The President, Mr. M. A. Master, delivered the following speech in requesting Pandit Nehru to inaugurate the proceedings of the 21st Annual Session of the Federation:—

Pandit Jawaharlal Nehru, Members of the Cabinet, and Gentlemen,

It gives me great pleasure in extending to you all a hearty welcome here today. I feel particularly happy this morning as it is my good fortune to offer on behalf of the Federation its warmest welcome for the first time to you, Mr. Prime Minister, and to your colleagues, as Ministers of a Sovereign and Independent India. We are also very grateful to you, Mr. Prime Minister, for sparing the time to come here this morning.

2. We are, however, meeting under the shadow of an unprecedented national tragedy. Mahatma Gandhi, the architect of India's freedom and the father of the Indian nation met his death at the hands of a fanatic. In him, the country has lost one who had fought its battles for the attainment of freedom and to whom the country was looking forward to guide its destinies. In him, humanity has lost a Saviour whose memory will rank with those of Jesus and Buddha. To us who were privileged to call him our countryman his loss has been felt like a personal bereavement. Let us hope that his life would be a source of inspiration and strength both to Government and to people, in their task of creating for India a place of honour in the comity of nations.

3. The Indian commercial community and particularly the Federation has suffered an irreparable loss in the premature death of Sjt. Devi Prasad Khaitan. Mr. Khaitan was one of the founder members of the Federation and served it since its inception for a period of well over 21 years. In him we have not only lost a colleague but a staunch fighter in the cause of commercial community and private enterprise.

4. Since we met last March, India has, Friends, passed through most stirring and anxious times. Political developments of great gravity and far-reaching importance followed one another in rapid succession. They created new history not only for India but for the entire East. It is not necessary for me to recount today the momentous changes which our country has witnessed. Suffice it to say that the 15th August 1947 heralded the dawn of a new age and a new era for our country. It made India an independent sovereign State. On that memorable day India got the power and the opportunities to shape the destiny of her own people. While it was a proud day for all Indians, it was the proudest day in the history of the Indian National Congress. The strenuous struggles and the serious sacrifices of its illustrious leaders like yourself, Mr. Prime Minister, and your colleagues, for the last sixty years, in the fight for freedom, created such forces as enabled India to be ultimately free from the subjection to her foreign rulers. May I therefore, convey on behalf of the commercial community, their profound sense of deep and undying gratitude to all those great patriots whose struggles and sacrifices enabled that great national institution of India—the Congress—to win freedom for our motherland, and wish

them all strength and Godspeed in the fulfilment of the most complicated, onerous and exacting tasks that now lie before the nation!

5. The joys of the memorable and historic day of India's independence were, however, marred with feelings of sorrow at the partition of the country. The march of events had made partition almost inevitable. Our political strategy did not—could not—save us from that tragedy. We had, therefore, no alternative but to accept that fateful decision.

6. The partition of the country has, however, broken the solidarity of one-fifth of the human race. It has shaken the unity of their economic life. It has rudely numbed their sense of social values and human obligations. It has disturbed the harmony of their cultural pursuits. It has reduced their economic strength and diminished their bargaining power in the international world. It has created new problems for the social and economic rehabilitation of the common man in both the new States. It is difficult to take today a dispassionate view of the economic consequences of partition and visualise clearly how they will in the long run affect the economic structure and industrial development of both the countries. I, however, feel that although politically separate, both the new States should, in their best interests, arrive at a friendly understanding regarding the vital policies that they should adopt for building up their economic and industrial future.

7. Once the partition was an accomplished fact, the country soon realised that the only way to overcome the terrible shock which it had received was to make immediately the best use of the independence it had secured. That realisation created in the country a general feeling of buoyancy and freshness and sustained the hope and faith of the people that, now that their own countrymen were at the helm of affairs of the State, they would be able to put forth strenuous efforts for developing the nation-building activities in the country and would thereby effectively and expeditiously promote the social and economic well-being of the people. The unprecedented Punjab tragedy which, however, followed the partition of the country, the massacres and butcheries of innocent people that took place in the Eastern and Western Punjab and in other parts of Pakistan, the diabolical deeds and inhuman atrocities that were perpetrated on women and children in both the Dominions, as a result of growing communal frenzy, darkened the horizon all-round and cast their gloomy shadows on all paths of our national life. Within a few days after securing her freedom, India had to put forth Herculean efforts to maintain the freedom which she had won after severe and supreme sacrifices. The restoration of law and order and the maintenance of peace and security absorbed all the energies and demanded all the resources of our Government. Millions of innocent men, women and children had to fly from their own homes and hearths to seek shelter wherever they could to save their lives. The terrible task of transport-

ing them from centres of death and destruction to abodes of safety and protection, and of providing them with shelter and food to keep them alive, created complicated problems of such grave magnitude as occupied all the time, energy and resources of the National Government. It is, therefore, a matter of deep satisfaction to us all that our Government succeeded in establishing a countrywide and efficient machinery for the rehabilitation of these millions of refugees and for assisting them to resume their normal life, and set apart a substantial sum of nearly Rs. 40 crores for that purpose. We have, however, to remember the terrible fact that the migration of such a large mass of humanity has shattered—and shattered violently—the economic life in many parts of the country. This is one of the backgrounds against which we have to build up our economic future.

8. Among the questions which vitally affect the economic well-being of India and the happiness and prosperity of her people, the problem of making India self-sufficient in the matter of foodgrains, of increasing production of the existing industries which has seriously fallen, and of adding to the productivity of the country by establishing new industries in the land—demand our serious and immediate attention.

9. India has never so far been self-sufficient in the matter of foodgrains. Just before the war she used to import over a million and a half tons of rice from Burma and a substantial quantity of wheat from abroad when its crop was not sufficient to meet the demand in the country. Our "Grow More Food" campaign has not in any way enabled us to reduce these large imports of foodgrains into the country. On the other hand, we had to import nearly 44 lakhs tons of foodgrains during the three years ending on the 31st March 1947, at a cost of Rs. 127 crores; during the first six months of 1947/48 we imported nearly 11 lakhs tons of foodgrains at a cost of over Rs. 42 crores, and it is estimated that in the full year 1947/48 the total cost of foodgrain imports will reach the stupendous figure of Rs. 110 crores.

10. This is really a serious position and has a very adverse effect on our balance of international payments. While one may welcome the hopeful note sounded by the Food Minister in his speech only the other day regarding the recent increase in procurement of foodgrains within the country, the public is anxious to be assured that no effort would be spared by the Government to make this country self-sufficient in the near future in the matter of foodgrains. Unfortunately, we have no authoritative statistical data regarding the production of foodgrains in the country, the quantity of foodgrains required to feed the population, and the basis on which the country's consumption is calculated. I trust that the Foodgrains Policy Committee, which is seized of these questions, would in its report enlighten the public on these matters and would advise Government as to how they should make good the deficit between the foodgrains needed and the foodgrains produced in the land.

In the meantime, the Government would be well advised to arrange for the deputation of Trade Missions to the neighbouring countries like Burma and Australia with a view to securing supplies of foodgrains against supplies of Indian manufactured articles so urgently needed in those countries, and thus to lessen the strain on India's foreign exchange resources, particularly in hard currencies.

11. With the advent of Pakistan, India's position with regard to her food supplies is further aggravated, and it has created, as I said earlier, a very serious situation in respect of our foreign exchange. It must be remembered that in the pre-war economy of India she used to secure a substantially favourable balance of trade by the export of raw materials, particularly cotton, jute and oilseeds. While the partition of the country has not materially affected the position of India in respect of oilseeds, it has shifted the Indian Union, from its pre-war position of a surplus, into that of a deficit country in respect of cotton and jute. In fact, it can no longer secure the same amount of foreign exchange which it used to do in the pre-war period by the export of cotton and jute and jute goods to foreign countries. Both our cotton and jute manufacturing industries are in short supply of these raw materials, and they have to depend on Pakistan for a large bulk of their requirements. From the first of this month India and Pakistan have come to be treated as mutually foreign countries for the purposes of Customs duties. This has further deteriorated the position of India as regards the supply of raw materials to our industries. The Agreement recently reached between the Governments of Pakistan and India in regard to the supply of raw cotton against the supply of certain manufactured Indian goods, may, to some extent, lessen the rigour of the consequences arising out of the partition, but I am afraid the country cannot perpetually depend upon such negotiated arrangements, and in the interest of the long-term economy of the country it is necessary to grow within this country sufficient quantity both of cotton and jute with a view, not only to supply the industries' requirements internally, but also to secure sufficiently large quantities of the crops so as to have an exportable surplus for the maintenance of India's established export trade in these commodies.

12. The proverbially favourable trade position which we used to enjoy in the pre-war days would, however, no longer continue to exist, and with the increasing difficulties of the United Kingdom it may not be possible for India to utilise her Sterling Balances with that country in a manner most suited to our requirements. Apart from our requirements of foreign exchange for the supply of capital goods, we are finding it difficult even to meet our normal requirements in ordinary articles of merchandise, as the imports of food, both from hard and soft currency countries, are taking away a substantial part of our foreign exchange credits. While the suggestion expressed in certain quarters, that India should meet her foreign exchange difficulties, particularly of hard

currency, by securing a loan from an International Bank, should only be acted upon in the last resort. India cannot continue to import her requirements from foreign countries in the manner she used to do in the past. She has to explore fresh avenues for the development of her export trade not only in the exportable surplus raw materials but also in manufactured goods, however small the range of such exportable surpluses may be. The shining example of the United Kingdom, in the darkest hour of its existence, should be a guide to this country in reshaping its whole policy relating to its import and export trade. That country has all along maintained in the past its solvent position and made its trade balance in private merchandise favourable by exporting its services in banking, insurance, shipping and air communications. With the removal of foreign domination, India is now in a unique position to develop her services—invisible exports—to her neighbouring countries which, compared to India, are yet not so well developed and are in need of these services. I am confident that if these services are developed and receive the necessary facilities for such development, they would bring to the credit of India a substantial foreign exchange quantum both in hard and soft currencies, and would strengthen India's financial position in international markets. There is another direction in which an effort should be made to secure hard currency, and that is by encouraging Tourist Traffic to India which abounds in places of natural beauty and historic interest. It cannot be denied that tourist traffic has been a source of securing foreign exchange to a number of continental countries in the past, and I do not visualise any difficulty in securing for India considerable foreign exchange through this source.

13. Apart from the resources indicated above whereby India may be able to secure foreign exchange, it is time that the Government again reviewed their policy with regard to the import and export trade of this country. It is true that the present import trade of India is subject to Governmental control, but it is necessary to tighten up this control in a manner as would further conserve foreign exchange in hard currency and would not allow importation of any of the articles which are at present being manufactured or can be manufactured within the country, as also the importation of luxury articles. Excluding the barest necessities of life, we must deny to ourselves for a long time to come the use of all foreign goods which are not essentially required for day-to-day life. Unless we emulate the example of the United Kingdom in restricting our imports to the barest minimum, it would be very difficult, in years to come, for India to meet her obligations in international payments. The position as regards India's export trade in foreign markets will also require a careful examination. During the years of war, India's normal channels of trade have materially changed. In fact, we have secured fresh markets for some of our manufactured goods in the coun-

tries of the Far East and Middle East. It is time for us to examine and to explore fresh avenues for the development of our export trade and so canalise it as to give us the necessary foreign exchange.

14. It is unanimously felt in all quarters that rapid industrialisation of the country is the crying need of the hour. Not only is it essential for raising the standard of living of the masses in this country, but it is also vital for removing the pressure on land and for securing a higher real income for the people as well as for promoting a balanced economy between agriculture and industry. It is, however, rather unfortunate that production of essential commodities like steel, cement, cloth, cotton, jute, etc. has fallen. Apart from difficulties of securing plant and machinery and spare parts for the existing industrial factories which have been worked almost to a breaking point since the outbreak of war—which fact has, no doubt, been partly responsible for the adverse effect on production—the main factors which are seriously responsible for the rapidly increasing deterioration in the production in the country are the growing habit of absenteeism amongst the workers, the increasing discontent in regard to their conditions of employment, and the frequent use of the weapon of strike to settle their disputes. Industrial dislocations, everywhere, have been the cause of the alarmingly serious increase in the loss of production. While in 1943 there was a loss of a little less than two and a half million man-days in industry, in 1946 the loss exceeded twelve million man-days and as many man-days were lost during the first nine months of 1947. Instead of taking recourse to the weapon of strike, had the workers adopted conciliatory methods for the redress of their grievances and thus remained at their post in the factories for all these days, what a tremendous addition it would have made to the production in the land! It is, therefore, of supreme importance that, for increasing production in the country and for maintaining its national economy, effective steps should be immediately taken to establish an effective machinery all throughout the country whereby swift action may be taken to redress the just grievances of the workers and for promoting a better understanding, for securing more friendly relations, and for obtaining greater co-operation between industries and the workers engaged therein and, at the same time, preventing the workers from paralysing production in the country in the manner they have been doing so far.)

15. The country, therefore, congratulated itself when the Resolution on Industrial Truce for a period of three years was adopted in December last under, Mr. Prime Minister, your leadership and inspiration, at the Conference of Industrial Development in India. It called upon labour and industrial management to agree to maintain industrial peace and to avert lock-outs, strikes or slowing down of production for the next three years to come. It is a matter of deep regret that this Resolution has unfortunately been more honoured in the breach than in

observance. The immediate response to this gesture of goodwill was an unprecedented strike in the city of Bombay the other day. The problem of promoting harmonious relations between industries and workers has remained, therefore, as live an issue today as it was a few months ago. Unless real harmony is established in the relations between capital and labour, the whole economic structure is bound to suffer. It is a task in which, I venture to submit, the State will have to play its proper role, and use its great influence and to enforce its considered decisions. I can assure you, Mr. Prime Minister, that the Federation is as willing and is as prepared as ever to give its fullest co-operation to the Government in assisting them in the evolution of any comprehensive and well-thought out plan which would not only enable labour to play its proper role in industry but which would also settle the just claims of capital and labour in regard to their remuneration on the principles laid down in the Resolution on Industrial Truce.

16. Apart from some of the internal factors to which I have just referred affecting the production in the country, we shall have to seriously consider the provisions of the Charters of such international bodies as the International Trade Organisation and the Inter-governmental Maritime Consultative Council, which will effectively curtail our existing powers to give such assistance and protection to our industries as they need. India is an underdeveloped country in the matter of industries. If rapid industrialisation is to be brought about, it will be necessary for us to adopt a policy of developmental protection for our industries. Under the Charter of the International Trade Organisation, however, we shall be able to adopt protective measures of assistance only in appropriate circumstances; but it will be open to the Trade Organisation to decide whether the circumstances under which protection was given were appropriate or not and whether we have made a proper response or not to its demand for substantial reduction of tariffs and other charges on imports and exports. Quantitative Restrictions on certain commodities have been adopted by us for the development of our industries. We, however, do not yet know, in spite of what has appeared in the Press, whether India succeeded in her fight at the Conference at Havana for the acceptance of this right for the development of her industries.

17. Moreover, the Charter lays down that the same treatment should be accorded to the existing as well as to future investments of foreign capital as may be accorded to the investment of the national capital of the country. It is, therefore, essential that the Government should lay down without any further delay their policy as regards the category of international investments that would be acceptable to India for the economic development of the country and the circumstances under which they would be admitted and the control which will be exercised over them. It is also essential for the Government to lay down

in unequivocal terms, before the Charter comes into force, the requirements with which these foreign investments shall have to comply. If a comprehensive policy in regard to the control and direction of international investments is not laid down and if the conditions for their acceptability are not categorically determined and expressed, I am afraid, the development of our national industries will experience undesirable competition both from within and from without.

18. The Inter-governmental Maritime Consultative Council demands the removal of every discriminatory measure which a Government may adopt for the development of its national shipping. It does not want a maritime country even to discriminate in favour of its own shipping. It was after a very strenuous fight that the largest ship-owning countries conceded that assistance by a country for promoting its national shipping will not by itself be construed as an act of discrimination. They have, however, insisted that such assistance should not in any way restrict the shipping under all flags from taking part in international trade. As our National Government are anxious to build up rapidly an adequate Indian Merchant Navy and as such merchant navy is not only essential for promoting the country's economy and for earning invisible exports for it, but as it is also vital for the purpose of its defence, I would most earnestly request our Government to see that they should satisfy themselves that they would be able to give appropriate and effective assistance to their national shipping under the Charter, as it stands, before they decided to join that Council.

19. One of the most vital requirements for maintaining the economy and efficiency of the existing industries and for establishing new industries in the country is to secure capital goods from abroad. Orders worth crores of rupees for the import of plant and machinery have already been placed by industrialists, but it is unfortunate that they have not been able to obtain these goods. Our limited foreign exchange resources and the necessity to utilise them in the import of foodgrains which naturally receive first priority, have been, no doubt, serious handicaps for those who have decided to import capital goods in the country. The Economic Recovery Plan, otherwise known as Marshall Plan, under which America has decided to help European countries in their rehabilitation and reconstruction, is bound to curtail drastically such facilities as exist at present for the import of capital goods from that country. India as an Ally both of Great Britain and America made magnificent contributions in men and material for the winning of the war, and it is, therefore, difficult to appreciate their approach which excludes an under-developed country like India from the benefit of the Marshall Plan, while it recognises the claims to assistance of some of the highly developed industrial countries of Europe for that purpose.

20. Moreover, if, under the recent message and call of President Truman, America switches on to a semi-wartime economy, it is obvious

that it will become almost impossible to obtain capital goods from that country for our urgent needs. The situation as it is developing has been causing the deepest concern to India, and we shall be very grateful to you, Mr. Prime Minister, if you would be pleased to tell us what alternative, avenues and methods will be made available for obtaining supplies of capital goods needed for the country's industrial and economic development in the near future.

21. I have tried to place before you, gentlemen, a few aspects of the international situation which will render our task of rapidly industrialising the country peculiarly difficult. May I now offer a few observations on the situation that exists within the country?

22. It is essential for promoting our own internal economy that India's trade, commerce and industry should have unrestricted and free movement in any part within its boundary and that there should not be any inter-State or inter-Provincial barrier against such a movement. It will be recognised that such a position will further facilitate the uniform development of the country's resources and that no part of the country would remain undeveloped economically. This is necessary for promoting the progress and prosperity all throughout the land. It is, therefore, a matter of great satisfaction to the country that in the midst of their preoccupations connected with political developments immediately arising out of the partition, our National Government succeeded in their efforts in persuading the Indian States to merge themselves into administrative units within the Union. The immediate result of these very commendable efforts on the part of the Ministry of States has been the creation of Saurashtra, the United States of Kathiawar, under the guidance of its Rajapramukh the Jamsaheb of Nawanagar. Other units have since been created and still more are under formation. While we appreciate that this is one of the first remarkable achievements of the National Government, you will permit us, Mr. Prime Minister, to give expression to our sense of gratitude to your colleague, Sardar Vallabhbhai, the Deputy Prime Minister, for the great foresight, the unusual determination and the remarkable statesmanship which he displayed in bringing about these mergers. Both the Government and the Rulers of the States concerned deserve the felicitations of the country on this great achievement, as it will be recognised that the establishment of such units will facilitate the introduction of uniform policies in respect of the country's economic development. There will no longer be conflicting policies either in regard to labour laws or taxation or such other matters now obtaining between the Provinces and the Indian States. The more the merger of States is brought about the more they will integrate with the Union of India and I venture to submit that such identity of interests between the Union of India and the States will be of the greatest help in building up the economic structure and promoting the development of industries on well-thought out lines all throughout the country.

23. As finance plays a vital part in the building up of industries, we all welcome the establishment of the Industrial Finance Corporation. This is for the first time that the Government have recognised their responsibility of financing on well regulated lines the industrial projects for the purpose of ensuring their proper development. Such acts on the part of the State bring home the identity of interests between the State and the people and provide new facilities for strengthening the economic structure of the country.

24. May I now refer, Gentlemen, to one of the fundamental difficulties which stands in the way of the expansion of the existing industries and the establishment of new ones? As you all know, the taxation policy announced by the Government in March 1947, militated against the spirit of initiative and enterprise and has dried up the sources from which capital flows into business. It was rightly remarked by such an authoritative body as the Reserve Bank of India that " the severity of the last Budget is defeating its own purpose and is hindering the formation of capital for productive purposes." The country, therefore, felt not a little relieved when the Finance Minister gave an assurance last November that he would examine the consequences of the taxation policy and would endeavour to make such adjustments as might be necessary to instill confidence in private enterprise. While we appreciate the gesture of goodwill which he has shown in giving such relief as he considered possible in mitigating to some extent the relentless effects of the policy of taxation on the progress of industries, you will forgive me, Mr. Prime Minister, if I were to say that the incidence of taxation on industries, as it stands today, is not such as will restore confidence in the country or will allow a free flow of capital into new ventures. To take away almost fifty per cent of the profits of industries in an under-developed country like India is to put the strongest impediment in their path of development from their stage of early infancy to vigorous adolescence.

25. The Railways, for example, have to pay annually nearly Rs. 28 crores by way of interest on the loans raised from them by the Government. The payment of this interest is like the payment of dividend to shareholders who give their capital for the establishment of industries. If the Railways were called upon to pay taxes as industries, they will have to earn nearly Rs. 60 crores for enabling themselves to pay interest of Rs. 28 crores. This can only be done if they would effect a substantial rise in the rates and fares they charge which they can do only as they enjoy a monopoly, which is not the case so far as industries are concerned.

26. I can, however, appreciate the aciton of the State in putting a ceiling on the rates of dividends. I can also understand the desire of the Government for regulating the remuneration of Managing Agents. But I fail to see the justification of the State taking away nearly 50%

of the profits of industries and thus making it impossible for them to build up such reserves and such economic strength as industries are urgently in need of.

27. As if the incidence of this scale of taxation on industries was not considered sufficiently heavy, the Government have imposed a further burden on industries in the shape of the Capital Gains Tax. At a time when the replacement value of the assets of industries is three to four times as large as its original cost, the imposition of the Capital Gains Tax is bound to deprive them of the funds which they would badly need for their rehabilitation and reconstruction. We cannot ignore the fact that industries in this country will have to hold their own against the highly developed industries of foreign lands; and I am convinced that, what with the heavy burden of taxation and what with the curtailment in the scope and powers of the country to protect its industries, under the new International Charters, it will become extremely difficult for them to make progress on efficient and economic lines in competition with the industries of other economically advanced countries. It should not be forgotten that industries in other lands have turned over their capital several times. They have thus built up powerful financial resources which would provide them with ample strength to stand in competition against others. That, unfortunately, is not the position with some of the established industries in the country, and certainly not in the case of those to be established hereafter. I have no doubt, Mr. Prime Minister, that I am giving expression to the general feeling of the industrial community when I say that unless the taxation policy in regard to industries in the country is radically revised, it will be difficult for us to promote that rapid industrialisation in this land which we have all in view and which we are all anxious to promote.

28. May I, therefore, make an earnest request to you, Mr. Prime Minister, that your Government should be pleased to examine this question in all its aspects and evolve such a policy of taxation as may enable capital to flow freely and smoothly into new ventures and as may enable industries to build up sufficient financial reserves not only for their stabilisation and expansion on economic lines but also to successfully face competition of foreign industries both from within the country as well as from without!

29. Having dealt with the policy of taxation and its effect on the free flow of capital and the development of industries, may I, now, say a word or two on the burning question of the day, viz., Nationalisation *vs.* Private Enterprise? I assure you, Gentlemen, that I do so not without a feeling of hesitation. I can have no desire to enter into any controversy with the State on this question. You will, however, Mr. Prime Minister, appreciate our earnest anxiety to know where the private enterprise stands in the future industrialisation of this country—private enterprise which has rendered such remarkable service in the

development of industries in the past. There have been a number of pronouncements in the recent past by responsible Ministers of the State on the subject of nationalisation *vs.* private enterprise, but the country does not know where it stands so far as private enterprise is concerned. For instance, the Finance Minister told us in his budget speech last November that " whatever might be the ultimate pattern of our economic structure, I hold the belief that for many years to come there is need and scope for private enterprise in industry. We cannot afford to lose the benefit of the long years of experience which private enterprise has gained in the building up of our industrial economy." On the other hand, in the speech which you, Mr. Prime Minister, made in the Parliament on the 17th February 1948, which was remarkable in many ways, you, Sir, upheld the principles laid down in the Economic Programme Committee and maintained that new undertakings in defence, key and public utility industries should be started under public ownership. The impression that is left on our minds after reading that speech is that even as regards existing undertakings the process of transfer from private to public ownership should commence at an early date. The commencement of such process would only be limited by the resources of the State in men, material and money. You have told us frankly that we should forget the nineteenth century economic ideology and should fall in line with the new socialistic philosophy which has influenced the thought of many a State in the world. It is not for me to enter into any examination of the socialistic philosophy today. My approach towards the industrialisation of the country, however, is based on one goal, namely, the adoption of such methods and means as would place them on the most efficient and economic footing. If it is contended that private enterprise conduces to the disparity of wealth in the country, may I submit that the manner in which the State proceeds to regulate dividends and to regulate compensation between capital and labour, as laid down in the Industrial Truce Resolution, is bound to promote a more equitable and reasonable distribution of wealth amongst the people of the land. The Government, I submit, has to deal with a number of problems of immediate and vital importance, such as successful handling of such projects as the Damodar Valley and of other equally important projects of improving the educational, sanitary and social conditions of the people. I do not know whether the Government have got the trained and the technical personnel which will do justice to the complicated task of running industries efficiently and economically. I hope I shall not give any offence to any one here if I say that the initiative, the enterprise and the spirit of taking risks which play an important part in business organisations will not be able to function with the same efficiency in a Department of the State. I am aware, Mr. Prime Minister, of the desire of the State to employ the same personnel whether the industries are run by private enterprise or whether they are nationalised by the State. That personnel can have no desire to leave the country when industries

are nationalised. You will, however, pardon me, Mr. Prime Minister, if I venture to suggest that in building up the industrial future of the country we cannot ignore the world as it is and base our action only on the world as it ought to be. As you yourself have been pleased to remark that the Government must have the largest measure of goodwill in the working of any programme that they will put forward will you not allow these Captains of industries as you have been pleased to call them, to have their own freedom of judgment and freedom of action in the State to which they are proud to belong? Just as the Ministers of the State with complete freedom of initiative and action will be able to take the ship of the State to its proper destination, I venture to submit that the industrialists if left with sufficient initiative and enterprise will, with their invaluable experience and their natural spirit of taking risks, be able to take the ship of industries to its proper haven. May, I, therefore, appeal to you, Mr. Prime Minister, to give your serious thought to the place of private enterprise in the future industrialisation of India and be pleased at an early date, as promised, to announce the policy of the State as to what will be the pattern of the future economy of the country and what place private enterprise will have in the development of industries of the future. It is of vital importance that private enterprise should know where it stands so that they may be able to proceed with their schemes with vigour and decision and with confidence that they will be freely allowed to play their rôle in the future under such regulation and control of the State as the State might decide to impose in the larger interests of all sections of the people.

30. As I said earlier, the absence of authentic statistical data regarding the production and consumption of food in the country has made it difficult for the country to fully appreciate the enormity of the problem—with the result that the " Grow More Food " campaigns have not brought about the desired results. I feel it is the duty of the Government to fully acquaint the public with the critical stage through which the country is passing in respect of vital matters, and for that purpose the Government should modernise their machinery of presenting accurate statistical data not only in regard to the month-to-month production of essential commodities—both agricultural and industrial—but also in regard to the day-to-day position in respect of the country's imports and exports and foreign exchange credits. It would be to the advantage of the Government if up-to-date data is placed before the public, as they would then be more conscious of the country's position—internal as well as external—and they would willingly undergo hardships and sacrifices to bring about an improvement in the country's status. I would refer here to the efforts made by the Government of the U.K. in presenting periodically all the available facts and statistical data regarding Great Britain's position with regard to her imports and exports and earnings of foreign exchange; I am sure presentation of this position has not only

created a sense of confidence in the British public in regard to their Government's policy in connection with the curtailment of the imports to the barest minimum, but the British industry and British labour also have put their shoulders to the wheel and helped the Government in all their plans of developing British Export Trade abroad. Unfortunately, in our country, the public has been blissfully kept ignorant of the position with regard to the industrial and agricultural production within the country as also the import and export policy necessitated by the scarcity of foreign exchange, with the result that the public has not been able to appreciate the Government policies in rigidly controlling the import trade and in denying to the public their requirements of foreign exchange. I, therefore, hope that earliest steps would be taken to periodically present to the public, accurate statistical data in regard to the country's economic activities and progress.

31. With India taking her place as an independent member in the comity of nations, our Government are saddled with greater and greater responsibilities with regard to international matters. India is no longer an appendage of the British Empire. Her strategic position in the South-East Asia has created for her a place in the councils of international organisations brought into existence under the aegis of the U.N.O. To discharge these overwhelming responsibilities in international field, it is necessary that the Government should create a separate Department, the functions of which should be to promote co-operation and co-ordination in the work of the various delegations which are sent from time to time to international conferences. I am afraid, specialisation in the study of these various international problems does not seem to have received that ready and real recognition at the hands of the Government which it really deserves. It is necessary, therefore, that the presentation of India's viewpoints at the various international gatherings in respect of not only political but also economic and social issues, should be governed by a policy consistent with India's position as a country of strategic importance in South-East Asia.

32. The creation of a separate Department would also facilitate acquainting the Indian public with the work of the various Indian delegations at these International Conferences. At present the public is not aware of the work done or the stand taken at such gatherings by our delegations. But, I feel, public criticism based on authentic information would be a healthy check on the activities of India's delegates at such international meetings. I, therefore, suggest that, if India is to safeguard her interests and make her own useful contribution to the work of these international Organizations, a Ministry of International Affairs —separate and distinct from the existing External Affairs Ministry— should be immediately set up, and a special Secretariat of capable men should be entrusted to assist the Ministry to carry out its responsibilities. The Ministry should be entrusted with the responsibility of undertaking

careful study of international questions, of promoting co-operation and co-ordination in the work of the various delegations, of weighing the cumulative effects of decisions taken at all international conferences, of detecting any inconsistency in these decisions and of giving full and continuous publicity to what is being done at such gatherings. I feel that the time is come when Indian public should be made to take greater interest in international questions, so that India may play a useful part in the deliberations of international questions—political, economic and social.

33. The position of Indians abroad has always been a matter of serious concern and anxiety to the commercial community. Their position in Africa, Ceylon and Burma has given rise to fresh and complicated problems. I do not propose to deal with them all today. I shall only say a word or two in regard to the position of Indians in Burma where nearly a million of our countrymen reside today.

34. I fully appreciate that Burma is now an independent Sovereign State. It is, therefore, the undisputed right of that country to determine the composition of its population as well as to lay down its economic policy. It cannot, however, be denied that India has got long historical, cultural and business relations with that country. Indians have also played their important part in building up the economy of that land. It will not, therefore, be considered unreasonable if on grounds of equity and justice Indians may request our Government to take up some of those vital matters with the Government of Burma which affect the rights and property of Indians in that land.

35. Questions connected with the entry and re-entry of Indians into Burma, conditions regarding their acquiring the Burmese citizenship, and the necessity for securing facilities for entry into Burma of replacement and reinforcement staff of Indian business houses, are problems which require immediate solution. Some of the recent Acts and Ordinances passed by the Government of Burma have seriously affected the position of those Indians who own land and property in that country. So far as land is concerned, Indians own nearly three million acres of paddy land in Burma. This accumulation of land in the hands of Indians is purely fortuitous. The land has mainly come into the hands of Indians as a consequence of their debtors being unable to pay their debts. The Government of Burma have issued an Ordinance called the Tenancy Standard Rent Act, 1947. This limits the recoverable rent of land to twice the land revenue. In other words, the effective rent which landowners are theoretically entitled to, would be an amount just equal to the land revenue. In practice, when one considers the expenses which the landowner has to incur in the way of management, transport, and collection, the rent which they will get will not even suffice to meet the expenses. Another Ordinance, called the Transfer of Immovable

Property Restriction Act, 1948, prohibits the alienation of land to foreigners. Indians are foreigners in Burma. No alienation can also be made to endure for more than a year. Indians, under the Ordinances as they stand, will be debarred from accepting land or other immovable property in satisfaction of their debts. Apart from hampering the just settlement of claims, it will also prevent private sales.

36. A third Ordinance, called the Disposal of Tenancies Act, 1948, gives the Governor power to interfere in the holdings which are more than 50 acres in extent, and practically take over their management to the exclusion of the landowners. It is apprehended that the effect of this legislation will be to artificially lower the value of property to an unreasonable degree, and this will have repercussions if and when Government promote any scheme for land acquisition on payment of compensation. As Indians own nearly three million acres of land and as they hold various other properties in Burma, it will be appreciated that they are seriously concerned with the consequence of the legislation just mentioned by me. We have no desire to interfere with the policy of Burma Government to nationalise their land. We may, however, request our Government to arrive at such an understanding with the Government of Burma as was arrived at between the United Kingdom and the Government of Burma on 17th October 1947 and in the letters which were exchanged between Mr. Attlee, Prime Minister of United Kingdom, and U. Thakin Nu, Prime Minister of Burma. That understanding provides for the payment of equitable compensation in case there was any expropriation or acquisition in whole or in part of the existing United Kingdom interests in Burma. It is, therefore, desirable that our Government should secure the same treatment for Indians in regard to their land and other property as has been secured by the British Government for the property of Britishers in Burma.

37. Britishers, like Indians, will be considered as aliens in that country. It has, however, been agreed between His Majesty's Government in the United Kingdom and the Government of Burma, that the Government of Burma will not take any action which would prejudicially affect the existing United Kingdom interests in that country in the legitimate conduct of business or professions in which they are now engaged. May we request our own Government to secure the same right for the large number of Indians who are carrying on business in that country at present? I do not wish to elaborate this subject any further. From what I have stated above, it will be apparent that the fresh problems that have arisen in Burma are of serious concern to the Indian community living in that country or owning property in that land. May I, therefore, request you, Mr. Prime Minister, that you should be pleased to take up these vital questions with the Government of Burma and give an opportunity to the commercial community to place their case before your Government, before their final solution has been reached between the Gov-

ernment of India and the Government of Burma? I have no doubt that this matter will merit your early and earnest consideration.

38. Before I conclude, will you, brother Delegates, allow me to tell you very frankly that the commercial and industrial community today is on its trial at the bar of public opinion. It is impossible for any reasonable man to justly deny that we have played an important role in building up the industries of the country and have rendered very useful service in strengthening the foundations of its economic life. But the manner in which some of the industries were allowed to amass huge profits during the war, and the methods which a few of those engaged in commerce and industry have employed in building up their fortunes, have unfortunately exposed the whole commercial community to criticism all round, criticism not always justified and often ill-informed. The result has, however, been that the commercial and industrial community has now very few real friends left either inside or outside the Parliament of India. Whenever any measure, therefore, affecting trade, commerce or industry of the country comes up for consideration, private enterprise is unjustifiably condemned and nationalisation is unduly extolled. This is as much due to the hold which the new philosophy of socialism has obtained over the people in the land, as to the psychological reaction which has been created on their minds as a result of some of us not having played the game justly and honestly for the real benefits of the country as a whole. We should never forget that, while the experience based on long business traditions is essential for the efficient industrial development in the country, integrity, honesty and straightforwardness will in the long run prove to be the greatest asset for building up the industrial future of India.

39. Profit as a motive for human activities is bound to play its part in the future as in the past. It is difficult to visualise a state of society, even in the distant future, where profit as a motive for human endeavour will completely disappear. It is not the profit motive that people really object to; it is the spirit of profiteering which they justly condemn. Whatever may be the future pattern that may be woven for the economic life of the country, if private enterprise has to remain alive it shall have to recognise the real dignity of human labour and respond reasonably and adequately in a true spirit of service, to the demand of the age based on modern thought and human progress, that we all are working as comrades in the building up of the industries of our land. It is the absence of this human touch which is responsible for the present unenviable position of private enterprise in the country. As I said a minute before, the commercial and industrial community is on its trial before the bar of public opinion. The justice, the determination, the willingness and the courage with which that community will meet the challenge of the Age, and the readiness, the resourcefulness, and the generosity with which that community will recognise the just rights of the workers and

enable them to play their proper role in the future industrialisation of the land, will enable that community to justify its case for keeping private enterprise alive so that it may continue to serve the best interests of the country.

Thank you, gentlemen,

Mr. M. A. Master: I would now request the Honourable the Prime Minister to kindly inaugurate the Proceedings of the Annual Session of the Federation.

A Delegate requested that the Prime Minister's speech might be made in Hindustani.

The Honourable Pandit Jawaharlal Nehru (Prime Minister of India):

सभापतिजी और फेडरेशन के सदस्यो।

मैं आपके हुक्म से यहां हाज़िर हुआ हूं और मैंने आपके अध्यक्ष महोदय का लम्बा व्याख्यान सुना। इसमें आपने बहुत से सवालात किये हैं और बहुत सी बातों के ऊपर अपने ख़यालात का इज़हार किया है। मैं ज़रा एक मुश्किल में पड गया हूं। एक तो यह कि अपनी कितनी कमज़ोरियों की वजह से और दूसरे आज मेरी तबीअत भी कुछ अलील है। और फिर इतनी सारी चीज़ों पर बोलना भी आसान नहीं है। इसके अलावा ये मज़मून भी जिन पर आपने इशारे किये हैं ऐसे हैं जिसके ऊपर ५-७ दिन में असेम्बली में, पार्लियामेंट में मुबाहिसा होनेवाला है और इसलिये यह मुनासिब नहीं कि जब वहां बहस होगी तो मैं यहां कोई ऐसी बात आपसे कहूं जो एसेम्बली के बहस के ख़िलाफ जाय। लेकिन फिर भी बाज़ ऐसी मोटी बातें हैं जिसमें कोई बहस की गुंजाइश नहीं। जो हर मुल्क में मानी जा रही हैं और जिन पर अमल आज से नहीं कई वर्षों से हो रहा है।

आपने अपने व्याख्यान में यह फ़र्माया है कि हमें वाक़यात को ऐसे देखना चाहिये जैसे कि वे हैं: The world as it is and not as it should be. जैसी दुनिया है वैसे ही उसे देखना चाहिये न कि जैसी दुनिया होनी चाहिये। यह ठीक है कि जो कुछ हमारे सामने है उसे हम देखें और सही तौर पर देखें पर अगर हम यह न देखें कि कैसी दुनिया होनी चाहिये या हमें किस तरफ़ बढना है या किस तरफ हम न बढें तो यह तो आपकी बात कोई मुनासिब बात नहीं मालूम होती। अगर आज़ हमें क़दम आगे बढाना है और हमें आगे देखना है कि हमें इस बात का ख़्याल करना पड़ेगा कि हम दुनिया को कैसा देखना चाहते हैं। हमें इन दोनों बातों को देखना है। हमें जिधर पहुंचना है उस तरफ हम कितने क़दम आ चुके हैं और कितने क़दम और उठायेंगे। अगर इस एक बात को हम भूल जांय तो ठोकर खाकर गिर जायेंगे। लेकिन एक और दूसरी बात है। अकसर लोग देखा करते हैं: The world as it was. दुनिया जैसी थी उस तरफ देखना। दुनिया जैसी है, जैसी होगी उसे देखना तो ठीक है पर दुनिया जैसी थी उधर ही अगर हमारी निगाह जमी रहे तो यह निहायत ख़तरनाक है। कभी कभी ऐसा मालूम होता है कि दुनिया जैसी थी वह ख़तम हो गई पर अगर उसी दुनिया की