation, took full advantage of our helplessness and extracted their full pound of flesh.

These imports were needed on account of the steady decline in the internal production as revealed by the Government's Statistical Department. Total production of rice, millets and maize within the Indian Union in the year 1948-49 is expected to be 2,84,51,000 tons as against 3,05,17,000 tons in the preceding year. Talking in terms of percentage 1948-49 production is 88.3% of the average of five years ending 1947-48 and 93.2% even of the preceding year. In wheat, barley and gram, the position has not been so bad. 1948-49 production is estimated to be lower than that of the previous year only by a lakh and thirty-five thousand tons.

Looking into the causes of this decline in the production of foodgrains, one finds that nature has for the last few years been persistently less benevolent to us than before. As if the loss of areas which were our chief source of supply consequent on the partition of the country was not enough to test our endurance, we have been having a series of bad crops due to maldistribution of rainfall. So far as the wheat crop is concerned, rust has been its biggest enemy. On account of the unfavourable weather condition, the addition of a few thousand acres to the total cultivated area—as stated by the Honourable Minister for Food and Agriculture in the Constituent Assembly (Legislative) the other day —has not succeeded, in any way, in appreciably influencing the balance. While the country is looking forward in great expectation to the completion of various multiple purpose schemes which the Government have in hand like the Damodar Valley project, it would be idle to expect quick results from these schemes. In their very nature these schemes are a part of a long-term programme. Their being undertaken should not make us ignore the necessity of measures that are needed to yield immediate results. The problem is so urgent that even if our efforts involve a certain amount of overlapping, it should not be minded. A programme for sinking a large number of wells in areas which normally depend on rainfall should be immediately undertaken. According to expert opinion, irrigation by means of wells is by far the best form inasmuch as it enables the cultivator to regulate the amount of water in accordance with the need of the soil. The scheme is capable of achievement without outside assistance as it is in no way dependent on the import of building materials which are in short supply with us. Special attention should be given by all Agricultural Research Institutes to devising methods of protection against rust. I do not mean to disparage the work which has already been done in this direction. It cannot, however, be denied that the success so far achieved is in no way substantial. We should have no objection to seeking the assistance of research institutions and scientists in other countries to fight this disease. The method of working employed by the agricultural department needs also a revision. Instead of being contented with sending mobile units for demonstration to the interior, a system of small zonal division should

be introduced, each zone being put in charge of an assistant whose duty it should be to supervise and guide and watch the working of the entire cultivation within his zone with a view to show progressive improvement from season to season. Attempts at the encouragement of co-operative farming need not await the redistribution and consolidation of holdings.

Simultaneously with these efforts to secure higher yield from the existing lands attention must be given to the cultivation of such food crops as possess comparatively higher nutritive value. In the days gone by seasonable fruits used to provide a portion of the food to the rural population in different parts of the country. With the incursion, however, of urban way of thought into the village this source of supply is getting comparatively neglected and more and more dependence is coming to be placed on staple foodgrains like wheat and rice. In my opinion, the use of seasonal fruits as an alternative feed should be encouraged. This feed seems to have received no attention from the scientific agriculturists and those in charge of planning. While investigation must be carried out for finding means to improve the yield from the existing plantation, scheme to plant on a large scale such trees in all available suitable pieces of land should be prepared. No development plan, however, can succeed in bringing the desired results unless it is backed by the united will of the Nation. I have a misgiving, though it is difficult to say how far it is well founded—that the tiller of the soil is today not as enthusiastic about his business as he was before. With the rise in the price of agricultural commodities he is able to secure all the money that is needed for his simple life in return for a quantity of his produce much smaller than before. He is not ambitious and is, therefore, inclined to take things easy. A drive to bring home to him that the situation calls for his maximum effort is to be undertaken. The lure of city life has of late been driving more and more people away from the villages. There has been a gradual shift of population from the rural to urban area. This has got to be checked, by making our villages worth living in. "Back to the land" should be the cry today, and our young men should be made to realise that therein alone lies the Nation's salvation. If their enthusiasm could be roused in war-time to defend their country, why cannot their youthful energy today be mobilised to fight the more ruthless enemy, the want and hunger ?

By laying this emphasis on agricultural production, I do not mean to suggest even for a moment that the expansion of industries should by any means cease to be our main objective. Agriculture has ultimately to be only an ancillary industry, primarily for the purpose of feeding the Nation and supplying raw material to other industries. I have referred, gentlemen, to the poor response which the call for getting up new industries has so far received from the investing public. The question naturally arises to what extent under these circumstances, a

flow of foreign capital be encouraged. I am not unaware of the strong conviction held in certain quarters that foreign capital necessarily involves economic bondage. Speaking for myself, I regard this view as a legacy of our historical past. We are probably not able to appreciate that we are now a Free Nation and what might have been the inevitable result of association with foreign capital upto a couple of years ago need not be the same now. I am confident that it is not impossible to devise means of economic collaboration with other countries, both on the Governmental and private levels on terms which, while securing to us the full benefit of their resources, may avoid the harm which this sort of collaboration may involve to those who are not politically free. There are many instances of independent nations having in the initial stages of their industrial development invited the assistance of foreign capital and skill. There is no reason, therefore, why we should not succeed in sailing clear of SCYLLA AND CHARYBDIS as many others have done before. In order, however, that both foreign and domestic capital may be induced to come forward to render such assistance, conditions at home must be made reasonably comfortable and free from avoidable risks. The industrial community has for sometime been feeling that the volume of labour legislation has been growing in inverse proportion to the state of immaturity of our industrial development and has to some extent been acting as a damper even to the domestic capital. The tempo has to be restrained and adjusted to the gradual growth of our industries. One of the many disquieting features of the recent labour legislation in this country has been the introduction of penal clauses making the organizers and the directors of companies liable for acts in which they may have no direct hand. To what extent this may have the effect of scaring away people who possess pioneering skill and experience in the field of industry has already been brought to the notice of the Government by several commercial organizations. The Government should pause and ponder and avoid doing things which may further reduce the available experience and skill, which is already not in super-abundance at the moment.

The latest subject in the field of industrial relations which is engaging the attention of both Government and the industrial community is the question of profit-sharing by labour. I do not want to take your time by a discussion about the form this profit-sharing should appropriately assume. This has been very well dealt with in the communications addressed to the Government by the Federation as also thrashed out in the advisory bodies set up by Government. I will only emphasise two aspects of this subject. In the first place, the idea behind profit-sharing can only be to guarantee to the workers a portion of the profits of their labour, ahd this should, in no way, be allowed to be confused with the proprietory right of the undertaking with all that it means. Secondly, if this additional form of remuneration is to achieve its pur-

pose, viz. to induce greater production, its payment has necessarily to be linked with production. I am confident that the employers would welcome such demands as, while not constituting an unbearable burden on industries—help to inculcate a greater sense of responsibility in the workers. Today, unfortunately, the grant of additional facilities instead of making the worker take greater interest in his work is tending to produce quite the contrary results. Absenteeism amongst the workers has been growing. This tendency to have more leave and less work is not confined to the industrial world ; it is becoming more and more visible in other spheres of society as well. Some of the Provincial Governments—in their desire not to lag behind their neighbours—instead of curtailing the number of Bank holidays have been adding to it. A friend has aptly described it as a competition in laziness.

Some of the industries have recently been complaining of the hard competition which they have been experiencing from the unrestricted import of the goods similar to those produced by them. The import policy of the Government has for the last two years been guided mainly by the availability of foreign exchange, largely through the gradual release of our sterling balances. At the time of the last negotiation with the British Government for the release of our sterling credits it was discovered that the amount of sterling made available six months before had remained partially unutilised. This together with the demand to meet the inflationary conditions in the country led to a considerable liberalisation of the import policy. A large number of goods were put under open general licence and in cases of many others it was made easier to obtain the necessary licence. It is now discovered that some of these goods are adversely affecting many indigenous industries. The situation calls for re-examination of the import policy and its adjustment to the requirements of the indigenous industries. In this connection, I welcome the proposal which, I understand, is under the consideration of Government to set up a Commission to examine the whole question of the fiscal policy. The question was last examined over twenty-seven years ago. The tariff policy has since then developed piecemeal and in a haphazard fashion. With our changed political status, it is but proper that our fiscal policy be geared to the demand of our plans for the economic development.

While the imports have to be restricted in the light of the foregoing observations, the export drive is necessary to bring us the much needed foreign exchange. India was for a very long time an important exporter of raw material. The situation has now changed—particularly due to the partition of the country and the acute shortage of food supplies. We have, on the nett, become an importing country. There are, nevertheless, quite a few things left specially in the field of minerals, the export of which, without in any way hampering the growth of indus-

trial development, should be encouraged. Special attention should, however, be given to the development of the export of many of our small industrial products, which will in no way aggravate the inflationary conditions. I hope the Export Advisory Council will not let their thoughts run only in the orthodox channels but would think of new grounds to cover. The initiative in this work must, however, come from the industrialists themselves. The producers of non-essential goods should consider it a part of their national duty to explore new markets outside the country. It should be the duty of Government not only to see that adequate supply of raw materials is made available to them but also to render them all possible assistance for the sale of their goods in the new markets explored by them.

While dealing with the producer, his needs and his woes, the hardships which those engaged in the distribution trade have been undergoing, irresistibly come to my mind. The placing of vast powers in the hands of permanent officials tends to corrupt them. It also tends to corrupt public workers who are induced to use their newly acquired influence with the officials for the benefit of their favourities. It was for these reasons that the Father of the Nation raised his voice against controls.) Amongst the evils of the imposition of control, one has been a tendency to bring about the gradual extinction of the class that has from time immemorial been engaged in the distribution trade. It must not be forgotton that controls are not an essential corollary of planned economy. They are unnatural and as all unnatural things should not be allowed to live a day longer than is absolutely necessary, much less should they be allowed to destroy an important section of society—the vital link between the producer and the consumer. By destroying the middleman we would end in destroying the middle-class whose backbone they form. If it is not our intention to see every one thrown into either of the two camps of entrepreneurs and wage earners, if it is our desire to minimise the chances of social strife, we should see that the backbone of the society is not broken.

It is said that the distribution work is withdrawn from the normal channel because of the anti-social acts committed by many of those engaged in the trade. None of us would in the least be interested in protecting those who are guilty of anti-social acts. Let the long arm of law over-reach them. It is the duty of all of us to assist the law. But the guilt of a section of a community can be no justification for destroying that community. Reform it and make the best use of the experience and knowledge gathered by it through centuries of work.) The debacle recently witnessed in the textile distribution trade owing to the Provincial Governments having made a clean sweep of those engaged in this trade and having entrusted the work to a few, must serve as a pointer to the evils arising out of violent dislocation of the normal trade channels.

The power and patronage which the controls have given to the officials has—as was inevitable—resulted in greater craving for power. I do not blame these friends for it. It is but a human weakness; the taste of power invariably breeds a desire to enlarge upon it. This has resulted—I make bold to say—in the creation of a new form of vested interest, which tries to entrench itself by acquiring greater and greater grip over the economic life of the country.) The Government in their industrial policy, announced on the 6th April, last, had promised that the industries which are either within the exclusive sphere of Government or belong to the common sector, if undertaken by them will be managed by Corporations, consisting of people who have experience of the industry. There is a tendency, particularly with the Provincial Governments, not only to ignore this undertaking, but to claim for the officials a large share even in the administration of such private projects as have the misfortune to call for their financial assistance. I know of cases where it is proposed to vest the management and control of some Government schemes in the hands of persons provided by the foreign suppliers of machinery. Besides, if the Corporations are ultimately to be given the charge of running Government industries, it is necessary that they should be associated with it at all stages of its development. Plants are purchased and long-term contracts are entered into involving heavy liabilities to the tax-payers long before the Corporations which would be called upon to work them, are even formed. A businessman, having long experience of negotiating contracts, can naturally be expected to secure a better deal.

There is yet another sphere where the experience and knowledge of the business community could be usefully utilised which is usually not being done today. This country has of late been entering into a large number of bilateral agreements with other countries. Most of these negotiations have generally been conducted purely on 'official' level without seeking any assistance from the commercial community. This is really difficult to understand as in such cases where non-official assistance has been sought and secured in the past, the officials have generously acknowledged the valuable contribution made by their non-official colleagues to the work.

There is one more subject which I would like to touch upon before coming to my concluding remarks and that relates to the Transport situation in the country. The Honourable Shri Gopalswamy Ayyangar, in his recent speech on the Railway Budget, has stated that all essential traffic has, subject to exceptions, been moved in reasonable time. He has further expressed the view that the transport situation has been gradually improving and that not only have we got our feet planted firmly on the road to normalcy, but we have since confidently and with increasing pace made progress in the direction of a rationalisation and

an expansion of the service that railways render to the public. Without in any way disparaging the efforts made, I may venture to say that the commercial community does not share this optimism. I doubt if even the Ministries of Industry and Supply and Food would not bear with me in this. It is unfortunate that the full report of the Kunzru Committee has not yet been published. But from whatever summary of the Report has appeared in the Press, it is clear that the defects of our transport system that were pointedly brought to the notice of the then Railway Minister by me in August last have been fully underlined by the Kunzru Committee. I would, therefore, suggest in all humility to the present Transport Minister and the Railway Board that they should accept public criticism in the spirit in which it is offered. I would request them once again to enquire and see as to how far the transport situation is responsible for :

1. dislocation of normal mechanism of demand and supply resulting in glut in the producing centres and scarcity in consuming areas ;
2. huge price differentials between one centre and another ;
3. increase in cost of production ;
4. increase in general price level ; and
5. locking up of working capital in the form of finished goods which cannot be speedily transported.

As for his appeal for co-operation from the trading community, the Federation has placed its entire resources unreservedly at the disposal of the Railway Administration in tackling this undoubtedly difficult problem.

I have so far spoken of the rights of the mercantile community and their grievances. No rights can, however, exist without carrying with them an equal measure of responsibility. The management of industries shall see that everything is done to ensure an effective discharge of their responsibility to the shareholders. It would be the duty of the Federation to make its services available to settle any difference that may arise between the shareholders and the management, so as to ensure a smooth continuance of the present economic structure with due adjustment to the demands of justice and equity. We are living in a new age with changed values. The system of domination is being fast replaced by an institution of leadership which implies selection on merits. The main yardstick for measuring merit is service to the people amidst whom we are born. The business community in the past rose to eminence in the scale of society for the service it rendered. We cannot, however, live on our bank balance. Our whole life must be a continuous process of turning the searchlight on our own conduct and judging it by the standard of service. In my humble opinion, a merchant is as much a

servant of the society as any other public employee. In his case, however, his emolument is necessarily to include an element of premium for the risk which he undertakes in respect of his investments which obviously represent the deferred enjoyment of his past earnings. If this distinction is observed, if we do not appropriate for our own use anything beyond what we can legitimately claim for the quality of service which we render and if there is no flaunting of wealth, I am fully confident that much of the conflict between the haves and the have-nots will vanish and the business community can, untramelled by any opposition peacefully proceed on its path of service.

In making the foregoing observations, I may have given an impression that we have not yet shaken off our age-long habit of behaving as injudicious critics of the Government. I want to assure you, Ladies and Gentlemen, that no one is more conscious than ourselves of the valiant manner in which the Primer Minister and his colleagues of his Government have borne their heavy responsibilities. If the situation continues to be what it is today, it is through no lack of sympathetic understanding and efforts on your part to improve them. My comments are borne out of the deep sense of loyalty which we bear towards him and his Government and are inspired solely by our abiding faith in his leadership and our readiness to carry out his behests.

Shri Sawaimal Jain :

श्री सवाईमल जैन : सभापति जी, पेश्तर इसके कि आप डिसकशन को आगे बढ़ायें मैं यह जानना चाहूंगा कि जो अमेंडमेंट मैं ने महाकोशल चेम्बर आफ कमर्स की तरफ से भेजा था उसका क्या हशर हुआ । क्या मुझे उसको मूव करने की इजाजत मिलेगी ।

Mr. President :

माननीय सभापति : इसके लिए एक तारीख मुकर्रर कर दी गई थी कि जो भी अमेंडमेंट भेजना चाहे वह उस तारीख तक भेज सकता है । आपका अमेंडमेंट उस तारीख के बाद पहुंचा इसलिए उस पर विचार नहीं किया जा सका और मुझे दुःख है कि इस वक्त यह मेरे अधिकार में नहीं है कि मैं उसके विचार के लिए समय दे सकूं ।

श्री सवाईमल जैन : मैं नम्रतापूर्वक आपका ध्यान इस बात की तरफ दिलाना चाहता हूं कि पत्र में यह लिखा था कि एन्यूअल मीटिंग के पहले अगर कोई प्रस्ताव आपके पास पहुंच जायगा तो उस पर विचार किया जा सकता है ।

माननीय सभापति : मैं मानता हूं कि उसमें लिखा हुआ है प्रीवियसली सबमिटेड । पर प्रीवियसली सबमिटेड का इंटरप्रिटेशन यही किया गया है, कि जैसा कि हमेशा होता है, कि जो तारीख दफ्तर मुकर्रर करता है अगर उस तक वह न आया तो वह प्रीवियसली सबमिटेड नहीं समझा जायगा । यही मेरी रूलिंग है ।