The President, Lala Gurusharan Lall, offered, at the outset, a cordial welcome in Hindi to Honourable Pandit Jawaharlal Nehru and his colleagues in the Interim Government. He further delivered the following speech in requesting Pandit Nehru to inaugurate the proceedings of the 20th Annual Session of the Federation:

Pandit Jawaharlal Nehru, Members of the Interim Government and Gentlemen,

It gives me great pleasure to welcome you today to the 20th Session of the Federation of Indian Chambers of Commerce and Industry. The Federation is particularly happy in extending its welcome to you, Sir, and to your colleagues of the Interim Government this year, as with the establishment of the National Government in the country, the Indian commercial community can look forward with confidence to an era of economic prosperity in years to come. In securing this position—position of liberation from foreign domination—the country owes a deep debt of gratitude to the Indian National Congress for its continuous struggle for over sixty years. In no less a degree is the country grateful for the guidance which it received from Mahatma Gandhi, but for whose statesmanship the struggle for liberation would have been fought to a bitter end, leaving behind nothing but bitterness between India and the United Kingdom. Indian commercial interests have played their humble part in that struggle in the past and I may assure you on their behalf that they will continue to give to Government their unstinted support in future in their task of placing India on the map of the world as an independent country.

The outstanding event of the day is the announcement made by the British Prime Minister on behalf of His Majesty's Government with regard to their definite intention to take the necessary steps to effect the transfer of power to responsible Indian hands by a date not later than June 1948. The bold and statesmanlike approach made by the British Prime Minister in the solution of the Indian problem is not only refreshing in an atmosphere of gloom and despondency, but it has definitely brought a sense of reality in India and has thrown on the Indian political parties a tremendous responsibility for the solution of the problem. I hope and trust that with the definite prospect of the disappearance of the third party from the field of politics, the major political parties in India would come together and help in raising this country to a place of honour and respect in the comity of nations.

In a country of 400 million souls, submerged in poverty, ignorance, squalor and disease for over 150 years, it is natural that great expectations would be raised in the mind of the public, with the establishment of the National Government, with regard to the economic set-up under which the country would try to raise its head. The public has suffered untold privations for generations; even their bare needs in food, clothing and other essential requirements of life could not be met. The success of any of the Government's plans of rehabilitation of the country's economic life—shattered by the ravages of the Second World War—would be gauged by the ease with which the public would be able to secure these bare necessities of life.

The immediate needs of the country, which would naturally be the first obligation of the Interim Government, are in respect of (1) education, (2) sanitation and health, and (3) raising the standard of life, meaning thereby an assurance of sufficient quantity of bare amenities of life—food, clothing, housing, health and recreation. India, with her vast population and with a predominantly agricultural economy, has been a country of under-employment for ages in the past. It is expected that the Interim Government would offer facilities for work to everyone able and willing to work, that the chronic disease of under-employment and under-nourishment would soon be cured and that plans for maximisation of employment would immediately be taken in hand.

Indian commercial interests would whole-heartedly be with Government in their plans for the development of both agriculture and industry for the fulfilment of their primary obligations referred to above. We welcome, in this connection, the plans put forward by the Honourable the Food Member to meet the deficit in the country's food requirements under which, in the course of the next five years, India is expected to grow foodgrains sufficient enough to meet the normal requirements of her growing population. With regard to the Five-Year Plan, I suggest that a target should be fixed for every year and there should be an yearly review of the progress made towards achieving that target, instead of reviewing it at the end of the period of five years. Such a procedure would not only bring out the weaknesses in the plan, as it is being executed from year to year, but it will also provide an opportunity for Government to step up greater production of agricultural produce in the course of the working out of the plan. Before the plan is put into operation, Government will have to give prior consideration to certain pre-requisites of the plan, such as good roads, a planned out system of irrigation, supply of modern agricultural implements, cheap manures and best seed. I am afraid no plan for agricultural development is going to be successful on a permanent basis unless measures are taken by Government to assure the cultivator a stabilised price for his agricultural produce—price which would give him a return—something more than a merely "economic" return—a return which would leave him some saving to enable him to raise his standard of life and to raise him from the squalor and poverty in which for generations he lived in the past. The farmer must be made to feel that he constitutes the backbone of the agricultural economy of India and that it is in his interest to increase the yield and quality of the produce per acre and that he should feel confident that Government would offer all facilities in achieving that object. Unfortunately, there has not been any complete agricultural survey of the crops and soils in India as would enable laying down of an all-India policy with

regard to the raising of crops for the country's requirements. There has been in recent years a frequent change-over of crops to meet short-term requirements of foodgrains without any thought to India's requirements of raw materials as a whole on a long-term basis. Crops have, therefore, varied from year to year, and no serious thought is given as to the policy which should govern India's production of raw materials and foodgrains for her own requirements on a long-term basis.

In dealing with the question relating to the development of agriculture in India, one of the primary difficulties in the shape of small holdings will have to be tackled. It would not be possible to adopt modern agricultural implements if land is allowed to be fragmented into uneconomic units from year to year. I welcome, in this connection, the move made by the Bombay Government in introducing a Bill for the prevention of fragmentation and for the consolidation of agricultural holdings. Unless bigger economic units of land are allowed under State assistance to be worked on co-operative basis, a fuller and more effective use of modern agricultural implements would not be possible. In making this suggestion, I do not suggest that the land should be taken from small holders, but they should be made to work their small holdings under a co-operative system so that the very holders of the land would be the workers and farmers of their fields with better advantage to themselves and to the nation.

In dealing with the proposal for the stabilisation of prices for agricultural commodities, I feel it my duty to press for the stabilisation of these prices at a level which would not unduly strain the economy of India, while giving a reasonable return to the farmer. It is very necessary that Government should take immediate steps to prevent these prices from mounting up as otherwise it would react very unfavourably on all plans of industrial development, as the cost of living of an industrial worker depends substantially on the cost of agricultural produce and in turn reacts on the cost of manufactured articles. Fixation of such prices would also tend to prevent further inflation in the country, and earlier the decision is taken by Government, the better it would be both for agriculture and industry. I welcome the constitution of the Commodity Prices Board to fix the prices of certain commodities under the control of the Central or a Provincial Government and hope that with the factual data that would be at the disposal of the Board and its recommendation for fixation of prices, it will pave the way for the ultimate objective of stabilisation of prices of agricultural produce.

Another very effective weapon in preventing further inflation is to take steps for the greater production of both agricultural produce and manufactured articles to meet not only the pent up demand in the country in respect of these, but also the increasing requirements of a

rising standard of living of the masses. While figures for production of commodities—agricultural and industrial—for recent months are not available to the public, the position has been deteriorating from month to month, and unless serious steps are taken to enable manufacturing industries to produce more, prices are bound to rise and industrial discontent would set in in its wake. It is necessary to secure for industries all the requirements for increased production, such as, capital goods, raw materials at stabilised prices, stabilisation of industrial wages, prevention of industrial strikes and, above all, liberalisation of the control machinery in the interest of industrial development. The need of the day for greater production is so great that Government would be well-advised to create a special portfolio of production in place of the one for Industries, Supplies and Disposals, so that greater attention to the immediate problems concerning production may be possible. In countries like the United States of America and the United Kingdom, production has substantially increased since the termination of hostilities. I feel, therefore, that unless serious efforts are made both by Government and by private enterprise to check the downward tendency in production, the country will be faced with an economic crisis of an unprecedented nature.

I am confident that if Indian industries are given all reasonable facilities for stepping up their production and if industrial peace is assured to them by labour interests, they will creditably discharge their responsibilities to the State by straining every nerve to create greater production for consumption of the masses. Looking to the achievement of the Indian private enterprise during the British administration of this country for over 150 years, it must be admitted that in spite of Government's policy of *laissez faire*, in spite of their policy of Imperial Preference, in spite of currency manipulations and in spite of administrative discriminations against indigenous private enterprise, it has served the country well in not only improving the economic condition of the masses but in preventing, for generations, a continuous drain of the country's material resources in money and in kind to foreign countries. Though it is not necessary to cite any statistics in support of this claim of the Indian private enterprise, it may be pertinently pointed out that in the field of cotton textile industry, the highest imports of foreign piecegoods reached were more than 2,700 million yards of the value of more than Rs. 73 crores a year. As a result of the development of the Indian Cotton Textile Industry, the imports of foreign piecegoods were reduced to scarcely 600 million yards in 1938-39. In respect of sugar, while India was importing nearly one million tons of sugar and of the value of more than Rs. 23 crores a year, the imports in 1938-39 were scarcely 33,000 tons and of the value of scarcely Rs. 40 lakhs. Same is the case with iron and steel, match, paper, salt and other indus-

tries which even under a halting policy of discriminating protection, prevented a drain of more than Rs. 100 crores a year to foreign countries in the purchase of its every-day requirements besides creating employment to millions of workers, farmers and technicians in the country and besides utilising substantially India's raw materials and resources. Private enterprise in India can justifiably claim credit for this achievement for which it has built up, during its career, an efficient managerial and technical personnel. India has, unfortunately, not been able to establish any of the basic and key industries, such as manufacture of heavy chemicals, manures, etc., and it is necessary to build up these industries under State control and protection. Private enterprise has every confidence that if called upon by the National Government to shoulder greater responsibilities on behalf of the State, it will discharge those responsibilities with credit in the fulfilment of Government's plans of industrial and economic development for fuller utilisation of the country's resources and man-power.

In the discharge of those responsibilities, private enterprise naturally expects cordial industrial relations with labour. Relations between industries and labour have not been very happy in recent times. While industries are called upon to introduce, under statutory provisions, reduction of hours of work, holidays with pay, greater facilities for the organisation of trade union movements and while there are proposals before Government for extension of maternity benefits, housing, sickness, insurance, etc., labour has not been reciprocating fairly to the grant of better working conditions at the hands of employers. Industrial employers should not grudge the grant of these amenities of life to labour, because thereby they can look forward to greater efficiency and better output of the industry. Every attempt must be made both by the state and by the employer, to educate labour and to train them in the modern methods of craftsmanship in the industry. Unless they realise the value of giving greater efficiency in their day-to-day workmanship in the industry, the cost of production would not materially come down. It must be remembered that the labourer, who is also a consumer, owes it to himself to improve his efficiency and thereby to reduce the cost of production of the articles of consumption. Unfortunately this aspect of the question has not been fully realised by the labourer and there have been not only industrial disputes and strikes, but there has not been any effort on the part of labour to give greater efficiency in its working to the employer, and the production has consequently suffered. Under the able direction of the Interim Government we look forward to an era of industrial tranquillity and better relations between industry and labour, under which labour would contribute its best in greater efficiency in the manufacturing industries for the common good

of the country, and I trust that both the employers and labour would play their part creditably in all plans of industrialisation of the country.

With the establishment of the National Government, there has been a talk of nationalisation of industries in certain quarters. In these days, when there is an urge everywhere in the world for greater State control of industries, it is understandable that people should talk of State control in India too. I hope, however, that such a talk would not unnecessarily create apprehensions in the mind of private enterprise at a time when plans on a long-range basis for the establishment of new industries and expansion of existing ones are on the anvil. Indian private enterprise will not fight shy of State Control in respect of certain defence and basic industries on selective basis, which are necessary in the interest of India. It must also be remembered that our country has not reached that stage of industrial development as the United Kingdom or the United States of America, and it has yet to be decided to what extent State control would be helpful in the greater industrialisation of the country. I must frankly state that the experience of the working of various import, export, exchange and industry controls by Government clearly proved that Government were not yet fully equipped with technical knowledge necessary for the efficient operation of any machinery affecting trade, commerce and industry of the country. Even in the conduct of administrative matters relating to these controls, there had been a regrettable lack of experience which seriously affected many an industry during the war period. Besides, the working of some of the State enterprises in India, such as the Railways, Posts and Telegraphs and Telephones, has been far from satisfactory. Even though these Departments have been under the State Control for a pretty long time, they have lacked in efficiency and have failed to give expeditious and cheap service to the public. Government will have to give their very serious consideration to this question before they take any decision on it. The attitude of the private enterprise in India should not, however, be misunderstood. There are certain industries, such as defence and basic, which can, with advantage, be run by the State provided adequate private capital is not forthcoming and it is regarded essential in the national interest to promote such industries. Such industries should be first established under the State Control. With regard to other industries, I am of opinion that private enterprise offers a very speedy and efficient means of bringing about industrial development and expansion of the country, thereby maximising employment and raising the standard of living of the people. Private enterprise should, therefore, be fully utilised by the State with such regulations as may be necessary for the purpose of implementing the plans for industrial rehabilitation and expansion.

I would also like to refer to the question of continuance or otherwise of the present controls on the production and distribution of various articles by the Central Government. Although there has been a considerable section of the commercial community which has been naturally very impatient of these controls and has been pressing upon this Federation for representing to Government that after the termination of the war they should have been removed without any delay, the Federation has been taking the stand that as long as essentially-required commodities, such as food and textiles, are in short supply, some kind of control is necessary. While in principle I fully endorse this standpoint of the Federation, I believe that the time has come when the Central Government must review *de novo* the problem of controls. It should not be a piecemeal or from-time-to-time review. What I have in mind is a thorough re-examination of the controls and the entire machinery under which they are worked, at a high level, with a view to find out as to which of the controls are still absolutely necessary and which ones can be done away with, even if they caused some temporary or transitional difficulties. I trust that Government would give their serious consideration to the question of removing controls from all such articles which are not absolutely necessary for the day-to-day requirements of the masses.

Apart from these matters of domestic importance, there are certain other questions which have a direct bearing on the economic progress of India, such as the exploratory negotiations which the British Government have recently initiated with the Government of India regarding the payment of India's Sterling Balances in the United Kingdom. I need not reiterate here the stand which non-official India unanimously and unequivocally has taken with regard to the payment of these obligations—commercial in character—by the British Government. As these balances were forced upon India by the British Government and as they resulted, during the period of war, in untold and unparalleled privations and sufferings to millions of Indians, India would not countenance any talk of scaling down even a part of these balances during these negotiations. The financial position of the United Kingdom has materially improved with the conclusion of the Anglo-American Loan Agreement and with the effective export drive of the United Kingdom, and it is but fair that the British Government should honour these credits, which were honourably and generously given by India at great sacrifice to herself. Let me refer, in this connection to the statement made by Dr. Dalton, Chancellor of the Exchequer, in the House of Commons, to the effect that the British Government reserve to themselves the right to present a claim on India for the defence of India during the war. Coming as it does from the spokesman of the Labour Government in the United Kingdom, it cannot be lightly brushed aside.

The British Government seem to be oblivious of the fact that the Indian Legislature and the public were not consulted when India was made to declare war against Germany and Japan. The Central Government alone, during the period of 8 years, spent more than 1,800 crores on India's war measures and other capital expenditure connected with the war, which was responsible in winning the war for the Allies and which was out of proportion to the capacity of the country to bear. Besides, the cost of the sufferings and privations to the nation cannot be so easily assessed, particularly when India had no interest in this war of power politics and when she was not a partner by consent in the prosecution of the war. While the fruits of the victory are being shared by the Big Three Allies, to India's share have come its penalties and privations. I hope the Interim Government would take due note of these factors in their negotiations with the British Government regarding the Sterling Balances.

Another important event during the year under report was the initiative taken by Government of the United States of America in inviting a Preparatory Committee to discuss certain proposals for the reduction of trade barriers and preferences and for maximisation of employment in the countries of the world. I must congratulate the Interim Government for sending a mixed delegation of official and non-official experts to attend the first meeting of the Preparatory Committee in London in October last. It is to the credit of the Delegation that they pressed hard for the acceptance of certain governing principles in the interest of under-developed countries which would give them a certain amount of freedom for the levy of developmental tariff in the interest of their economic and industrial development. But in spite of their efforts, the results so far achieved and the decisions taken at the first Preparatory Committee meeting are not at all encouraging, and unless the Interim Government insists, through its Delegation at the forthcoming Conference, for the acceptance of the principle that every country whether fully developed or under-developed has got the unquestionable right to lay down its tariff policy and is allowed to exercise it at its discretion for building up its developmental tariff and enforcing quantitative trade restrictions for the establishment and development of industries, the international economic set-up proposed under the Charter would not be of much service to such under-developed countries of the world, having ample resources and man-power at their disposal. I also hope and trust that in all future delegations to international conferences, the initiative taken by Government with regard to the Trade and Employment Conference would be followed and that greater contact would be created between Government officials and accredited non-officials by appointment of mixed delegations to these conferences.

It is gratifying that under your leadership the country is fast taking her due place in the comity of free nations. We recall with pride the achievement of the Indian Delegation at the last Session of the U. N. O. where, under the brilliant leadership of Shrimati Vijayalaxmi Pandit, the country's case against racial discrimination was upheld. We are also witnessing the successive establishment of diplomatic relations with the top-ranking countries of the world. I have no doubt that these beginnings will soon culminate in acquiring for India her rightful place of honour in the world. We, as members of the Indian commercial community, are particularly interested in this development, as, so far, Indians have been denied in foreign countries the same rights and privileges for trade and commerce which foreigners enjoy in this country. I have every confidence that as soon as our new diplomatic services settled down to work, they will be helpful in creating equal opportunities, on reciprocal basis, for Indians for their trade activities in those countries and that as a result, Indian businessmen would be brought in greater and closer contact with businessmen of the world.

While other countries in the world are forging ahead with plans of greater economic development of their resources, India has been lagging behind on account of certain circumstances beyond her control. Now it is time that Government should expedite their plans both with regard to agricultural and industrial development of India, and that a more balanced economic policy should be evolved, appropriate and suitable for the needs of this country. In any plans of a balanced economy, it is hoped that the farmer, the industrial worker and the private enterprise would be assured of a fair deal, as a result of which the standard of living of the masses would be considerably raised and the country would be free from want, ignorance and disease to the greatest extent humanly possible in the very near future. In any such plans, I, on behalf of the Indian commercial and industrial interests, can assure Government of our co-operation and support, as we all hope for a day when the country would enjoy the four freedoms of the Charter.

Since the preparation of the speech, the first Budget of the Interim Government has been announced, and I trust you will permit me to avail myself of the opportunity of your presence here today to convey to your Government, on behalf of the commercial and industrial community, our feeling of severe disappointment and grave concern at the general attitude and the concrete proposals in the Budget Speech regarding commerce and industry. I think it is very necessary now, when the popular Government is established, that we should unreservedly speak our minds to our own Government in order that Government may be placed in a position to appreciate the point of view of

business and industry before they embark upon formulation of policies. After careful consideration of the Budget Speech and a close scrutiny of the proposals affecting our own interests, I have no hesitation in saying that the net result of these proposals, if finally carried out, would be to cripple existing trade and industry, to curb enthusiasm for expansion and to destroy all incentive for fresh enterprise. At this particular juncture, when Indian industries are faced with increasing difficulties caused by rising labour cost, shortage of materials, disorganisation of transport, the Honourable the Finance Member's speech does not contain a word of hope or cheer, much less any proposal for assistance to alleviate these difficulties. Whilst I would like to assure your Government of the unanimous desire of all Indian businessmen and industrialists to offer their whole-hearted co-operation to your Government in all policies and measures directed towards the economic development of India, as also to contribute their fair share towards shouldering the increasing financial burdens involved in the effective carrying out of the responsibilities of the Government, I should also, at the same time, like to make it very clear that this common objective of a large-scale and rapid economic development of the country can only be attained in an atmosphere which induces confidence and stability for businessmen to courageously undertake the risk and responsibilities for further enterprise. Lack of any definite economic and financial policy, imposition of unduly heavy burdens on industry and commerce at this early stage of its development, coupled with threats of nationalisation, is, in my opinion, not calculated to create these conditions of confidence and stability. This country has still a long leeway to make up before it can attain a stage of economic independence which is so essential a pre-requisite for the maintenance and support of its newly acquired political freedom. I would, therefore, most earnestly urge upon Government to keep in view the considerations which I have tried briefly to place before you in order that both Government and all sections of the community can, in a co-operative effort, attain the common objective of substantially raising the standard of living of the 400 million inhabitants of this country in a measurable period of time.

On behalf of the Federation, I now invite the Honourable Pandit Jawaharlal Nehru to inaugurate the proceedings of the 20th Annual Session.

At the conclusion of his speech, the Chairman called upon the Honourable Pandit Jawaharlal Nehru, Vice-President of the Interim Government, to deliver his inaugural address.

The Honourable Pandit Jawaharlal Nehru made a few prefatory remarks in Hindi (Appendix A) and then addressed the gathering in English. He said: