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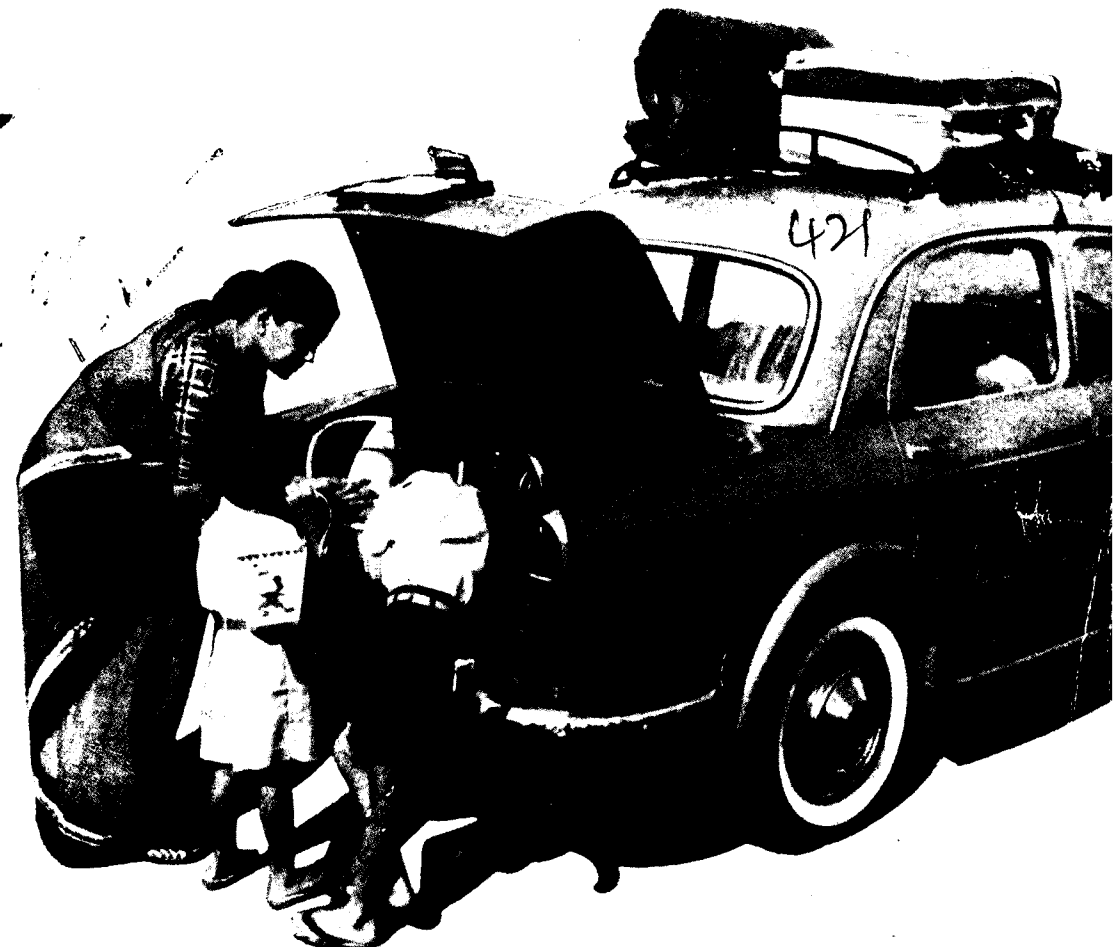
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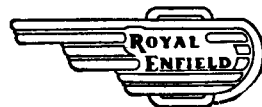
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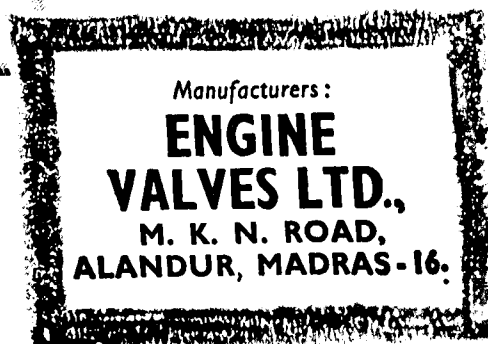


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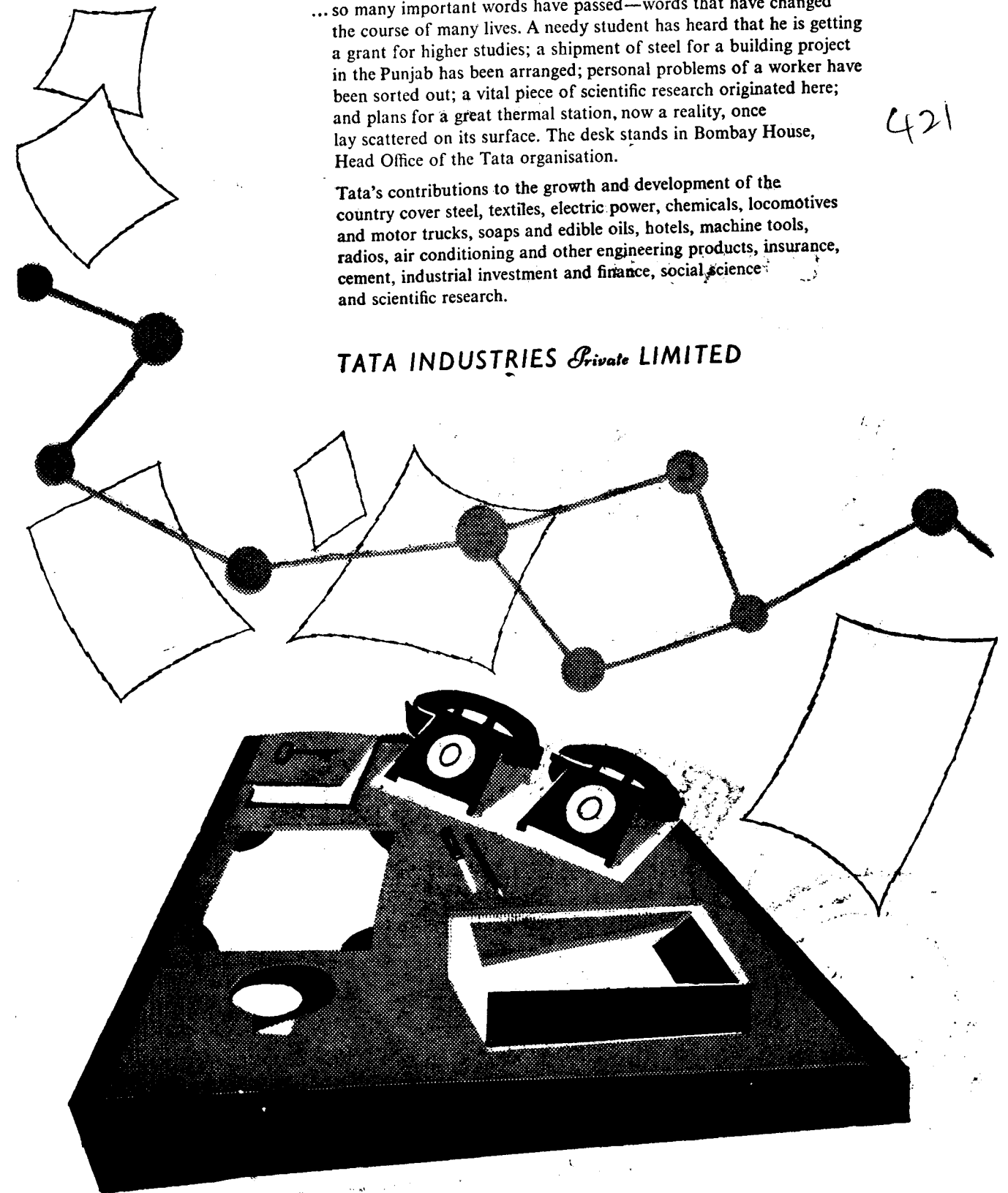
R-914

Across this desk...

...so many important words have passed—words that have changed the course of many lives. A needy student has heard that he is getting a grant for higher studies; a shipment of steel for a building project in the Punjab has been arranged; personal problems of a worker have been sorted out; a vital piece of scientific research originated here; and plans for a great thermal station, now a reality, once lay scattered on its surface. The desk stands in Bombay House, Head Office of the Tata organisation.

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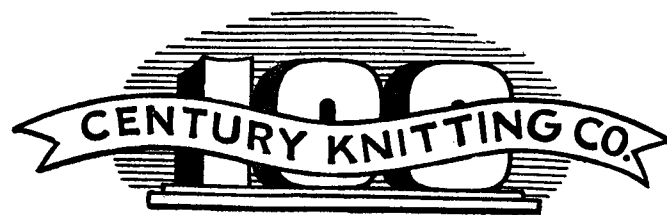
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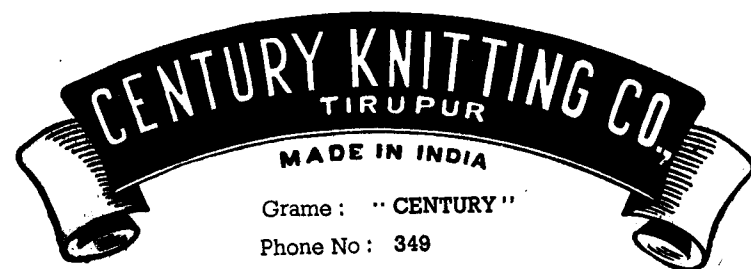
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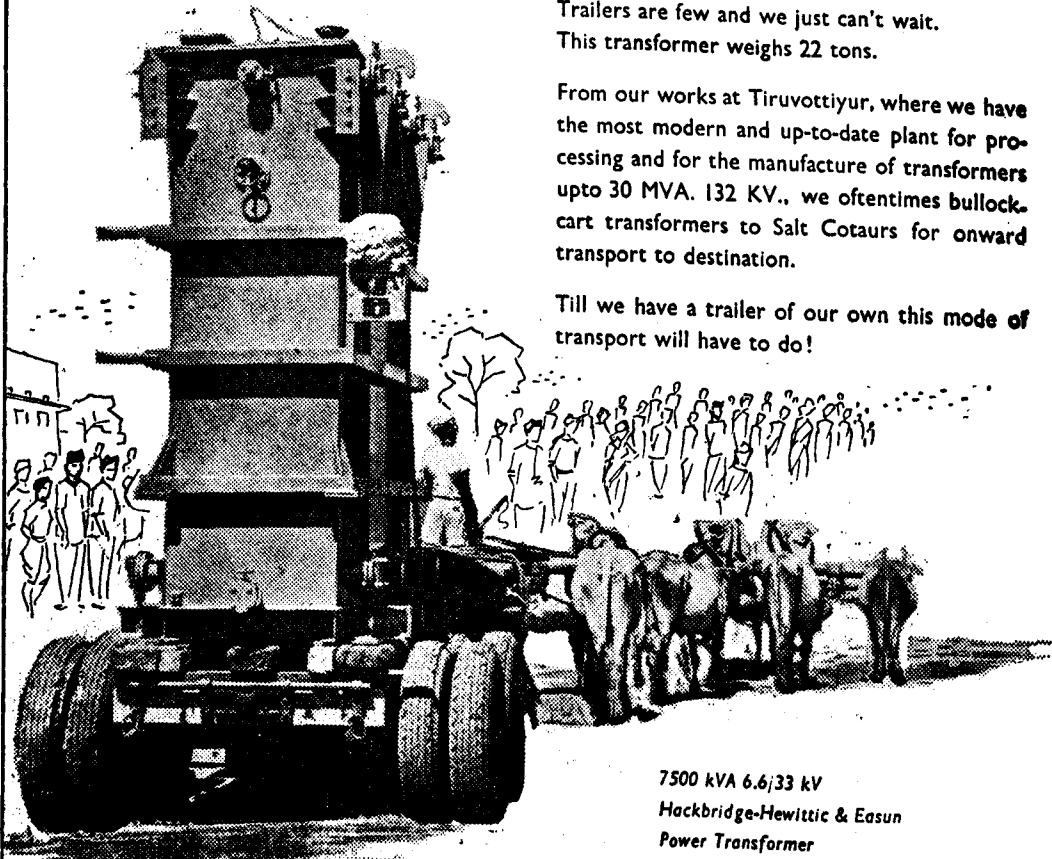
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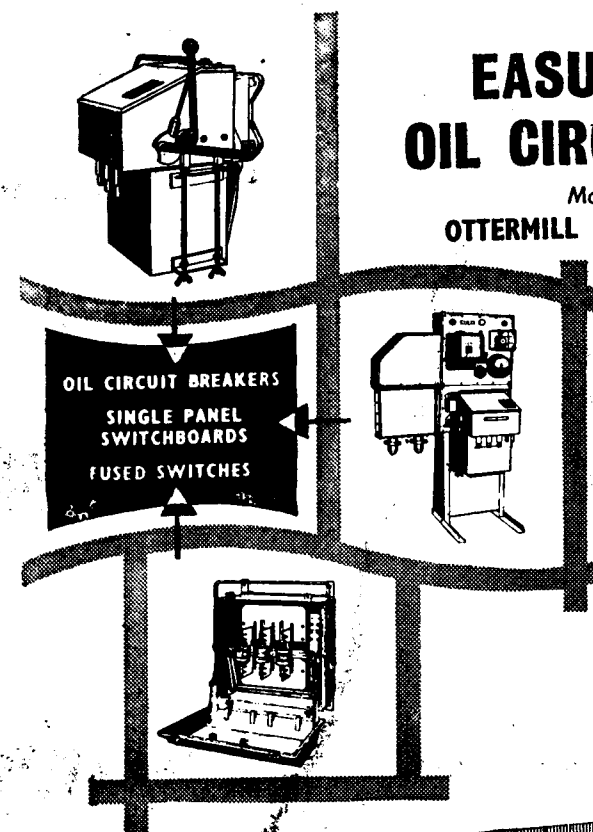
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EP-HHE-1

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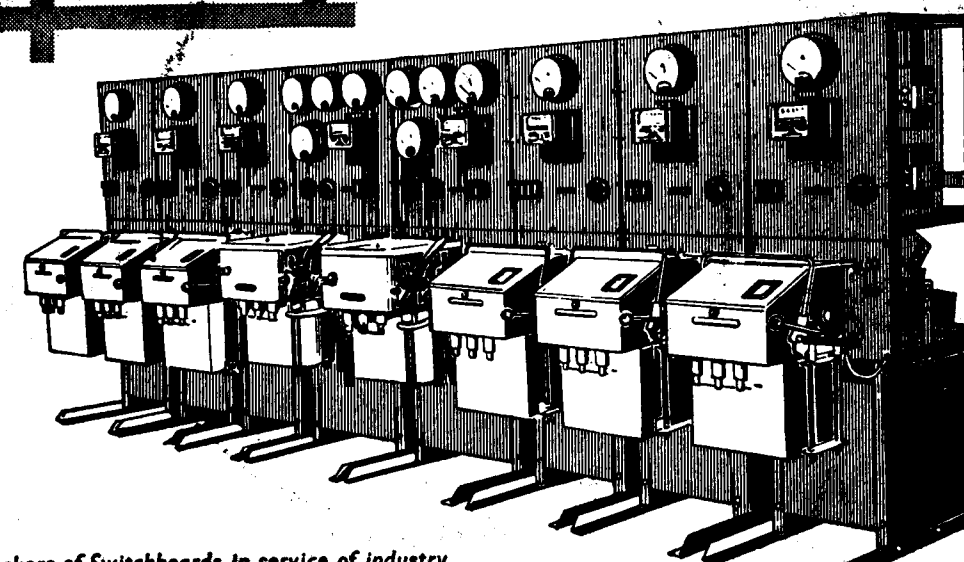
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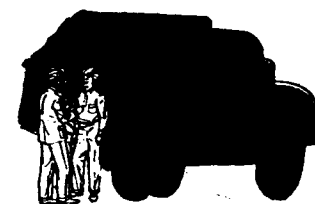
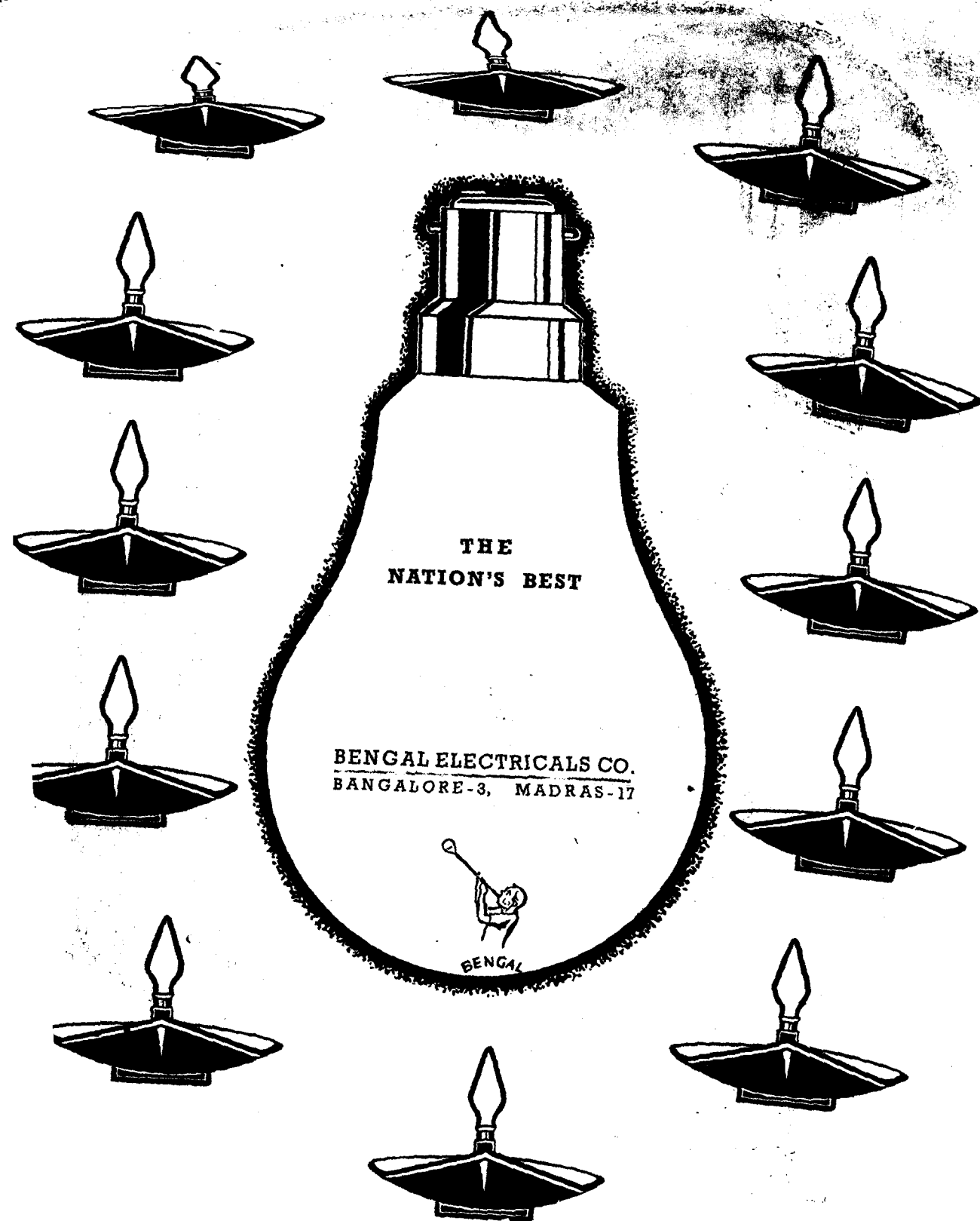
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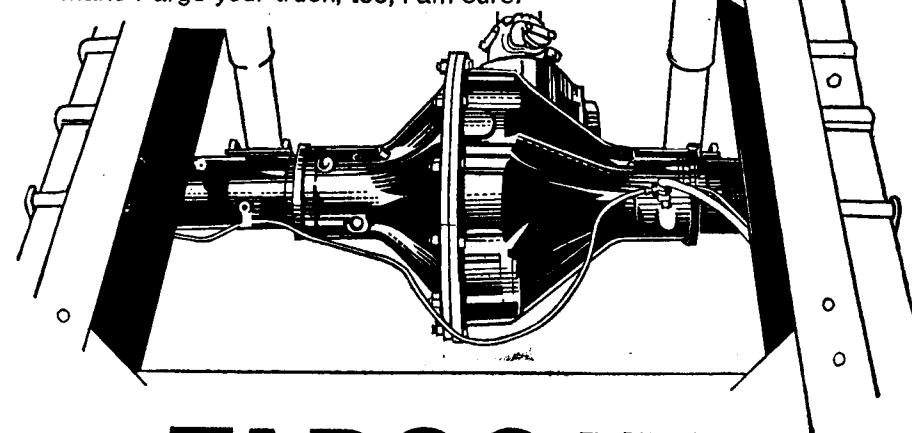
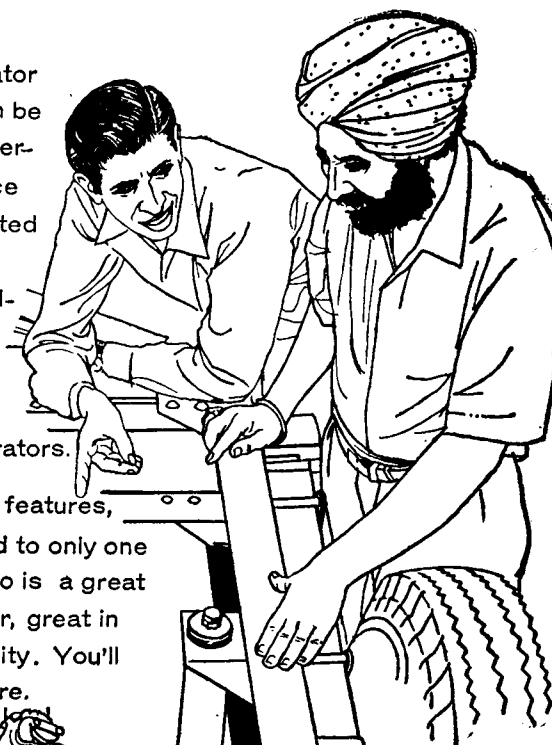
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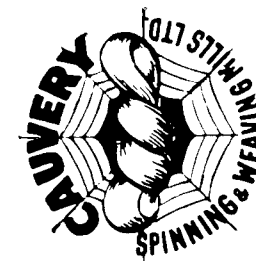
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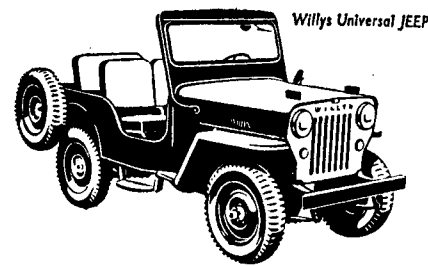
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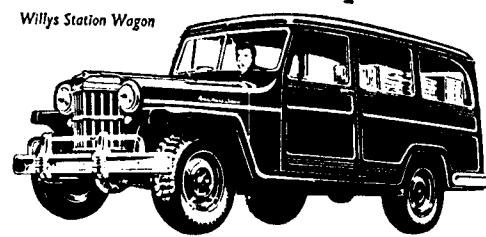
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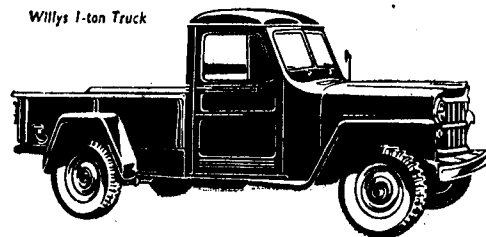
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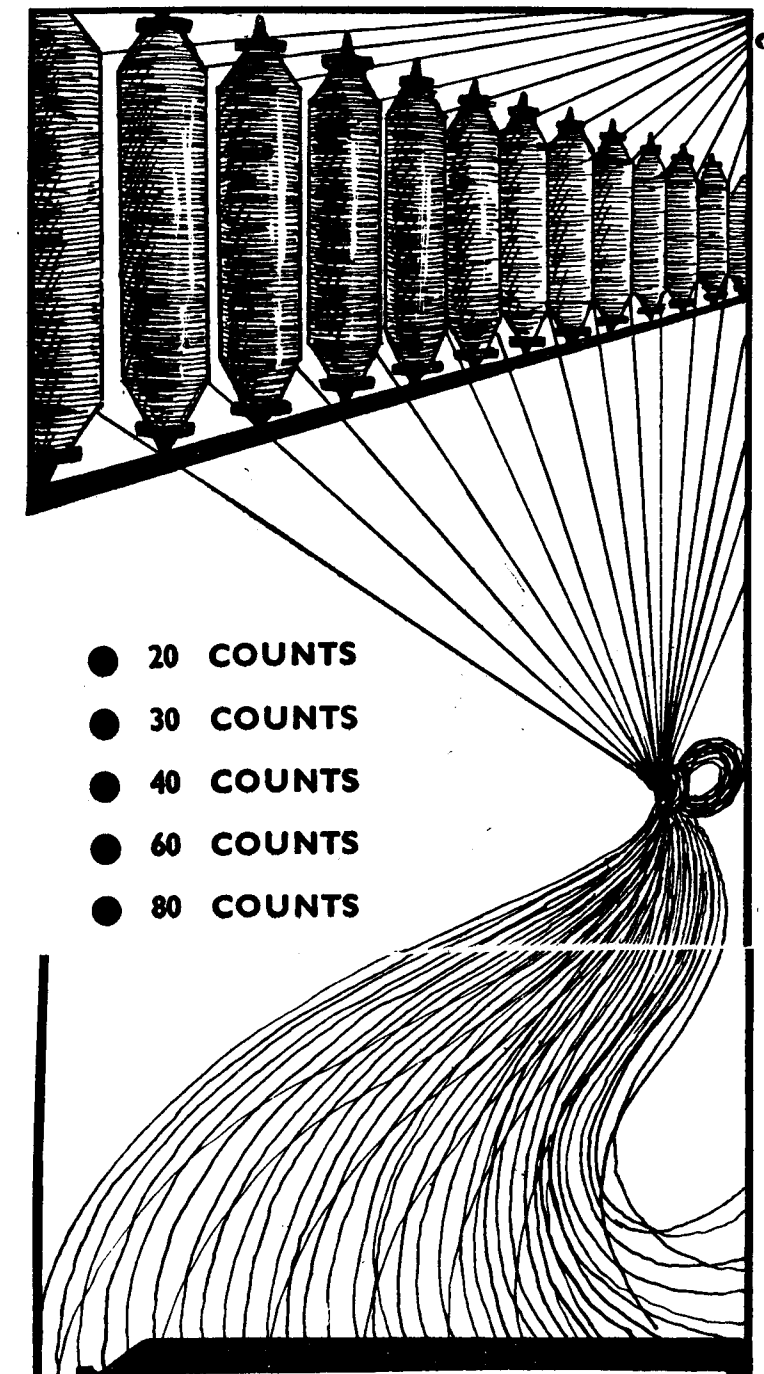
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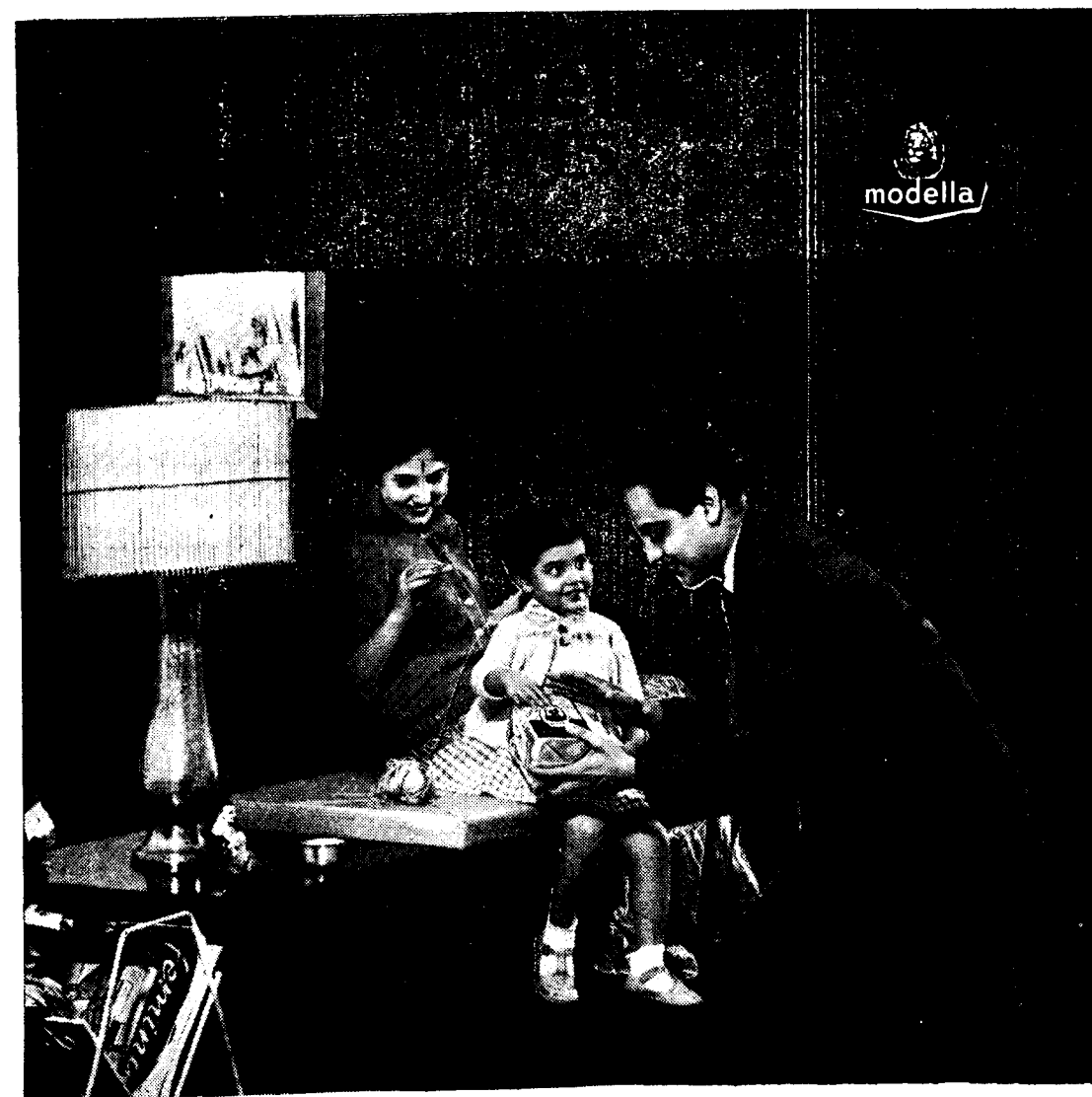
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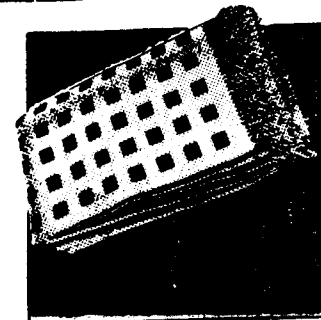
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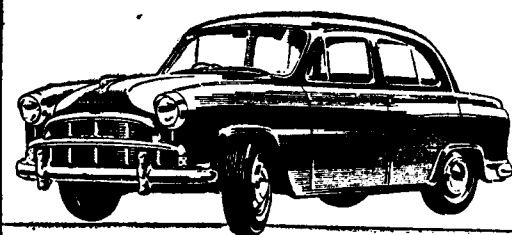
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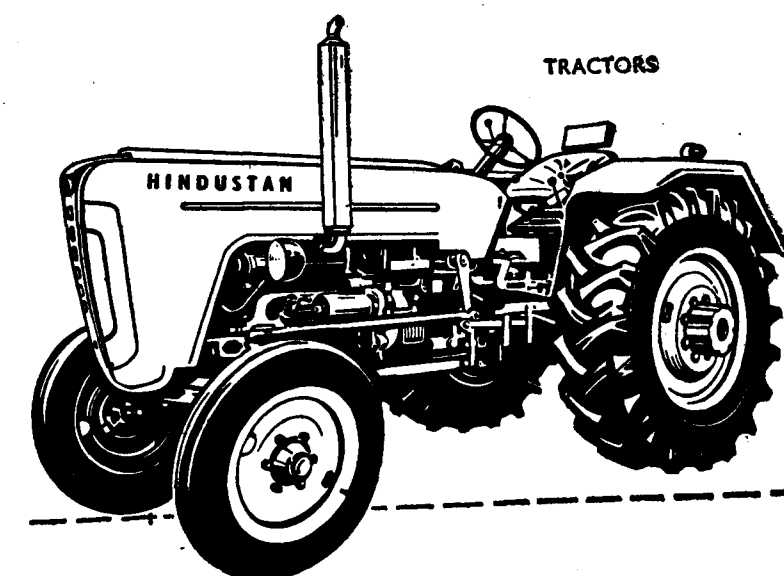
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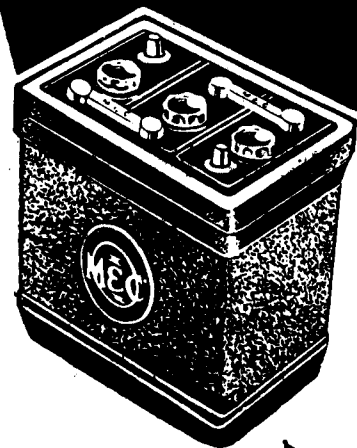
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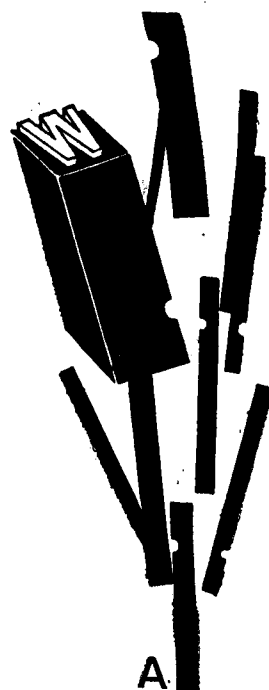


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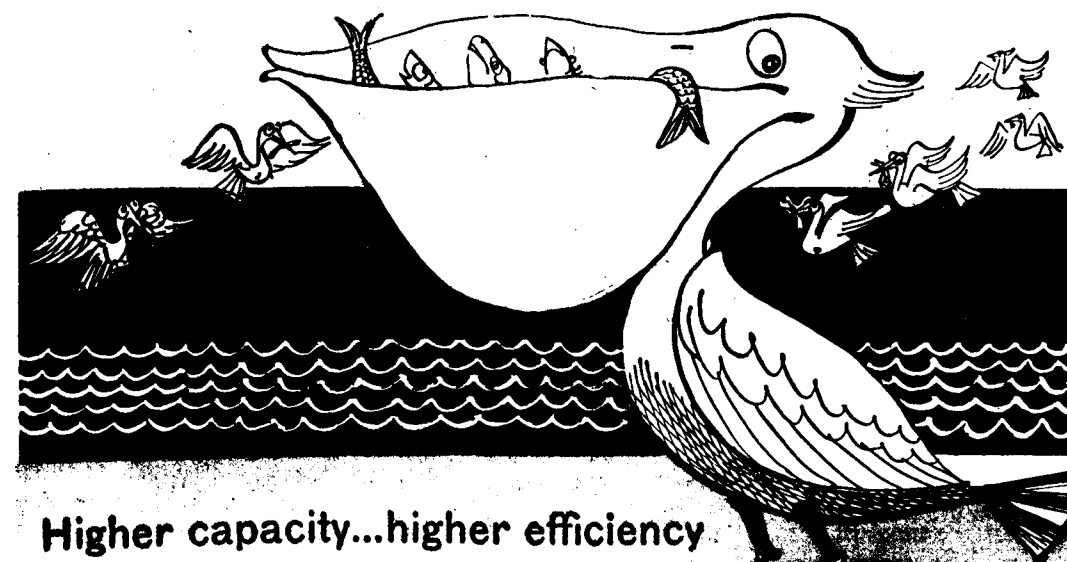
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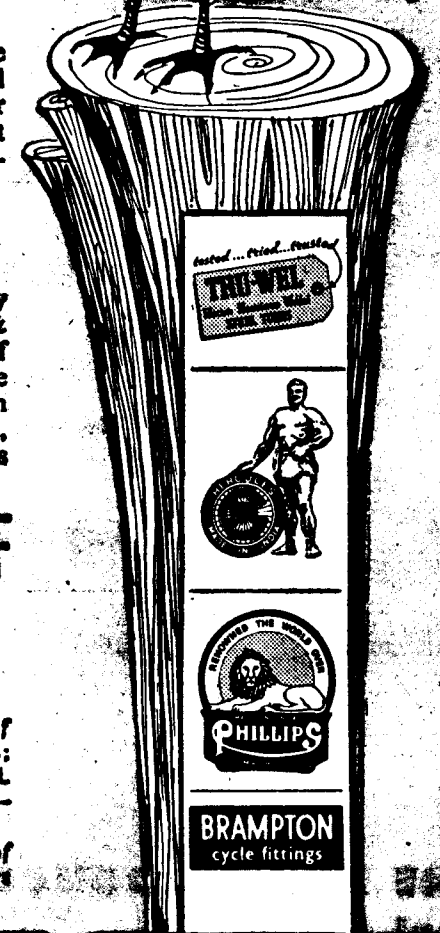
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in July 1956,
whose Sixtysixth
Birth Anniversary Falls
on January 23, 1962,
whose public life
was marked
by rare courage
and integrity
and whose untimely
death on June 16, 1961
was universally
mourned by the Press
and all ranks of
public men in India

★

LEST WE FORGET

BY
POTHAN JOSEPH

When Khasa Subba Rau passed away, he was fairly prepared for the end, but he was a little uncertain in his mind about the fate of SWARAJYA. His illness took its lingering course, and when I heard of his actual death, the news was virtually accompanied by a message from Mr. Rajagopalachari in which he, while condoling with me as a staunch friend and an old colleague of Khasa, argued that the burden of the future was as much my responsibility in mourning, as it was Rajaji's duty to see that SWARAJYA with its Swatantra policy continued its mission. Apart from the emotional response I felt that a directive from C.R. was in the nature of a command and my life-long confidence in his judgment, led me to give my consent to Mr. T. Sadasivam, who had been managing the weekly on behalf of Messrs. Bharathan Publications Private Ltd. Under its front-page-title, SWARAJYA soon printed the top-script thus: (Founded by Khasa Subba Rau) Editor: Pothan Joseph.

Since the founder-leader of the Swatantra party and I happen to be like-minded, there has been no problem of expounding the aims of Swatantra in the country, which include curbs on totalitarian tendencies and one-party monopolism of power, distorting the Constitution of India by as many as eleven free and easy amendments to suit authoritarian convenience. Further the economics of the country and the mechanism of the Planning Administration appeared to be under jeopardy whilst the essence of Civil Rights took on a complexion of insecurity for dissidents. The preamble of the Constitution provides for a sovereign Democratic Republic, but through the inculcation of borrowed doctrine, the purpose has been caricatured into the creation of a Socialistic (as whimsically defined) pattern of existence for more than 400 millions of people, nominally entitling India to advertise herself as the largest democracy in the world.

The actual balance-sheet of progress in the planning periods is at sixes-and-sevens, but we are looking forward to a self-regenerating phase in ten years when, the ruling party assures us, the country will no longer be dependent on the Aid-India Club on the one side and promiscuous sources of borrowings from the Opposite Camp. All these tendencies were anathema to the late Khasa Subba Rau, who inspite of his radical impulses believed in Codes of

Discipline and regarded the framework of the Constitution as something sacred, conforming to the Anglo-Saxon model and preserving Gandhian ethics as contemplated by the learned Founders of the Constitution. Wherever self-will and self-righteousness showed themselves, Khasa Subba Rau was there, spear-heading defence against the vital principles of national consolidation slowly evolved. He had no use either for plaster-saints or synthetic heroes lost in the drift of flippant generalisations.

Subba Rau had a gift of winning friends and he could be mercurial in advancing his arguments. Anything that savoured of humbug and illogicality to suit cliquish aggrandisement went against his grain. Cheap gibes against "reactionaries" provoked his scorn and it was remarkable that in his coterie of Socratic discourses there were many British and American friends genuinely anxious about the problem of understanding India in realistic terms, instead of looking upon the country as something like an inheritance for gorgeous exploitation and a pulpit for incessant lecturing on the rights and wrongs of developments in the world by infallible yard-sticks of our own creation, irrespective of their inapplicability whilst laying down the law. The very expression "the Socialistic pattern" floated at the Avadi Congress to the delight of Tito was not the outcome of any national mandate, and consequently the character of the people as a whole has been under the impact of deteriorating standards of culture and rectitude, trends against which the protagonists of Swatantra are fighting. One-party rule fosters the ambition of Congress leaders to win sweeping successes at the poll, but even a limited resistance against such a ramp will reveal its benefits on some occasion not far ahead which we cannot foresee. Khasa Subba Rau entertained great admiration for Lord Attlee according to whose philosophy of political changes, expected happenings quickly alter after the setting of precise courses—call them progressive or reactionary. There is significance to his title of his *Autobiography*: "As It Happened". Certitudes are the stock-in-trade of charlatans. For all acquainted with Khasa it is difficult to feel themselves adjusted to a world without him, but the struggle goes on.

He never dies who lives in the hearts of those he loved. Nor the cause for which he lived.

PEOPLE
SHOULD
VOTE FOR
The
SWATANTRA PARTY
BY RAJAJI

If the people of India desire to achieve material progress without losing the most valuable element in national happiness, viz., a sense of individual freedom, they should vote for Swatantra. The congress which is the ruling party is in possession of all the facilities which a regimented welfare State provides for perpetuation of its rule.

The Congress Party is—it may sound strange in the ears of people in democratic countries but it is a fact—making desperate efforts to see that no effective Opposition party comes into being as a result of this year's general elections. I do not wish here to go into what I consider to be immoralities in the ruling party's activities in this direction. To save parliamentary democracy, which the Constitution of India was framed to establish, the people of India should vote for the Swatantra Party. In order that what has amounted in reality to one-party rule with a regimented economy may not become absolute dictatorship, people should vote for the Swatantra Party at the ensuing elections.

The Constitution has been amended with the assistance of the ruling party's present overwhelming majority by quite a number of amending bills, each time the courts declared the expropriatory laws to be invalid, being opposed to the fundamental

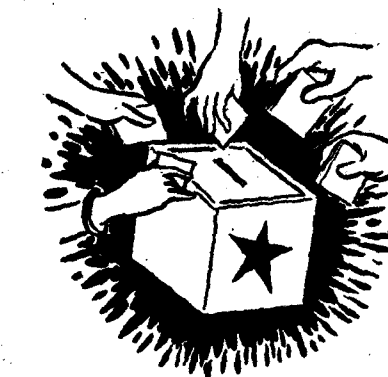
rights guaranteed in the Constitution. These basic rights have been whittled down so greatly that now the ruling party holds the sword of terror over all owners of land and other property. The State can put its machinery into motion so that land may be taken away by the State with no right for the victimized party to go to court to contest the fairness or adequacy of compensation awarded by the Government. The Swatantra Party is opposed to these lawless laws. It is not opposed to the reform of land tenures or relief to tenants but seeks to resist lawless expropriations under the powers taken by these amendments of the Constitution. The Party seeks to restore the Constitution to its original form guaranteeing the freedom of

civilization, progress and culture based on these fundamental rights of citizens should vote for the Swatantra Party.

To sum up, every one who desires progress in the framework of freedom should vote for the Swatantra Party. Those who do not object to maximum state power against the citizen may vote for the Congress Party; but those who stand for the minimum of State-regulation and maximum of freedom for the individual citizen should vote for the Swatantra Party.

Apart from these fundamental issues, the Congress Party which has been in office for fifteen years has not given to the people good government. Gigantism and Facadism are the characteristics of the present ruling party's policies and these have led to crushing taxation and hopeless indebtedness to foreign nations. The Swatantra Party stands for prudence, discretion and reduction of taxation.

The Swatantra Party's Election Manifesto can be read in full in other pages of this annual, and it will be seen from it that the charges circulated by the Congress against the Swatantra Party are baseless, and that good government can be established in India only if the people vote in sufficient numbers for the Swatantra Party.



citizens to follow occupations of their choice and the citizens' rights to property lawfully acquired. All people believing in

BOMBAY HOUSE,
FORT, BOMBAY.

1st December 1961

Dear Mr. Sadasivam,

I regret I am unable, owing to my pre-occupations, to contribute an article to the Special Number which SWARAJYA is bringing out in January to honour the memory of Sri Khasa Subba Rau.

The Founder of the Journal was a man of remarkable integrity and singleness of purpose, and had friends and admirers all over the country. The Special Number will, I am sure, form a valuable publication, embodying as it will, personal tributes from those who knew the intrepid publicist, and carrying articles on a number of important subjects bearing on our national life.

After Independence was achieved, there came a time when the Press in India found it increasingly difficult to perform its essential function of moulding public opinion, and giving fearless expression to the grievances and discontents of the people. That phase is happily over, and the Press seems to have regained its independence of spirit and assumed once again its role of an agency on which the proper functioning of Democracy vitally depends.

Amongst those who have upheld the highest traditions of the profession, the name of Khasa Subba Rau will always occupy an honoured place, and I hope the Special Number of SWARAJYA will worthily commemorate his services to the country.

Yours sincerely,

H. P. Moh

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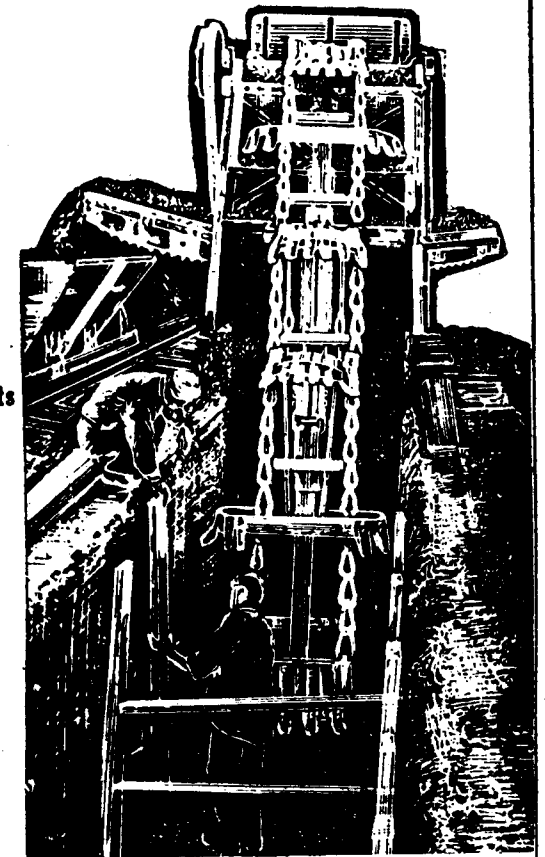
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FUTURE OF DEMOCRACY *in the* WORLD

BY K.M. MUNSHI

In these days of semantic jugglery, it is best to define what we mean by the word 'democracy', for many and contradictory implications have been read into the word by propagandists working for strictly opposite ends.

The democratic element in the preamble to the Indian Constitution is referred to in the following words:

'LIBERTY of thought, expression, belief, faith and worship;

EQUALITY of status and opportunity.'

The other elements in the preamble have no relation to democracy. They might as well exist under an absolute monarchy or a dictatorship which denies democratic freedom to the individual.

According to the International Commission of Jurists, the basis of democracy is the Rule of Law. The Rule, as stated in the Act of Athens, "springs from the rights of the individual developed through history in the age-old struggle of mankind for freedom; which rights include freedom of speech, press, worship, assembly and association, and the right to free elected representatives of the people and afford equal protection to all".

In the ultimate analysis, therefore, democracy necessarily predicates that the citizens possess the right and the ability to express their opinions freely and effectively within the well-recognized restraints of morality, security and public order.

The right to free expression can only be effectively exercised when the ability to exercise it exists. This depends upon whether the citizen enjoys two further allied rights. The first is the right to form association without which no effective, organized, Opposition to the ruling party can ever come into existence. The second is the individual's right to find the financial support from non-governmental sources. This would imply the right to carry on trade, business and industrial operations, and the right to own and dispose off property.

All these rights are inseparable. Without an organizational and economic base, the right to free expression is illusory; for,

then there would be no parties, unions, associations or newspapers, with power enough to make any criticism respected by those in power.

When we look at the fortunes of democracy in recent decades, we find that it has succeeded only where a section of the people, wide awake and politically responsible, have been able to exercise these rights without let or hindrance, for instance, in Switzerland, the low countries, U.S.A., Britain and some of the Commonwealth countries.

For want of such a class exercising these rights effectively, democracy in several countries of Western Europe—France, Germany, Italy and Spain—has had brilliant success at times; at others, it has been a ghastly failure.

In the absence of such a factor, the experiment has failed in Eastern Europe, Latin America and in many countries in Asia and Africa, which have been trying experiments with democratic institutions.

I may in passing draw attention to the conditions which enabled England, during the last half of the 19th century, to function as the finest democracy in the then world. First, after the Napoleonic wars, until the First World War, it had no foreign Power which could offer any threat to its existence. Secondly, the British people had developed not only democratic traditions, but great national cohesiveness. Lastly, the British empire had grown so large and prosperous that it was no more interested in the dangerous military adventures.

Many of us who are ardent advocates of democracy, sometimes fail to take a realistic look at the growth and decay of democratic institutions in different countries in recent times. That is why we find a clamour for democratic institutions in Congo, in Nepal, in Thailand, in South Viet Nam and other countries.

Looking at the hard facts, we find that several countries failed in developing, or had to jettison, democratic forms and processes because their very national existence was being threatened by certain well defined pressures.

These pressures generally fall into three categories: pressure of

external danger, pressure of internal disintegration and pressure of overpowering ambition on the part of the rulers.

When there is a pressure of actual or threatened danger to national existence of a country, normal functioning of democracy, in the nature of things, becomes inadequate. Then authoritarian rule or dictatorship becomes a necessity.

During World War II, even U.K., the most successful democracy in the world, had to give up many democratic forms and processes. But the Britishers were deeply imbued with democratic traditions. No sooner the war was over, they reversed the drift.

This pressure of external danger may not necessarily arise from an actual war. Even a threat to national existence is enough. In recent times, many countries, among them Turkey, had to give up or modify their democratic institutions to meet continuous threat to their existence. Democracy can successfully function only under conditions of well-ordered security.

The next pressure, and often the most insidious one, which cripples democracy or prevents its growth, arises from internal disintegration. This pressure takes many and subtle forms.

The most dangerous among such pressures is civil war. We see these pressures working, for instance, in Laos and South Viet Nam. Under conditions existing there, any attempt to introduce democratic forms and processes would spell extinction to its national existence.

The pressure of disintegration may also take the form of extra-constitutional activities directed against the State and calculated to cripple or undermine its democratic structure.

In most cases, this kind of pressure proceeds from what may be generically called, "tribalism" among the people or its politically-minded leaders. This phenomenon occurs where the politically-minded section lacks the will or the ability to maintain national integrity through well-regulated democratic processes.

In Congo, we see "tribalism" in its crudest form. To think of democratic forms and processes under the conditions present there, will be the height of absurdity.

We see tribalism in an ugly form even in the ethnic conflicts between the Whites and the Negroes in some Southern States of the U.S.A.



We see it in a religious form in the Hindu-Muslim conflicts in India, and in still more subtle form in the growing conflicts due to linguism and regionalism in our country.

In the face of such conflicts, the State, in order to maintain order and integrity, has to assume many of the powers of a police State. We saw it in the Punjab, during the Punjabi Suba agitation from the sanctified precincts of religious shrines.

The most powerful stimulus to internal disintegration comes from International Communism.

In pursuit of its aim at world domination, it brings all the three kinds of pressures on many countries in more than one continent: threats of military aggression, continuous infiltration, and support to all forces working for internal disintegration.

The doctrine of peaceful existence—which is neither peaceful nor co-existent—as recently defined by the *World Marxist Review*, an official organ of all communist parties, expressly includes the promotion of class struggle in independent countries. In blunt terms, therefore, the so-called peaceful existence means strengthening and encouraging communist parties in non-communist countries to seize power by exploiting all the weaknesses in their political, economic and cultural life. We have not to go far to find an illustration of this feature of International Communism.

Further, by direct or indirect support or instigation to violent action, it makes peaceful transition to self-government on a democratic basis difficult, if not impossible, in countries trying to be free from colonial domination.

In several countries, the pressure on democratic institutions arises neither from external danger nor from internal disintegration. It arises from the overpowering ambition of its political or military rulers.

One of such pressures can easily be exerted by the rulers of a country by embarking on a military adventure, or by rousing hatred against a neighbouring country or an erstwhile colonial power in order to right a supposed or historical wrong. In such cases, military dictatorship or authoritarian rule is easily imposed upon the people.

A much too common form of ambition-pressure, in a country recently emancipated from colonial domination, is to strike an exaggerated attitude of belligerent national independence, rousing suspicions against its erstwhile masters, often unfounded. This pressure smothers democracy.



Another form of this ambition-pressure is found in countries where the rulers in order to escape the hard way of building up democratic traditions, develop the ambition to dominate neighbouring countries or to seek *lebensraum*, so as to secure temporary consolidation of its people.

Once popular will is harnessed to this ambition, democratic forms and processes, we find, are easily discarded to maintain a dictatorial regime.

Another ambition-pressure exerted by rulers in some countries takes the form of a programme to catch up swiftly with the economically advanced countries even at any cost to individual freedom.

Where the rulers develop such an ambition, with the mass media of communications at their disposal, they easily assume authoritarian powers by whipping up enthusiasm for a millennium to be won by get-rich-quick methods. The ambition is translated into hastily conceived and assembled development plans. The slogans like nationalization are thrown in as a stirring war cry. A witch-hunt is engineered against capitalism and foreign business to provide the momentum of hatred. Such activities provide cheap veneer of seeming integration over latent disruptive forces.

Such an ambition in the hands of the rulers of a modern State is fatal to the spread of democratic values and institutions. The modern State is a huge and complicated machine run by a few persons armed with mighty instruments which technology has placed in their hands. They find it easy therefore to perpetuate themselves in power through patronage, propaganda and money which those in power can always command. And before the people realize where they are or in what direction they are being driven, they come to think that democratic rights are of no value and easily reconcile themselves to the perpetuation of authoritarian power.

The future of democracy, therefore, has to be considered in the light of the shape of things which have come into existence as a result of those pressures and which are not likely to abate for a considerable time to come.

One would very much wish that pressures did not exist, or, wherever they exist, they would abate; that the cold war would end; that disarmament may be effectively enforced. But if we take a realistic view, it is difficult to conceive of a time in the near future when these wishes would be fulfilled.

Democracy as a way of life, therefore, has to learn to live with these pressures with patience and courage. And in doing so, it may be that the accepted forms of democracy may have to undergo a revolutionary change. This would not matter so long as the central values which make for individual free-



dom remain untouched and governments remain responsible to a free public opinion.

In considering the future of democracy, we may therefore rule out the prospects of a world war. The fear of universal destruction is upon us all. If the fear is realized, there will be neither democracy, nor dictatorship, nor State, nor people; only a charnel-house.

During that contingency, the future of democracy mainly depends on countries with some democratic element developing sufficient strength to arrest the growth of internal disintegration.

The pressure of such disintegration, both insidious and effective, is often increased a hundred-fold when democratic governments are run by inept, dishonest or power-mad politicians; for, people are known to prefer an honest dictatorship to a corrupt or arrogant democratic rule.

There is no easy way to retain or build up democratic government. First, it is necessary for a people to build up traditions and habits which would enable them to break down the psychological barriers fostered by tribalism and to maintain integration. Secondly, it is equally necessary that economic advance should be secured only at a pace which will enable the people voluntarily to participate in the adventure with enthusiasm, and no faster.

Above all, what is absolutely necessary is that the quality of dedicated political leadership pledged to individual freedom should be maintained at all cost.

We have in Israel, for instance, a country which, in spite of its being subjected to terrific pressures of all kinds, has in the opinion of a competent observer remained faithful to the principles of voluntarism and democracy, and where political democracy, goes hand in hand with a full and mixed economy. In India, it is so for the moment, but if the present trends continue, and if one-party-rule remains a permanent feature of political life, democracy is sure to be placed in danger.

Building up or maintaining democracy may be a slow process; it may not find favour with ambitious or impatient political opinion. But it is the only way to strengthen the foundation of national efficiency associated with individual liberty.

However, this process requires faith as much among the political leaders as among the thinking people in the country; faith in human dignity; faith to retain the value of democracy at all costs consistent with national existence. It also requires patience to take a long distance view of human progress, and courage to stand up to authoritarianism, in whatever guise it appears.

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Which is The Democratic Party?

by N. RAGHUNATHAN

Speaking to a Bombay audience in October, Mr. B. Rama Rao said, "The next four or five years would be a crucial period in the history of India. It would decide whether India would progress along the path of democracy or adopt some form of totalitarianism under extreme leftist, if not communist influence. The Communist Party was now infiltrating into the Congress and would soon be in a position to exert its influence from inside as well as outside. Whether it would be Communism or military dictatorship or some other form of totalitarianism, the first attacks would be on private enterprise and the fundamental freedoms which are so important for the development of human personality and the evolution of mankind". Coming from a distinguished member of the I.C.S., who held not very long ago such key positions as the Governorship of the Reserve Bank and the Ambassadorship to America, these words cannot be dismissed as due to rabid prejudice against the ruling party or as inspired by "vested interests". They require to be specially pondered over at this juncture, as they bring out the crucial importance of the forthcoming elections. The February elections may well represent India's last chance of retaining and making a success of democracy.

What are the fundamentals of parliamentary democracy which this country deliberately adopted on attaining freedom? The essence of representative Government is that the people should be free to choose the kind of Government they will have. In order that the choice may be unfettered and may represent the will of the largest number, it is not sufficient that election should be on the basis of adult franchise. The existence of adult franchise makes it all the more necessary that the voters should have the education and informed understanding to judge broadly between contending parties on their merits. Here we come upon defect Number One of our parliamentary democracy. We have an electorate which is largely illiterate, which is easily moved by the emotional appeal of such magic *man-trams* as the name of the Mahatma, and which readily succumbs to the glamour of personal reputations such as that of Mr. Nehru. There is no short-term remedy for this. Indeed one of the greatest counts of the indictment



against fourteen years of Congress rule is that, far from trying to promote the political education of the electorate, the Congress has consistently striven to do the opposite, to exploit and strengthen the mass instinct for unthinking reverence and indiscriminating adulation. But beneath all the superstition and the hero-worship lie the strong common sense and the traditional culture which have preserved the masses from disruption amidst the vicissitudes of centuries. It is to these submerged but live layers that the parties that oppose totalitarianism must divert their appeal if the conscience of the community is to be roused to the dangers that beset it.

Apart from this major difficulty represented by the ignorance and gullibility of the electorate, what are the factors that militate against the free working of the democratic process? In a series of lectures recently delivered in Singapore, Mr. John Strachey, the distinguished British socialist, sums up these factors in the contrast he institutes between communist theory and practice. He points out that in communist countries too they have periodical elections, but these elections never have more than one candidate in each constituency. That of course is not the case in our Indian elections; we suffer in fact from a plethora of competitors. But just look beneath the surface and see whether this means that the constituency has real freedom of choice. So far as the predominant Congress Party is concerned,—let us leave the other parties aside for the moment, as well as the reasons why the Congress has predominant strength,—the election fight is over long before nomination day. It is the Congress bosses who hand-pick the candidates. Neither the character and ability of competing rivals

nor the intelligent wishes of the majority of the voters in the constituency influence the bosses' choice. What does influence them is the ability of the favoured candidate to beat up funds or to sway the votes of a majority by working upon their caste or communal prejudices and prepossessions or utilising their own economic pull. This automatically rules out all regard for the wishes of the sections, caste, communal or economic, which are in a minority in the constituency; and it progressively increases the commitment of the ruling party to the support of that casteism, communalism and

"vested interests" against which its leading lights, Mr. Nehru foremost among them, constantly inveigh.

And now a word about the freedom of contest enjoyed by the other parties. So far, that freedom has not been *formally* interfered with. Indeed the Constitution will not permit a ban being imposed on the right of any organized party to contest elections. But more than once in the past and very insistently in the last few months, the Congress has expressed its desire considerably and arbitrarily to restrict this freedom. It has been very tender to the Communist Party, which is as notorious for its contempt for constitutionalism as for its extra-national affiliations. Except where there was a state of civil war as in Telengana, that Party has not been prevented from participating in the elections. But before the 1952, and again before the 1957 elections, the Congress toyed with the idea of putting a legislative ban on so-called communal parties contesting elections; the irony of the situation being all the greater because, as I have shown above, it is the Congress that has most systematically exploited casteism and communalism to its electoral advantage. This threat was vigorously revived some months ago. But on prudential considerations the Congress decided not to risk the boomerang effect such a high-handed and unconstitutional action might possibly have on its electoral chances. *But the threat remains.* The highest in the counsels of the party have gone on record to the effect that, after the elections are safely over, the Congress will make a determined attempt to outlaw the parties it chooses to label as communal. If the Constitution stands in the way, why, then, it will have to give way, as it has had to do so often in the past, to the imperious whims of our rulers.

Such a ban would strike at the very ark of the covenant of democracy, the freedom of association. Organized political parties to safeguard the legitimate rights and interests of different religious or cultural groups are allowed, in every modern democracy, to function without impediment and to contest elections; refusal to do this would be to deprive the voter of some of his most cherished fundamental rights. That nevertheless the Congress threatens to take away this right is as clear an indication as any other that it is going the totalitarian way.

The importance of an Opposition is a commonplace of political thinking. "It is the duty of the Opposition to oppose". Mr. Strachey points out the implications of this old saying, when he writes: "For democracy to work, there must not only be two or more, rival political parties. These rival political parties must be genuinely different; they



must genuinely have different points of view ... Thus, if the parties are genuinely different, with genuinely different outlooks, founded on genuinely different class interests, the electorate really will be affecting something when it votes one party in and the other party out. For if the parties are just Tweedledom and Tweedledee, with no real differences between them, the electorate has no more real choice than if there was only one party with one candidate in each constituency." Apply this to the conditions prevailing in India till yesterday, and it will be difficult to resist the conclusion that the electorate had really no choice. For, before the Swatantra Party came into being, all the non-Congress political parties, as well as even some of the communal parties, found it fashionable to support Leftist programmes which made it difficult to distinguish them from the Congress, so far as economic and social policies were concerned. The Socialist Party and the P. S. P. were Congress splinter groups in origin, representing its more Leftist tendencies. The Congress itself was being pushed and pulled in a direction which brought it steadily nearer to the communists. In the circumstances the absence of a party of the Right, opposed to Statism and regimentation, and genuinely devoted to democratic liberalism, made it impossible for the democratic process to establish itself on Indian soil or for the elector to exercise a free choice. In no democratic country in the world can one fail to find a party of the Right balancing against the parties of the Left. Mr. Nehru foams at the mouth at the very thought of a real Opposition emerging, and shouts, "We are the agents of the destiny of India"; he abjures even the obligation to pay lip service to democracy.

Then we come to another and complementary principle of representative government. Mr. Strachey quotes the old tag that "the Queen's Government must be carried on". In other words, while the Opposition's duty is to oppose, the rival parties must not be uncompromising and diametrically opposed on fundamentals. It means, in the context of democratic government, that they all accept the democratic premises of the Constitution. Now, in India the communists don't accept these premises, or if they do, they do it with very large mental reservations. But Mr. Nehru does not anathematise them on that account; whereas he breathes fire and brimstone on the Swatantra Party. His flinging the onerous 'Fascist' at its head was obviously intended to give it a bad name with the public and to suggest that the Swatantra Party, unlike the communists or the other parties on whom he looks with a less wrathful eye, is a party that is fundamentally, and irreconcilably opposed to the goal and the

objectives embedded in the Constitution. Nothing could be more blatantly untrue. The Swatantra Party is against Statism, and for private enterprise subject to reasonable limitations. It is against expropriation without just compensation and against total planning. But these principles and policies are not opposed to the Constitution or to the democratic idea. As Mr. Strachey reminds us, "The political parties (in democracy) have to point in different directions as it were. They have to offer to lead the country in the socialistic direction or in the capitalistic direction, or again in favour of intense nationalism or, on the contrary, in favour of liberal internationalism". The Swatantra Party is doing nothing more than exercising this freedom to formulate its view of the good life. Mr. Nehru's attempts alternately to picture it as an anachronism which must by the nature of things fade away, and as a foul agent of reaction which must be destroyed at all costs, can only be interpreted as inspired by a wholly undemocratic resentment against what may prove to be a formidable rival threatening Congress hegemony. The way in which the ruling party has been utilising its political power to find funds for fighting the elections must disillusion even the most ingenuous about the professed anxiety of the rulers to afford an opportunity to all parties to contest for the favours of the electorate on even terms.

Then, what about free speech and the rule of law, which are among the most important guarantees of the democratic process? The complacent declaration by the Prime Minister and the Minister for Information, made before the visiting Commonwealth press magnates, that the Government had resisted the temptation to impose curbs on the press in the interests of communal amity, were played up; but the frontal attack of the delegate from Australia on the censorship in the Punjab was discreetly glozed over by obliging news agencies. The threat to press freedom, tenuous enough already, has only been postponed (again, with an eye on the elections), not averted. The Congress Party has promoted a series of laws aimed partly at dividing the press and thus diminishing its strength, partly at intimidating the more timorous among those who control the press. The All India Radio, as a Government-controlled organization, has only too often put forth as news what was propaganda for the party or publicity for individual ministers. And the autocratic, not to say, brutal methods adopted by the Punjab Government, for example, to silence the Akali demonstrators, provided a lurid commentary on the Congress's concern for freedom of speech and for the rule of law.

That in spite of these handicaps the press has, on the whole, been trying to do its duty undeterred by the fear of displeasing those in power is a heartening proof that the community, whose pulse it is the business of the press to feel, is deeply sensitive to any assault on the most cherished of its fundamental

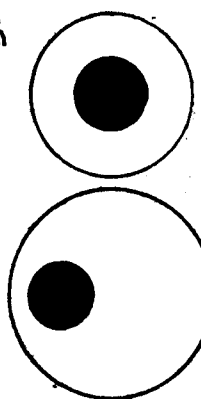
rights. And the Supreme Court judgment on the Price Page Schedule Order is one more refreshing reminder that in our judiciary we have a powerful bulwark of individual liberties. All the more telling is the contrast presented by the Law Minister of the Union Government, who spoke as the mouthpiece of the party in power, when he said that "the privileges of Parliament, which are nothing but freedom of action of Parliament, are always supreme and prevail over the rights of individual citizens, fundamental or otherwise". Whatever might be thought of the relative merits of the majority judgment and that of the dissenting judge in the Supreme Court decision which was the provocation for this dictum, it should be clear that those who can take the view that fundamental rights are fundamental only so long as Parliament in its wisdom (which means the Party with a majority in Parliament) refrains from interfering with them, have nothing to learn from the dictatorships.

The Congress's current zeal for national integration has to be viewed against this background. All the various nostrums prescribed, uniforms for school children (when the Prime Minister once casually expressed himself in favour of school children being provided with satchels there was a boom in satchels!), community singing of the National Anthem, the three-language formula, the nationalisation of text books, and even more pointedly, the Punjab Premier's bright idea of compelling Government servants of different faiths to fraternise with each other on the occasion of the festivals associated with the different faiths,—all these stem from the assumption that what is needed to promote national unity is more and more power to the Government to interfere in the concerns of the community and less and less freedom for autonomous groups to order their lives according to their natural bent, more and more zeal for the inculcation of the secular outlook and the effecting of change for change's sake, less and less cultural diversity and spiritual freedom. Mr. Nehru's attempts of late to suggest that he too is on the side of the angels, by quoting with approval Acharya Vinoba Bhave's slick distinction between "politics and religion" on the one hand and "science and spirituality" on the other, merely serves to obscure the aims that this party has been pursuing under his guidance. Increasing devotion of any people to science cannot render politics or politicians obsolete. Human diversity and conflict cannot be eliminated by "scientific government", either by experts or by a party hierarchy which arrogates to itself the right to speak for the nation and to act as the State. And 'spirituality', without the discipline and framework of religion, would be a boneless wonder, a chaos of private dream fantasies. It was A. N. Whitehead who said, "Modern scholarship and modern science canalise thought and observations within predetermined limits, based upon inadequate metaphysical assumptions dogmatically assumed."

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AS has happened elsewhere the sudden change from one system of government to another—in India, from the British rule to freedom and Independence—has been attended by pains and penalties. The great penalty was the partition of India, the tearing-up of that political unification of the geographical entity of India which had been woven slowly and progressively by native rulers like Chandragupta, Asoka, Srivaji and the Mahrattas and foreign rulers like the Muslims and the British. The pains were the horrible killings in Bengal, Bihar, the Punjab—Muslims, Sikhs, Hindus murdering one another in hot and cold blood to the tune of four to five millions, the migration of Hindus from Pakistan to India and of Muslims from India to Pakistan leading to painful uprooting of millions of homes, the loss of crores worth of property on either side, creating the enormous problem of the refugees which has not yet been completely solved, and the consequent bitterness between the two new States, if not between the two older communities. To add to the bitterness between the two new States came the incursion of Pakistan troops aiding frontier tribals, with a view to adding Kashmir to Pakistan territory, calling forth the appeal of the Dogra ruler of Kashmir to

Starting life with these institutions and instruments, how has Indian democracy fared all these fifteen years? A democracy's fortunes are in the hands of the people and its leaders. Indian democracy started with as good leadership as it could have hoped to get. The Congress, now reduced from a national organization and movement into a political party, started well. It formed the Government at the Centre and in the States with large majorities in the legislatures and thus was able to give the new democracy what it must have to start work—a stable government. These stable governments everywhere set out to build up the economic and social progress of the country. A Planning Commission was established which did admirable work in the first 10 years of its existence in collecting the facts and figures of India's economic and social life on which the Plans and programmes could be based. But it has survived its utility and gone beyond the legitimate objects of a Planning Commission and constituted itself, headed as it is by the Prime Minister, into a fifth wheel in the coach of the Government, and a super-governmental body on whose will and pleasure departments of the Central and State Governments have to wait cap in hand for allocation of funds and choice of priorities.

The merit and danger of total planning were soon revealed. The merit was that the Government

to the scientific and technical information that will improve their methods and techniques of production. The ability of the masses to read and write is the irreducible minimum requirement of progress. That is what Russia and China, following the precedent of progressive European countries, and the U.S.A. have done. Russia in 40 years has been able to achieve total literacy, starting from the point at which India was at the dawn of her Independence. In the fifteen years of Independence, India has achieved a literacy of only 20 per cent and is creeping on at the rate of one per cent a year in the most advanced States like Madras, at this rate, looking to the achievement of total literacy in 75 years! And the state of the primary education of girls is worse—about half that of boys. That is because money and energy are spent on luxuries like basic education, university and higher technological education. Junior technical schools training the millions of unskilled workers into skilled workers are in short supply. In the whole of India there are only 167 such schools training 42,000 pupils, and the evening classes provide only 2,000 places.

The comparative neglect of small but numerous sources of economic production in the Plans is sought to be made good by the provision for the extensive and intensive development of small-scale and village industries. For the development of village industries, beside Khadi there was no other provision in the First and Second Five Year Plans. Even for small-scale industries mostly in or near towns there was a provision of Rs. 44 crores in the Second Plan period while for large-scale industries Rs. 94 crores was provided in the

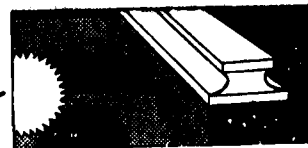
Rs. 9,900 crores in 1951-52 to about Rs. 13,480 crores in 1958-59—and the per capita income from Rs. 260 in 1950-51 to Rs. 290 in 1958-59, the lowest in South-East Asia, lower than that of Ceylon or Thailand or Indonesia! An increase at the rate of 3 per cent per annum does not hold out bright prospects of India coming up to the level of these countries in a cheering period of time.

Uncertain ideal of 'equality'

As if the economic programmes of the Government were not obstructive enough, both in choice of priorities and in expenditure in the more fruitful sections of the economy, the Government by adopting certain policies have made even more doubtful the prospects of increased prosperity. In the middle of this period, in 1955, the Government, in obedience to the mandate of the party which sustains it in power and which had adopted at the Avadi Congress session the "socialistic pattern of society" as the goal of its economic and social policy, changed over to the new deal. As a result, in the programmes and policies of the Government there was a shift in the emphasis from production to distribution. Better wages, more amenities, larger concessions—these assumed greater importance than actual increases in production. Social and economic equality—not economic progress, or at any rate, only so much economic progress as is compatible with the attainment of the ideal of equality—was to be the objec-



Fifteen



years
of

India for military aid with the promise of accession by his act to India, and consequent war between India and Pakistan which came to an end with the cease-fire agreement but which still continues in the form of cold war. On the credit side in the balance-sheet of Indian achievement in the first five years of its freedom and Independence were the making in 1950 of the Constitution of India (a utility rather than an artistic product) and the integration of about 500 former princely States with the rest of India or nearby States, allowing India to be composed of only 14 States, of which only three, Hyderabad, Mysore and Kashmir remind one of the old princely India. What the British could not do, the ruthless genius of Vallabhbhai Patel aided throughout by the patriotism and public spirit of the princes, was able to achieve. On the credit side must also be reckoned the unity, integrity, discipline and loyalty of the Indian army and other defence services and an efficient civil service which are among the less stable legacies of British rule to free and independent India and which account largely for the ease with which India bore and overcame the strains of the revolutionary change.

and the people were made aware of the sum-total of all that has to be done for the promotion of the economic and social welfare of the country—they had a picture on a large canvas of all that had to be done. The danger was that the Government tried to achieve all the plans, big and small, first things and later projects, all together and in the same time. Thus no hierarchy of priorities was definitely and decisively drawn up and faithfully adhered to. Foundations and superstructures, preliminaries and sequences, necessities and luxuries were attempted at the same time, and the result was that none of these items of agenda was completely achieved.

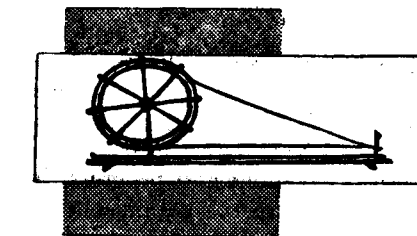
Literacy — the foundation of progress

This result can be seen in the study of a few projects. The planners of progress in an undeveloped country usually look to the growth of literacy as the foundation of all progress. It is required not only for the spread of culture but for the increase of agricultural and industrial productivity. The agricultural and industrial producers must have access

Democracy

First Plan and Rs. 690 crores in the Second Plan period in the public sector.

If small industries can give employment and increased income to 10 to 15 millions, agriculture if adequately helped would increase the income of the 300 millions employed in farming. In the First Plan period the total expenditure on agriculture was to the tune of Rs. 356 crores, in the Second Plan period it was Rs. 568 crores—just half of what was provided for the development of large-scale industries in the corresponding Second Plan. The disparity in the expenditure on these two sections of economic production in the two periods is striking—the expenditure on big industries in the Second Plan period being seven times that of the First Plan period, and that on agricultural development in the second period being only one and a half times that in the first period. As a result, agricultural production has increased by 18 per cent in the Second Plan period at the same rate as industrial production. The overall result is that national income has increased from



in



india

by

Prof. M. RUTHNASWAMY

year by year, in a number of States. Against the teaching of economic history, these policies which are so many sources and means of discouragement to agricultural productivity, are

being followed in pursuit of a social ideal. Similarly, in industry the State is entering business, engaging itself in the business of production. State-financed and State-managed businesses are engaged in producing steel, fertilizers, road transport, machine tools, coal (shared with private industry), electric power, life insurance, organic chemicals, telephone and others. It is too early to judge whether these State-managed industries will increase the rate and amount of industrial production. But the results so far achieved show that State-managed business is not more productive than private industry. But Indian democracy has been given the ideal of Equality to inspire it. If the country's prosperity and people's contentment are the surest supports of democracy, Indian democracy must get on as best it can with the pursuit of an ideal for its comfort and consolation. Indian democracy is being called upon by its present leadership to live on an ideal as other peoples have lived on plentiful food and other necessities. But it is a question whether Indian democracy will last long enough to prove this proposition.

Neglect of social education

Since little or nothing has been done, so far to educate the people to accept this ideal or work towards economic prosperity, even the limited economic prosperity that is possible when it has to run in harness with the pursuit of the ideal of equality might diminish. Social education of the people towards progress, even such progress as socialism offers, has not been attempted. Apart from the sad record of the Government in the field of literacy, it has not made enough use of the modern means of mass-communication like the radio, the cinema, the propaganda van for teaching the illiterate adult masses of India the new way of life of freedom and progress. Nothing has been done to educate the people out of the anti-social customs and ways of thinking and acting that have made them stick in the mud of backwardness—as has been done in Russia and China. Nothing has been done to make the people want more, and better things—in the matter of food, clothing, housing, nor to turn their minds and their lives to the new ideas of freedom, equality, justice, progress, patriotism—to detach them from addiction to caste and community and family loyalties at the expense of the larger interests of country and State. That is why so much of recent social legislation—the Child Marriage Restraint Act, the Anti-Dowry Act, the Inter-caste Marriage Act, the Women's Property Act—are a dead letter.

Ignorance of foreign affairs

This neglect of the proper education of democracy may spell danger to the integrity and security of the country. Of foreign affairs, of India's position and power in international relations, of the abi-

lity of India to sustain her international policy, Indian democracy is singularly ignorant. *And it is kept ignorant by its leaders.* Rarely do her leaders, official or unofficial, speak to the masses about foreign affairs. At crises like the present when India is confronted by aggression from China, when the whole people should rally round the Government, this ignorance of the masses may prove fatal to the security of India. The very fact that Opposition parties are not taken into the confidence of the Government is an indication of the determination of the party in power to go it alone. And the co-operation of other parties in a national crisis will depend on the ruling party's statesmanship in calling for the co-operation of other parties towards the formulation of a common policy and national action on equal, mutually-respectful terms. Any unilateral laying down of policy and calling upon the Opposition to take it or leave it will not do.

And here we come upon another mistake of the present governmental leadership of Indian democracy. Misled by an unpolitical, unstatesmanlike interpretation of the principle of majority rule the ruling party has never taken representatives of the people who do not belong to it into confidence and held consultations on such national objectives as Plans and Planning, economic growth, social education and foreign policy. Like all parties and the governments heading for disaster, it pursues its way not even remotely aware that it might be mistaken. "There is no one infallible, not even the youngest amongst us," said a Master of Trinity College, Cambridge, addressing a meeting of Fellows. The young government of Indian democracy thinks it is infallible. If only its fortunes suffered as a result, it would not matter much. But in its conviction of infallibility is involved the fate of Indian democracy.

Problem of survival

And so Indian democracy is faced with the problem of survival. Notwithstanding the great advantages with which it started, a manageable State, unifying cultural traditions, a people willing to be led aright, a patriotic leadership, a loyal army and an efficient civil service, a planned programme of growth, it has in recent years been caught in the coils of a foreign ideology. Steam-rolled by a government, distracting the aims and dissipating the resources of the country, subjecting it to economic and social experiments, the army and civil service no longer self-confident, and without alternative guidance and leadership ready to replace the present, the people seem content with things as they are for want of the will and energy to find another and better way. That way is the hope of all those who believe that the people of India, if only on account of their poverty, simplicity and trustfulness, are worthy of the best that can come to them.



INDIA figures prominently in world affairs. This is because of her size and location. As a stable democracy she can serve the cause for which the West stands. As a communist State she can tilt the balance against the West. An unstable India will precipitate clashes between forces backed by the rival super Powers.

Both Washington and Moscow are agreed on one matter, that India should be a stable State and should remain uncommitted to either bloc. Of course, they both desire that India should morally lean towards them, while occasionally charges are made that we incline more towards Russia.

The fact is that India is truly uncommitted except that she relies on the West for economic aid, and on Russia for her security against the enemies on her border. That this situation is delicate can be seen from the military aid commitment that the West has made to Pakistan and Portugal and the support which Russia must obviously extend to China as a sister-communist State. Thus, in a show-down, India cannot be sure of how the super Powers will act.

A country's intrinsic strength depends on the battalions it can mobilise and on the economic resources it can draw on. Judging by these tests India is not yet a great Power, not even a medium-size Power. Her main claim to the world's

If our democracy is to be on a sound basis then the people must shed their fear of displeasing the ruling group and vote according to their convictions. Similarly, the press and the platform must be galvanized. That military dictatorship is not the answer to our needs can be inferred from the experience of Pakistan. Nor will the rule of civilian bureaucrats be any better. The real safeguards against misrule in a democracy are a vigilant legislature and a vigorous press.

Indian Press is backward

We are particularly backward in the development of our press. We have over 100 million literates in the country, but the circulation of our daily newspapers is less than five million. Even so, only two per cent of the daily press carries articles which analyse news and explain the background to various events. We seem to need scores of national leaders who will attract audiences in all parts of the country and also quite a number of political pandits, and other writers, whose views will get nation-wide or at least State-wide circulation. This alone will help in bringing about speedy national integration and promoting healthy democratic institutions.

We do not at present know the people's reaction to economic programmes and administrative measures. The result is that the day of reckoning is only put



INDIA TODAY

DURGA DAS

Editor-in-Chief, India News and Feature Alliance

attention is her success in maintaining security in the country and in working the democratic institutions.

Essentials of democracy are deficient

The essence of democracy is the freedom of the people to choose their rulers. This means that the political system is not monolithic, either in law or in effect; secondly, that there is freedom of expression so that public opinion can be well-informed and voters can exercise their votes intelligently. Unfortunately, both these essentials are still deficient in India. The Opposition to the Congress is weak and ill-organized; the press is anaemic.

off. There is doubtless a good deal of economic activity, and perhaps resultant prosperity, in certain sectors of our economy. But is it all balanced? How much of it is wasteful? Even the manifesto of the various political parties do not answer these questions in a convincing way.

The country stands at the cross-roads. It can be saved from disaster only if we have the right instruments which guide public opinion—the press and the platform. A vigorous Opposition which can replace the Congress Party and a vigorous press which can expose maladministration and corruption and spot-light the real issues are the foremost needs of today.

LET US WAKE UP

General **K.M. CARIAPPA**
(RETIRED)

There are times in the histories of people when those who hold or have held high positions in life should plainly speak out their minds.

India is in danger. The danger arises from the moral and intellectual apathy of the people, the twin enemies which sap the will and cloud the understanding of men and breed evil dissensions in society. There is the danger of disunity arising from the communal mindedness of some. There is the danger of a lack of sustained effort in rebuilding our economy arising from the apathy of the common man. There is also the danger of doctrinaire approach to our problems and some times a little too much of destructive criticism. There is the danger of corruption and nepotism in administration. Unless these dangers are resisted we as a nation will soon find ourselves losing our moral strength to safeguard our political liberty.

Strengthen moral standards

It is therefore necessary that a determined effort has to be put forth by all of us to promote and strengthen the moral standards of the nation. This effort has to be made not only by individuals in their personal and social relationships in and through the lives of their families, but also in their vocational relationships through professional groups, employers' associations, trade bodies, trade unions, organizations of women, of servicemen and the like. All associations and bodies which we have devised to develop our cultural, social, industrial and economic interests will have to bestir themselves to restore the moral order in our society.

How is this restoration to be brought about? It may be useful to indicate what, in my opinion, are considered necessary towards this end. There should be a full understanding of the nature and implications of the rule of law in a democratic society and an ardent desire to uphold it against onslaughts from whatever quarter these may be made. Every citizen must take an active and loyal interest in the public affairs of the nation. It is not only proper but essential that every citizen of a free society should be imbued with a high sense of civic duties and responsibilities. To the extent that such a civic sense is developed in the individual the State will remain healthy and vigorous.

Code of honour

We must give our best to help the less fortunate people of our land who have been denied the benefits of education, so that they too will have the opportunities for enjoying the fruits of our Independence and qualify for equal opportunities in government services, but in our enthusiasm for speedy progress in this direction we must see that we do not lower either our standards of education or administration, just with a view to provide opportunities for the backward classes. Our standards must be kept high always. We must make up our minds as to the system of education to be adopted for the youth. This must necessarily be of an All-India character and not 'State-wise'. Having decided on the system and formulated the policy it is desirable that we stick to that policy for say, ten years at least, without frequently interfering with it. It is equally important to ensure

that politicians do not interfere in the day-to-day work of those who are entrusted with the implementation of the policies laid down by the government, particularly in the sphere of education. There should be a code of honour in this matter.

We must be ruthless in putting down corruption and nepotism and expose all instances of dishonesty and communalism in administration irrespective of the personalities involved. I would even go to the extent of suggesting that known offenders in these respects might be subjected to the extreme penalty of death as an effective deterrent to stop the rot.

Abolish Linguistic States

It was a sad day—very sad indeed—when "linguistic States" were born. That day sounded the "death-knell" of the unity of India. We can possibly still rectify this "harakiri" which we committed, if we as a nation show enough moral grit and gumption to act and act soon. Let us abolish "Linguistic States" as such, and group them into larger units for administrative economy and convenience.

We are a democracy and as such we should see to it that only that political party is voted to power, in which the majority of us have the confidence and the faith that it will rule the country wisely and well. It behoves such a party to listen to and respect public opinion, so long as such opinion is balanced and is not merely destructively critical. We have a right to speak out our minds frankly and fearlessly, but alas, it must be conceded that we have no "public opinion" worth the name. Either a feeling of "fear" or a feeling of "insecurity" has made people restrained, if not politely silent in their observations on "men and matters". Patriotic feelings are not the monopoly of those in politics alone.

The party in power must have a healthy and strong opposition

without which such a party will inevitably become "dictatorial". It is not good for the progress of any democratic country—if only one political party rules it indefinitely—for in such circumstances "staleness" will set in. Should there be no party other than the one voted into power, strong enough to replace that party the people then must insist on having a No-Party Government. What I am getting at is that the people should be bold enough to assume responsibility to shape their destinies and not be just dumb "hero-worshippers" only because there is no other party powerful enough to form a Government. Public opinion must be strong enough and sustained so as not to hesitate to change the Government, if people have no confidence in it.

Let us not "break our heads" over the language issue or over the "inter-State border" issues. Let us not impose Hindi on unwilling people. Let the people themselves, in due course decide what they want as our national language. In the meantime whilst we must all learn our respective regional languages—all of us may learn a little of Sanskrit too—let us use for some years to come English as the main medium of education throughout India alongside the regional languages and for communication inter-State and between the States and the Centre. There is nothing unpatriotic or un-nationalistic in keeping on to English.

No hurry for welfare State

We are still a very young country—young politically—just fourteen years old. We should not be in a hurry to produce a "welfare State"—bringing in all kinds of so-called reforms and refinements overnight—all at the same time without ensuring a strong foundation of a united people. Let us proceed patiently, but wisely. It took England 600 years to get adult franchise and Russia has taken nearly 44 years to achieve for her people the standard of

THE MIDDLE PATH

If we desire real and substantial freedom of thought and culture we must be free from the total control that socialism under communism imposes as well as from the privation and misery and atrophy of interest which oppressive taxation under national socialism brings about. It is the middle path of moderation alone that can conserve the freedom of the soul and all the humanitarian emotions that make up civilization.

Rajaji

life and literacy which they are reported to be enjoying today.

Looking back in retrospect, on our achievements in the last fourteen years—we can with pride feel that our Industry is stepping up very well. Our young men are rapidly becoming efficient technicians. Their products in our factories are splendid. Taken by and large there appears to be a measure of progress—very small though it may be—in the standard of living of a certain section of the man in the street. Our buses and trains are invariably full of much better clad passengers. Restaurants and eating places in towns and cities are always very well patronised by the working class. Cinema houses are never empty. All these show that there is a little more money in the pockets of the less fortunate ones than they had before Independence. Our Air Services are good. Our railways have certainly come on a great deal better than before. Great advances in medical aid to the masses have been made. Infant mortality is on the decrease and longevity of life is on the increase. Roads are improving everywhere. But alas! we cannot feel the same way with our education policy or with the standard of our administra-

tion all round. Both of them are far from satisfactory. They are disappointing. These have got to be set right soon if we are to progress, and we do want to progress.

Political cohesion and national unity are absolutely essential for national security. We can have both only if we can always have men of integrity at the helm of affairs, have a sound education policy and have a good administration. Only a united India can be strong—and only a strong India can and will provide a higher standard of living to our millions and only such an India can become the beacon light to the millions of this wide world, showing them the path to eternal happiness and peace using her spiritual wealth.

Let us not bring in religion to influence our political life. Religion is purely personal. Let us work together as Indians at all times with courage, having faith in ourselves and faith in God. Let us intensify the education of our masses to help them realise their duties to themselves and to the nation, to help them fully appreciate the need to have only men of integrity to govern our country. Let us educate them to vote in the coming elections only for the right men of quality and character, of known integrity, honesty, sense of duty and selflessness and not for those whose only qualifications are to "bribe" innocent voters with money and make fanciful promises. Let us make them "defence conscious" to see that in voting for a person standing for election they support amongst others those who will work in our Parliament to safeguard our country's defence. Let us ensure that we say and do nothing which will harm our Independence. Let us be loyal to our philosophical and cultural heritage and keep "India's-ism" uppermost at all times, and leave for our future generations a united, prosperous and peaceful India to provide strength for peace.

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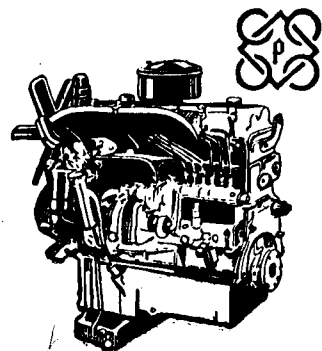
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HE democratic ideal, that the sovereign Republic of India has set for itself with the objective of securing (1) justice, social, economic and political, (2) liberty of thought, expression, belief, faith and worship, (3) equality of status and of opportunity; and to promote among all, (4) fraternity assuring the dignity of the individual and the unity of the nation, has been sought to be implemented in the Indian Constitution in Part III *Fundamental Rights* and Part IV *Directive Principles of State Policy* through the instrumentality of parliamentary executives of the same type both at the Union and the State levels. Taken all in all it is the democratic ideal that is new in the Constitution. The instrumentality on which the ideal is projected is no more than an adaptation of the Government of India Act, 1935 which for the first time conceived of a federal structure for the country as a whole.

The problem that faced the framers

The primary problem that the framers of the Indian Constitution were faced with, was the manner in which the fundamental rights of the people were to be designed. They had before them the

that if they opted for the French way of guaranteeing the fundamental rights, they would have made a mockery of fundamental rights.

The Indian framers opted for neither the one nor the other of these two ways. They struck a *via media* between the two alternatives. They defined the fundamental rights capable of legal definition in as clear a way as possible making them justiciable and put them into Part III of the Constitution, designated *Fundamental Rights*. As regards other fundamental rights that were not capable of legal definition, they were transformed into 'directives' and, on account of their very nature, made non-justiciable and put into Part IV of the Constitution, designated the *Directive Principles of State Policy*. Even as non-justiciable rights, the directives are conceived of as fundamental according to Art. 37.

Directives vis-a-vis Fundamental Rights

It is because the directives, though non-justiciable, are nevertheless fundamental, the *State* means just the same both for purposes of Part III *Fundamental Rights* and Part IV *Directive Principles of State Policy*. The *State* includes the Government

The Constitutional Directives

By N. ARUNACHALAM, M.A., M.L.

American way of designing the fundamental rights. They were aware that the fundamental rights represented by the first ten amendments of the United States Constitution were stated in broad general terms leaving their interpretation to the judiciary of that country. With the passage of time it was found that guarantees such as the freedom of contract and the freedom of conscience and religion, on account of their vague nature, landed the judiciary in grave political controversy which was not at all good to it. Besides, the broad general definition of the rights guaranteed carried with it necessarily a very high degree of unpredictability of the scope and extent of those rights in given cases. There was thus no question of the framers of the Indian Constitution opting entirely for the American way of guaranteeing these rights.

The Indian framers had also before them the French way of guaranteeing the fundamental rights as under the *Fourth French Republic* which was the Constitution then in force. In that Constitution the fundamental rights were put into the preamble part of it, which in any constitution is an un-enforceable part. The Indian framers were quite aware

and Parliament of India and the government and legislature of each of the States and all local or other authorities within the territory of India or under the control of the Government of India according to Art. 12 of the Constitution. In other words, the *State* takes in the executive and legislative processes of all levels from the Union to a *panchayat*.

The definition of the *State* has been made so comprehensive for purposes of the fundamental rights and the directive principles so as to preserve them from, and keep them intact against, all manner of executive and legislative infractions, with this difference, that the fundamental rights are of the nature of injunctions addressed to the Governments, Central and State, to refrain from doing certain acts, and the directives are of the nature of positive instructions to these Governments to do certain things.

Views expressed

It is the considered view of Alan Gledhill that the directives are of the nature of a liberal manifesto. Prof. K. C. Wheare takes the view that the

Indian Constitution is transformed into a liberal one by the presence of the directives. Dr. Ambedkar, the Chairman of the Constitution Committee of the Constituent Assembly, held the view that directives are quite like the Instruments of Instructions that were issued from time to time to the Governor-General and the Governors under the Government of India Act, 1935, in order that the spirit of that enactment may be worked out with a slight difference, that the Instruments of Instructions were addressed to the executive processes alone for their guidance but the directives were addressed both to the executive and the legislative processes for their guidance.

The importance of the directives

Right from the commencement of the Constitution the importance of the directives under Part IV ought to have been realized a little better than it has been actually. For the reason that the directives are non-justiciable and as such must "conform to and run as subsidiary to" the justiciable fundamental rights, they cannot be regarded as mere surplusage in the Constitution. The constitutional behest is that despite their non-justiciability, the directives are nevertheless fundamental in the governance of the country and it shall be the duty of the State to apply these principles in making laws.

It is the view of the judiciary that the directives represent the yard-measure of the reasonableness of restrictions to which many of the justiciable fundamental rights are generally subject. Viewed in this sense, the *directives* though non-justiciable are vital factors of the Indian Constitution. Realizing, therefore, the

importance of these directives, Alan Gledhill remarked, "if as it is hoped the directive principles are taught to every Indian schoolboy, they may have great influence not only on India but on the World. If the Indian Constitution becomes vested with the cope of sanctity essential to its durability, it will be difficult for any public figure to pass any legislative measure *without making an appeal either to the fundamental rights or to the directive principles.*"

The directives are Welfare State principles

The directives in spite of their non-justiciability have been intended by the Constitution to fill the most important role, embodying as they do all the principles of a Welfare State. No doubt, the sanc-

tion behind a justiciable fundamental right is judicial, and it is necessarily so because an individual aggrieved by an infraction of his fundamental right should be enabled to seek speedy redressal by invoking the prerogative powers, whether of the Supreme Court or of the High Court. But it is society as such that is most interested in the implementation of the directives, so that a truly welfare State may be ushered into existence in the country, and the achievement of an objective of this kind is impossible through the instrumentality of the judiciary and possible only through the instrumentality of the legislature and the executive and, for this reason also, the directives have been made advisedly non-justiciable. Alan Gledhill says, "the Opposition can also attack as unconstitutional, measures which run counter to the directive principles, though they are unenforceable by the courts. The directive principles are bound to influence the courts

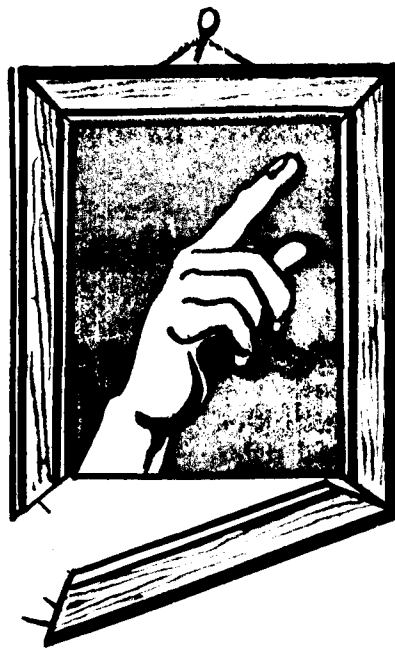
just as the *Magna Carta* and the *American Declaration of Independence* influenced the American and the English judges." If a party in power should default in the implementation of the directives such a party is bound to be turned out of power at the next general elections by an electorate that is conscious of its rights. The sanction behind a non-justiciable directive principle is naturally political. More than any other part, it is the directives part of the Indian Constitution which furnishes the key to a successful working of the democratic processes in the achievement of a Welfare State—the only essential objective of the Indian Constitution.

Social Welfare in the U. S.

Social welfare or "the general welfare", as one of the principal objects of a modern constitution,

was first conceived of by the United States Constitution. The other written constitutions merely followed the United States Constitution in this respect. The United States Constitution marks the transition from the ancient Police State ideal to the modern Welfare State ideal. In the absence of a detailed formulation of the principles of social welfare and the manner of implementation of these principles in the United States Constitution, the judiciary of that country has helped in a large measure in the formulation and implementation of social welfare programmes, though occasionally it has also come in the way of such programmes.

The United States Constitution, stating merely the principles of the political system, has been sustained by the many doctrines evolved in particular



cases by the Supreme Court of that country. Unlike an ordinary Court of Law which is concerned only with legal interpretation, the Supreme Court has always been concerned with statutory construction, with policy-making. The many judicial statesmen that sat on the Bench of that Court have been responsible for the leading judicial doctrines and one such is the doctrine of police power of the State. Police power begins where complete liberty ends and it is meant to protect society as a whole, the weak against the strong. It is based upon the principle, that the "whole is greater than the sum total of the parts and when the individual health and safety and welfare are sacrificed or neglected the State must suffer". The exercise of police power by the State is, of course, subject to judicial review and this is the measure of protection given against arbitrary exercises of police power. The federal judiciary maintains by this doctrine the balance between individual liberty and social progress in that country.

The passage of time and the experience of the working of the United States Constitution have enabled the adoption of a clearer and a better perspective of social welfare by the other countries. There is a provision on the *directive principles of social policy* in the Irish Constitution and that is also a non-justiciable one. The Indian Constitution is in this respect similar to the Irish Constitution. The directives of these constitutions are particular instances of "the general welfare" referred to in the preamble of the Constitution of the United States.

Social Welfare under the Indian Constitution

If the preamble is any indication of the essential objectives of the Indian Constitution, the first emphasis is on the objective of justice, social, economic and political, actually worked out in the guarantees of Part III and the directives of Part IV. So viewed, India is still a social welfare State rather than a socialist or a socialistic State. That it shall be the duty of the State to apply the principles of Part IV of the Indian Constitution in making laws is the mandate of Art. 37. According to Art. 38 the State shall strive to promote the welfare of the people by securing and protecting, as effectively as

it may, a social order in which justice, social, economic and political shall inform all institutions of national life. Articles 39 to 51 enunciate particular principles of State policy. The *Fundamental Rights* part and the *Directive Principles of State Policy* part of the Constitution represent the mighty effort of the framers of the Constitution to balance the freedom of the individual on the one side and social rights on the other, and this has been the problem of all the modern democratic systems

commencing from the United States, governed by written Constitutions.

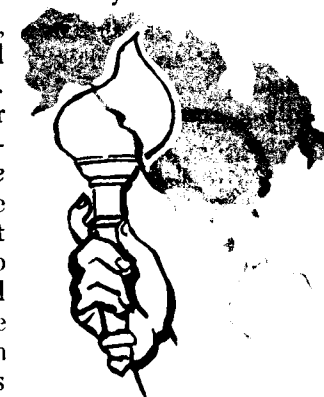
This balance in India has been sought to be achieved by the passing of appropriate laws which, according to the Constitution, should not be beyond the competence of the legislature in question (Articles 245 and 246) and must not also be a contravention of the *Fundamental Rights* (Art. 13). In other words, the elected representatives of "the people" functioning as legislature cannot in the passing of the laws of the land exceed the powers belonging to them as fixed by the Constitution, and even when acting within the limits of their legislative powers they cannot infringe the *Fundamental Rights*. A vigilant Opposition can time and again draw the attention of the Cabinet or Council of Ministers not only to the defaults in the implementation of the directive principles but also to violations those policies are likely to cause when implemented, to the *Fundamental Rights*. The Cabinet in England or India is like "a hyphen which joins, a buckle which fastens the legislative part of the State to the executive part" (the Supreme Court quoting in the nationalization of text-books case).

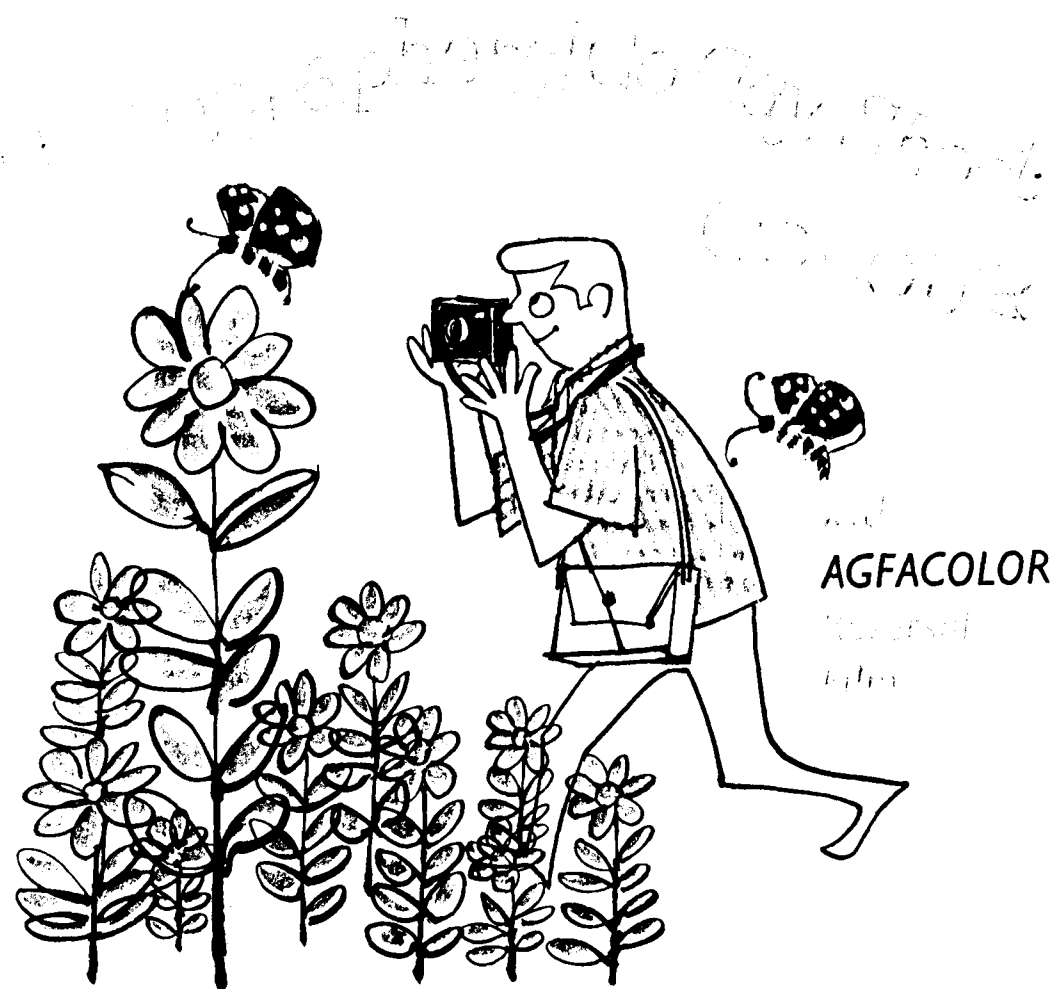
A non-parliamentary executive which is a necessary corollary of the doctrine of separation of powers accepted by the United States Constitution has been rejected by the Indian Constitution. The Indian Federal System opting for republicanism made a refreshing departure from the United States precedent in projecting individual freedoms and social rights on a parliamentary executive—there can be a no better way of securing the blessings of both democracy and social justice. If the nice balance secured between the demands of individual freedom and the demands of social rights in the manner of Parts III and IV of the Constitution is to remain intact, it is necessary that some measure of freedom from constant amendments is assured so far as the *Fundamental Rights* are concerned, though these rights may not be in the language of the Japanese Constitution "eternal and inviolate". Any upset of this balance will pave the way to the destruction of the many legitimate interests in the country. The federal compact which governs all the sections of "the people" may turn out to be a

mere illusion, if there should be constant tiltings of this balance inevitable in frequent takings away from the fundamental guarantees.

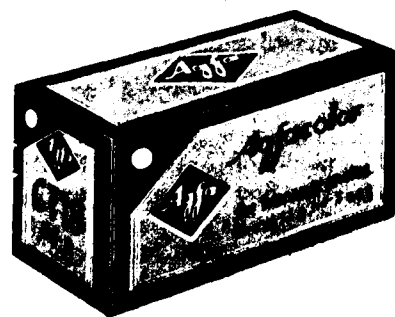
The question of amendment

There have been upto now 22 amendments of the United States Constitution. The first ten amendments or the *Bill of Rights* as they are called, though they were brought into force two years after the commencement of the Constitution, really form part of the original Consti-





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tution and have also been dealt with as such. Among the other 12 amendments to that Constitution, the 18th amendment (prohibition amendment) and the 21st amendment (prohibition repeal amendment) cancel each other. The 22nd amendment is nothing but a restoration of a broken convention, no President of the United States shall seek re-election for a third full term. The 14th amendment is an extension of the due process of the protection of the 5th amendment to the States also. The 19th amendment enfranchised women. In other words, these five out of a total of the twelve amendments are not takings away from the original Constitution. Between 1789 and now the United States Constitution has been really amended only on seven occasions and this in itself represents the great stability that instrument possesses as the fundamental law of the land. In the estimate of the people it is as sanctified as the Holy Book itself and it has been a major unifying force in that country. A formal amendment of the fundamental law is quite a serious one, resorted to only in the very last under compelling necessity—it is really like surgery on human constitution resorted to when no choice is left. This is how the United States have all along looked at a question of formal amendment of their Constitution. If this had not been their attitude their fundamental law would have ceased to remain fundamental long ago.

The message of the United States Constitution

Alexis de Toqueville, the author of the world famous book in French on *Democracy in America*, who saw more than America, who "sought the image of democracy itself" in all its aspects in that country observed (p. 198 Vol. I—translation by Henry Reeve):

"In America, democracy is swayed by its own free propensities, its course is natural and its activity is unrestrained; the United States consequently afford the most favourable opportunity of studying its real character."

Henry Reeve, the translator, points out in the pre-fatory note to Vol. I that in America democratic institutions raised a people to great prosperity and power and in France they plunged a great nation into a state bordering on anarchy. The lesson that this great work has in it is that "the more a nation advances in freedom the more essential it becomes that its statesmen should not be swayed by popular agitation but be governed by sound principles of action" and that "the fate of democratic society will be determined, for better or worse, by the moral qualities of those who are called upon to control its excesses and to direct its course". The importance of self restraint on the part of the statesmen in power is all the greater in an infant democracy such as

THE RULE OF LAW

The liberty of the citizen should be subject to the State's over-all supervision, so that liberty may not become licence. On the other hand, the authority and powers of the State should be controlled by the fundamental rights of citizens. These fundamental rights are on a higher level than the laws made by the legislatures and so it is they are embodied in the Constitution and not in an Act of Parliament.

The rule of law loses its essential quality if it is to be respected in some cases and ignored in other cases, in accordance with the shouts of the crowd. Its essential character is its invariability. There is no rule of law if it varies from man to man or group to group. When once the rule of law, respect for liberty, freedom of contract, and the right to earn and acquire property are allowed to be eaten into, the corrosion proceeds from one point to another. The first interference leads to a sliding place whereon the downward course of liberty is all too easy.

Men are eager for enterprise; but governmental regulation with its brood of touts, descends on production and enterprise like a killing frost and gives no chance for progress. Freedom and contract and the right to work, acquire and own property without any uncertainty, form the basis of the rule of law, without which freedom of person loses all meaning and reality. Ownership should be respected and evolved by conscience and enlightenment into trusteeship. This would be progress, real social welfare and liberty, all combined. If certainty and the rule of law disappear, there will be no incentive, no dynamic force for production. The Swatantra party's battle is for the essential conditions for progress without loss of liberty. Any plan of production on the foundation of Statism is bound to end in authoritarianism even though the trappings of democracy are retained.—*Rajaji*.

India in particular, where a vigilant Opposition is yet to take shape.

The guarantees of the fundamental law will have to be maintained intact, whatever may be the temptation to amend them to meet the demands of a given situation. A wholesome tradition will have to be set up, at any rate hereafter that, if anything, the *Fundamental Rights* part of the Constitution will be added to and in no event anything will be taken away from it. It is only then that not only the balance between individual and social rights under the Constitution be better secured but the directives part of it also be better exploited by the *State* to produce "a new heaven, and a new earth!"

Public Expenditure and Inflation by BHARADWAJA

IN a series of articles in Gandhi's *Harijan* written before the war, the late Mr. J. C. Kumarappa sought to examine the relationship between "Public Finance and our Poverty". In a brilliant analysis of the financial policies of the British Government, he tried to show how those policies were directly and indirectly contributing to the impoverishment of India. He attacked, in particular, the heavy expenditure on the administrative services and the defence services and pointed out how these outlays were totally unrelated to the economic capacity of the country, judged by its national income or the *per capita* income.

Wastage of public money

If someone were to apply the same yard-stick today to assess the consequences of the financial policies pursued by the Congress Government since Independence, he will come to many interesting conclusions and some of them will suggest that the charges made by Mr. Kumarappa against the British Government are perhaps equally applicable to the Congress Government. Of course, it is obvious that the purposes for which public monies are spent have widened and that, as against the primary emphasis on British interests in the pre-Independence days, the impulses of fiscal policy are now derived from avowedly national interests. But if Mr. Kumarappa's primary test, namely, whether monies collected from the people through taxes and

loans are put to the best possible use for the benefit of the public and whether the nation gets the best return for the monies spent by way of public expenditure, is applied the conclusion may well be that there has been an enormous increase in the wastage of public monies and that the proliferation of jobs since 1948 has been one of the biggest factors sustaining the mounting inflation in the country.

Proliferation of jobs

The change from an alien, irresponsible government to a national, democratically elected government was certainly bound to bring about a significant change in the entire character of public finance. That it was bound to increase the scale and range of public expenditure to some extent was also to be expected. Where a dozen Executive Councillors at the centre and 5 to 6 in the States, running an administration, whose objectives in any case were strictly limited, are replaced by 30 to 40 Ministers at the Centre and 10 to 20 Ministers, in the States, this by itself should be expected to lead to an increase in the size of the administrative services and boost the civil expenditure. What is significant, however, is that since Independence, not a single tax levied by the British has been reduced—in nearly every case it has been increased—while not a single item of expenditure under any head in the pre-Independence days has been reduced and the

multiplication of government jobs has been going on as a major national industry.

Ever since Professor Northcote Parkinson formulated his now familiar law known as Parkinson's Law, people have noted that in nearly all democratic countries public expenditure and the multiplication of jobs grow irrespective of whether there is any need for such expansion at all or not. Professor Parkinson, in fact, showed how Britain's expenditure on the Admiralty had been steadily growing even while the British Navy was shrinking in size. Similarly, the expenditure on the British Colonial Office was mounting even while Britain was shedding her colonies. In India, Parkinson's Law has been in operation in at least some departments—more markedly than in others—where the multiplication of jobs has been going on faster than the growth in their responsibilities. It would be interesting, for instance, to find out in the years following 1948 the statistical relationship between the growth of the expenditure on the Food Ministry and the size of the food deficit in the country.

Loss of restraint in spending

The worst aspect of the growth of public expenditure in free India is not so much its rate of growth or its size, as the fact that it is largely the result of a complete loss of restraint with regard to the care and economy that should be practised in the administration of public monies. One reason for this decline in, what I may call, the fiscal conscience is the fact that since the war years, public revenues have been expanding with an ease which has enabled finance ministers to look upon a crore of rupees in the same light-hearted fashion in which perhaps a lakh of rupees might have been regarded by a finance member in the pre-war years. Extravagance in public spending becomes an easy matter

if by levying an excise duty of 1 nP. per yard of cloth, a finance minister can secure 4 to 5 crores of rupees without batting an eyelid. That within ten years since Independence, the receipts from excise duties should have gone up from barely Rs. 30 crores to over Rs. 400 crores is striking evidence of the ease with which finance ministers in India are able to collect revenues without the travail and the odium which finance members had to face in the past. The apparently painless process of raising indirect taxes has provided the strongest temptation for finance ministers at the Centre and in the States to indulge in increased public expenditure without due regard to economy and solicitude for the public interest.

Increase in civil non-Plan expenditure

It was this tendency for public expenditure to grow without the restraints imposed even by the plans that prompted Mr. Arun Chandra Guha, M.P., to raise in 1959, in a sharp form, the issue of the growth of non-developmental and non-Plan expenditure during the Second Five-Year Plan for investigation by Parliament. Mr. Guha's initiative led to a probe by the Estimates Committee of the Lok Sabha of the growth of civil non-Plan expenditure and its findings tell their own tale.

So far as the growth of civilian staff alone is concerned, the Committee found that there had been a steady rise under administrative and executive branches from 48,685 in 1951 to 74,169 in 1959 i.e., by more than 50 per cent. During the four years 1954 to 1959, the strength of administrative and executive personnel had gone up by 60 per cent, while that of the clerical staff had gone up by about 35 per cent. As for the Central Secretariat, the Committee found that there had been a steady rise in all categories of posts from 1st April, 1948, to 1st April, 1959 and

the rate of increase in staff in all categories during the four years from 1955 to 1959 was double the rate of increase in staff during the previous four years and the sharpest increase had taken place during the first two years of the Second Plan.

Another and, perhaps, the most damaging finding of the Estimates Committee was that the bulk of the additional revenue raised from fresh taxation imposed during the Second-Five-Year Plan had gone towards meeting expenditure outside the Plan. As against Rs. 420 crores estimated to be available for the Plan from Budget surpluses at the 1955-56 rates of taxation and from additional taxation during the Plan period, actually a total of nearly Rs. 1,200 crores (Rs. 1,188.6 crores to be exact) was available from budget surpluses at the 1955-56 rates of taxation (Rs. 496.8 crores were obtained by way of surpluses as against an estimate of Rs. 252 crores) and from additional taxation (Rs. 691.8 crores were realised from this source as against Rs. 168 crores originally estimated). Out of these enormous additional receipts from taxation, only Rs. 439 crores were available for the Plan while nearly two-thirds of the amount went into expenditures outside the Plan.

High level of deficit financing

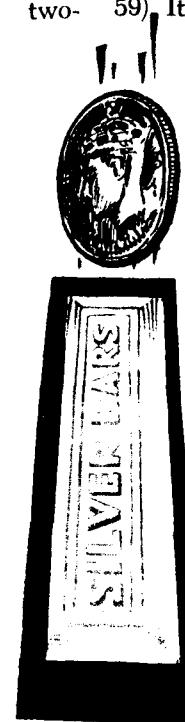
Civil expenditure during the Second Plan period has increased roughly by about Rs. 150 crores a year, the bulk of it being expenditure outside the Plan. The result of this growth of expenditure outside the Plan is that additional taxation, which could have gone towards reducing the scale of deficit financing envisaged for financing the Plan, has been kept unduly high with all its inevitable

consequences on the cost of living and the price level. The net increase in the price level during the Second Five-Year Plan of 30 per cent can be directly related to the scale of deficit financing indulged in during the Second-Plan period, on the one hand, and the volume of non-productive public expenditure, on the other.

There is no need here to refer to the numerous instances unearthed by the Estimates and Public Accounts Committees of the Lok Sabha during the past ten years of infructuous and wasteful public expenditure, sometimes running into crores of rupees, which could have been avoided if the ministers concerned or the top officials responsible had shown due care and concern for protecting the public interest.

Example of Silver Refinery Project

To give but one instance, from a myriad that could be culled from the report of the Legislature Committees, I shall relate here the sorry story concerning the Silver Refinery Project which figured in the 46th report of the Estimates Committee (for 1958-59). It is a story of reckless miscalculation from beginning to end, with criminal delays in taking decisions at every stage and mounting loss of public money. The decision to set up a Silver Refinery for recovering the silver from the quaternary coins issued during the war (with 50 per cent silver and 50 per cent alloy)—for the purpose of returning to the U.S. the silver (122.2 million ounces) which had been got on lendlease from the United States—was taken in 1948. It took two years to appoint consultants for the refinery. It took another three or four years to call for tenders and enter into the relevant contracts. Nearly six years elapsed

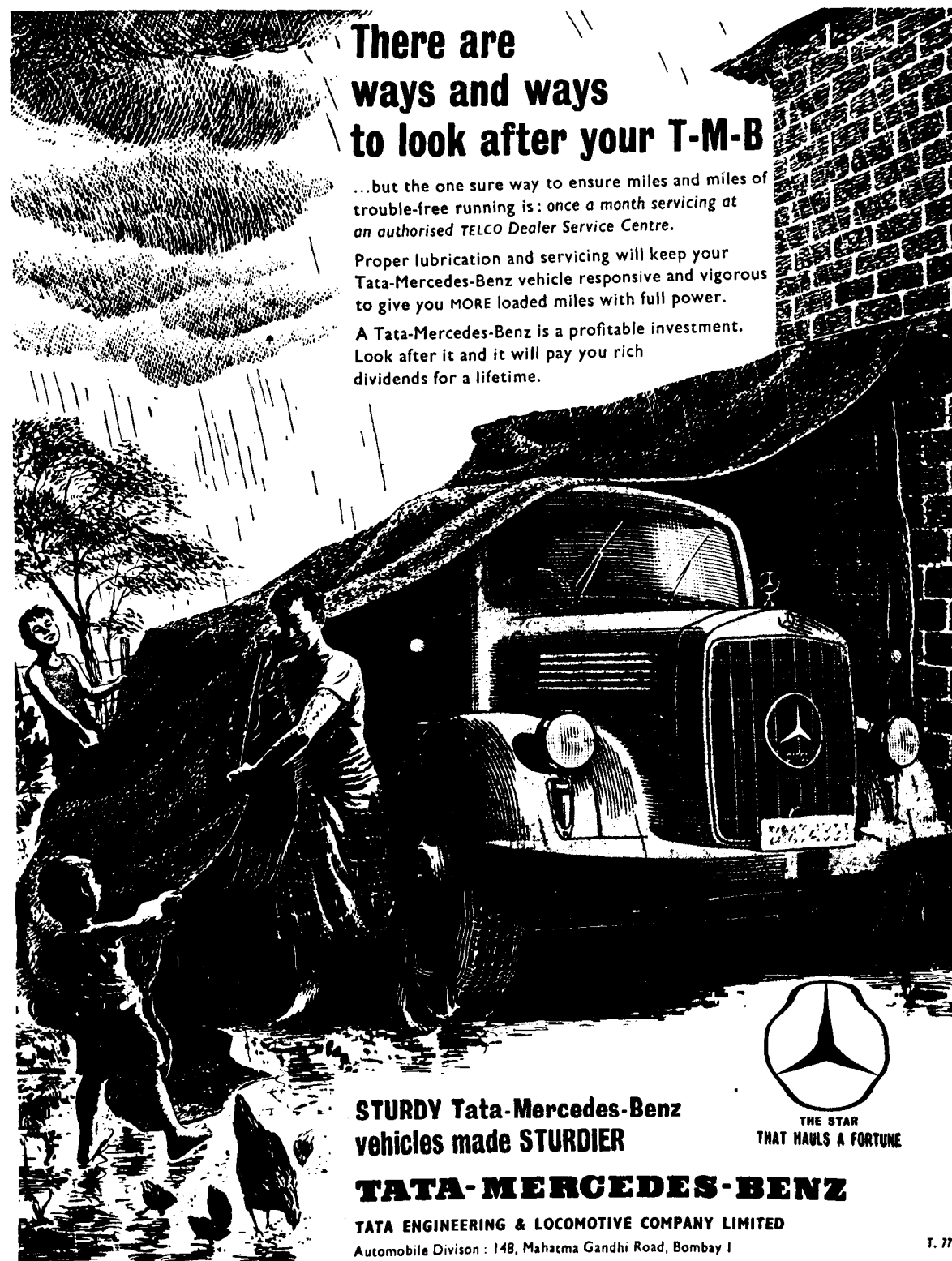


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THE STAR THAT HAULS A FORTUNE

T. 774

before the plant was erected and when in February, 1959, the plant was commissioned, serious damage occurred in one of the melting furnaces and the commissioning of the plant had to be postponed. A refinery, which was expected to go into commission in 1951 so that the silver could be returned before 1956, could not be commissioned even in 1959. Meanwhile we had to honour our obligations to the U.S. and it was discovered that it was more economical to export the coins to

for the easy conscience which everyone in Government seems to have developed over the waste of public moneys. The Estimates Committee was so indignant over the whole episode that it called for a thorough enquiry into the matter so that the responsibility for the delays and losses may be clearly fixed and action taken against those responsible. One does not know whether any action was taken.

A more recent instance is that of the Damodar Valley Corpora-

bears no relation to the estimates (in one instance it was six times more than the estimates, while in another it was fifty-one times more). It is such wasteful expenditure that accounts for a good part of the inflationary conditions that we see in our economy today.

Enormous national wastage

The story has been repeated also in the reports of the Public Accounts Committees of the various State Legislatures. If one were to total up all the losses recorded by the Public Accounts Committees of the Centre and the States during the past ten years, one may discover that it runs up to quite a formidable figure. I should estimate it roughly at the least at Rs. 500 crores for the Union and the States. This is quite apart from the enormous national wastage that occurs continuously as a result of the retention of undeserving, incompetent and supernumerary men in all kinds of jobs from the highest to the lowest level.

A really worthwhile study of the growth of public expenditure in this country might examine the comparative growth of public expenditure in relation to the rate of growth of the income from industries in the country. Such a study may well show that public expenditure has been growing at a faster rate than the growth of income from industries and it would also show that as a nation we are multiplying the apparently unproductive jobs in the bureaucracy at a faster rate than the expansion of productive employment in industry. And that would largely account for the fact that, in spite of a total investment of over Rs. 5,000 crores in the Second Five-Year Plan, the *per capita* real income has not gone up by more than 1½ per cent in five years. It is this officially admitted fact that is perhaps the most damning indictment which one can draw up against the manner in which public expenditure has been "planned" in the past.

HOW CENTRAL EXCISE HAS GROWN

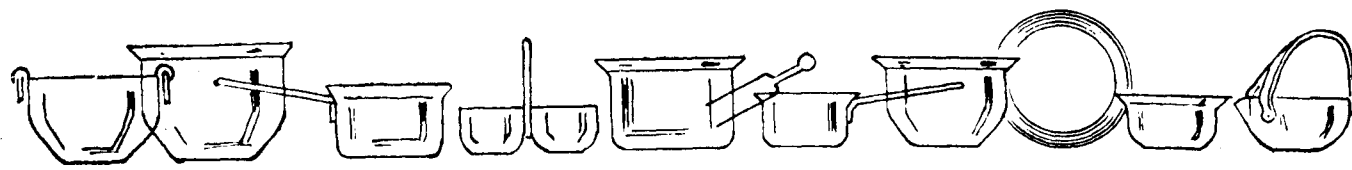
Year	No. of commodities taxed	Gross Central Excise revenue	Total gross tax revenue of the Govt. of India	Excise revenue as percentage of total tax revenue
(1)	(2)	(3)	(4)	(5)
(In crores of Rupees)				
1920-21	2	2.85	60.85	4.7
1925-26	3	3.21	72.86	4.4
1931-32	4	6.19	75.62	8.2
1938-39	8	8.72	81.37	10.7
1948-49	13	51.66	385.18	13.4
1953-54	14	94.98	420.33	22.4
1954-55	18	108.22	453.48	31.1
1955-56	24	145.25	482.16	30.1
1956-57	29	190.43	568.69	33.5
1957-58	29	273.62	682.78	40.1
1958-59	29	312.74	691.56	45.2
1959-60	31	360.65	805.78	44.77
1960-61	39	394.98	856.67	46.22
1961-62	56	434.84*	1023.79*	42.50*

* (Estimated)

the U.S. and let the U.S. Government recover the silver from them.

And the final upshot of it all was that a silver refinery was set up which could not serve the original intended purpose, over 12 lakhs of rupees had been wasted and the Government was faced with the problem of converting the silver refinery into a copper refinery to make it useful to the country. That the Finance Ministry, which is expected to be the watchdog of the country's finances should have been so remiss in its responsibilities, speaks volumes

tion the affairs of which are reaching the dimensions of a near-scandal. Nearly Rs. 143 crores of public money has gone into this multi-purpose project, but not even a third of the irrigation facilities created at the outflow heads has been utilised. The entire administration is characterised by casual and hasty preparation of estimates, questionable relationship with contractors, irregular purchases, ineffective utilisation of resources and the like, so much so that the actual expenditure when the scheme is completed



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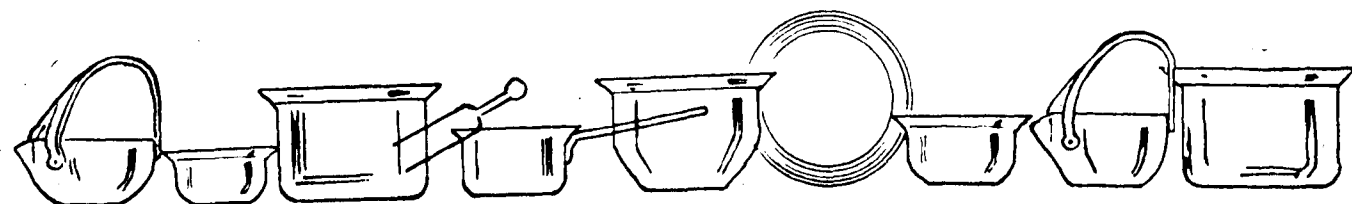
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The Administration Today

BY A. D. GORWALA

"Democracy is a reality only when any citizen can write to any State functionary with the certainty of receiving a satisfactory, quick and clear reply". Satisfactory here does not necessarily mean agreeing with, or accepting the request of the writer. There may be difference of opinion, the request may be refused; what is essential is that the reply should be reasoned, should to an ordinary man of goodwill carry the feeling that the mind of the person making the decision has been applied to the facts and circumstances set out in the letter being replied to. Speed in making and conveying the decision, and the concluding of the decision in easily understandable language, must be added to this.

Liaison officers to chase papers

Judged by these criteria, is India a real democracy? Hardly. To get a quick reply from a State functionary would astonish any person of experience. Should it in addition prove to be both clear and satisfactory, he would be apt to regard it as a near-miracle. That the nature of government business being different from commercial business, accountability entering into it to a much greater extent, there must be a certain amount of delay in disposal, everyone will admit. It would be wrong to expect the elected or appointed functionary to reply on the day after the receipt of the letter. But it is certainly not right that he should not reply for months or not reply at all, both of which happen not infrequently. So low has sunk the standard in this matter even at the Centre that it has been reported that the governments of some States in India have been compelled to keep liaison officers at Delhi, whose main purpose is to extract replies from the Government of India to the references from their home governments. These unfortunate men, it is said, earn their salaries by following the letter, and the connected papers it acquires, from one resting-place to another in the net-work of Ministries that constitute the lugubrious Delhi scene. They consider it a great triumph, something to write home about, when they have succeeded in moving the file with a final recommendation from one Ministry to another. Meanwhile Organisation and Methods cells multiply, officials and ministers go on deputation to other countries to see and learn how things are done there, special committees of secretaries and others sit to discuss delays and suggest improvement in methods, the Institute of Public Administration at Delhi and its branches in the States

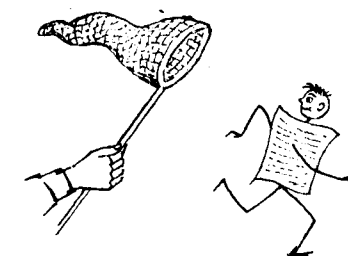
are duly agitated, the Prime Minister continues to make the same speeches on the subject that he has been making

for many, many years. Everyone is happy in being unhappy except the citizen who is just unhappy because he gets no reply or gets after months an obscure and unsatisfactory reply.

Slackness all round

Now how has this come about? What has happened to the best administration in Asia, to use the words of a high Indian authority who worked with it both before and after Independence, an administration believed by competent judges to be manned in its higher positions by individuals at least as good as the best in Britain? Why can this organisation not give the citizen satisfactory, quick and clear replies? Primarily because it no longer applies to its work the sound principles that in almost all circumstances govern order and despatch. "In all important matters deliberate maturely, but execute promptly and vigorously, and do not put things off till tomorrow, which can be done and require to be done today. If these rules be not adhered to, business will never be done or done in an easy manner, but will always be in the arrears, with one thing treading upon the heels of another." Men who will not follow these rules themselves and will not make their assistants follow these rules, cannot be expected to give better results. Such men find these rules too simple, utterly unglamorous. There is nothing to seize the imagination about them. What use can they be in this modern scientific age, they wonder, these meagre, unadorned sentiments utterly bereft of even the emphatic polysyllables they love to linger over in the works on Public Administration that, often under the impetus of the need to secure tenure, come pouring out of the presses of academic institutions, especially in the Western Hemisphere. Why, the great American whose words have been quoted, had never even heard of motivation or case-studies. He had taken plenty of decisions but never bothered about the decision-making process. He wielded power with great felicity, but was not concerned with naming and classifying its constituents. He saw his duty clearly, he made all those below him see theirs clearly. He did his, and saw that they did theirs. In these two is the essence of administration. He was a great administrator.

What a contrast to this inspiring picture is the Indian Government today! The Prime Minister sees hardly anything clearly. As through a glass, dimly and with many distortions, appear to him men, policies and events. So far from making those



below him see their duties, he is often not sure about his own. And so he goes on drifting from expert to expert, selecting and quoting those that flatter his ego by praising him and his works, attempting to gain self-assurance by insisting to other people that he can't be—no is not, has never been—wrong, either in his judgment or in his policies.

Decisions based on impulse and predilection

Most Ministers at the Centre and in the States take the Prime Minister as their model. That good administration requires "systematic application to the job in hand, attention to details, mastery of facts in any given situation, a careful recording of every act, a patient listening to clashing opinions, and a final decision based upon a balancing of the known data and interests" would seem to them absurd. Their decisions they base mostly on impulse and predilection. The facts they permit to influence their minds are those which accord with their own thinking. Prohibition they consider a great success, prohibition which prohibits in effect nobody who wishes to drink outside the law. The clear failure of the Community Development Scheme, admitted in moments of unusual frankness even by the Prime Minister, they still officially maintain to be a great success, a true social revolution. Systematic application to the job in hand, attention to details,—what, are they beggarly clerks that they should bother about such trifling matters? No, for them the broad vision, the flexible mind! High aims for ever, large targets, and if not achieved, why always somebody else is to blame, the people, perhaps the officials, never they. In any case, is it not always better to travel hopefully than to arrive? Besides, the people have short memories. Who will remember five years hence what we say today or even what we write in 774-page long volumes? And if then, some cantankerous fellows do point out that the achievement is at best only 70 per cent of the target, what is there to prevent us from turning round, striking an attitude of shocked surprise and exclaiming, "Listen, oh listen, to this ingrate! We fulfilled the plan 70 per cent and he complains! Does he not realise that even in the Soviet Union, they have never been able to attain their target accurately? And communist China, that other great planning country, is always overhauling its targets downwards as the plan goes on. We've done excellently. Look at what foreigner X, the great anthropologist, and foreigner Y, the eminent educationist, to say nothing of foreigner Z, the very able economist, say. You malicious and evil-minded fellows, with your talk of ever-rising prices, ever-increasing population and ever-growing unemployment, really ought to count your blessings, the blessings we bestow upon you. And if life is more difficult for most of you, well, don't the figures say the national income has gone up? Rally single-mindedly behind us, all will be well, nay all is well. What, not yet satisfied?

You're really incorrigible. Go, then, go on barking, even God has his detractors."

Minister's servants all, not public servants

When this is the mental climate of the policy-makers and high-level decision-takers, very high standards can scarcely prevail among those below. Some years ago I thought that unless some radical change of attitude took place at the ministerial level, there was bound to be great deterioration as soon as the seniors who had known what it was to work in different conditions, and under men who know the difference between the facile and the genuine, disappeared. By now it is evident that the remaining seniors have made hardly any difference. Not only have they not been able to affect beneficially the ideas of duty and work of those above them; they have rather imbibed their views and practices. The public servant has generally allowed himself to become the servant of the Minister; the quality of independence of mind that led to honest and disinterested advice has disappeared almost completely. Even when it comes to the making of important appointments, hardly any Secretary considers it his duty to have considered by the Minister all relevant candidates, putting up the full facts as he would have done formerly, so that the Minister could know the whole position before he finally decided and the public interest be served by the selection of the best man. It is enough for the Minister to express a wish, mention a name, and all the Secretary's capacity, his conception of high duty vanish, or rather turn to supporting and finding excuses for his master's wishes.

Debacle of character

What we are witnessing today in Delhi and elsewhere is one of the saddest spectacles in the world, the debacle of character, the transformation of men from whom courage and forthrightness could be rightly expected into tools convenient to the master's hand, loud-voiced in the master's praise, craven and miserable in their inmost souls, whatever the brave show they put on outwardly in the pomp and dignity of official position, pomp and dignity the masters let them keep as thereby affording an excuse for their own enjoyment of these vanities.

These then are some of the most relevant reasons why letters to State functionaries do not elicit quick, clear and satisfactory replies. When carelessness, neglect, self-interest, the appearance rather than the reality of work, become the rule of both the political appointee and the official, rightly may it be asked, "Who watches whom?" The answer is, "Neither watches the other". The only possible remedy, though obviously a somewhat ineffective one, is for the intelligent public to watch both, for public sentiment to try and influence both in the right direction.

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LIBERTY and equality are both fundamental to democracy. In some aspects, they are complementary and in others they conflict and limit each other. The nature of democracy in a country depends upon the manner in which the two are reconciled. Neither can have full logical application, nor are these concepts static. They change from time to time and from place to place. In mediaeval times, the struggle for liberty was essentially in the religious field and the demand for equality was for a common human status which would negate the possibility of slavery and serfdom. With the decline of religious intolerance and abolition of slavery, the controversies on these concepts have shifted to the political and economic spheres.

Theoretical concepts meaningless

These concepts should not be confused with the so-called liberty and equality that exist in a state of nature, that is, in the animal world. Every animal is free to live in accordance with its instincts, and this freedom includes the freedom to kill and eat other animals. Similarly, all animals are equally dominated by fear and hunger. It is a mistake to imagine that the lion and the tiger get their food more easily than the cow or the deer. Anyone who has watched the silent tread of a tiger in the forest knows that it is as afraid of strange sights and sounds as its prey, the deer. It is only man who can transcend these limitations through intelligence and social organization. It is, therefore, meaningless to discuss liberty or equality as abstract rights or virtues.

As I have already said, the main applications of the concepts today are in relation to politics and economics. What is political liberty, to what extent can men be equal in politics, what are the indispensable limitations to the individual's freedom in pursuit of wealth and material well-being,

and to what extent can persons with unequal abilities and capacities for work aspire to economic equality? These are indeed problems of far-reaching importance for humanity as a whole.

Meaning of political liberty

Political liberty means the right to propagate one's views, act in accordance with them and associate with others for either or both purposes. But if every citizen has to possess these liberties, they have to be limited by laws which ensure that no individual shall use his rights to curtail or take away the liberties of others. Though this appears to be a simple principle which ought to find universal acceptance, it is very complicated in actual practice. The owner of a newspaper can slander and defame people much more easily than individual citizens. It is no use saying that the latter are free to start newspapers and exercise similar rights. All newspapers have, therefore, to be subjected to special laws and penalties to safeguard the liberties of the people. It was once argued that the proprietor of a factory should have the right to employ or dismiss a worker in the same way as the latter is free to hire his services or refuse to do so. It took some time to realize that the unlimited rights of employers to hire or fire labour amounted, in fact, to the right of oppression based on a position of advantage acquired through the social organization.

Again, unless special measures are taken, the ordinary citizen is likely to be oppressed by persons in power and authority. To ensure that those in charge of administration are able to function effectively but, at the same time, are prevented from misusing their position to encroach upon the freedom of the citizen is a major political issue.

Rule of Law, the basis of political liberty

Thus political liberty has to be secured through a complicated

system of laws and an elaborate machinery to enforce them justly and impartially. It is the rule of law that is the basis of political liberty. Here again, there is a big snag. Any sort of oppression can be given the form of law through appropriate procedure. It is, therefore, essential to prevent the making of unnecessary and unjust laws. The usual device is to formulate a system of fundamental rights which cannot be infringed by the ordinary process of law-making. A more effective safeguard is that even these ordinary processes are undertaken by representatives of the people who have to render account to their electors periodically. Thus, it will be clear that there can be real liberty only under a democracy, though even there it is not easy to ensure it. Liberal dictatorial regimes may, in fact, allow considerable freedom of criticism, but such liberty is essentially fugitive and is likely to be taken away



when the dictator feels it is necessary or desirable to do so.

Political equality a negative conception

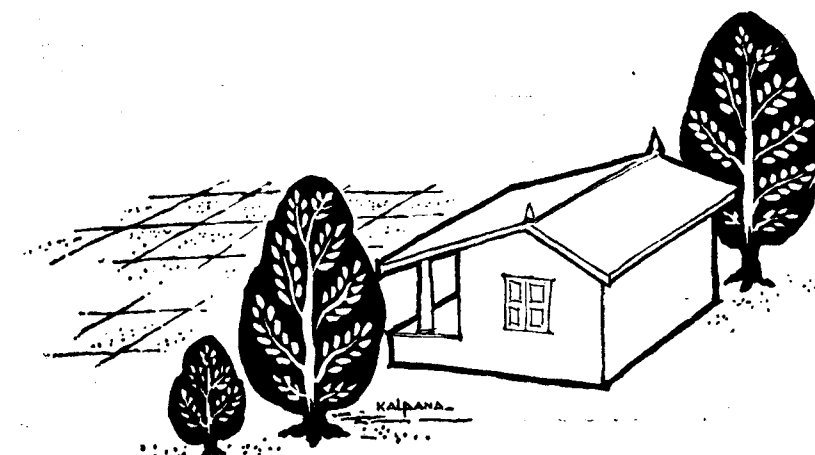
Political equality is a far more difficult proposition. Ordinarily, it means adult franchise, the right to stand as a candidate for legislature and the freedom to compete on equal terms for official jobs, subject to the possession of the necessary qualifications. To the extent that political power is decentralized and local self-governing institutions are set up at ap-

propriate levels and entrusted with power and responsibility, political equality tends to become more substantial, but, by and large, it is a negative conception and merely confers the right to change the rulers when they become obnoxious.

It is in the field of economics that the concepts of liberty and equality are sharply in conflict in the modern world. Till recent times, to own property, to inherit it, earn as much as one can, and to spend or save as much as one likes, were considered elementary rights which were beyond dispute. So long as the vast majority of the population had to earn their livelihood by personal labour, and property consisted only of agricultural land, houses, gold and silver, these rights appeared natural. But with the progressive evolution of industrial civilization, in which natural energy was harnessed to do all laborious work, property assumed to an increasing extent

of humanity and political freedom a mere luxury of the well-to-do classes. The attempt, however, by the communist States to apply the idea of economic equality in practice has been a dismal failure. Not only are disparities of income in the communist States as wide as in the so-called capitalist States, but persons who are influential in the party or who hold high offices in the bureaucracy are able to enjoy material benefits greater than those available to similar classes in the liberal democratic countries. Khrushchev lives and travels in a style comparable to Kennedy. It has further been realized that income differentials are no less necessary for productive efficiency.

While the logical application of the concept of economic equality has been found impracticable in communist countries, the idea of unlimited inequality has met a similar fate in all democracies. The political thinkers of the 18th and 19th centuries would admit



the form of shares and bank accounts, and thousands of workers came to be concentrated in a factory and were at the mercy of those who owned it, the right to property and unlimited income came to be questioned. Karl Marx tried to show that all economic inequalities are due to the exploitation of the weak and the poor by the strong and the powerful. This led to the formulation of the theory of communism which is based on the idea that economic equality is the one true goal

only 'equality of opportunity'. The pressure of adult franchise has continuously driven democratic communities to raise minimum wages, provide comprehensive social security and free social services at a high level, and at the same time through the means of steeply graded income tax, death duties and inheritance taxes, reduce inequalities of income and wealth within a range which tends to diminish continuously. The number of families whose income after tax is over 2,000 pounds in

U.K. or 20,000 dollars in U.S.A. has become very few while the respective minima are about 400 pounds and 4,000 dollars.

The state of equilibrium

Thus democracies have tried successfully to reconcile political liberty and economic equality in a large measure. It appears that a state of equilibrium has been reached in U.K. and the Scandinavian countries, and U.S.A. and other democratic countries are rapidly approaching towards this goal. In India, too, steps have been taken to reduce through taxation high incomes and great wealth, but unless national productivity can be

CONCEPTS OF LIBERTY AND EQUALITY IN RELATION TO DEMOCRACY

BY
K. Santhianam

increased to such an extent that reasonably high minimum wages, social services and social security can be secured, the conflict between liberty and equality is likely to persist. It is the part of wise statesmanship to reduce progressively the bitterness involved, not so much by reducing the standard of life of the middle classes through inflation or excessive taxation, but by a steady rise in the living standards of the masses through scientific agriculture and industrial development.

"I look upon an increase in the power of the State with the greatest fear, because although while apparently doing good by minimising exploitation, it does the greatest harm to mankind by destroying individuality which lies at the root of all progress."

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Where Ministers Accumulate Administration Decays

BY MA SREENIVASAN

The late Mr. Navaratna Rama Rao, than whom I have known none more wise and witty, recounted an anecdote in the Mysore Legislature many years ago. He was replying to criticisms made by some members that the salary paid to a newly appointed officer was too high. He said their speeches reminded him of a priceless offer he had received from a member of a committee that was organizing a benefit performance in aid of a charity. Mr. Rama Rao had persuaded a celebrated flute-player to give a recital for a hundred rupees. The committee member could see no sense in paying a hundred rupees to a person for blowing into a small piece of bamboo for a couple of hours, and offered that for ten rupees he could get half a dozen men from his village to blow into really big bamboos for a whole evening!

Jobs without qualifications

Looking at the contemporary scene, it would seem that the big bamboo-wallahs have won the day, and that their biggest victory is in the field of administration. Today the one job for which no qualification, knowledge or experience is considered necessary is the job of an honourable minister. You cannot hope to get a job as a doctor or driver, a teacher or typist, without a certain minimum education. You cannot expect to make a living as a barber or a bricklayer, or to succeed as a cricketer, a carpenter or a drummer unless you have had a modicum of apprenticeship and training and attained some degree of proficiency in those arts. Not so with the art of government. No minimum of education or training or experience is required for the top positions in the governance of our country. The 'qualifications' you need are only sartorial and communal. You must wear a Gandhi-cap; and you should have managed to be born in the right community or caste. Your chances are brighter if your caste or community is classed "Backward"; and it is better to be more backward than less backward. Until a few years ago a term in jail used to be considered a desideratum. But this is not now being insisted upon, for practical reasons! It is not surprising therefore that, with the approach of the elections, there is a wild and widespread rush and scramble for Congress 'tickets'.

The subjects you will administer—your portfolio as minister—will depend on the number of votes in your pocket. If you have but a few, you

can handle forests, fisheries, education or health; but if your pockets are bulging, you are indeed qualified for the home ministership or to become finance minister.

Ministers, particularly chief ministers, have to spend half their time looking behind their backs and beneath their feet in fear of getting pushed out or undermined. The longer a chief minister can keep his position, the greater is his merit as an administrator. Stability ranks higher than ability. It is not what a Ministry does that matters, but how long it lasts. To continue to be acceptable to all sides and groups a chief minister should have no views or individuality of his own. An ideal chief minister is an empty glass that holds and takes the colour of whatever is poured into it. It is government by L.C.M.—the lowest common multiple.

The resultant state of affairs is painfully obvious. In the place of one rupee, we now have a hundred naye Paise. Distinguished and experienced men like Dr. John Matthai and Sir Chintaman Deshmukh have found themselves out of place in the present Government.

Incompetence, bungling and corruption

Wherever one goes, one hears complaints of incompetence and bungling, and of mounting corruption. Ten thousand writ petitions admitted by high courts every year cast a lurid light on ugly and scandalous cases of misrule or worse. It is no wonder that a finance minister sighed some years ago for the day when tax cases would be non-justiciable. No wonder that more and more matters are steadily being taken out of the jurisdiction of the courts; and that judges are being subjected to pressure from ministers and politicians to "move with the times" and to interpret laws and administer justice in sympathy with the ruling doctrines and ideologies. The tendency to appoint retired chief justices as ambassadors has been rightly condemned as likely to pollute the fountain of justice. All honour to the judges, those stalwart bulwarks of the people's rights and freedom, who have resisted these unhealthy influences.

At the time our country gained Independence our administrative service was the envy of the world. Even the bitterest critic of the Civil Service conceded that it was the "steel frame"—as it was disparagingly called—that held the country together during the perilous post-Independence period and through the disastrous shocks and upheavals of par-



tion, and saved it from the chaos that overtook many other nations that attained freedom in recent times.

What made the administration so reputed for its competence, integrity and devotion? How were such good administrators made?

The answer is simple. They were made as a Rolls Royce engine is made. Sound raw material was selected after rigid tests, and then shaped and built, step by step, under competent hands, with careful checking and supervision at each step, into a fine, dependable, finished product. No shoddy material, no faked substitute was permitted. No dilution or adulteration was tolerated. The young officer learnt at the feet of brilliant and experienced veterans. The discipline was strict and impartial; and he was applauded or reprimanded, promoted, demoted, or sacked—purely on the basis of his performance as watched and judged by his seniors and *gurus*. Before he stepped into the position corresponding to that of a minister and began passing orders in that capacity, he had thus served and obeyed for fifteen or twenty years during which time he had learnt and practised the art of government in different fields and situations.

We have seen how, in sharp contrast to this, our present day ministers and chief ministers are appointed and allotted portfolios. Eager to exercise their newly-got authority they proceed trigger-happily to pass orders. And here lies the root cause of mischief and of the rot that has set in.

The question may be asked, "Are not elected ministers to exercise power in democratic government?" The answer is, assuredly, yes.

'Democratic' only in name

A great and growing body of people—including some of the most eminent and respected sons of India—are of the view that today our Government is democratic only in name. They rightly point out that we have no such thing yet as a real democratic Opposition, that the regime is really monolithic and authoritarian.



But apart from that question, it is undoubtedly the function and responsibility of elected ministers in a democracy to reflect the will of the people, and to lay down and direct the Government's policies and plans. At the same time, it is obvi-

KILLING THE GOOSE

Individual intelligence, brain power and talent, left free and unregimented and encouraged to work, organize and discover will lay golden eggs; but to thwart them or control them departmentally is like killing the goose for the sake of the eggs. We cannot, in the present stage of evolution of our ministerial morality and bureaucratic morale, afford too large doses of State executive control of industry in the fascinating name of socialism. For socialism demands more from individuals and rulers than any other system. —KHASHA SUBBA RAO

ous that there is a great and urgent need, in the present situation at any rate, to demarcate the bounds of the power and authority exercised by ministers and to see that, as far as possible, the business of implementing the plans and policies and the machinery of administration are not directly handled or meddled with by inexperienced and untrained hands. It is typical of the wisdom and detachment of Rajaji and his clarity of thinking that he has constantly urged the separation of the Executive from the Legislature. The case is not dissimilar to that of a chief minister who is provided with a big government car and does not know driving. He has the authority to tell the driver where to go. But, if disaster is to be avoided, a way must be found to ensure that he does not seize hold of the wheel and attempt to drive the car *himself*.

Yet, that is exactly what is happening now. The main cause of the present deterioration and decay of administration in our country is the invasion of it by unqualified and immature politicians in power and their reckless meddling with the fine machine that fell into their hands. And like bad workmen quarrelling with their tools, they add insult to injury by blaming the officers for their own incompetence, and worse.

Scapegoat sacrifices

As is well known, the big and noisy annual all-India meetings of the ruling party are being more and more used as occasions to stage costly *tamashas* and exciting scapegoat sacrifices to distract the attention of a long-suffering and disappointed people from the wide gap between the party's promises and performance. It will be recalled that at the great scapegoat sacrifice performed at Sadasivanagar in Bangalore, the victim was described as the administrative machinery. On the occasion of the Mahayagnya the mover of the relevant resolution, a minister, incanted as follows:

"There appears to be a wide gap between policies and programmes and their implementa-

tion The Congress feels strongly that the temper of the administration as well as the people generally has to change in order to face the great tasks before the country with faith, speed and determination. It has now become important that the administrative machinery should be overhauled to deliver the goods in the new situation that has arisen."

One may ask, "What about the officers? Are they mere tools and automatons?"

I am full of sympathy for the very heavily overburdened and harassed administrative officers in the States and in the Centre today. I have a personal admiration for many among them, who have upheld the highest traditions of the service and borne new burdens and faced new onslaughts with courage and integrity. But they will be the first to admit that the strains and stresses are too great, that the contagion is too close and constant to resist over the years; and that, by and large, the quality has suffered.

Reasons for deterioration

The reasons for this deterioration in quality can be summed up in three words—dilution, diffusion and demoralization.

The multiplication of ministerships, offices and officials is one of the most devastating consequences of the "socialist pattern of society." It is the big crowd that is collected to drag the hulky Jugernaut of Avadi.

In the attempt to fill the enormous demand, standards of recruitment and promotion have gone down; and there has been great dilution, if not adulteration prompted by communalism, casteism and provincialism. At the same time as Parkinson's Law is producing results more spectacular than its originator could ever have imagined possible, a kind of Gresham's Law has caused the good coins to be driven out by bad coins and counterfeits.

Diffusion and dissipation of administrative talent and attention result from the Congress Government's passion for minding everyone's business in the world except its own. It has to worry over Korea and Syria, Laos and Congo and Katanga. In addition, it must take over or meddle with your business and mine and of all the individual citizens of Independent India.

Demoralization is the most potent cause of the decay, though its effect is more insidious. It arises from the continued exposure of administrative officers to political indoctrination, machinations and meddling. The air they breathe is politically infected. The environment is far different from what it used to be. Where they had to work with and learn from trained and experienced administrators

they have now to work under small and inexperienced men. Where, to merit promotion and advancement, they had to concentrate on improving their qualifications, gaining knowledge and experience, and have a record of hard and honest good work, they have now to learn to contend with prejudices and favouritism of all kinds.

Pressures and influences

How many can resist this brain-conditioning and these pressures and influences, and for how long?

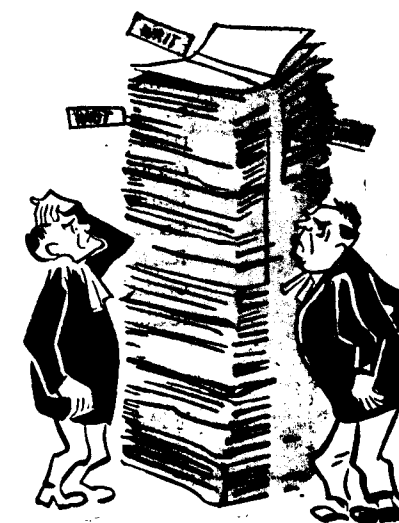
Consider the case of a senior officer, who has three or four years to serve before retirement and is holding an important headquarters job. He has grown-up children studying in school and college, and perhaps an aged parent or other close relative who needs competent medical care. Every day he sees or hears of a senior colleague suddenly transferred to a relatively unimportant post in the far-off mofussil because his minister found him not submissive enough. He sees failures and 'yes-men' being appointed to coveted positions in the Capital. Can conditions be more favourable for the breeding and promotion of invertebrates and yes-men?

A melancholy instance of this demoralization is to be found in the fact that the members of the Institute of Public Administration, who are practically all administrative officers, have never thought of electing one of their own—even the senior-most or the most distinguished—as their President. Their "elected" President is invariably the Prime Minister. Could it be because they have been working in an environment in which flutists are few and bamboo blowers are many, and anybody can be an administrator?

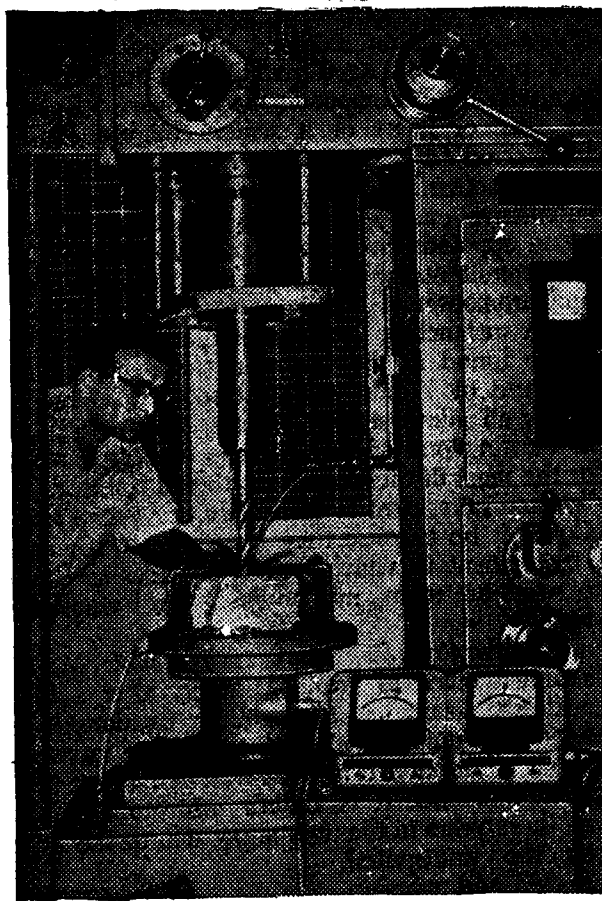
At the time, fourteen years ago, when Mr. Nehru assumed office as Prime Minister, after a life-time selflessly devoted to the fight for freedom, it would have been unfair to expect him to have known much about or developed a great deal of interest in administration. But it is India's misfortune that, after all these years in the unique position he has occupied as the undisputed,

feared and worshipped head of the Government he has not found himself able, amidst his global cares and international pre-occupations, to devote some attention to the first thing India sorely needs—a good, clean and competent administration that minds its business.

One test of a good administrator



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—as of a general or leader—is whether he has trained a successor to take his place, and how well he has done so. That Mr. Nehru has failed in this test is clear. The nervous questioning as to who will succeed him proclaims this failure.

Far from democracy

It may be argued that in a democratic government it is not the job of the Prime Minister to find and groom his successor. But such argument would be specious in the light of the hard fact that we are very far from being a democratic government, that we are under the rule of a single, powerful and strongly entrenched party dominated by one man who stands high above all others, and that there is no genuine Opposition party that can provide an alternative democratic government. Mr. S. K. Patil, one of the most astute and discerning members of the Congress hierarchy, put it admirably when he compared Mr. Nehru to the banyan tree under whose shadow nothing can grow. He might well have wished that the Chief was more like the plantain tree that bears fruit and retires, but not before it has produced another young tree to take its place.

After Nehru, who?

It is indeed a pity that Mr. Nehru wavered from his declared resolve to retire some years ago, and yielded to the adulations and importunities of his followers, the majority of whom are squatters in office who know full well that they will not last for a day except under his wide, protecting shadow. The more is the pity that he permitted himself to be made an exception to the "ten-year rule" of tenure of office, which was passed with his acquiescence, thereby throwing the gates wide open to a flood of exceptions. Shedding the cares and entanglements of office he could have sat back and devoted his tireless energy and unmatched knowledge of politics to the great work of nurturing parliamentary democracy in Independent India, and seeing that it got a good and honest Government. Like Gandhiji, he could have been a fountain of inspiration and correction to the men in power, their revered preceptor. Courageous and a towering personality that he is, with unique and complete hold over his party, none but he could have more effectively reversed the drift towards totalitarianism, and stopped the rot in administration. Adored as he is by the people, none but he could have dealt a more smashing blow to the idolatry and the personality cult that pervades the land. Thus he would forever have been enshrined in the people's hearts as the great and worthy successor of the Mahatma who named him his heir. But it was not to be.

Today, the anxious cry is heard all over the country and abroad "After Nehru, who?"

From a wide void Echo answers 'who who who?'

THE VITAL ROLE OF OPPOSITION IN A DEMOCRACY

C.H. BHABHA

Democracy is government by debate. It is based on the assumption that only through discussions, unfettered by any fear of coercion, does one arrive at a right decision. Such decision may not be and need not be unanimous; but a decision which is forged through a process of free debate is likely to do good to the majority of the people. A healthy safety valve in this process is the facility available of changing this decision, again through debate, even if it were a single individual who persuades the majority to believe that its earlier decision was not in the best interests of the community.

It may be argued that theoretically a lone individual may be able to change the decisions of governments, but that in a modern mass society this is a rare phenomenon. The resources of one individual are simply not sufficient to change a political decision. It is, therefore, inescapable to make the facility of debate really effective, a very large number of individuals with a more or less similar outlook on the organization of society should join together and form a political association to make the dissent effective. This is why in a democracy the right to free association is

as important as the right to free speech and to a free Press.

In recent times, many of the basic concepts of democracy have been stretched to suit conditions and circumstances. While this may not be unusual or extraordinary, it is entirely a negation of democracy, if, under the guise of the will of the majority of the people, a caucus, a group or a particular political party maintains its sway and its strangle-hold over a nation. Such methods of exercising power and authority would sound the death-knell of democracy. When such circumstances arise, the basic right of even free thinking is submerged to the will or wish of a single dictator or a group of such individuals. Whatever may be the excuse for such a type of democracy or whatever the name by which it may be called, one feels that this violation of sound canons of democratic behaviour cannot survive for long, and such democracy has to depend largely on force, power and patronage to keep up the semblance of authority.

It is not enough to have constitutional rights of freedom of speech and association. Conditions should be created for making these rights real. If this is not

done, these rights may exist in name only. An Opposition is, thus, necessary not only for keeping a ruling party alert and efficient, but also for the preservation and even extension of the fundamental rights of a free society.

Effective Opposition

This cannot and does not imply that it is the responsibility of a ruling party to help create an effective Opposition. It is the lack of stamina of the Opposition forces that prompts them to make the absurd demand that the ruling party should help them grow to such a stature. The main condition for the growth of an Opposition is the readiness of an Opposition party to remain in the wilderness. It is not the lure of power, but the grim realities of remaining in the Opposition, which will ultimately strengthen the Opposition.

This is not to say that the ruling party should not play the game. It is assumed that the party in power would not create any hindrance to the growth of the Opposition through acts of commission or omission. If the official position is used to build up further the party in power, people's faith in democracy itself will be shaken. Unnecessary and unwarranted curbs on fundamental freedoms could only strengthen the forces which despise the principle of orderly change. If faith in the ballot box is shaken, the only alternative is violent chaos. Though there has been a cynical respect for the ballot box in communist countries, the fact remains that even totalitarian regimes have to make a show of opening the ventilators of a stuffy society.

At this juncture in our history, how wistfully do we long for an effective Opposition party! When the frontiers of this land are not only inadequately defended but the facts of aggression are suppressed or played down, the need for an effective and vigilant Opposition has become tragically overwhelming.

ing. There is nothing unpatriotic or unbecoming in opposing a party in power. On the contrary, it is a sacred right. Opposition to the methods of the party in power should not be construed as splitting our ranks in the face of an alien aggression like China's. When active hostilities commence, all patriotic parties should join together and close up their ranks. But until such a disastrous eventuality occurs, all avenues of debates and discussions should be kept open. It is quite likely that only through such effective debates will the country forge a policy for preventing further aggression.

Battle for minds of men

Rajaji, with his characteristic insight, has recently stated the view that "if the conditional ifs, buts and provided-thats are all added up, it will be seen that



most political parties swear by the same objectives and the difference is, as far as policies are concerned, mostly an illusion". This only proves that the idea of the welfare State has earned almost universal respectability. But does this mean that the battle for the right and effective means is also an illusion? It is in respect of the means that political parties contend for victory over the minds of men.

Even the communists, who are disillusioned by the incredible relations about the repressive character of the Stalin regime, have been haltingly coming to the inevitable conclusion that even in a "socialist" State there should be an effective Opposition. This view

again found expression when the Soviet Union cynically resumed nuclear tests on the very day of the opening of the Belgrade Conference of the neutral Powers. Such an internationally known American fellow-traveller as Dr. Corlies Lemont publicly lamented the fact that the Russian somersault resulted from the absence of democracy in Russia. In the present political set-up, the peace-loving people of Russia had no chance to pass judgment "on this important change of policy." One would also like to speculate whether the people of China would have tolerated their Government's adventurist aggression against a friendly country had there been a really effective Opposition in that country.

Safety valve

An enlightened and respected Opposition is of greater importance in countries having no evolved tradition of democracy than in democratically developed countries. Such an Opposition should not only be facilitated, but also positively encouraged by all right-minded citizens of such countries. Many consider a properly functioning Opposition to be a sort of safety valve for keeping the engine of democracy moving at the right speed. In old established and evolved democracies, Opposition leaders are given a stature and status similar to those enjoyed by members of the government.

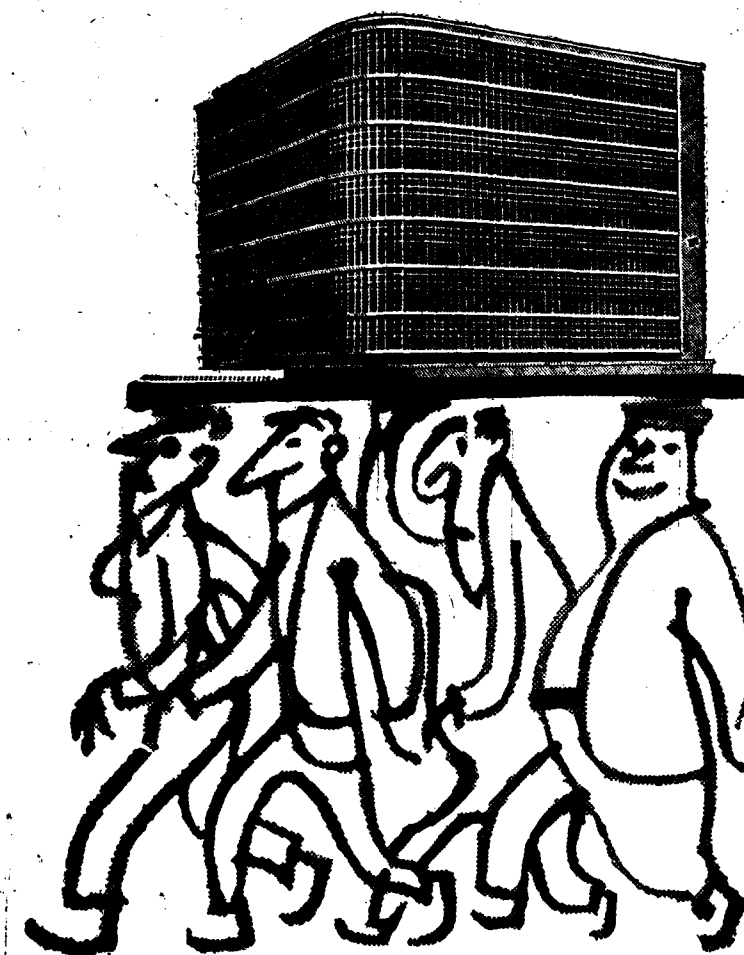
Forging traditions

The Opposition is, thus, not an evil. It is a necessity. In fact, we should forge traditions of making the Opposition respectable. Only when the Opposition gets its due recognition, can it find itself in the atmosphere in which it can grow to maturity. The right to change the government is one of the fundamental rights of a free society. And it is this right which is the heart of democracy. How are we to enjoy this basic right unless we have an effective, purposeful and responsible Opposition?

NEED FOR HIGH LEVEL CHARACTER

Against the abuses of capitalism there is this element of hope, that society is not without power to defend itself. But there is no protection left to people against the concentration of power that will be packed into the State under the impetus of socialism when the State itself gets into wrong hands. Our sovereign legislatures provide no insurance against this contingency. Too often inferior men get into the legislatures. Of the votes cast in elections, many are still open to purchase. The party bosses that rule are often less interested in getting the aid of competent talent for State purposes than in preserving and consolidating their own authority with the aid of docile favourites. If the unlimited encroachments of State power into individual lives under socialism are not to lead to tyranny and organised injustice, we need a very high level of character and of the vigilant and conscientious encouragement of talent that are not to be found in India today. There will be need for some time yet for the protective resource of individual character operating in fair freedom if the minorities with insufficient voting power are to survive against the predatory attitudes of large masses who have such power.

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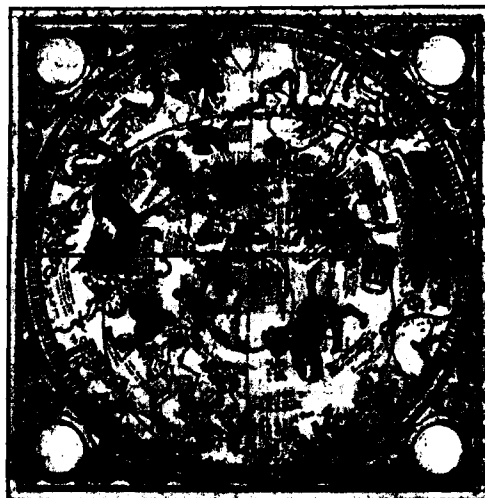
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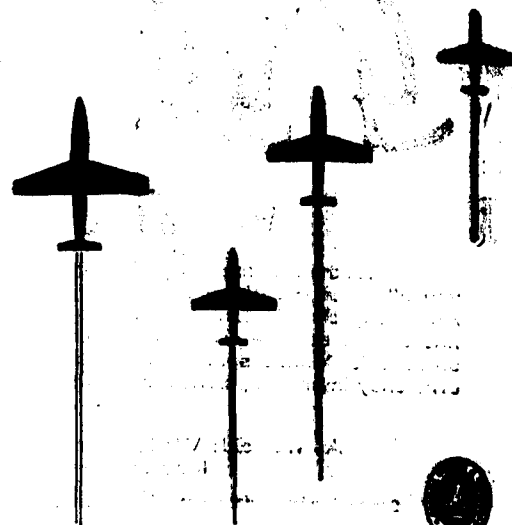
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by DR. C.D. DESHMUKH

The phrase, 'national integration', involves a logical inconsistency. A nation is a social organism constituted by individuals or social groups, as a structure of power which is centred in an individual ruler, a feudal group, a military caste, a high bureaucracy, an economic upper class, a priestly hierarchy, a ruling committee, or committees of a parliament or a revolutionary vanguard. It is therefore already integrated. But this integration is always the subject of a tension between silent acknowledgment of the people and the power of enforcement. The ruling minority in such a social group are both the objects of the enforcement of the law against the wilfulness of any member of the group, or, in an organization formed by groups, of any group or groups. If the unity of the organization is to be preserved, in addition to this balanced tension of acceptance and enforcement, the ruling minority, i.e., Government, must express the communal spirit of the groups, their ideals and valuations. The spirit of the group is expressed in all its utterances, in its laws and institutions, in its symbols and myths, in its ethical and cultural forms. The balance of acceptance and enforcement, and its balance in turn with the spirit of the group, preserve the unity of the power group. Any disturbance of either balance tends to weaken unity and encourage a trend towards disintegration.

These factors, making for preservation of unity or liable to encourage disintegration, are not operative entirely on their own. They are constantly affected by the encounters of other power-groups, and as a result every power-group is apt to experience growth or disintegration. Each power-group, i.e., nation, has its own geographical space and also radiates its power into the larger spaces of mankind, by economic expansion, spread of culture and a sense of a mission or what Dr. Paul Tillich in his thought-provoking book, *Love, Power, and Justice*, calls vocational consciousness. "Today two great imperialistic systems fight with each other in terms of both force and 'vocational consciousness' which, in the case of Russia, is a fanatical avowed concern for equality and in the case of

America is 'to establish the earthly form of the Kingdom of God by a new beginning'."

Rival power - groups

The rise of rival embracing power-groups involves a decrease in national sovereignty, and the question arises whether the world is about to witness the emergence of a united mankind. Pondering three possible alternatives, it seems doubtful whether, as a result of this power-struggle, any decentralization will take place. The establishment of a world state appears to be impossible in the face of divergent vocational consciousness and the absence of a spirit of unity, which will induce universal silent acknowledgment. There may arise one power structure, if there is a minimum of suppression and law and justice and uniting love are embodied in this power, although new situations disrupting such a universal power centre are not improbable.

As things are, therefore, the greatest danger to any nation's unity is the cold war between the world's two gigantic power blocs. In the face of this threat even a profound spirit of unity in symbols, myths, culture, language and the rest has been and is no guarantee against disruption, witness the disintegration within the last decade of Korea and Viet-Nam. Even where the cold war is not very hot, a disruption may occur, as, for instance, it happened recently in respect of the U.A.R. and Syria. The avowed justification in all such cases is either imagined or real group grievances or divergent ideologies of the ruling minorities in the concerned groups. The seal is set on such disruption when other powerful groups, i.e., nations, recognize the fragment from the erstwhile united nation.

It is against this theoretical background that one should examine the question of India's national integration. In doing this it is as well to recall both the disintegration that the sub-continent suffered in 1947 and the integration that took place in 1949 in the Indian portion. The partition was enforced by irreconcilable group inter-



ests and facilitated by availability of geographical space for the seceding community, the majority of which professed another faith. The integration of the former princely States proved possible because of the essential unity of culture of the numerous separate groups with the other groups forming India.

Threat from Power blocs

It is worthwhile pausing to consider here how within barely 14 years of the achievement of Independence any threat could possibly have arisen to the unity of India. It is manifest that the struggle between the two Power-blocs has relevance to any such threat and can furnish no small part of the explanation. The overt manifestation of a separatist tendency has occurred only in one of the southern States, and most political observers seem to regard it more as a move on the internal political chess-board than as the expression of any serious discontent or the indication of a grievance worth looking into and remedying.

The issue of integration was first brought up before academicians by Dr. V. K. R. V. Rao, the then Vice-Chancellor of Delhi University, at the meeting of the Education Panel of the Planning Commission held in Poona in 1957. But it was then only partially considered. A decision was then taken that the subject should receive separate and comprehensive consideration at a seminar. Such a seminar was organized by the University Grants Commission, which submitted its report in April, 1958. Those recommendations will be referred to at a later stage. It is sufficient to say that they were, after circulation to and general approval by the universities, considered by the University Grants Commission in 1960 and it is to be assumed that they were in a process of implementation, at least to the extent to which the responsibility for implementation lay with the universities and the University Grants Commission, when the issue became prominent in the public eye and attracted the attention of the ruling party and the Government. As a result of the communal disturbances in Jubbulpore and the disturbances over the language issue in Assam, the Congress Party appointed its own committee, called the National Integration Committee under the chairmanship of Smt. Indira Gandhi, for the purpose of examining the issue and making recommendations. But this committee was in the main concerned with the communal issue. This was followed by a meeting of the Chief Ministers of States and some Central Ministers in Delhi on August 10, 11 and 12, 1961, to consider these matters. Their conclusions were published and included a recommendation that the Central Government should hold a conference to consider



problems of national integration. This conference was accordingly held in Delhi on September 28, 29 and 30, 1961, and included, besides Cabinet Ministers of the Central Government, Chief Ministers of States, members of the National Integration Committee, leaders of various parties in Parliament and a number of eminent persons from all over India, including educationists, scientists and others. The conference issued a statement which has been printed and is available to the public for reference. To round up this account, it is necessary to add that a separate committee called the Emotional Integration Committee has been appointed under the chairmanship of Dr. Sampurnanand in order to examine the role of education in promoting emotional integration in national life and to suggest suitable programme in this regard. It is understood that this committee is likely to submit its report very shortly.*

National Integration Conference

One of the important recommendations of the National Integration Conference was that a National Integration Council be set up to review all matters pertaining to national integration and to make recommendations thereon to the Central Government. This Council has been constituted, although till the time of writing, no meeting has been held.

The statement issued by the National Integration Conference makes it clear that the conference considered the report of the National Integration Committee and more especially the decisions taken at the meetings of the Chief Ministers, as well as the recommendations of the seminar on National Integration organized by the University Grants Commission in 1958. In addition, certain economic aspects of integration were also considered and a code of conduct of political parties was discussed. The results may be summarised as follows:

India's cultural unity in the midst of diversity has been recognized, a unity which is basic and has a peculiar and distinctive identity, but even though political unity and freedom have confirmed this unity, the conference felt that various fissiparous and disruptive tendencies, such as communalism, casteism, regionalism and linguism, tended to disrupt the solidarity of the people and that, therefore, these disruptive tendencies have to be controlled and countered. The conference took note of certain fears and apprehensions of some minority groups and the need for taking steps to remove all legitimate grievances. The remedies or proper course of action to strengthen unity and prevent disintegration included the launching of a mass campaign for a pledge to be signed by every adult Indian to affirm his faith in the universal principle of civilised society, to settle

disputes by peaceful means and to abstain from resorting to physical violence in disputes with fellow-citizens of India.

Reorientation of education

Based on the finding that education provides the most important means of bringing about national integration, the conference regarded the process of education and its reorientation, where necessary, as of primary importance. In this context, special attention is to be paid to ensuring that the linguistic minorities are enabled to have instruction for their children in their mother-tongue at the primary stage of education. The conference devoted much thought to developing an all-India link for inter-State communication, as well as keeping and strengthening a link for international communication. In concrete terms, this meant the continuation of instruction of Hindi into the higher education stage, as well as strengthening of the teaching of English both at the school and at the college and university levels. The commencement of the day's work in all schools in India with the community singing of the national anthem was regarded as a powerful means of influencing the minds of the young in developing a sense of Indianness.

The conference was of the opinion that in order to foster and develop national integration it was necessary to have a code of conduct in respect of political parties, the Press, the students and the general public. Whilst some sort of general agreement to a code for immediate adoption for political parties emerged, the task of evolving codes of conduct for the general public, students and the Press, as also the code of conduct to be observed during the forthcoming general elections was left over for the Council for National Integration.

The Council was also enjoined to give early consideration to the setting up of machinery for the examination and redress of grievances of minorities. The question of fasts for political and other purposes is also to be considered by the Council.

Finally, the conference recognized the importance of regional balance in economic development as a positive factor for promoting national integration.

In the heat of the mounting political emotion on the eve of the elections, the holding of the National Integration Conference has been dubbed as either a political stunt or at best a futile measure. But it is possible to prove that this is an unjust verdict and that the deliberations and the decisions of the conference covered many aspects of relevance to the fostering of a sense of national unity and the mini-

mising of forces of disintegration. It may be fairly argued that the conclusions of the conference show a confusion of short and long-term measures or positive and negative steps for securing the desired needs, and as these are implemented it is to be hoped that a sense of balance and perspective will be in evidence, so that the really fundamental matters are not lost sight of. In the world situation that exists today, reference to which has been made earlier, it might be a long time before the reorientation of education would have become effective enough in building up a sense of good citizenship amongst the younger generation, but what is of immediate moment is to ensure that, whilst all the forces operating on the adult individual's making by our social groups in the direction of strengthening a sense of belonging are encouraged, the contrary forces tending in the direction of disintegration are unerringly detected and effectively discouraged.

Positive measures

The positive forces would include a variety of measures comprised within the broad term 'social education' and also include urgent national tasks, such as the re-writing of history. Whilst it is generally felt that the linguistic reorganization of the States is a measure which would prove to be irrevocable and which, indeed, appears to some as essential for the fostering of our nascent democracy, positive measures for neutralizing the separatist and isolationist effect of this reorganization could, it is recognized, be taken by promoting mobility in the educational, professional, vocational and administrative fields. Indeed, the removal of barriers to the free movement of skilled labour and managerial personnel between the different States might prove to be a potent instrument for the removal of regional economic disparities. Again, tensions between the urban and the rural areas could be greatly alleviated by greater decentralization and dispersal of economic, particularly industrial, activity.

Identification of grievances by groups

There can be little doubt that, in the final analysis, unity and disintegration are political concepts; it is, therefore, in the political field that the positive and negative measures for promoting or strengthening the unity of the country and countering the forces of disintegration would have to be taken. In this connection, the most important objective would



* This report has since been submitted to the government.

seem to be to ensure that the State as the power-centre of the community must give continuous proof that, although a minority in power, its interests are identical with those of the entity that is the nation from which it derives its authority. Any failure on the part of the State, either to show solicitude for the welfare of the different sections of the community or to enforce authority against unjust treatment or exploitation of some groups within that community by other groups, not to speak of allowing its overall constitutional authority to be weakened, would disrupt unity and strengthen the forces of disintegration, with consequences which it is hardly possible to forecast in the present highly dangerous situation in regard to world politics. It has to be constantly

borne in mind that, under any form of a democratic system of government, even where grievances are not identified by the groups affected, there are political groups in the form of parties, whose business is to identify grievance and seek to obtain redress. Indeed, in the highly surcharged atmosphere of politics, it often happens that the significance of grievances is magnified beyond all justification and many a mountain is made out of the proverbial molehill. In such a situation, unless the ruling minority wielding power shows both love and justice, it is at any rate bound to forfeit the silent acknowledgment of the people and possibly to drive social groups into the vortex of ever more powerful power-centres.

THE GREATEST MENACE

In India Congress Socialism represents today perhaps the greatest menace that confronts the nation. With the possible exception of the Prime Minister there are no genuine socialists in the Congress camp or in the Government. What passes for socialism in Congress platforms and propaganda is an expedient technique for additional appropriation of enormous economic resources so as to prevent for ever the emergence of any alternative Government from the Left. The Congress leaders have no socialist traditions to boast. The really genuine socialists with creeds identifiable as intrinsic socialism are in the Opposition. Overnight the Congress put on the clothes of socialism and since then there has been confusion in the politics of the country as a result of the Congress and its opponents being both clothed in habiliments that look alike.

The test of socialism is the establishment of work and wage as a sacred inviolable citizenship-right for every individual. In India, the possibility of every citizen being saved from unemployment has not come to be envisaged. The Five-Year Plan does not contemplate the extinction of the unemployed with the completion of the economic goals it has set for itself. Nor does it promise protection under State auspices for the millions of unemployed that are taken for granted. Professor Tawney, a very enlightened advocate of socialism, de-

velops in his book *The Acquisitive Society* the thesis that private property to be justified must be associated with some function and its owner must perform through it some task of social value. The socialist State is conceived as performing through the resources it has gathered by appropriation of various forms of alleged functionless property, the supreme function of the Welfare State, the protection of every citizen from unemployment and want. Here in our midst, the appropriation of property is going on all right, but the performance of the function for which the property is appropriated, has not begun in reality, it has become just a matter of make-believe and spurious propaganda.

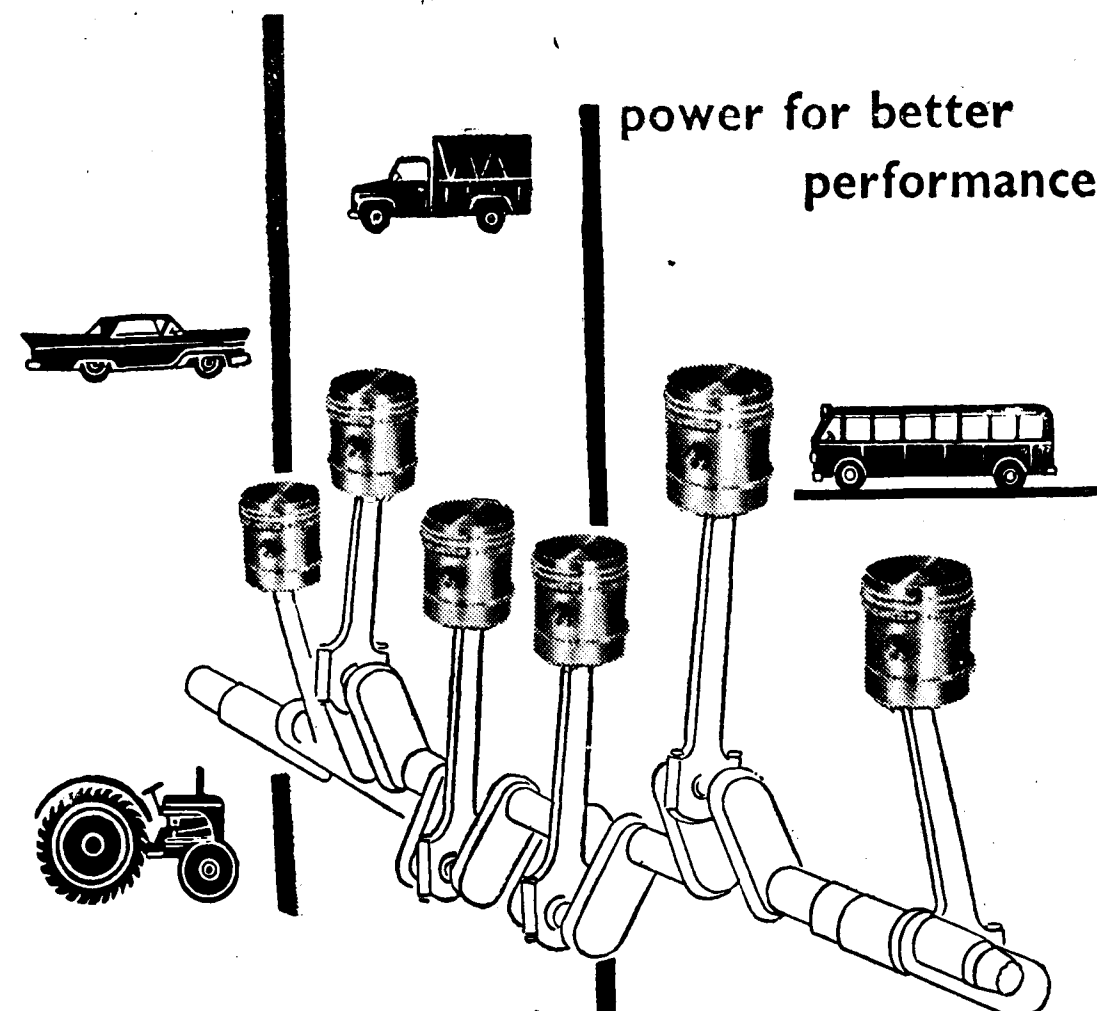
Under Hindu philosophy, sanctity is attached to charity, and many that were poor found comfort and support at the hands of the wealthy enjoined to regard riches as a trust and charity as a duty. Indian socialism has destroyed this charity without passing it on to the State as a duty except in name only.

We feel that it is a patriot's duty not to take Government righteousness as axiomatic; and also to refuse to place more resources at Government's disposal unless adequate safeguards are provided to ensure wise spending, elimination of waste and the maintenance of a proper level of competence, merit and character in the personnel in control of the administration.

Dec. 15, 1956

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VOTERS' ROLE in a Democracy

By PURUSHOTTAM GANESH MAVALANKAR

Director, Harold Laski Institute of Political Science

"An Ideal Democracy may be taken to mean a community in which the sense of public duty and an altruistic spirit fill the minds and direct the wills of the large majority of the citizens, so that the Average Citizen stands on the level of him whom we sometimes meet and describe as the Model Citizen. In it the average citizen will give close and constant attention to public affairs, recognizing that this is his interest as well as his duty. He will try to comprehend the main issues of policy, bringing to them an independent and impartial mind, which thinks first not of his own but of the general interest. If, owing to inevitable differences of opinion as to what are the measures needed for the general welfare, parties become inevitable, he will join one, and attend its meetings, but will repress the impulses of party spirit. Never failing to come to the polls, he will vote for his party candidate only if satisfied of his capacity and honesty. He will be ready to serve on a local Board or Council, and to be put forward as a candidate for the legislature (if satisfied of his own competence), because public service is recognised as a duty. With such citizens as electors, the legislature will be composed of upright and capable men, single-minded in their wish to serve the nation. Bribery in constituencies, corruption among public servants, will have disappeared. Leaders may not be always single-minded, nor assemblies always wise, nor administrators efficient, but all will be at any rate honest and zealous, so that an atmosphere of confidence and goodwill will prevail. Most of the causes that make for strife will be absent, for there will be no privileges, no advantages to excite jealousy. Office will be sought only because it gives opportunities for useful service. Power will be shared by all, and a career open to all alike. Even if the law does not—perhaps it cannot—prevent the accumulation of fortunes, these will be few and not inordinate, for public vigilance will close the illegitimate paths to wealth. All but the most depraved persons will obey and support the law, feeling it to be their own. There will be no excuse for violence, because the con-

stitution will provide a remedy for every grievance. Equality will produce a sense of human solidarity, will refine manners, and increase brotherly kindness."

—Lord Bryce, *Modern Democracies*
Vol. I, pp. 53-54.

The right to freedom of speech and expression, freedom to choose any candidate for a public office, capacity to replace the Government of the day, and full liberty to receive education without any interference or interruption from the State or allied social institutions—these are, perhaps, the four pillars on which the edifice of democracy can be hoped to be adequately built. This means that the processes of democratic construction, in a given community, are always difficult and painstaking. Moreover, modern democracy is representative democracy. It presupposes that both the common man and his representative will ever be vigilant and active and constantly interested in public affairs. When, therefore, we see today that "the elector has become a willing sheep and the M.P. a reluctant one," we can well imagine how and why present-day representative democracy faces such a crucial trial.

Basis of representative democracy

An informed, intelligent, judicious, and wise electorate constitutes the basis of representative democracy. Every member of the electorate, i.e., every voter, must take interest in what is happening around him, in his nation-State and in the outside world; he must listen to opposing opinions before forming his own independent judgment; he must take a definite stand on the great public issues of the day; of course, he must participate actively by contesting any public office to which he thinks he is capable and by publicly voicing his opinions through the oral or written word. Obviously, all will not be candidates; but all will certainly be voters, and, as voters their role is no less active and important.

It is the speciality of democracy that people get the government they want. It is also a consequence of democracy that people get the government they deserve! So, the role of the people in a democracy is decisive.

The first duty of a voter is, of course, to vote; and he must do so at each and every election, local, State and federal. "The proper or improper use of the vote will make or mar democracy." Now, in the

Constitutions of some countries, this right to vote has been converted into a duty and an obligation on the part of the voter. I think this right to vote need not, and should not, become a constitutional and compulsory obligation for a citizen. After all, the important thing is not merely the possession of the franchise and the mechanical exercise of voting, but the crucial freedom of choice that is implied in this right to vote. A voter must himself feel enthused, not compelled, to cast his vote and thus express his free choice. Only the availability of a free choice between two or more alternatives will assure the reality of democracy. Lord Attlee emphasized this aspect of democracy well by hitting at the system of elections in dictatorships, calling them "one-horse races!"

Indifferent electorate is a menace

There is another reason why a voter must always exercise his right to vote. As a municipal election poster in Chicago once put it aptly, "Bad men are elected by good men who do not vote." It is no use our complaining about so many bad men getting elected if so many more of us, the good men, are going to be indifferent and passive. An indifferent electorate is a great menace to representative democracy. Indifference and inactivity by many only give a chance to the few to impose their own likes and dislikes on all.

But, if voting is the first and the last duty of a voter, the question still remains: how is the voter going to enjoy his freedom to vote at the various elections? This, then, is the second important role of a voter in a democracy, namely, he must constantly take interest in the affairs of the State and the community. To quote R. M. Mac Iver: "Democracy has proved to be unworkable where the majority of the people are politically inert, uneducated, unconscious of their unity or of any binding common interest. It is a question rather of the level of interest than of the level of intelligence." So, even the best of institutions will fail if the citizens are uninterested and unwilling to participate in the happenings around them.

Mere interest, however, is not sufficient. It must be clothed and strengthened by education, civic and political. A voter must, therefore, associate himself with the free discussion of political issues. He should do this always, but particularly so during the weeks and months preceding a general election. He must attend different party political meetings, hear conflicting views, consider various suggestions for political action and public programmes; and he must do



all this without ever forgetting that he alone, in the end, retains and enjoys the privilege of differing concerning the public issues; and he must agree to the settlement of these differences by mutual consultation and consent and by counting of votes. Democracy should, in this context, become a continuous dialogue among people with different and even opposing view-points. The Wilsonian ideal of "Government by discussion rather than Government by control" can be achieved to a smaller or a greater degree according as the intensity of the free flow of discussion takes place for ever, both before and after elections. Education, therefore is vital.

Eternal vigilance

Another aspect of the voters' role in a democracy is that they must ever be vigilant guards, checking those in authority who frequently restrict the liberties of the citizens. Eternal vigilance is the price of liberty and of democracy.

In conclusion, it is perhaps necessary to make clear what the above-mentioned paragraphs do not attempt to state. Although the role of the voters in a democracy is pivotal, we cannot claim that all will be well with democracy if only voters played their part fully and well. Even when the doctrine of popular sovereignty is recognised, it does not follow that people as such are sovereign. In fact, in modern times, no one single unit is sovereign. So, even an electorate can play its role to a point. There are many limits on the role of the voters in a democracy. Obviously, the voters are not the rulers. Often, they cannot effectively control their rulers. Again, their choice of candidates may not result in the victory of such candidates at the polls. At best, the voters can only supervise the rulers and occasionally dismiss them from power.

Voter is a significant unit

What is necessary, then, is that the voter must consider himself a significant unit in the colossal modern State machinery. He alone cannot do much; but the accumulated effect of all individual citizens acting as significant voters will produce a big and wholesome effect on the democratic machinery of a State. The atomic age today need not also be an age of apathy. Instead, the educated and interested voters might make it the era of enlightenment wherein everybody will be able "to argue freely according to conscience" and to act wisely according to divine inspiration.

NEW POLITICAL VALUES

[This article was written by me in the middle of 1957, two years before the Swatantra Party was formed. It is worthwhile reading it now.—C.R.]

C. RAJAGOPALACHARI

It is time that someone should earnestly point out to the Congress as well as the Government that, after ten years of Independence, a great psychological change has taken place in the public mind. Public feeling has taken a definitely new turn and even the minds of common folk have taken on this new phase which should lead to serious re-thinking on the part of those who are responsible for national affairs. The change is this. The people have revalued patriotism. They see that they cannot sacrifice the desire for good government at the altar of the history of Independence. The people now value good government as they value food, cloth and fuel. They want good government as they want the latter. It is no longer an atmosphere charged with nationalism and anti-Britishism as in the days of the struggle. It is now replaced by a fairly universal realization that self-government is not a substitute for good government and that a government run by our own people is not necessarily a better government than what one had under the bureaucracy which worked under the British Secretary of State for India.

The rich, the poor and the middle classes all feel that they want really good government as they want healthy food and durable cloth and good fuel. Good government is made up of justice and executive authority vested in efficient, diligent and honest men who do not work for political parties or groups but for the people as a whole. They want the government to be run by officials who do not become party tools. They do not want the public service to concern itself with helping the politicians to be returned to office once again.

It is not denied that some attention is given to good government. But it is no good giving that attention with an eye to the next elections or the nursing of particular constituencies. The motive for work in this as in other matters affects the quality of the work done.

The new phase in public opinion is marked by new political values, and it is fairly universal and noticeable at all levels. One cannot hope therefore to ride the same old horse and manage the battle. If the changed situation is not recognized and the ruling party drifts, with some makeshift arrangements for 'mass-contacts', and if no alternative party comes into being, democracy will break down. At

some stage the warmth of hero-worship is bound to cool down, and then some form of fascism is bound to come into play to satisfy the universal craving for good government. We must learn the lessons of history in the other backward and colonial areas of the world and save the situation before such a thing happens.

Any government can levy taxes and build roads, bridges, and irrigation works. We cannot hope to make the people believe that these are the gifts of the Congress. These things can be done by honest democratic governments as well as by any fascist government. The people cannot be expected to associate the Plan for all time with the Congress as a special favour obtained from it. They know now that the Plan is just a plan of expenditure of the taxes which the people pay. Plan publicity will not save democracy. It can succeed and it must fail in the same measure as America's attempt to win over Europe to her side by the Marshall Plan. The difference in favour of the American enterprise is that the Marshall Plan did not levy taxes on the people of Europe to cover the Plan expenditure. India's Plan is just a long term budget giving to the party in office an additional reason to continue in office.

If there is no prospect of a good and strong Opposition balancing the ruling party, the alternative is not to feel proud of the invincibility of the Congress but to devise measures for filling the gap by developing scope for free and open discussion and criticism, and by constructing a bridge between the party apparatus and the people. The Almighty Party Apparatus is sapping the strength of the people and that is fatal to democracy. Before party candidates are finally chosen the people must be consulted. It must be open to the constituency to set up other candidates from the party and compel the party apparatus to accept those who actually command greater approval among the people in the constituency. The party apparatus is apt to set up idols with clay feet depending for ever on the support of the party apparatus.

Had there been a well-balanced Opposition mechanism, there would be no need for preliminary appeal to the people in the choice of party candidates such as is indicated here. But as things are at present, the statutory election on the British model is not enough. The people must be given a hand in

the choice of the Congress candidates themselves. The tyranny of the party apparatus will have to be cut across by a popular appeal. Group interests have hardened and they cannot be charmed away as when one appealed for unity during our struggle against foreign rule. Group interests have now to be taken for very hard realities. Pejorative adjectives cannot exercise realities. The loudest acclamations are made by those who want other groups than their own to be defeated in their purpose while pursuing their own interest unintermittently. Firm justice as between them is expected of government in the social milieu with which we have to reconcile democracy in India.

Politicians continually absorbed in a hunt for popularity cannot afford to be just and to be indifferent to the relative strength of various groups, and a government composed of such politicians must

inherit that shortcoming. Politicians must become statesmen and develop an indifference to career, if they can be trusted to run good governments in the difficult conditions of India. It is the same in politics as in private life. Detachment is at the root of efficiency and right conduct. Democracy is government of the people for the people, not government of the people by the party and for the party. Furthermore, party has gradually come to mean party apparatus, and it is unnecessary to point out that government of the people for the party apparatus is intolerable except for a brief period. Politics is a science of human affairs and not mere group strategy. Some politicians know no politics but party politics and these men will lead us to calamity by opposing every measure that may threaten the domination of the party apparatus, a domination which they believe is indispensable for maintaining one-party rule.

The Role of The Press

by Frank Moraes

A great deal is being said these days about the jute Press and the jute barons who allegedly control it. This is a serious charge which needs serious scrutiny and examination. The private sector, in all forms of industrial and other activity, has come under the concentrated fire of certain critics. Since the Press has a definite place in the national life and since newspapers serve a definite purpose, such a charge, repeated increasingly as opportunity offers, is likely to create a false image in the minds of the ordinary reader and the average citizen. That is why it needs to be refuted.

The function of a newspaper, according to Wickham Steed, is "to gather, to make known and to interpret news of public interest" which means that its primary duty is to give news and to interpret it—in other words, to inform the public and to instruct it. News is what the public is interested in and wants to know about, and in this matter a newspaper caters largely to the tastes of its readers. The news of course must be accurate, in line with C. P. Scott's great dictum that comment is free

but facts are sacred. I have always thought that the most important quality in a reporter or indeed in any journalist is not his style but his reliability. Particularly, while in the matter of news newspapers should cater to the public demand, they should, I think, give a lead in expressing their own views. As J. L. Garvin, celebrated editor of the London *Observer*, used to say "I sometimes give the public what they don't want."

I do not think that today the editorial writer counts for so much as the columnist who writes under his own signature. This trend is strongest in the United States where writers such as Walter Lippmann, Joseph Allsop and Westbrook Pegler—to mention a few of strongly varied opinions—are read far more closely than the editorial comments of a newspaper. This trend is also noticeable in England and to a smaller degree in India. In fact the editor as a personality is disappearing very rapidly and even in India I doubt if the average reader could name the editor of any leading newspaper. On the other hand,

he is likely to remember the names of some columnists.

So far as the Press is concerned, a duty devolves not only on those who produce newspapers but on those who read them. It is a two-way traffic in which the quality of a newspaper depends to a large extent on the sense of discrimination and judgment of its reader. If newspapers are to improve, neither news nor views should be taken for granted by the reader. My advice to readers is "Read your paper but form your own judgment"; for, a good newspaper helps but does not impose its judgment on the reader.

Above all, at this time when it is fashionable to deride newspapers which do not agree with one's views, I think it is very necessary to stress that the primary loyalty of a newspaper is not to the government but to the people. It is only when the editor and others associated with the production of newspapers realize this basic important fact that we shall build up in India a really independent and fearless Press.

Mr. Nehru's AMBIVALENCE

BY

D. GUNDAPPA

An unresolved puzzle at the core of Mr. Nehru's ideology mocks at his zeal for a socialistic millennium and a planned paradise. That knotty puzzle breaks in whenever the occasion calls for a philosophic physiognomy. It made its appearance in his "Azad Memorial Lectures" of three years ago. It reappeared in his convocation address to Tagore University recently.

India, (Mr. Nehru said,) had a message to give to the world. The deeper significance of that message would have to be understood. The people of India inherited that message from ancient times. Now the problem was how to bring about a synthesis between the spirit of India and the spirit of the modern age. They could not do away with either. They could not ignore the modern world of science and technology or the spirit of India in which they had grown up. They had, therefore, to find out a synthesis as suggested by Gurudev Rabindranath. —The Hindu.

Has Mr. Nehru been able to discover the formula for the synthesis—at least a provisional formula? If he has, his countrymen would wish it stated in terms as specific as possible for their judgment. If he has not there is no warrant for his being so fanatical about Russianizing our economy and Europeanizing our society. He is clearly taking too much upon himself in hustling India to a destination of which he is himself without any clear or definite notion. Like his phrase, "mixed economy", his "synthesis" must seem an exercise in political ambivalence.

If the policies and programmes of the last fifteen years be any evidence, Mr. Nehru must be taken to be reversing in practice the positions assigned in the above speech to India and the world.

Far from India giving any message to the world, she is having to accept a message from elsewhere. The tenor of Mr. Nehru's ideas and actions has been so markedly out of tune with the traditional ethos of this country.

Not that science and technology are objectionable, nor industrialization. On the contrary, science which is knowledge, and technology which is its application, and industrialization which is the exploitation of both to society's gain, are all most certainly needed. But our way with them should differ from the West's in that we avoid the ascendancy of machine over man and of man over God. The governing principle in the Indian way of life has been the sovereignty of the soul.

As the body has its laws of health and wholesome growth, the mind has its own and so the soul too. What wind or warmth is to the body, that worry or excitement is to the mind; and a mind distracted is a seat of thorn to the soul. Hence the significance of the State's economic or social policies to the soul-culture of its men and women. Mr. Nehru's apotheosis of the mammoth machine and the far-spread factory has made for the impoverishing of the countryside. Turning India into a vast scene of treadmill labour is not helping her to find any glorious message to give to the world. His beggings and borrowings of "foreign aid" are not in accord with India's ideal of *Aanrinya* (avoidance of debt) cherished from the Vedic times. His Government's financial operations on an unprecedented scale have promoted inflation of money and spiralled up the cost of the necessities of life. A depleted store-

room is no friend to conscience. His Government's projects have called up crowds of contractors and careerists; the prospect of easy money can easily muffle moral sensibility. His doctrine about raising standards of living has, again, served as a fillip to the instinct of cupidity and to stifle the agonised cries of the soul. This is not Indian. His laws affecting marriage and property and succession have broken up the old-time undivided family which was a nursery of training in the disciplines of joint living and the practice of self-abnegation for the common good. His meddlings with land-tenures and rural economy have upset human relations, and destroyed old-time integrity, creating chaos where there was comparative order. His socialistic violation of the rights of private ownership has taken away from the people the settled sense of security and the hope of free self-development. Spontaneous self-expansion and self-development was the central feature of India's traditional policy. Turning town and village into barrack lines and slum hutments is not bringing joy or manhood stature into common life. Where in all this is there a sign of Mr. Nehru's concern for what he so piously calls "the spirit and message of India"? Is the procession of the mortal remains of Sariputta and Moggallayana enough to prove it?

None in his senses would denounce industrial development or condemn measures to enforce equity in the distribution of the fruits of industry. But in all planning and policy, the first as well as the final consideration must be for that which India counts the most valuable part of

man, his soul. The peace of the soul and its disciplining and its strength to march steadily forward to its goal amid the cravings of the flesh and the temptations along the garden-path should be the paramount principle of public policy. What is deprecated is not well-being, but luxuriation; not fair prosperity, but a demoralizing struggle for it; not reform of society, but the debasement of its character.

A question preliminary to the synthesis which Mr. Nehru would attempt is whether India has to adjust herself to the rest of the world as it is, or whether she should persuade the world to re-adjust itself to her scheme of life's values. There are large numbers of people in the West as well as in India who do not consider that what Mr. Nehru calls the modern world and takes to be so irresistible is either so entirely good and admirable or so surely durable as to justify India's imitating it. The answer to the question whether India should change her character

in order to survive in the modern world and whether such survival would be worth the effort must depend upon her faith in herself and in her own philosophy. She can hope to have a message of value to any one only when she has a distinctive philosophy of life, built around an unshakable principle of being and becoming, which can satisfy the reasonings of men everywhere. If India has such a philosophy, she must stand resolved to reject whatever cannot be brought into harmony with that principle.

In what we regard as the civilization of the West, it is necessary to remember that there are four distinct strata: (i) the Greek—metaphysical, (ii) the Roman—institutional, (iii) the Christian—ethical, and (iv) the industrialist—economic. The epoch of the Industrial Revolution which is the latest and is the current phase has buried under its weight the life-values of the preceding eras. If the witchcraft glamour of the machine had not come to over-

power the mind of Europe so completely, it is possible that the metaphysic of Plato and the ethic of Jesus Christ would have blended in a self-consistent philosophy not dissimilar to India's in its evaluation of the world and its goods. The machine let loose the legions of Mammon and robbed the West of the stabilizing central principle of living. The so-called modern world has been chasing a mirage. If Mr. Nehru would help world peace, let him first correct the modern world's criterion of value in life.

Ultimately, then, the question is: Is India prepared to stand alone for her faith, if need be, against the whole world; or would she prefer to go on living as one among the countless many, lost in the struggle for sheer animal existence? The unique position of Mr. Nehru lays on him the duty of helping her to find the answer. Is there no way of so pursuing the seen good of life that it may not turn out an enemy of the unseen good?

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and **Politics** **VS.** **Spirituality** and **Science**

Acharya Vinoba Bhave was reported some time in 1960—I am unable to call the place and occasion to mind—as having said that the days of religion and politics were over and what we need now is spirituality and science.

The statement arrested my attention; but thinking over it I felt that it might have been wrongly reported and let it go. A little later I heard Pandit Nehru quoting it with approval while speaking at the Visvesvarayya Centenary at Bangalore. I thought over it again and felt that it required examination. It seemed to me also that some men of affairs would no doubt take note of it, now that a great man of affairs had adopted it as a guiding principle. This however has not happened; and Pandit Nehru has repeated the statement again with approval only recently. It seems to me that in the interests of clear thinking the proposition should be examined.

Vinobaji is obviously contrasting religion and spirituality first and politics and science next. Does the contrast hold in either case?

Religion *versus* spirituality? Why the opposition? There may be spirituality without religion; but is there religion without spirituality? Of course we mean true religion and true spirituality. The false ones do not figure in a discussion of merits. I believe it should be conceded that true religion includes true spirituality; it may include other elements, but without any spirituality it cannot be religion.

What it can be without spirituality is ritual and ceremonial observance. But ritual and ceremonial observance untouched by spirituality are not called religion.

Gandhiji practised the religion he called Hinduism. In doing so he practised spirituality. It is no doubt Hinduism that Vinobaji practises; and surely he is practising spirituality. Take the good men who profess any other lofty religion: they practise their religion and in doing so practise spirituality.

The contrast does not hold. It is not religion *versus* spirituality. It is soul-less ritual and observance *versus* spirituality which the Acharya has in mind; but soul-less ritual and observance have always been condemned though not abolished. All our sages down the centuries have pleaded for the practice of true religion and not the form of it. No day even in the past was a day for false religion. Religion and what Carlyle called the simulacrum of religion: they have been always with us, and the fight between them. It is not only today that the time has come for true religion.

Now, does the contrast between politics and science fare better?

No; for, while it can be suggested in the case of religion and spirituality that the contrast intended is between the forms of religion and true spirituality no similar explanation is available as between politics and science. The two are utterly unconnected departments of life, and both are required for healthy living. To say that we should drop politics now and devote ourselves to science is not sound advice. We need science of course; and when we say science, we mean good science; but we also need politics, meaning, of course, good politics.

A hungry man needs both food and drink. A starved people like

ours need both healthy politics and healthy science. Science has to improve material life and politics to see that the improvement touches all sections of the population.

Our country had no chance of practising democracy on a national scale in the past. It has got that chance just now. Let us not weary of the work it expects of us before that work is even well begun.

The village communities in our country seem to have lived the good life on a village scale in the past. Can our people live the good life on a national scale equally well? We have to try; and we can try only if we have politics.

It is true that the fuss and fury of the simulacrum of democracy which the world has so far seen makes thinking men sick of politics, but to give way to that first feeling is mere weakness. Men have to practice true democracy on a national scale and on international scale hereafter. Our people have inherited a wisdom in personal and social conduct higher than that seen in most countries in the world and should, if educated in the details of political life, be able to enunciate the ideals for which we should work in a true democracy and devise on a national scale the forms that may help us to reach the ideals. We have to realize that the "common" man has not had his chance in politics yet. We have to put him in the picture and give him his chance.

We have to "educate our masters" and make democracy succeed in our country as it has done nowhere else. Let us realise that this is India's mission in politics and beware of failing from premature despair!

GOA

by
B. RAMARAO

(Former Governor of Reserve Bank of India)

AFTER

We have won Goa, but we have lost a priceless national asset, viz. the international reputation and prestige of India and her leader, Mr. Nehru, the "great apostle of peace and non-violence" and one of the staunchest supporters of the United Nations. In a speech I delivered at the Rotary Club about two months ago, I repeated a statement I had made two years before, that whatever the disillusionment and disappointment in regard to certain aspects of Congress policies and achievements, it would not be desirable to disturb the leadership of the country when we were passing through a series of crises, international as well as domestic, for "Mr. Nehru was one of half-a-dozen world statesmen who could make a real contribution to world peace." Whatever the justification for the Goa action and however misinformed the hostile criticism of the Western countries, we must now reconcile ourselves to the fact that during the next few years, a crucial period in the history of the World, India will not be able to exercise any significant influence on developments in regard to the establishment of world peace. From the point of view of India as well as all other peace-loving countries, this is a serious loss the full extent of which may not be realized immediately.

Throughout history, the international status of countries has been primarily determined by their military strength and resources. As a military power, India, which has always concentrated on defence, cannot rank among the first six or seven countries of the world. India is poor, her resources are undeveloped, and she is heavily dependent on foreign countries for capital, technical skill and even defence requirements. Nevertheless, India occupied a high place among the leading nations of the world. Even the great and militarily powerful countries sought her moral support in international matters. She was held in high esteem and listened to with great respect in all international gatherings.

This unique position which India acquired after the War was largely due to two of our most outstanding leaders—Mahatma Gandhi and Mr. Nehru. Throughout the struggle for independence, Gandhiji, in spite of pressure from several large sections inside the Congress who did not believe in non-vio-

lence, eschewed terrorism or revolutionary methods involving violence, even when he was fighting against British Imperialism and was faced with grave provocation. Mr. Nehru, the chosen disciple of Gandhiji, followed the traditions he inherited from his Master. The use of force in Hyderabad did not tarnish his reputation. Although the Cabinet was collectively responsible, the initiative for the decision in that case, was generally attributed to Sardar Vallabhbhai Patel. Western public opinion at any rate in America, although shocked for a few days by the use of force so soon after Gandhiji's death, also quickly recognized the natural anxiety of a country which had just attained independence after a long struggle to get rid of an enclave, which had become the focus of Pakistan intrigue and the centre of a fanatical religious movement, led by a leader who had publicly proclaimed his intention to plant "his flag in Delhi Fort." If India had not nipped this movement in the bud, there would have been communal warfare all over India with disastrous consequences. If India at that stage had taken possession of Goa, American reaction would not have been so violent, for Goa was actively helping Hyderabad by the supply of arms and in various other ways. On the other hand, Mr. Nehru declared in unambiguous terms in numerous subsequent speeches over a period of 12 years that the Goa problem must be solved by peaceful methods and that he "ruled out unpeaceful methods entirely". He declared that this "was essential unless we gave up the roots of all our policies and all our behaviour." It is this inconsistency between his present action and past pacific declarations that has shocked public opinion in Western Europe, U.S. and Canada and even some of his personal friends and admirers in the West. If the bitter criticism is analysed, it will be observed that there is no sympathy with Portugal. The emphasis is mostly on Mr. Nehru's change of attitude, when the world is faced with a series of crises. Unfortunately, Mr. Krishna Menon's recent statement that "we have never abjured violence against any country when it is to our interest" has lent support to the charge of inconsistency. Critics have used a much harsher word.

It will be difficult to re-install the "fallen idol", as one very influential and friendly British weekly describes Mr. Nehru. Political memories may be short, and the Goa incident may be forgotten when some big international issues arise. Hungary, Suez and Cuba have not appreciably affected the international position of Russia, U.K., or America, but the high standing of these Powers is due to their

military strength, which unfortunately even at present is a dominant persuasive factor in international politics. Shattered personal reputation based on moral principles cannot however be easily re-established. Mr. Nehru, I am afraid, will not hereafter be an international asset from the point of view of world peace.

It is not my intention in this article to apportion credit or blame for the Goa affair. The primary responsibility for such decisions must, of course, rest with the Government, who are generally far better informed about foreign affairs than the general public and must take the initiative in regard to military decision. Mr. Nehru had publicly announced some months ago that he would not exclude the use of force in regard to Goa, but unfortunately in view of his past declarations, most people thought that this statement was only designed to put pressure on Lisbon to agree to negotiate on the basis insisted upon by India. The Prime Minister had also the almost unanimous support of all parties during the Parliamentary debate on this issue. The Swatantra leaders were hesitant about the timing of the action, but did not question the propriety of using force. A lone observer perched on a "mountain peak" generally sees much farther than persons at the bottom, especially when their vision is blurred by emotion, sentiment and expediency, but I doubt if even Rajaji foresaw the virulence and volume of the hostile criticism in the friendly western democracies. Parliament and the whole country must share the responsibility for the Goa episode. National interests demand that a United India should consider the consequences of our action dispassionately and unhampered by past policy commitments. Unfortunately, in his Patna speech, the Prime Minister has made this difficult by making it an election issue, and has to some extent justified the suspicion of foreign as well as Indian critics that electioneering considerations determined the timing of the action.

I will mention a few of the problems that may arise.

In the first place, the policy of non-alignment, of which I have myself been a strong supporter, will require a careful re-examination in the light of the new international situation that has developed. Non-alignment is practicable only so long as we have the goodwill of both the power-blocs and there is no likelihood of any military action against India by more powerful hostile neighbours. China has already been guilty of aggression against India, and public opinion in the Western democracies will on account of Goa not be friendly, at any rate for some years. The U.N. cannot be depended upon, especially in regard to issues concerning China, which is not a member of the organization. Non-alignment under these circumstances would mean

isolation without adequate military strength against powerfully-armed China.

Frantic efforts have been made during the last two years to strengthen our defences, but obviously we are not yet strong enough to face a war with China. If we were, our patience would have been easily exhausted. Had the Government begun the process of building up our defences many years ago when they (but not the public) first knew about Chinese aggression, we would have been in a much stronger position to resist China without foreign assistance and continue our policy of non-alignment. For some unexplained reason this was not done.

In the second place, we have weakened our case in our dispute with China. We produced a very fine white paper, which on the basis of historical evidence extending over several centuries, of British treaties with China, of the MacMohan line etc., conclusively proved our claim to the invaded territory. According to newspaper reports, China is massing its troops in Tibet obviously with a view to attack on Sikkim, Bhutan and contiguous areas. China is jubilant over our action in Goa, not because of any abhorrence of Portuguese imperialism (she has been guilty of similar atrocities in Tibet) but because it has furnished her with a plausible excuse for her aggression. We have recognised Chinese sovereignty over Tibet. What is our answer to China, if she attacks Sikkim, Bhutan and Ladakh on the pretext that by affinities of race, religion and culture they are part of Tibet and that it was only British "Imperialism" that detached them from Tibet, and linked them to India? Are we in a position to discharge our treaty and other obligations?

In the third place, it will be observed that most of the severest criticism is from countries who are in the consortium for aid to India. President Kennedy and Mr. Adlai Stevenson are far-seeing statesmen and might not even think of penalising India for her "lapse" by withholding the promised aid, so long as India maintains her democratic traditions, but any fresh aid that requires an appropriation bill would certainly be strongly resisted in Congress, for the hostile criticism even by journals and commentators known for their sympathy and friendship for India is bound to be reflected in Congress.

We have taken Goa with hardly any loss of life, and we have probably shaken the morale of the tottering Salazar regime. We have acquired a very fine harbour and valuable mines. There is no doubt that the Goa action has caused great rejoicing in India. We cannot, however, ignore the repercussions in the international sphere, the full effects of which will be evident in the next few years. The Goa action has also created a new set of problems at a time when we should concentrate our attention on development and social welfare.

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Two nations cry the loudest for world peace—Russia and India. However, Russia, in pursuit of its ideal of world peace, never sacrifices the least of the interest of the nation or of the world 'revolution' of its conception. This cannot be said about India. With us the advocacy of world peace means that we may not safeguard our national interests. Our Prime Minister has often said that the world is so 'critically poised' that any military action to safeguard our interests, including the integrity of our territory, may unleash forces leading to world war. The argument runs: "If we try to use our armed forces to vacate the territory occupied by China, the result of the two big nations fighting will be world war. Under the present circumstances, such a war will be fought with nuclear weapons and the whole of humanity will be destroyed. The sin of it all will rest on our shoulders!"

In thus arguing in favour of inactivity at a critical moment of our history, we are merely rationalising our faint-heartedness, if not our cowardice, born of our emotional aversion to strenuous action and perhaps to bloodshed. Thus in ancient days did Arjuna argue on the battlefield of Kurukshetra. He rationalised his disinclination to fight his dear and near ones. He argued that there was no pleasure in enjoying blood-sprinkled feasts or even the rule of an opulent kingdom by killing one's people. Then he talked of the evils of war in general—the abandonment of immemorial rites of the family, the confusion of castes leading to *varna sankar*, the increase of widows leading to immorality, etc. etc. With these philosophical and moral arguments he wanted to cover up his faint-heartedness. Arjuna was not a coward. He would have faced death without hesitation. But it was the emotional and psychological confusion created in him at a critical moment of his career which was responsible for the shrinking of his nerves and his disinclination to fight a righteous war. Shri Krishna understood clearly his mental malady resulting in moral confusion and told him that, though he was speaking 'words of wisdom', his heart was faint and his moral sense dimmed. Under such circumstances, he could not see clearly his Dharma as a Kshatriya and a prince who must resist evil and stand for justice. In the

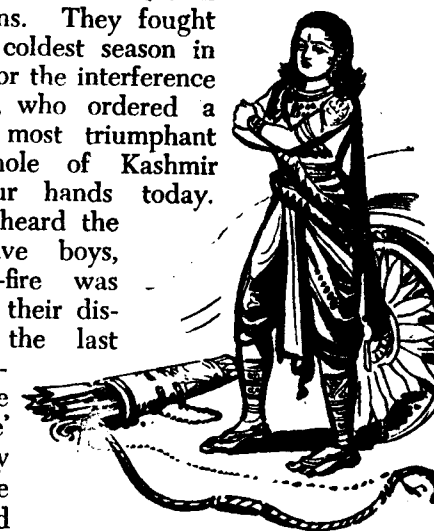
end, Krishna's discourse cleared the confusion in Arjuna's mind, restored his memory, as he said, and he was willing to do his duty.

Our rulers, like Arjuna, try to cover up the confusion in their minds and the faintness of their hearts, if not their cowardice, by more humane and humanitarian considerations than those advanced by Arjuna. They do not want the destruction of humanity, whatever may happen to their nation. They, therefore, do their pious job of not

fighting *nishkam* without expecting and caring for results. For, they know that, whatever they may do the world peace today can be brought about only if the two Big Ones, America and Russia, are serious about it. It is, therefore, that our Prime Minister, even when previous meetings of the two have failed to achieve results, wants them to meet again and again.

Further, our Prime Minister is never tired of repeating the general propositions that 'war solves no problems and rather creates more problems' and that 'war is not civilised behaviour'. It would appear that, when India voted in the U.N.O. against North Korea as the aggressor and was a party to the sanctioning of war on behalf of that organisation or when it despatched troops to the Congo, it did feel that war could solve some problems and that it was not quite an "uncivilised mode of behaviour".

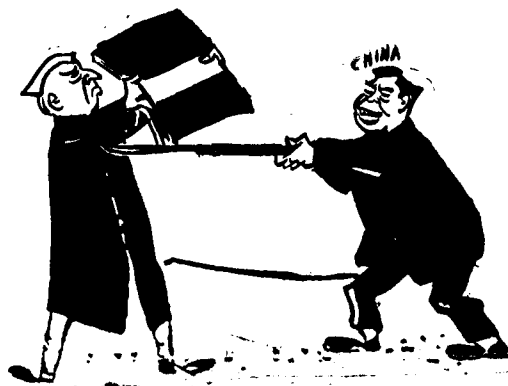
Descending from their high moral considerations, our authorities advance practical considerations of prudence. They talk of the difficulties of a war with China. They talk of the immense population of that country, as if all that population can be sent to the frontier on the high Himalayas! However, they also admit that big armies cannot and are not deployed in those high regions and that at the most a few thousands of soldiers can go into action there. I hope India has many such thousands of soldiers to spare who can fight on the high mountains. They fought their way in the coldest season in Kashmir and but for the interference of the politicians, who ordered a cease-fire at the most triumphant moment, the whole of Kashmir would be in our hands today. One should have heard the curses of our brave boys, when the cease-fire was ordered, to realise their disappointment. In the last World War, Western armies were not used to 'jungle' warfare. But they learnt it in no time while fighting and



not while remaining at their headquarters. Anyway the plea of unpreparedness has cut at the root of the morale of the army and the people.

It is rarely that nations are ready to meet the challenges of international bullies. The British, the Americans and the Russians were not militarily ready to accept the challenge of Hitler when they did it. France with its Maginot Line, to all appearance, was better prepared to meet the onslaught of Hitler. In the event, France went down and unprepared England under Churchill's leadership gave a splendid account of herself and saved herself and the world from a monomaniac like Hitler who had come to dominate the mind and the body of a great nation. In history, international bullies do not allow nations time to prepare for war. The victims of aggression have to fight with their backs to the wall. What they lack in military equipment they make up by their determination and will and the strength of their arms and not of their armaments. The very justness of their cause gives them moral and spiritual strength, which in history has often defeated mere physical might created by superior weapons of war. The morale of an army fighting a bad cause is easily broken.

When, in Parliament, the present writer pointed out that our soldiers on the northern border had no instructions to take action if there was further aggression, the Prime Minister denied it and said that soldiers sent to reconnoitre do not fight. That is true. But were our soldiers sent there merely to observe the movements of Chinese troops and to report to Delhi to enable it to send protest notes which have always been treated with scant courtesy? Surely when Parliament was repeatedly



assured that no further aggression will be allowed, soldiers must have been sent there to resist further aggression. The question is, 'Did they resist? If they did not, they failed in their plain duty of defending the country. This, however, is not a fact. The real fact is that they had no orders to take action against fresh Chinese

aggression. Our brave boys are not allowed to prove their mettle against the Chinese.

However, forgetting all their pious desire for world peace and their cant about war solving no problems and being uncivilised behaviour, our authorities tell us without a blush that they are preparing for war with China and they would be ready in a couple of years. After a couple of years there will, of course, be no danger of the conflict between India and China becoming global! Moreover, it is thought that in the meantime the Chinese will only be eating and smoking opium! It is said that China will soon have the atom bomb. Our Prime Minister, in his great love for humanity, has said that India can produce the atom bomb even today if she likes, but that she will never do so even to repel aggression, for that would be against the best interests of humanity. This shows our great anxiety for the good of the world and our readiness for martyrdom in the cause of humanity. This is truly the most sublime attitude for a nation to take, only it is not based upon the will of the people, which must count for something in a democracy. Or, is it that all the democracy which we enjoy in this country is the freedom to criticise without the danger of being physically liquidated? Even that is a great privilege indeed. It is perhaps better to be alive and nationally frustrated than to be dead!

WHAT A PRIME MINISTER! WHAT A REGIME!

I recollect a talk I had with Lord Attlee (then Mr. Attlee) eleven years ago when he was Prime Minister. He explained that the exercise of the right of the majority party to rule was only a part of the functioning of democracy. Its more valuable feature was the role played by minority dissent. The great honour paid to minority dissent as a source of constructive wisdom is the distinguishing mark of the British parliamentary system of government, he said. Mr. Nehru has yet to learn the A.B.C. of such a system for all his fourteen years of Prime Ministership. When the Chinese made incursions into the country he hid the fact from public knowledge. Twelve thousand square miles have been lost to the aggressor.

Yet we rush troops to Congo to set right matters there. Now comes the crowning outrage on commonsense with our Prime Minister going in for tutelege in border defence to the greatest friend and ally of the very aggressor against whom the country is to be defended. This is like handing over the key of national defence to the enemy himself! After so much of failure in the elementary duty of saving the national frontiers, and worse still, outrageous flouting of commonsense exposing the country to more danger, we find the Prime Minister blaming his critics for "wild talk", indulging in offensive disparagement of their judgments and capacities. What a Prime Minister! What a regime! —SARA in Swarajya

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INDIA'S FOREIGN POLICY

BY B. Shiva Rao

The essential outlines of free India's foreign policy were largely shaped by the forces released at the time of our achievement of Independence in 1947. With almost prophetic insight, Gandhiji had made, sixteen years earlier, an earnest appeal to the British Government at the Round Table Conference in London for a new relationship between Britain and India in a spirit of "equal partnership" to mark "the beginnings of a real League of Nations". Possibly, with a greater display of wisdom on both sides, India's subsequent struggle for Freedom might have been shorter and the end an unqualified success. Nevertheless, against the background of all the imperfections of the world of today, the final transfer of power to a partitioned country, carved into two separate, full-fledged Dominions, will be acclaimed by the historian of the future as a remarkable act of constructive statesmanship. In substance, it was in accordance with the principles of the U.N. Charter for the settlement of international disputes; in the field of colonialism it laid down the pattern for a smooth extinction of imperial authority by all colonial Powers throughout the world.

Asian Relations Conference

Strengthening the spirit in which India's freedom was achieved in 1947 was the Asian Relations Conference in New Delhi. Mr. Nehru told the delegates of twenty-eight Asian countries that the main purpose of the conference was to forge links for the

future rather than to harp on the blunders of the past. Towards Europe and America, he observed, the hundreds of millions of the peoples of Asia stretched out their hand of friendship. For the subject races in Africa,

"we in Asia", he said, reassuringly, "had a special responsibility, so that they may take their rightful place in the human family."

Gandhiji, in a message to the same conference, made an observation which rings singularly appropriate in the perilous situation that confronts the world today: "The West is pining for wisdom It is despairing of the multiplicity of atom bombs, because they must destroy not merely the West but the whole world. I am afraid the prophecy of the Bible is going to be fulfilled and there is to be a perfect deluge It is up to you to deliver the whole world and not merely Asia from wickedness and sin."

Noble sentiments

India's foreign policy, at any rate in the early years of our Freedom, was largely guided by these noble sentiments. Indonesia's Independence was the direct outcome of a Pacific Regional Conference held in New Delhi under Mr. Nehru's direction. Progress by stages towards complete free-



dom of the former Italian colonies of Libya, Somaliland and Eritrea in North Africa was possible only because of the initiative and resourcefulness displayed by Sri B. N. Rau, at that time the leader of the Indian delegation to the U.N. General Assembly. India played generally an active and constructive part in the U.N. in tackling such problems as the peaceful issues of atomic energy, disarmament, the emancipation of subject peoples, etc., and in consequence won the confidence and friendship of the other member-States.

With the gradual weakening of the initial impulse that brought the U.N. into existence, it is unhappily true that some Powers have adopted unworthy tactics to complicate the problems of colonial rule. In recent years such issues as South Africa's racial policies and her illegal occupation of South West Africa (a former mandated territory under the League of Nations), Angola, Algiers and the Congo have baffled the U.N. Among the resolutions of primary significance adopted by the last session of the General Assembly, the one almost unanimously endorsed was on the rapid liquidation of colonialism.

One would do well to remind oneself, in this context, how vastly the world has changed since the establishment of the U.N. at San Francisco in 1945. At that time, the influence of the countries of Asia and Africa was negligible in the world organization; of a total membership of 50 the number of member countries from these two continents was only four. Today, of 104 members they claim a membership of 46. Long-established empires (like the British) have shrunk in size beyond recognition and no longer command the influence and prestige of the pre-war era. In Africa alone, of 220 million people more than 180 million have achieved Independence on the lines prescribed by the Charter. Sixteen years ago, there were

at least 700 million subject peoples in the world, the number has now dwindled to about 50 million.

Approximate as these figures are, they reflect with sufficient precision the impressive progress made towards the removal of the chronic causes of world conflicts. Another point that deserves to be made is that there are types of colonialism other than those practised by the Western Powers. At the Bandung Conference in 1955, Ceylon's Prime Minister (Sir John Kotelawala) pertinently asked whether the demand of the conference for the removal of colonialism would apply also to territories under the domination of the communist Powers. Mr. Nehru, reluctant then to accept this wider definition of colonialism, conceded during his last visit to New York (in a television interview with Mr. Adlai Stevenson) that colonialism as practised by the Soviet Union was in some ways a worse evil than that of other Powers, though it was (in some undefined way) "different".

Double standard

It is necessary to dwell on this aspect of the world problem for more than one reason. If Mr. Nehru's point of view were an essential part of his Government's foreign policy, how could Mr. Krishna Menon have supported three years ago the Soviet Union's aggression against Hungary? Even at the last session of the General Assembly India would not vote for the resolution condemning China's atrocities in Tibet. Such double standards have not enhanced India's influence in the U.N. Mr. Nehru had said, early in his career as Prime Minister, that his foreign policy aimed at the pursuit of peace, "not through alignment with any major Power or group of Powers," stressing at the same time that "such a policy did not imply neutrality or ques-



Swarajya Special Number 1962

a magnificent natural harbour (at Morma-goa) and rich iron and manganese ore mines. But at what price? The casualties were few and other losses even more negligible. What we have lost,

however, is not to be reckoned in human lives and property. India's pride and her influence in the U.N. were based on the claim that steadily and consistently we have so far pursued the path of peace for the settlement of all international disputes. A few weeks before the resort to force in Goa, Mr. Nehru had said to Dr. Adenauer that "peace was a passion" with him, and "war solved no problems". Such a position we have abandoned. At the last session of the General Assembly Mr. Krishna Menon was dissuaded from moving a resolution, dedicating 1962 as "the year of international co-operation" on the ground that it was inappropriate for India to do so after her action in regard to Goa.

This sad but terrible charge will cling to us much longer than we realize. For a quick gain, we have forsaken the principles which ushered in our own freedom and gave us an honoured place in the U.N. This is not the full extent of our loss, immense as it is. Portugal's defiant occupation of these tiny territories—in the aggregate no more than 1,500 sq. miles and a little over half-a-million in population—was an irritant,

Explanations, not justification

At least as serious a point of criticism and, from the standpoint of the future, bristling with even more formidable implications, is our recent armed intervention in Goa, Daman and Diu. Many of India's sincere friends and admirers have been shocked beyond measure by this clear departure from the procedure sanctioned by the U.N. Charter. A great deal can legitimately be said in extenuation of our Government's action: that fourteen years after our Independence, Portugal had no right to be in occupation of these territories, that public opinion in this country was becoming impatient and restive, that African countries were beginning to suspect India's genuineness in her opposition to colonialism, etc. All that and more can be said to explain—but not to justify—Mr. Nehru's decision.

Dark stain

Nothing, however, can wipe out the dark stain imposed on our record as a peace-loving nation, pledged in all circumstances, alike by Gandhiji's teachings and by our commitments as a member of the U.N., as a result of this action against Goa, Daman and Diu. In a world in which colonialism had shrunk since the end of the Second World War to the extent indicated earlier in this article, the Salazar regime could not have stood out indefinitely, or even for long, against the spirit of the times.

We have no doubt acquired in these former Portuguese colonies,

OUR FOREIGN POLICY

The policies of China in regard to India are a potential and growing danger which call for a more realistic and correct policy in regard to international friendship with the non-communist Powers. Such a policy is not inconsistent with our general policy of peace and disarmament to which the nation is rightly committed and to its declared policy of opposition to the use of nuclear weapons.
—The Swatantra Party Resolution.

Swarajya Special Number 1962

but not a threat to India's security.

Of all these reactions to the Government's march into Goa, the most disturbing appears to me to be that of communist China. Her rulers have welcomed the steps taken by Mr. Nehru to assert India's right to the former Portuguese pockets. Many (including Mr. Krishna Menon) have expressed satisfaction over this gesture of approval. I see in it, on the other hand, a sinister intent.

Testing time ahead

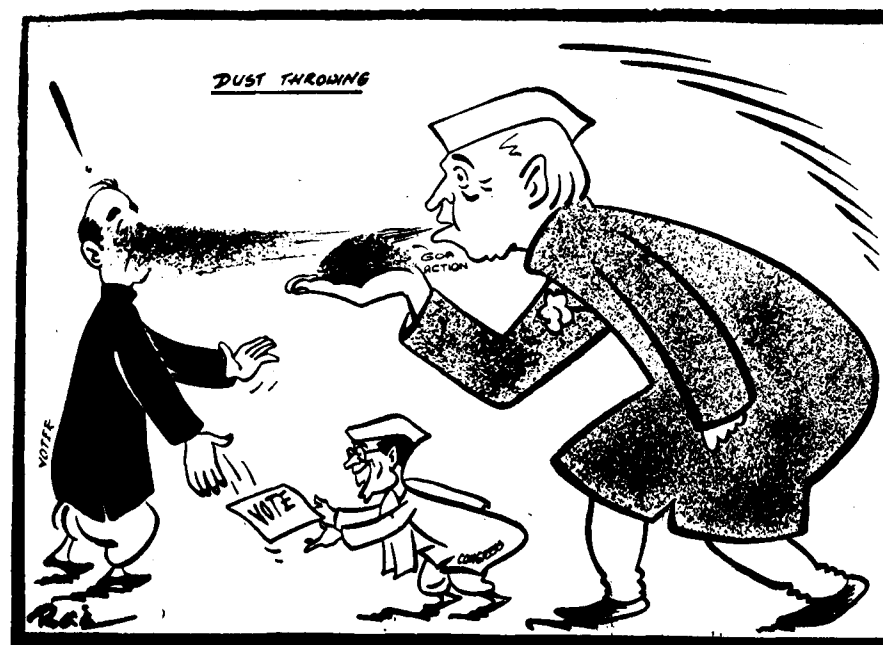
Nothing much can happen in the higher altitudes of the Himalayas until the snows of this exceptionally severe winter have melted. Our test will not come until next spring or even the summer. But it will be open to China then to say that the policy that we have adopted towards Goa and the other regions is precisely the one she will pursue in regard to the Himalayan border areas whose ownership she has challenged. Pakistan, unwisely from every point of view including her own long-term interests, has

moved towards communist China in an effort to make common cause against India.

Should the worst happen, and both China and Pakistan take to force as an instrument for the solution of their respective differences with India, what will be our plight? China is not even a member of the U.N. and therefore immune from the obligations that membership involves under the Charter. India, of course, has the full support of the Soviet Union for the Goa episode. Is this country prepared to accept the position that when our security is threatened, we shall fall back, as a last resort, on the Soviet Union for protection? Even if we accept such a position, will it be forthcoming in adequate measure, or at all, against another communist Power, whatever may be the differences between them today?

These possibilities are for me frightening. We have roused them for the sake of the immediate acquisition of Goa, Daman and Diu. The price is far too heavy in every sense of the term.

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A RELIABLE SYSTEM

Though Socialism is not much in favour in the United States, the objectives of Socialism have been realised there more perhaps than in many a Socialist country. Americans swear by free enterprise. Freedom of enterprise is by them regarded as a right of the individual and they are very suspicious of encroachments in industrial undertakings. The Post Office is the only State monopoly. Electricity is under State control in remote areas where it cannot be economically produced and distributed. But the moment it is demonstrated capable of being profitably run the pressure of the popular demand for freedom of enterprise will operate to take it out of State administration. Telephones and railways are run by private companies. The telegraph services also belong to the private sector. The idea underlying American economy is that competition is essential to efficiency. Industries run by the State can afford to be inefficient and defy the consequences of uneconomic management because they have the taxpayers' money to draw upon to make up for the losses incidental to uneconomic management. Such industries do not serve the citizen so well as those that are not sheltered by State finance and these have to establish themselves competitively against all rivals under conditions of free enterprise. All work is therefore geared to free enterprise as the most reliable of systems for ensuring the welfare and happiness of all.

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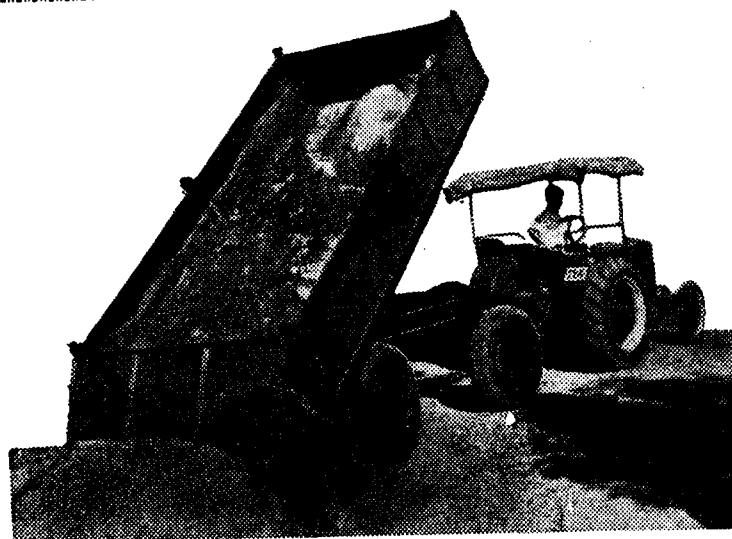
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THE END OF MANY DREAMS by S. NATARAJAN

Looking back on 1961, it stands out as a year of final disillusionment for Mr. Nehru. By their conduct the Chinese have damaged the notion that any one nation by itself can pursue Panchshila. The Five Principles of non-aggression, non-acquisition of territory, non-interference in internal affairs, equality and mutual esteem, and peaceful co-existence are not principles so much as rules of conduct. Much confusion of thought has been engendered by failing to recognize this basic fact. That they are admirable rules do not make them principles. Pakistan too has done its part in convincing Mr. Nehru that mutuality is basic to the practice of good behaviour in the international as in the individual field.

In the Parliamentary debate on China, Mr. Nehru maintained that the worth of the "Five Principles" was not disproved by the failure of any particular nation to adhere to them. This is like hugging a consolation prize when the first prize has eluded one's grasp. The folly of this attitude lies in the implied refusal to face the realities of the situation, particularly so when the inexorable logic of events presses hard on one. Necessary adjustments are grudgingly and clandestinely effected, while all the time the illusion is indulged in that no change has taken place. This again leads one to continue relying on old techniques and denying the need for adopting different attitudes.

In no circumstances could a resort to war be justified. He has now clearly said that in vacating aggression, when all diplomatic methods and other pressures have proved unavailing, war would have to be resorted to, provided there was reasonable assurance that a general nuclear conflagration will not grow from it. The qualifications mean very little. Every war is a defensive war—on both sides; and even the nuclear Powers dread a nuclear war. What will be noted—particularly by countries not on friendly terms with India—is that India has joined the rest of the nations in conceding a place to force in the settlement of disputes between nations.

Ineffectual diplomacy

Mr. Nehru does not consider this a serious change. Referring to reports of offers of mediation from several countries in the dispute between India and Portugal, he asked what had happened to rouse these countries from their fourteen-year-long apathy. Similarly, in the matter of the Sino-Indian treaty, he has shown little awareness of departing from the policy he has pursued so far. For, when a country is determined in no circumstances to use force, it naturally goes the farthest possible length in negotiations and in keeping the channels of communication open. But when the pursuit of peace is made secondary to the attainment of another objec-

Forced by the policies of other countries and the widespread exasperation even within his own Congress Party at developments, Mr. Nehru has re-defined his foreign policy to a new slant. Hitherto, he had maintained that



tive, diplomacy assumes a more firm aspect and pressures exerted become more severe. The end in view, in short, always influences the processes by which it is sought to be gained.

There is little appreciation of this fact. Mr. Nehru admitted that Portugal might have been moved to reinforce her armed forces in Goa by his declaration at the seminar on Portuguese colonies last October. He was apparently quite indifferent to this and unaffected by the possibility of having caused greater hardship to the people of Goa by that declaration and made the recovery of the Portuguese possessions the more difficult. A similar pattern is developing, of course with more dangerous potentialities, in regard to China. The Chinese, needless to say, do not need to be obvious about rushing reinforcements. But the deterioration in the tone of the Chinese communications is markedly evident, and with communist countries this is the first indication very often of impending trouble. It is a fair inference that, because India has not used stronger diplomatic language so far, the Chinese communists have underestimated Indian feeling.

Deceptive nobility

There is a deceptive nobility about being indifferent to what others think. It is an attitude fraught with danger in international politics where the essence of diplomacy is to be wary of enemies, to try to anticipate their moves and to guard against surprises. In the Sino-Indian dispute,



Mr. Nehru apparently derives considerable satisfaction from the feeling that he has had his suspicions of the Chinese all these years, but he had hoped they would be disproved. This, however, needs to be carefully gone into. What induced Mr. Nehru to suppress his fears and build his foreign policy on the hopes which are now proved unfounded? Why, if he had his doubts, did he instruct the Indian delegation at the U.N. to sponsor China's admission to the United Nations? Why have newspapers, which with similar fears watched Chinese movements on the frontier with increasing anxiety, been persistently choked off and ridiculed? For what reason are we expected still to believe in the wisdom and ability of the Government? What lies behind Mr. Nehru's reluctance to break off diplomatic relations with China?

Public remains unconvinced

These are awkward questions to ask. We might be sure that Mr. Nehru has asked himself these questions and arrived at answers which influence his policy. But, surely for a democracy the self-satisfaction of the Prime Minister is insufficient reason for justifying a policy. If the public remains unconvinced, the Government cannot remain in office. To be asked to believe that Mr. Nehru knows best and must be trusted to do all that is necessary is to demand too much. But, since Mr. Nehru will not speak out his mind fully, it is desirable to try to reach some conclusions.

The clue to Mr. Nehru's thinking lies in his recent admonition

to the Communist Party of India to remember that the communist bloc is not a solid front. Uttered in the context of Russia's attitude towards Albania which China befriends, this can only mean that Mr. Nehru entertains some hopes of Russia befriending India against China, and fears that he may be compelled to put this theory to the test. Only in this case can his passive policy towards China be explained. His confidence in the situation improving to India's advantage in the next two years, it is a fair inference, is based on expectations of Sino-Russian relations deteriorating rapidly in that time. His reticence on the subject, apart from the obvious explanation that premature disclosure might slow down an inevitable process, can be explained by the blatant fact that so far Sino-Russian differences have failed to restrain China or to procure Russian intervention on India's side.

Mr. Nehru drew the lesson from Albania that there was no black and white among nations, but only greys. There is reason to feel that this lesson is one which he and his Government may well take to heart themselves. The negotiations proceeding between Pakistan and China for the past year or so ought to reveal the utter cynicism of international politics. It is no accident that, just when the Goa question flared up, our two northern neighbours should be engaged in policies calculated to cause us maximum embarrassment. Nor should it be lost on the public that China with her own quarrel with Portugal is studiously refraining from any action in Macao that might precipitate a conflict.

Shift in policy

If it is possible to discern a pattern in all this, it is one of patent shift in India's policy with regard to war. It is strange that when so many other nations are appreciating what, despite all the present reservations, the

change means, our Government should affect not to see the difference and to carry on exactly as before. And it would be surprising if its consequences were not very dangerous to the whole country. I fail to see the logic of a policy which realistically recognises that war is justified as a last resort in repelling aggression, but insists idealistically that defensive alliances to prevent aggression are sinful.

Neglect of national interest

With the benefit of fourteen years' experience, it should be possible to take stock of our foreign policy and to understand what is wrong with it. We have, it would appear, erred grievously in neglecting the national interest in our pursuit of world peace. We have lacked that single-minded devotion to the country which ability to reach firm understanding with our neighbours required. We have relied on internal differences in both blocs to ensure our security and territorial integrity. Our Defence Minister is still talking of putting up resistance when India can do it from her own strength, when other nations are seeking allies, though in a far less parlous position. For diplomacy, we have adopted a policy of "thinking aloud" which has embarrassed friends and given handles to our enemies.

Running sores all round

If Mr. Nehru would only take off time to think from his multifarious activities, he would ask himself whether a policy which has converted Portugal from a quiet neighbour into an "aggressive nation" and changed Goa over fourteen years into a cockpit, which has led the Chinese from excess to excess with ever-stretching territorial claims and revised maps, and which has practically perpetuated the stalemate with Pakistan, can by any effort of imagination be considered a success. In international affairs, too, it is

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worth serious thought whether the technique, so much loved by the Indian Government, of drawing "cease-fire" lines serves any useful purpose or any purpose other than that of perpetuating disputes and freezing wars all round. We are left with a number of running sores all round the world.

It will be argued that the tougher line with Portugal, the tougher language in notes to China, in effect, show a change of policy. But policy changes must be openly made and must be done thoroughly, not half-heartedly, if they are to produce their full effect. It might satisfy one's personal vanity to insist that no change has taken place when one is putting through drastic changes, but it ill serves the national and international needs of a situation. Deeper thought over these matters is needed than our leaders seem to be giving them today. How can we ask for profundity from a Prime Minister who virtually holds a watching brief for all his other ministers, or from a Defence Minister who also represents India as the main delegate at the U.N.? We can only admire their tremendous energy and deplore the consequences.

Wanted a different foreign policy

What India needs today is a different foreign policy, greater capacity for decision and better perspective. We have dithered so long on a precipice of balance that it is almost second nature for us to reduce every issue to a false objectivity where both parties are equated and disposed of. This is the British technique misapplied for two reasons: Britain did this from a position of strength and did it most effectively in dealing with peoples under her power and control. The result was that she did not suffer the consequences of a strategy that ignored every consideration of right and wrong. This should hardly need any emphasis.

MORE TAXES AND LESS BENEFIT

"The monopoly which the new class establishes in the name of the working class over the whole of society is, primarily, a monopoly over the working class itself. This monopoly is first intellectual and then over the whole proletariat. This is the biggest deception the class must accomplish, but it shows that the power and interests of the new class lie primarily in industry. Without industry the new class cannot consolidate its position of authority".

These observations are by Milovan Djilas in his sensational book. Something similar to this is happening in India today under cover of the socialist pattern which the Congress has been proclaiming as its glorious objective. When the Prime Minister speaks of the old concepts of free market and private enterprise as outdated ones having very little meaning in the present age and pleads the necessity for State interference, we seem to hear one more echo of the historic communist sophistry for rivetting economic fetters on people in the name of welfare and rapidity of progress. Says Djilas:

"The emergence of the new class has been concealed under socialist phraseology and, more important, under the new collective forms of property ownership. The so-called socialist ownership is a disguise for the real ownership by the political bureaucracy. And in the beginning this bureaucracy was in a hurry to complete industrialisation, and hid its class composition under that guise".

In the light of this analysis, Nehru's pride in the "over-ambitiousness" of the Five Year Plan, which reads so spirited on paper, must be taken by sane critics with extreme care and caution. It has been conclusively proved that expenditure in the Nehru regime is not equivalent to progress or benefit. The gap between the two represents so much loss, not in lakhs but in crores, of the money got by taxation, down the drain in wastage, inefficiency, corruption and the like. It is reason for halting further taxation till some assurance of money's worth in official spending through improved administration is established, and for a vigilant search of more dependable and honest care-takers of the nation's affairs and finances, and not for vain complacency and inopportune mutual flatteries of one another in the Government.

—Khasa Subba Rau in an editorial in SWARAJYA dated February 8, 1958.

Swatantra

by
KHASA SUBBA RAO

[The following is the text of the editorial that Khasa Subba Rao wrote in the first issue of "SWATANTRA" the weekly that he started on February 16, 1946. The role of the Press in a true democracy outlined in this editorial has greater relevancy in the conditions prevailing in our land today than 15 years ago, and will be read with interest.]

The dual function of the Press is well known, accurately to reflect public opinion from time to time as well as to help in shaping that opinion in the public interest. When, as in the old days, the State derived power not from the people but from the army or the landed aristocracy or traced it to divine right, it was necessary for good government to have a powerful link in the chain between State authority and the commonweal in the shape of a fearless Press. The king and his agents had to be told what the people thought and the Press fulfilled this essential purpose. In modern times, when democratic institutions have replaced the earlier sources of State authority and public opinion is itself the passage to authority, this function that fell on the Press has dwindled in importance. Public opinion is fairly accurately reflected in the elections and they occur often enough to record every change. The machinery of administration in democratically governed countries is itself such that generally there is no difficulty for the administrators to understand how the public feels on any important matter without depending on the Press.

The guidance of public opinion has in modern times become the more important of the two duties. In democracy mass opinion rules, and the quality of the government depends on the quality of mass opinion. It therefore becomes very important that popular opinion should be guided properly. There is no machinery so apt for this purpose as a free Press. Thus in modern times, in democratically governed countries the quality of the Press largely decides the quality of the administration.

While it is true, as above set out, that a free Press is a necessary organ of government of the people, by the people, a new danger has automatically come into being alongside of its importance. The Press tends in strong democracies to merge itself in the governing power. The governing power instead of absorbing what the Press says, absorbs the Press itself, which functions more for indoctrination than for education in the true sense of enlarging and releasing the reasoning faculty for correct judgment in human affairs.

Some may say that the distinction between indoctrination and education is very very thin. On the contrary, there is a very real and vital difference between the two, which is as great as that between discipline and tyranny or between liberty and licence. Education helps men to reach truth whereas indoctrination chains men's minds and leads them to what has been fixed for them as the goal by the power that for the time being controls the State. Where the Press is not free and fearless it does not function for the common weal. Instead of educating the people, it works as a tool of the installed Government in the process of indoctrination. In the beginning this conviction coincides with command; but soon the devotion to reason and truth gets subordinated to expediency.

Educating the masses

It is possible for a journal to confine itself to the scrupulous performance of the duty of giving accurate information and reflecting public opinion and to leave the more important duty of modern times of educating the mind of the masses wholly unattended to. It is right that an honest journal should refrain from partisanship but it should not refrain from the risks involved in the fulfilment of the duty of teacher that in democratically ruled countries devolves on the Press. Mass feeling has sovereign power in democracies. The Press has to deal with a pupil who is all-powerful. The task of educating a pupil with sovereign power is no doubt a dangerous business. The teacher that engages himself in teaching the masses to be just and upright may be destroyed by the irate pupil as happened in the case of Socrates. But the rule of safety first must not be interpreted to exclude essential duties. A journal has no right to exist if it does not seek to educate.

Loyalty to ends must not result in suppression of criticism of means employed. Organizational discipline may be necessary but it should not entangle the Press in such a way as to interfere with or reduce its fullest liberty. The Press would be guilty of dereliction of duty if it failed to reason or to criticise the means employed to reach the agreed goal. Whoever may fear to express his true opinion about anything done lest he should be deemed guilty of disloyalty, the Press should not do it. It should step in where others fear to tread and should examine and criticise courageously and guide wisely. A free Press is an essential wheel in the machinery of democracy. Without it progress would be ruled out and democracy would degenerate into intimidation. The terror that suppresses people in



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the name of democracy has not the background of tradition-training and culture which relieved the reign of oligarchies and tyrants in the old days.

It may be thought that what has been so elaborately discussed above has no great relevancy in Indian national life because there is here as yet no democracy that governs. The Indian national movement has become strong and reached a stage when the things that apply to a democratic State apply to the movement itself. The strength of the National Congress is so great that as a result it has been deprived of the benefit of friendly criticism. The national Press suffers from a tendency to serve us as, if it has not already become, an organ of indoctrination rather than as a free Press. Public criticism is looked upon as disloyalty to the national movement.

The enhanced circulation of journals has resulted in increased capital expenditure and the risk of losses involved in a conflict or even a misunderstanding with the National Congress is not one which those who have invested large capital can be expected to take. A journal with comparatively limited capital can afford to be free where what may be called a powerful newspaper with huge capital and expenditure may not afford it.

To refrain from honest criticism of means employed is disservice to the cause. A fearless critic is a friend. A journal that prefers to flatter or be silent for safety's sake is by no means a friend. *Swatantra* is, indeed, larger than *Swaraj* and should permeate all life and govern means as well as ends. This journal proposes to be true to the name it has ventured to give to itself. It will support as well as subject to criticism whatever is of importance in public life and attempt to guide popular opinion, and not content itself by merely reflecting it as it stands at any given moment.

The problem of *Swaraj* has two aspects, the problem of attaining it and that of how we shall organise and shape life under it. The former, despite all the difficulties, is a certainty and a fairly near one in point of time. It is the latter aspect that now requires the greatest attention and wise preparation. Without adequate plans for ordering national life we shall have nothing under *Swaraj* that will bring happiness to the people or relieve their suffering. On how we shall organise for the production and distribution of food and clothing on an adequate scale and according to a territorially well-ordered scheme, depends the essential foundation for national happiness. On how, after allotting the manpower that this requires, we shall utilise the surplus available, depends the prosperity and the joy that free India will have in the times to come. Upon the task of organising and utilising the total work capacity available in the country depends our happiness. We should immediately bestow our thoughts and our anxieties on that task.

NEUTRALISM

and

COLD WAR

by

B.K. DESAI

Neutrality, as a guiding principle in international relations, has gained wide acceptance during the last few years, especially in countries of Asia and Africa. Most of the countries in these regions have adopted neutrality in foreign policy and refused to align themselves with either of the existing military Power blocs. In fact, neutrality, or non-alignment, has come to be regarded as the hallmark of independence of any country by the people of these continents. As the two continents constitute the majority of the world population and as the Afro-Asian States comprise the largest single group of nations in the U.N., the neutrals have become a force to reckon with in international affairs. As a result, neutrality has won recognition and respect, though grudgingly, from the West as well as from the countries of the Soviet bloc.

That the countries of Asia and Africa should adopt neutrality is not without reason. These countries till recently were under the colonial domination of the West. As newly-independent countries, they are jealous of their Independence, and non-alignment is just another form of assertion of their Independence. These countries want to avoid all sorts of entangling alliances. To join any collective security arrangement except the U.N. would, they fear, mean loss of independence, since an alliance with a Big Power would mean domination by that Power. They want, on the other hand, to participate in international affairs as equal partners in solving outstanding issues, judging each issue on its own merits. Lastly, as they are economically backward and desire to achieve rapid economic development, these countries want to accept economic aid from wherever it is offered. They do not want to prejudice their chances

of getting economic assistance from all possible sources by identifying themselves with any political or military grouping.

Thus neutrality is primarily the product of the basic psychology of the emergent peoples of the former dependent countries. Besides, their refusal to align themselves with either of the Power groups stems from their reluctance to take sides in a quarrel they have not initiated. These countries attained Independence long after the cold war hostilities between the West and the Soviet bloc had crystallized in the formation of two rival political groupings of States, one spear-headed by the NATO and the other by the Warsaw Pact. It is, therefore, natural that these countries view the cold war as the result of the race for supremacy between the two rival military blocs. They see the world, dominated by the antagonism between the Soviet bloc and the NATO countries, poised on the brink of a catastrophe of a Third World War. The appeal to remain unattached, and thereby constitute a sort of Third Force, is therefore very strong among these countries, especially as it is wrapped in the cloak of peace-making and conciliation.

Neutrality in not unilateral

Thus the neutral attitude arises from the desire of the newly-independent countries not to get themselves embroiled in the cold war conflict. But to be effective, neutrality should be based on the common acceptance of all the parties concerned in the cold war. It would not do simply for the neutrals to proclaim their non-

alignment; it should also be accepted, and genuinely respected, by the two contending sides in the cold war. That is, the super-Powers heading the two groups must agree to keep the cold war out of neutral countries and, accordingly, desist from interfering in any way in their internal affairs. There can be no question of unilateral adherence to neutrality. If any one of the Big Powers refuses to accept this basic condition, the case for neutrality falls to the ground.

What then, are the chances of neutrality saving its adherents from being drawn into the vortex of the cold war? To answer this question it is necessary to understand the genesis of the cold war. Though the present state of cold war hostilities has its roots in the Second World War, the cold war as such is the direct outcome of the course of action followed by the Kremlin and the communist parties throughout the world. From its inception, the Soviet Union has considered as enemies all the non-communist countries and has done its best to weaken them. The Soviet Union and the international communist movement are openly pledged to Sovietize the non-communist world. The revolutionary action of the Comintern,—characterised by propaganda, espionage, sabotage, agitation, mass movements and civil war,—started what is called cold war right from the advent of the Bolsheviks to power in 1917. Thus the fundamental reason for the existence of the cold war is the basic expansionist aim of the international communist movement which, with its headquarters in Moscow, is bent upon destroying the non-communist world. This expansionist attitude is inherent in the communist philosophy which, by its very nature, is a uni-

versal doctrine and it makes no sense unless it is applied to the whole world. The Soviet Union today is not merely a country, it is the central headquarters of a new religion, its real politics being the spread of its proselytizing faith over the entire globe, with the help of its shock brigades, in all the non-communist countries. The efforts of the communists throughout the world are thus relentlessly directed towards this "inevitable" goal of communizing the whole world.

A precarious posture

Neutrality thus is, at best, a precarious posture in the cold war. It has no permanent place in the communist scheme of things. If today the Kremlin is talking of peaceful co-existence and trying outwardly to cultivate close relations with the neutrals, it is because it cannot capture them through military conquest. It, therefore, hopes by identifying itself with the neutral sentiments, to soften the will of the uncommitted people to resist the communist pressure. It should also be noted that though the communists now profess to respect neutrality in the military sense, they are not ready to give up their tactics of internal subversion and fomenting civil war in all the non-communist countries. What is more, the communists would not even brook political—as distinct from military—alignment of any of these neutral countries with the West. Nigeria, for example, is a neutral country that never hesitates in the U.N. to side with the West on many issues and criticise the Soviet Union. The Nigerian Government has therefore very often

come under the heavy attack of the Soviet bloc countries. In fact, the main Soviet aim is, by giving support to non-alignment, to seek to align the non-aligned countries politically with the Soviet bloc as a first step towards their Sovietization and to prevent the consolidation of the non-communist world. As one Rumanian communist leader has put it: "Neutrality is incompatible with any anti-Soviet stand; it can only mean opposition to Western imperialists." This same view was expressed by Khrushchov recently when he told a delegation of Egyptian parliamentarians: "If you want socialism, you should not say you are against communism." Thus neutrality, according to the communists, means prevention of an anti-communist stand not only in international affairs, but in internal affairs also.

Unfortunately most of the neutral leaders seem to have accepted this Soviet version of neutrality, at least in international affairs. The failure of most of the neutral leaders to condemn Soviet colonialism or their tendency to condone or ignore Soviet misdeeds is in sharp contrast to their readiness to criticise Western democracies for their failings, however small. This acceptance of the double standard of value-judgment by the neutrals belies their claim to represent the moral conscience of the world. Besides, it helps the Soviet bloc to gain respectability and thus furthers its cause, viz., the spread of communism.

Thus neutrality, as it is being preached and practised today, stems much from the fear in the minds of the non-aligned leaders of the Soviet potential to create trouble for them. It is also strengthened by their obsession with Western colonialism, which is on its way out. But ironically enough, neutrality has proved no guarantee against the spread of Soviet colonialism; it has proved incapable of preventing the capture of power by the local communists aided and abetted by the Soviet Union or China. Castro's Cuba is an example of how the communists could exploit a nationalist movement by whipping up anti-West passions and turn the country into a Soviet satellite. Besides, neutrality for the communists is a one-way traffic. For them, it remains a commodity for export beyond the periphery of the Soviet bloc, and not for toleration within it. Thus, while Iraq, which once belonged to the Western military bloc, could sever its ties with the West and opt for neutrality, the Hungarians were brutally suppressed by the Soviet tanks and Imre Nagy, Prime Minister of Hungary, was hanged for trying to claim neutral status for his country.

Thus so long as the Soviet Union does not desist from its practice of seducing and subverting neutral countries from within, with the help of its local agents, neutrality at best has doubtful validity. But, then, if the Soviet Union really agrees not to interfere in the internal affairs of other countries, the cold war would automatically cease. And then there would be no need for neutrality.



PLANNING COMMISSION AND STATE AUTONOMY

BY V.P. MENON

The Government of West Bengal recently created a sensation by entering into negotiations with a foreign source for funds for its development plans. Though only one or two States have had the courage to do such a thing or even to talk of it, it is an indication that discontent with Central policies is fairly widespread. In fact the relations between the Centre and the States at the political and administrative levels are approaching a crisis, and it is to this problem rather than "emotional integration" at the popular level that attention ought to be directed.

Political wisdom lies in elasticity, or, if other terms are preferred, balance or compromise. Powerful forces must be allowed reasonable scope or they will become agents of destruction. India is a very large country, with great diversity of geography and resources. Even if there were no language differences, the various regions would exert strong and divergent pulls on the Centre to further their own special requirements. Statesmanship demands that, within the framework of

unity, such requirements should be satisfied.

The United States of America is a good instance of a federation in which the needs of the various forces are fairly met and balanced and in consequence the strength of the units contributes to the stability of the whole. The federating States in that country have wide and well-defined powers, which are jealously maintained. There is a balance of forces and a general

confidence that the balance will be preserved. Consequently collaboration between the Centre and the units proceeds smoothly even when they are ruled by opposing parties.

The Moghul Emperors never understood the principle of federalism. They ruled the *subahs* through their trusted agents who were sustained merely by the military power of Delhi. The consequence was that the provinces developed little or no strength of their own and the Centre derived no support from them, so that when the Centre weakened, the whole structure proved to have no stability and quickly crumbled away.

The British followed the pattern of the Moghul Empire and developed a highly centralized government with the provinces as its mere agents. There was a strong feeling on the one hand that India could not be governed from Whitehall, and on the other that the provinces could not be governed from Delhi. Every politician at that time clamoured for provincial autonomy.

Since 1947 India has been drifting back towards the situation

which prevailed under the British, and the action of the Bengal Government is only a visible reaction of a State to the imbalance that has been created. For, the monopolistic tendency of the Centre has been most pronounced in its economic policies.

Economic development now occupies so large a part of Government's attention, and takes up so much of its financial resources, that the effect of economic over-centralization has been an all-round aggrandisement by the Centre and a corresponding weakening of the States. Congress politicians have come to rely upon higher quarters to such an extent that they go to Delhi for decisions even on matters which the Centre would prefer them to decide for themselves. Thus leadership in the States is disastrously stunted, and politics in the States is reduced to subservience to the Centre.

All these evils and dangers arise from one fundamental mistake—the centralization of economic planning. The telephone and the aeroplane have diminished distances, but they have not diminished geographical and cultural diversity, nor have they diminished the size of the population. India is really too big for any detailed planning from the Centre.

The States are of a more manageable size. Most of the States are fairly homogeneous, and the State capitals are in close touch with the districts. The States are, therefore, the proper units to do the actual work of planning, while the Centre should only lay down broad outlines and co-ordinate the State plans. Of course, under the present scheme of things, the States have been consulted and have been asked to draw up their plans. But the initiative and directing strategy, and the finance, have all come from the Centre, and the contribution of the States has been only secondary. In fact their part has been largely that of petitioners pressing for larger allocations,

which in many cases they get, but which they eventually fail to spend. It is because the detailed business of planning has been largely left to the Centre.

The planning administration has, therefore, developed in a lopsided manner. Enormous powers are concentrated in the hands of the Planning Commission, so much so that even the formerly all-powerful Finance Department, and the Cabinet itself, have felt that they were being overshadowed. This is an anomalous position from the constitutional angle, and the complaints made and warnings issued on this point deserve more consideration than they have so far received.

It has also placed the work of planning in unsuitable hands. Service officers are not trained for a job of this kind, and their achievements as managers of State undertakings have not been particularly good. It may be doubted, too, whether university economists without practical business experience are any better.

The remoteness of the Planning Commission from the actual needs of the people has made it possible for grandiose and doctrinaire ideas to prevail at the expense of practical good sense. Planning at the State level could not have been so top-heavy or one-sided. State planners would have felt compelled to take note of actual pressing needs—food production, small-scale irrigation, transport, village industries, primary education and so on. It is astonishing that it is only now, after ten years of planning, that serious attention is being given to these basic necessities, which are the pre-requisites of economic development.

State planners would have been more keenly aware of the public reactions to planning, which were initially enthusiastic but have become markedly sceptical, if not positively antagonistic. They would have quickly realized that though we certainly need economic progress, if it is brought about at the expense of rapid inflation, the price

is too high. They would also have quickly realized that what people want is not imposing structures and flattering statistics but immediate benefits, especially in the form of employment.

Planners in the State capitals would also have been less imbued with abstract theory and would have been more willing to take help from men with practical experience in business. If they had done so, the State undertakings would have been better suited to public needs and would have been run in a less extravagant and more efficient way. Also private business would have been harnessed more successfully to economic development. Of course some businessmen are doing well as a result of the Plan activity, but the business class as a whole has been antagonized and made to feel that it is not wanted and is destined for early extinction. This drives talent away from business, and makes businessmen try to snatch quick profits instead of investing for long-term development.

In the interest of both rapid economic progress and national unity this policy of economic over-centralization should be reversed. The States should be made primarily responsible for planning. State planning boards should take over the work from the Planning Commission, which should be replaced by a mere co-ordinating agency.

If State autonomy is to have any reality, the States must be financially self-supporting, with sufficiently elastic resources for development. The whole financial structure and taxation policy must be remodelled to this end. When the Constitution was drafted sufficient thought was not given to this problem. Now we have had ten years of experience and realize its necessity.

One of the great defects of Central planning, as we have experienced it, is its failure to eliminate the inequalities between the States. If a national economy is

allowed to grow without planning, the areas which are better endowed by nature will progress fast and the farther they get ahead the faster they will advance, while the regions not so favourably endowed by nature may make no progress at all. Planning is justified by its implied ability to correct such inequalities. But after ten years of planning we find that, in this respect, the Indian economy is just as if it had not been planned! The States which had made a start before 1951 are marching ahead in great style, while the backward States, like Orissa, Madhya Pradesh and Kerala, for instance, have remained practically where they were. These States would surely have made better progress if the responsibility for planning had been placed on their own shoulders; they would have progressed still more rapidly if they had been given some Central subventions to compensate for their backwardness.

Employment policy has played a big part in causing inter-State rivalry. It was the main factor behind the trouble in Assam, and one kind of discrimination or another is practised almost everywhere. State governments discriminate as far as they can, and unofficially compel private firms to give preference to men who speak the State language or who were born in the State. Such practices go against the spirit of the Constitution. The Centre has neglected its duty to prevent them.

Central planning as we have had it for ten years has thus been guilty of many errors of commission and omission which have weakened national unity. These defects are not matters of detail. The whole business of planning was wrongly conceived and was bound to lead to increasing mischief. Nothing less than the scrapping of the whole set-up and the transfer of the main responsibility to the States will restore that balance which alone can preserve national unity.

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3rd FIVE YEAR PLAN

In considering questions relating to planning for the future in a country like ours, it is necessary to distinguish between our basic and our less fundamental requirements. However attractive and, indeed, even essential from the long-range point of view our large-scale industrialization may be, nevertheless, one should not lose sight of the maxim, "First things, first". Keeping in view such a perspective, the three significant aspects of our economy that became apparent during 1960 may be enumerated as follows:

1. The last Agricultural Labour Enquiry Report and the National Sample Survey.
2. The phenomenon adverted to by the Prime Minister, Mr. Jawaharlal Nehru, in his speech on our slums and villages at the UNESCO Seminar on Urban Development; and
3. Professor Galbraith's report with which may be studied the illuminating book recently published by Mr. Graham Hutton on *Inflation and Society*.

Drop in agricultural earnings

According to the Agricultural Labour Enquiry Report, our average earnings have dropped from 100 points to 88 and the National Sample Survey discloses that 50 per cent of the population live on less than eight annas a day. Professor Mahalanobis, one of the special experts of the Government of India, asserts that out of our population of just over 400 millions, 45 millions are unemployed and yet there is overcrowding in certain technical services as well as in our educational services. He specially points out that 70 air pilots trained at a cost of Rs. 85,000 each are unemployed.

Rural sector neglected

In this connection, it is instructive to scrutinise the informative article by Dr. V. K. R. V. Rao in the *Illustrated Weekly of India*, (dated February 5, 1961). In spite of the efforts to produce a developing

economy, out of a national income of Rs. 12,470 crores, only Rs. 1,720 crores or about 13.8 per cent are represented by incomes from the organized sector comprising forestry, mining, factories, banking and insurance. Although it is a matter of some satisfaction that the total national income has increased, the items of

what may be called developing economy have not increased in proportion, especially such items as mining and manufactures.

Low per capita income

One of the most important points ad-duced by Dr. Rao is that the income of the agricultural labourers (aggregating to over 43 millions) decreased from Rs. 104 in 1950-51 to Rs. 99.4 in 1956-57. It is disquieting to realize that, according to statistics compiled by the U.S. Government, India occupies the 74th place among 84 countries arranged in the order of the *per capita* income, 14 Asian countries including Malaya and Ceylon being superior to India in this respect. These figures and facts make it incumbent on our planners to adopt intensive measures to increase the *per capita* income with particular and inevitable reference to the agricultural sector, concentrating both on the extension of the arable area and intensification of production by large-scale improvements in the matter of seeds, manure and fertilizers and methods of operation. This desideratum can be seen from the proper angle when we realize that, according to recent statistics, 50 per cent of the population are undernourished and subsist on an inferior quality and amount of food.

No facile programme of copying either Chinese or Japanese methods will solve the problems, especially as the Chinese agricultural bubble has now been thoroughly pricked; and, in spite of dexterous propaganda, it is known that Chinese agricultural practices have not been able to prevent colossal famine conditions even after allowing for natural calamities.

Unsatisfactory public sector planning

Professor Galbraith, the talented U.S. Ambassador to India, has made a reference to the Hoover Commission on Administrative Services and has emphasised that our public sector planning has not been an unqualified success from the point of view

by Dr. C. V. RAMASWAMI AYYAR



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of creating or fostering initiative or enterprise on the part of the agencies employed. He has remarked that official representation on the boards of public sector companies has hampered production and has minimised incentive and initiative in the staff. It is fairly well known that I am not *per se* opposed to public sector ventures, having, indeed, inaugurated many of them in my official career; but my experience underlines Professor Galbraith's precept that the public sector too often fails in its objectives because of the mechanical and uninspired methods of management and salesmanship. It is to be hoped that in the Third Plan period, India will profit by the Hoover Commission's recommendations and Professor Galbraith's suggestions.

Evils of inflation

A closely related problem to the financing of the public sector enterprises is the phenomenon of inflation due to deficit financing and the spiralling of prices. Enough has been said and written to demonstrate the dangers of deficit financing, but special attention may be invited to the remarkable analysis of the inevitable results of inflation contained in Mr. Graham Hutton's recent book.



The ultimate problem of India is, as the Prime Minister averred in his speech already referred to, the appalling lack of housing facilities, the absence of even elementary sanitary conditions prevailing in our slums with their open drains and accumulations of filth and the lack of pure water supply in large parts of the country.

The National Development Programmes and Community Services have been criticized as well as praised frequently and intensively; but it is clear that what is needed to ensure their efficient working is not so much finance or direction from above as enthusiastic and one-pointed local leadership. The trends and temptations of politics and its glittering and often facile prizes are now threatening to overshadow, if not to eliminate, unspectacular but creative local work.

Ill-directed economic jealousy

It cannot be too often emphasized that the solution of India's problems is essentially a matter of character building and the proper canalising and indeed of the spiritualising of personal ambitions. One hears a great deal of casteism, linguism, regionalism and so forth; but perhaps a more fundamental evil to be counteracted is ill-directed economic jealousy, as distinguished from legitimate economic ambition.

TAXATION INVESTMENT THIRD PLAN

If the programme of economic development is to be framed so as to ensure the maximum utilization of productive resources, the different sources of finance must be harnessed to the point of optimum efficiency. Since it is the total process of economic development which is the target of policy, it is necessary to guarantee that the husbanding of various resources to finance projects in the public sector must not in itself cause a deleterious effect on the economic activities or the economic behaviour of the individuals from whom these finances are collected. There is a wide margin between what is administratively possible and economically desirable. In particular, it is necessary that the transfer of resources from the people to the Government *ceteris paribus* must not itself imply a reduction in the total net investment and also that it must not materially affect the various economic incentives—to save, to work and to run a risk—so as to affect the total output.

In the scheme of finance proposed in the Third Plan, finances to be raised from additional taxation assume a high place. It is indicated that, to meet the requirements of the Plan of the size of Rs. 7,500 crores in the public sector, it would be necessary that, after tapping other sources like normal budgetary surplus, contribution from railways, small sav-

ings and external assistance, it would be necessary to raise additional taxation to the extent of Rs. 1,710 crores. If the proposed tax programme is put through, nearly 23 per cent of the investment in the public sector will be financed from additional taxation, which would push up the ratio of taxation to income from the present 8.5 per cent to 11.5 per cent by the end of the Third Plan. Can such a massive tax effort be without its repercussions? Will such a high measure of taxation mean a *pro tanto* higher investment in the

people to the Government will, in the first instance, mean a transfer of resources which would have fructified into productive assets in the private sector, in which their marginal efficiency is already high. Therefore, if such a transfer of resources is to mean a total net gain to the economy, it must be ensured that these resources are utilized in those fields of production in which their marginal efficiency is as high as, if not higher than, in the private sector and substantially utilized for productive purposes.

This, however, is not wholly borne out by past experience. The manner of disposal of revenue from additional taxation in the Second Plan period, the Estimates Committee indicated, was not in complete accord with the expectations of the Planning Commission. Additional taxation in the Second Plan period, all of which was earmarked to finance investment in the Plan, was envisaged at Rs. 450 crores, which was expected to be raised by the Centre and the States in equal proportion. However, the actual additional taxation that accrued to the Centre and the States may have been of the order of Rs. 1000

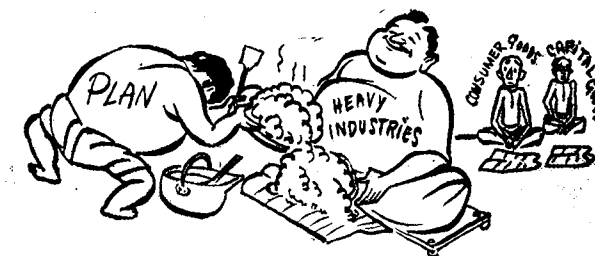
By A.M.M. Murugappa Chettiar

Former President, Federation of Indian Chambers of Commerce and Industry

public sector and a net addition to total investment? These are important questions, and I propose to examine them here.

Unexceptionably, the programme of additional taxation will first impinge on investment in the private sector. Since taxes will be first paid out of savings rather than consumption, the massive transfer of resources from the

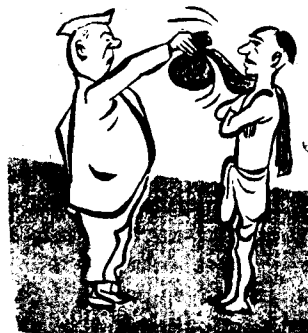
crores. It is unfortunate that only a small part of this additional revenue was utilized to meet planned investment. Of the additional taxation of Rs. 792 crores that may have accrued to the Centre, it would appear that only Rs. 188 crores was utilized to finance planned development. In other words, as against the expected total utilization of additional tax-



ation, only 24 per cent was available for plan purposes, the other 76 per cent being taken up by expenditure outside the Plan. A part of the additional taxation raised by the Centre was passed on to the States under the Finance Commission's award. But, as the Planning Commission remarked, "The gain to the States from the Finance Commission's award plus a part of additional taxation they have adopted has been absorbed by expenditures that do not enter into the Plan."

The point that emerges from the above considerations is that the manner of disposal of additional revenue is out of line with economic calculations. The transfer of resources from the people to the Government has not only not meant a higher productive investment, but actually a smaller investment than would have otherwise materialised. From this it follows that it is possible by economising on public expenditure outgo to save large funds for development purposes without substantially increasing the rate of taxation.

The scheme of additional taxation will mean a smaller total investment in the economy not only because all additional tax revenue will fail to be invested totally, but also because taxation will operate against the economic



incentives, in particular the incentive to save and invest. The latter phenomenon works in two directions. Firstly, higher taxation will adversely affect the economic behaviour of economic units i.e. the psychological effect of the very announcement of the tax

will reduce savings and investment in the private sector in a greater measure than the actual transfer of resources from the people to the Government. Secondly, the incidence of taxation, which gives direction and strength to the first, is with the present tax structure too much skewed, being erected on too narrow a base as to discriminate against savings. After a point taxation injures economic incentives which are the propelling force in the process of economic growth. It unduly harms the incentive to work, to save and to bear risk, by biting into the effective rate of remuneration. The propensity to save is affected not only because there is a smaller income to save from, but also because it impairs the inducement to save. While direct taxation taps the income with relentless rigidity, indirect taxation by raising prices all round eats away a substantial portion of the individual's income, not to speak of inroads into savings. With the present tax structure, savings are taxed more than once. Not only is the income from savings subject to income-tax, but the wealth tax eats into the fund of savings accumulated over a period of time. The combined effect of these different taxes is to inhibit the propensity to save and to bear risk.

These effects are further accentuated by confining the collection of revenue from a narrow range of incomes and a small number of assesseees. While there were 90 per cent of assesseees in 1958-59 in the income range below the supertax limit, the revenue collected from them accounted for only nine per cent of the total revenue collected. On the other hand four-fifths of one per cent of the income scale contributed 66 per cent of the total amount of the direct taxes collected. The greater part of the assesseees in the latter group comprised public companies. The tax structure is thus not only biased against the incentive to save, but being erected on

a narrow base impinges on those incomes which are the principal sources of savings.

All these considerations weigh heavily against additional taxation as proposed in the Third Plan. Taxation will operate against the economic incentives, reduce savings, lend an upward bias to prices, and inhibit private



foreign capital. Without substantially increasing the rate of taxation, it is possible by economising on the public expenditure outgo to raise a large part of the finance for the Third Plan.

The scheme of taxation, however, reveals a deeper malady. The reason why additional taxation has come to assume a disproportionate importance in the scheme of finance for the Third Plan is that other sources of finance are not immediately responsive to policy. This, however, does not justify its desirability. Neither does this imply that the size of the Plan is out of line with our financial potentialities. The strain on the resources is simply a reflection of the fact that the pattern of allocation of resources between different avenues of production is distorted and less than optimum. The Plan is too much biased in the direction of investment in heavy industries and fails to maintain the necessary balance between the production of consumer goods and capital goods. It is the harmony of economic growth that automatically ensures that the requisite amount of technical surplus will be set free for reinvestment. What is called for is not simply a revision of the scheme of finance, but also a revaluation of the programme of investment.

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We also know a good deal more than we used to about what governments can do to encourage employment and development, and to ensure that these are concentrated in certain areas of the economy. In the course of the past generation, governments all over

by **SIR PAUL GORE-BOOTH**
British High Commissioner in India

the world have shown themselves much more willing to take these steps than ever before.

Ensuring "stable growth"

But with all this knowledge and with all the fabulous increase in production and wealth over the last 150 years, we still have a world full of economic instability and disparity. The challenge we must face is clearly the replacement of these instabilities by what has become known in Britain as "dynamic stability" or "stable growth" and the removal of disparities and the creation of a tolerable life for all, consistent with proper opportunity for the talented and the industrious.

The British way of meeting the economic challenge

We in Britain are trying to meet this economic challenge in two ways. The first is at home and the second abroad. The first I would call quite simply the British revolution. It does not involve much in the way of slogans or anything in the way of mass hatred or worse, so it perhaps attracts less attention than things which may be called revolutions elsewhere and at other times. It is, however, fundamental. It is a conscious effort by our society to give all our citizens a reasonable share, and a stable one, in the good things which 20th century life can offer, if the world can remain at peace.

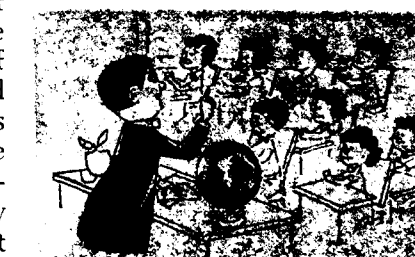
This may not sound very revolutionary but in fact it has involved a considerable reorganization of our society and our economy. The British Government has in fact intervened in the economic and social life of the country in order to give the individual a substantial degree of shelter from the instabilities and disparities to which reference has been made earlier. So far as the ordinary man is concerned, economic instability shows itself mostly in fluctuations in employment

and fluctuations in prices—or, in plain words, that a man may suddenly find himself out of work through no fault of his own, or having to pay much more for his food than he can afford. Governments all over the world are now acting with varying degrees of energy and varying degrees of success to control these fluctuations. Unfortunately the experience of most countries seems to indicate that it is almost impossible to have both stable employment and stable prices, except on unacceptable terms. We in Britain have tried for many years to solve this double problem, and I should not like anyone to think that we imagine we have yet done so at all fully. We have on the whole, perhaps, managed to maintain a relatively high degree of employment but only at the cost of continuously rising prices—what is called "creeping inflation".

The difficulty is that if one tries to preserve full employment all around, there is the risk of inflation together with balance of payments crisis; and if one goes all out to keep prices stable, there is the risk of putting people out of work. Nobody yet seems to have found a way out of this dilemma, except by sacrificing what most countries consider to be an unacceptable degree of individual economic freedom and economic incentives.

Control without damaging economic incentives

We have, however, perhaps been rather more successful in Britain in removing some of the glaring inequalities which used to exist between the lives of the privileged and those of the underprivileged. This has involved a



degree of governmental control through taxation and other methods, and government intervention in the British economy, including the national operation of some industries, in order to make sure that the things which need to be done in the common interest get done whether they "pay" or not, and that everyone has as fair a share as is possible but without dangerous damage to economic incentive: the possibility of hard work and natural gifts achieving material reward, which so far in human history seems to have been the greatest inducement to human beings to improve their own life and that of others also.

Revolution in social thinking

Hence we have arrived at what is now called a mixed economy. No one would claim that the exact mixture is ideal in our country or in any other. Indeed, probably the ideal mixture, if it exists, changes from year to year at a greater pace than legislation or administration can match. But at least the British public and successive British governments have made the attempt, and we consequently have a society which happily would not have been recognizable to Charles Dickens or another well-known Londoner, Karl Marx.

The social challenge is very much akin to the economic challenge. If one takes as an example the British National Health Service, one will find there a revolution in social thinking. Hitherto, because society has not been rich enough and productive enough, we have had to accept the view that only those who could pay for good health could get it. This puts it crudely; but it is true that there has not been enough medical care to go around to allow society to do anything but ration it by the purse, or, in other words, to let those have it who could pay the market price, while everybody else had, as they always had

before, to run along as best they could.

Now, in some countries, an effort is being made to deal with the matter the other way round. It is being maintained that society owes to all its members a level of medical treatment that should be reasonably satisfactory in the light of existing state of medical science. Of course this does not mean that everybody would get everything. We ourselves find that sometimes the demand is bound to exceed supply. But generally speaking people can now get the treatment that they need, though not always as quickly as they may need it. This is one elementary step towards a modern, developed society in the social sense.

Again, there is an adjustment to be made here. There is always much argument about the degree to which society should look after people and the degree to which they should look after themselves. Here I do not suppose we shall ever reach a perfect balance any more than we shall reach it economically. But at least we are on the way to find out a great deal about what the present stage of science and organization can do for the ordinary individual at the general expense.

Education spreads wider

An outstanding example of a challenge within the social challenge is of course the challenge of education. Here the great lesson of the 20th century has been that, if a country is to grow to the limit of its capacity, then it must use the brains and talents of its individual citizens to the maximum of their capacity.

There has been a tremendous increase in expenditure on education in Britain in recent years. The estimate is that total public expenditure, including that on university education, will be more than £ 900 million in 1960/61. One of the miracles of the growth of British influence in the 19th cen-

tury was the very small basis of society on which management, research, politics and other activities were based. One cannot do this in the 20th century. One cannot waste national talent in this world. The competition is too great and public opinion in any case will not stand it.

Therefore, it is the job of every country to try to devise means, within its economic capabilities, of giving as many of its citizens as possible as detailed an education as possible. At the same time society has to remember that, while there is a wide range of jobs in professional, mechanical, commercial and other fields for those with higher education, there are also plenty of manual and semi-manual jobs as well. How does the education of the future cope with this?

Examples of practical progress

I have dealt with two essential problems in some detail in order to show the practical progress we in Britain are striving to make. But, of course, progress brings with it the problems of progress. We are just at the beginning of some problems of living together which go deep into the heart of human nature, especially human nature in a highly organized industrial society. For instance, we are only at the beginning of the problem of juvenile delinquency, of dealing with young people who know a good deal about life but not quite enough. We are confronted all over the world with problems of social equality, whether it be between the sexes or between people of differing races and differing traditions. We are also facing the question of the inter-relation between material progress and the upholding of standards, whether it be of workmanship or of ethics: it does not follow that because people are a little richer they also behave a little better.

[Extracts from a speech made by Sir Paul in Bhopal on November 3.]

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A. KRISHNAMURTHI
GENERAL MANAGER

THERE is a spicy proverb in Kannada which says in effect that if one borrows in dribbles, he is a debtor but if one borrows in thousands, he is a man of substance. The spirit of the humorous cynicism of the vernacular idiom is lost in the translation, but the meaning is clear. If you want to borrow, do it in a big way; and don't worry about small points, such as payment of interest or repayment of principal!

As one contemplates the astronomical borrowing programmes of the State and Central Governments, one is reminded of the saying in Kannada. Let us consider the total public debt of the Government of India. It is a little difficult to get the upto-the-minute figures; but, roughly speaking, the figure for the year 1960-61 stood at Rs. 6,570 crores. It has perhaps gone up by a further Rs. 700 crores as on date and, for our purposes, we might put the total indebtedness of the Government of India, say, at Rs. 7,200 crores. Judged by Indian standards, this is a very high figure indeed; but the rapid progression of the interest-bearing obligations of the Government over the last five years is even more alarming. It is of historical interest that the total public debt of the Government of India during the year 1938-39 was but just Rs. 484 crores!

Mounting public debt

There is, perhaps, no point in going so far back as 1938-39. Starting from 1957-58, we get the following picture of the public debt position of the Government of India:

	Rs. in crores
1957-58	4,216
1958-59	4,964
1959-60	5,735
1960-61	6,570
1961-62	7,200

The Central Government has borrowed nearly Rs. 3,000 crores over a period of five years at the rate of Rs. 600 crores a year. The alarming increase in the rate of

our borrowings is certainly a matter for serious concern. Overlooking this aspect of the matter for the present, the other important fact to be noted is the large volume of our total indebtedness both internal and external.

A public debt of the order of Rs. 7,200 crores means a permanent interest liability of nearly Rs. 288 crores per annum at 4 per cent on the principal borrowed. Assuming that the total Revenue Budget of the Central Government is of the order of about Rs. 900 (it has now crossed the Rs. 1,000 crore mark) crores, nearly a third or at least about 30 per cent of the Central revenues has to be set apart to meet the interest obligations on the total borrowings of Rs. 7,200 crores. If a private citizen incurred liabilities which involved his paying a third of his income as interest on his borrowings, he would be considered exceedingly imprudent, if nothing worse. It would be impossible for him to extricate himself from the crushing burden of debt, and he would soon find himself involved in insolvency proceedings.

Heavy burden of interest

The case of a government might be considered different. It may be argued that so long as the funds borrowed are utilised for productive purposes, the revenues of the government are bound to increase and will enable it to meet its obligations as and when they fall due. This is doubtless a point which deserves consideration; but unfortunately the facts do not bear out such a facile assumption. It is estimated that Rs. 700 crores has been invested in State undertakings yielding a meagre return of 0.5 per cent during 1960-61. The book value of the giant irrigation projects completed, or nearing completion, during the First and Second Plan periods is estimated at about Rs. 1,360 crores. It is well known that big irrigation projects have a long gestation

period and bring no substantial returns till at least a decade or two after their completion. Outlay on National Extension and Community Projects and Social Services, however important, bring no financial returns in the short run. It is, therefore, obvious that a major part of the outlays in the First and Second Plan periods have little or no productive potential; and it is futile to expect any returns on these huge investments from borrowed funds. The problem, therefore of meeting the interest obligations falls fairly and squarely on the poor taxpayer. Actually every man, woman and child in the country is paying a capitation fee of a rupee for the privilege of being a citizen of the Republic!

Repayment of internal debt not even thought of

So much in regard to payment of interest. How do we stand in regard to repayment of capital which we are borrowing merrily both at home and abroad? So far as our borrowings at home are concerned, the Government is certainly in a privileged position unlike the private citizen who runs

INDIA,

into debt. With the huge monolithic organizations like the Reserve Bank of India, State Bank of India, the Life Insurance Corporation, the Provident Fund Organizations under their thumb the Government can easily commandeer the huge liquid resources that pour into the coffers of these institutions. Actually this is what is happening whenever the Central and State Governments launch on their loan programmes. There is hardly any investment in these loans from individuals as such, since the rate of interest offered ranges between 3½ to 4 per cent and is never a great attraction to the middle class investor. The interest rates are kept

purposely low by the Reserve Bank in order to facilitate government borrowing at low rates. In this connection, it is relevant to point out that while prices are on the ascendant all along the line, it is the investor in Government securities alone that has his income frozen at levels which prevailed before the war. Rates of interest on the government borrowing in the 40's and early 50's were very nearly the same as at present, though the value of the rupee has depreciated by a third during the period. The result of this policy is that the poorer sections of the community are hit hard. Premiums on insurance policies and provident fund contributions from organized labour and the white coloured worker are invested in government securities yielding a meagre 3 to 4 per cent; while if these savings had been invested in real property, the benefit to the investor would have been much larger.

External debt

Payment of interest and repayment of capital borrowed in the Indian market is accordingly not much of a problem to a govern-

amount to about Rs. 100 crores in addition to the repayment of the principal which commences from 1960-61.

Will it be possible for us to meet these obligations as and when they fall due? This is a point which deserves

more serious consideration than it has received at the hands of the public or the Government. That there is no public opinion worth

mentioning on a matter of such importance is, indeed, regrettable; but how else is one to explain the jubilation with which news of further heavy loans is greeted by the press? The foreign exchange component of the

Third Plan is expected to be of the order of Rs. 2,600 crores; and there was considerable jubilation when the Aid-India Club agreed to under-

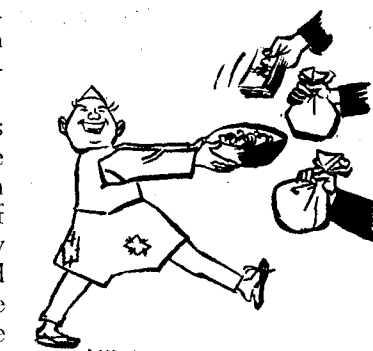
pressive figure of Rs. 1,650 crores at the end of the Second World War have today dwindled to a miser-

able Rs. 101 crores; our gold and bullion reserve after revaluation at current market rates is about Rs. 117 crores. These balances

are hardly adequate as a currency reserve and are absolutely of no use as a hedge against our foreign exchange difficulties. Our export

potential has been seriously undermined by the cost inflation in the country which makes it exceedingly difficult for our products, both agricultural and industrial, to compete in the world markets. The recent sugar deal

with the U.S.A. which is hailed as a master stroke of business acumen, is an interesting case in point. The cost of production of one ton of



THE MAGNIFICENT DEBTOR

by B. V. Narayana Reddy

Former General Manager
of the State Bank of Mysore

ment armed with enormous powers over a large sector of the economy of the country. But it is different in regard to our external borrowings. Out of a total public debt of Rs. 7,200 crores, nearly a third is from foreign governments either as loans or grants. According to available data, we have received foreign aid of about Rs. 2,727 crores since the commencement of the First Plan; Rs. 2,091 crores as loans and the balance of Rs. 636 crores as grants. Assuming an average interest rate of 5 per cent on these loans, the interest obligations alone will

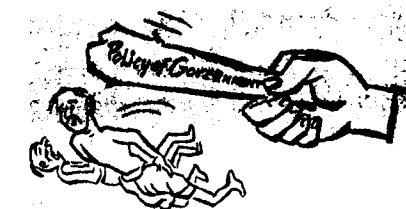
write the entire amount. But nobody seemed to bother about how and when this huge debt is to be repaid. The feeling at present

appears to be that it is the creditor who should worry about the repayment of the loans and not the debtor! It is an economic truism that the external debt of a country should bear some relation to its export potential and to its gold and sterling assets. Our sterling assets which stood at an im-

sugar in India is Rs. 700 as against the world price of Rs. 400, and this after nearly 30 years of protection! The loss to the exche-

quer as a result of this queer deal is of the order of Rs. 10 crores which the home consumer is expected to make good. It is

a sad fact that our export performance has never been much of a news item except during the Korean boom when our exports touched an all-



time high of Rs. 733 crores. Since then the average level of our exports has never gone beyond Rs. 620 crores, while our imports have ranged between Rs. 700 and Rs. 750 crores on an average. It is difficult to envisage the nature and extent of the impact on our exports when Great Britain becomes a member of the European Common Market; but it is clear that the preferential treatment now accorded to many of our products will no longer be available, and our competitive capacity will be further impaired.

Gloomy background

Against such a gloomy background, one wonders at the naive temerity of our planners talking of a Third Five Year Plan with a foreign exchange component of Rs. 2,600 crores! The arithmetic of it is that at the end of the Third Five Year Plan period the country would be burdened with a colossal *external debt* of nearly

Rs. 5,000 crores, which it will have no means to repay within any foreseeable future. What the *internal obligation* will be at the end of that period is anybody's guess; but if the past performance of the government is any indication of its future achievements, it may be a safe guess to put it at Rs. 7,000 crores, bringing the grand total of our internal and external debt to Rs. 12,000 crores!

A friendly warning

This is what the country is heading for, as far as one can see from the mysterious ways of our planners! The warning which Professor Galbraith, the U.S. Ambassador, thought fit to administer against reckless borrowing abroad has not come a day too soon, which all responsible public men in the country should heed. Prof. Galbraith, who was addressing a gathering of teachers and students of the Calcutta Univer-

sity, is reported to have said: "Borrowing from abroad should not become a substitute for earning from abroad. The adoption of appropriate technology, such as elaborate labour-saving devices, might only waste scarce resources and might also aggravate problems of unemployment. The organization and services appropriate to advanced nations might be costly hindrances to less developed lands. Earning depended on efficient and low cost production that took advantage of the tendencies for nations in more advanced stages. I venture to think that any friend of India will view with some concern the rather uninspiring behaviour of Indian exports in the last five years. It is doubtful, if aid, however generous, can ever be a substitute for such investment earning and for the independence and self-confidence they accord."

Will our rulers heed these wise and sober words?

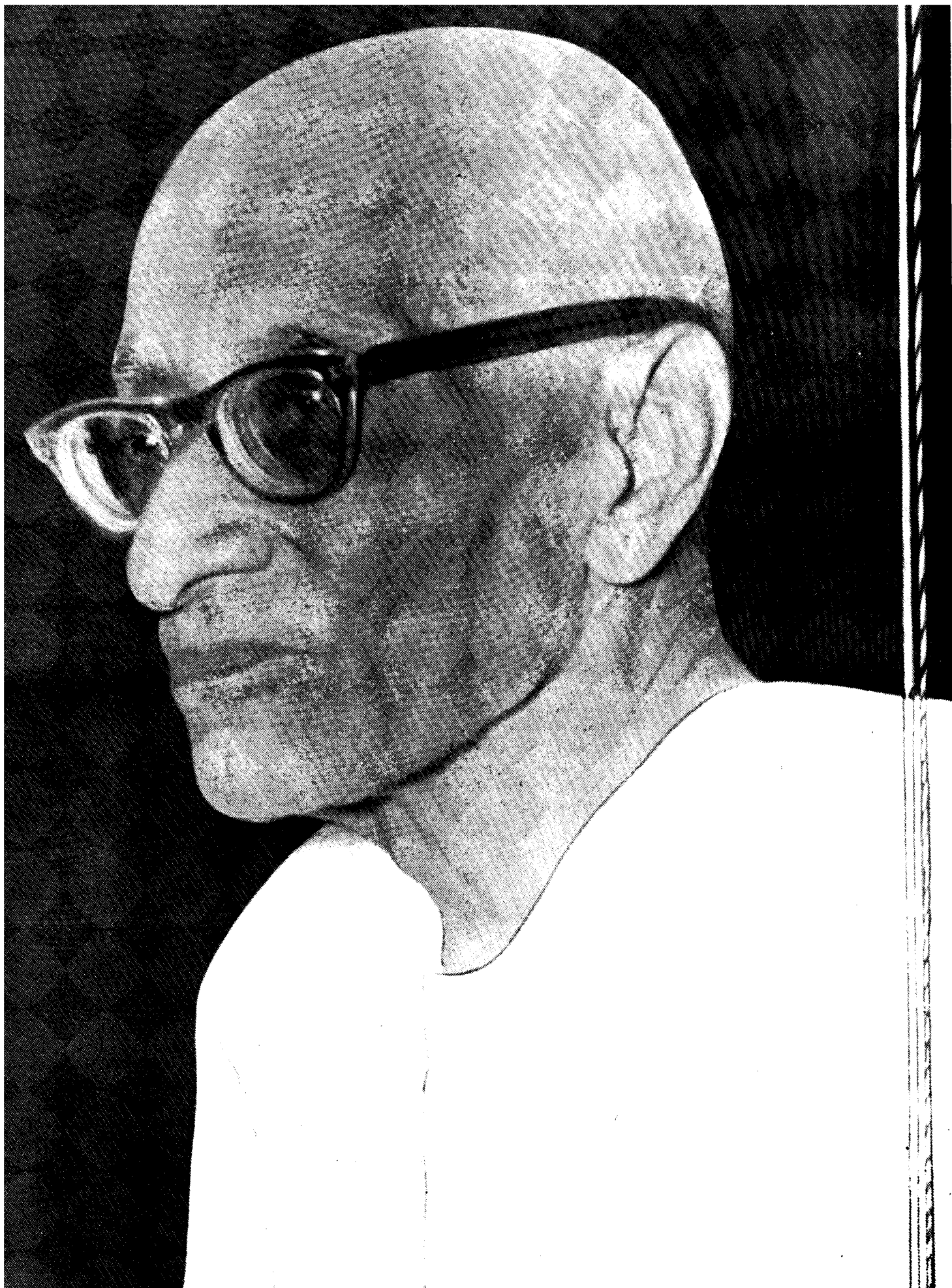
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ON RAJAJI

BY

Jayaprakash Narayan

It would be fatuous for anyone in India to try to heap praises on Rajaji. At the same time, it would be difficult for anyone to avoid doing so when writing about him. Let me therefore say without further ado that in Rajaji India has one of her great sons, not only of the modern age, but of all times. The two organs, head and heart, that distinguish man from his fellow creatures have reached in him the highest level of development, so that we see before us a truly great intellect enriched with the wealth of a high spiritual and moral quality.

Rajaji is one of the makers of modern India and architects of her Swaraj. Even at the hoary age of eighty, he has a political influence on this country which is quite beyond the influence of the party he leads. But it is not as a political leader—though he has reached a supreme rank in that sphere—that he will be remembered by later generations, but as a teacher of humanity. His deep insight into human nature, his extraordinary knowledge, his ripe wisdom, his capacity to make his way through a forest of inessentials and externals to the heart of a problem, all go to make him a timeless teacher of man. It is his commentaries on the ancient classics, Sanskrit and Tamil, his interpretation and exposition of religion, that will give him in history a far more secure place than his political endeavours and achievements.

Politics are of evanescent value, but at the moment they dominate national life. Things of the mind and spirit have to take a back seat. This is perhaps because

bread is of such compelling and urgent importance and necessity. And politics and bread have somehow got linked up in this age of welfare State. It is not God or the Earth, or the labour of man, that is supposed to give us bread, but politics. So, something must be said of Rajaji as a political leader, particularly since his break with Jawaharlalji and the Congress. It is easy to evaluate his political career up to that event and I do not propose to do that here. Suffice it to say that he was till then one of the five topmost national leaders who, next to Gandhiji, dominated the Indian political scene for three decades: Sardar Patel, Pandit Nehru, Rajaji, Rajen Babu and Maulana Azad. There were occasional meteors during that period who lit the political sky, but these were the planets who made up the Gandhian solar system. Only, Rajaji shone brightest as a mental phenomenon.

It is his later contribution to politics, however, that is more interesting and difficult to evaluate. What he did during the Freedom movement, though important and valuable, was part of a great job that others were also doing equally well. But Rajaji's contribution to post-Independence politics of this country is something which he alone could have made. This is perhaps not so apparent yet. Had he been ten years younger, there is no question that he would have put that beyond doubt.

The first of his achievements that I would mention, in this context, is his action as a solvent of fear. Fear, as every one

knows, is morally a great corrosive quality. It warps human behaviour as perhaps nothing else does. It makes cowards and bullies of men, it produces wars and tyrants and dictators; it debases culture and degrades man. There was fear growing in India, in the India that had learnt not to fear the greatest imperialism of its day, and even the great did not dare speak out frankly against the Government or the Prime Minister or the Congress. But since Rajaji entered the arena, armed not only with the courage of selflessness but also with rare qualities of devastating criticism, the situation has changed dramatically—though God knows, there is still a lot of boot-licking, cant and humbug afoot—all due to fear of the powerful.

Secondly, Rajaji has been able to construct an Opposition personality that is, at least, recognizable. All the other expressions of political Opposition merge, in various degrees, into the dominant colours of the ruling party, with the result that the Opposition and the Government often seem to be like reflection and mirror. Ram Manohar Lohia once rather aptly described the Prime Minister as the leader of the Government and the leader of the Opposition rolled into one. Thus, the situation that obtained was that on both sides of the House the colours were mixed and blended. Rajaji's intervention in Opposition politics has altered that. Now, we have a true, clear-cut, recognizable Opposition.

That that Opposition is of a *conservative* hue is but natural, and in no way detracts from Rajaji's success in creating, at least, a programmatic Opposition, whatever be the electoral fortunes of the Swatantra Party in 1962. After all, Rajaji is eighty and has already done more than one has reason to ask of any one individual.

Every society, including Khrushchov's and Mao's, has its conservatives as its radicals. If, at any time, only one of these should have the opportunity for self-expression, the society concerned would not only be an undemocratic society, but also mentally and physically as sick and unbalanced. The situation was something like that after Swaraj, when almost every party was anxious to be considered radical and progressive. Even the communal parties talked of some kind of Bharatiya socialism! So, when Rajaji came forward to become the mouthpiece of the conservative forces of present-day Indian society, he did the latter a great service. There is no use denouncing conservatism. While conservatism has certain, rather abiding, characteristics, such as opposition, or cautious approach, to change of every kind, and a certain moral integrity because of adherence to established ethical values, it is not the name of any fixed political or economic dogma. The communists have their conservatives and radicals, just as the 'imperialists' have them. If appearances and the political analysts are right, Molotov is a conservative and Khrushchov a radical. The conservatives are the ballast that prevent the young and the hot-heads from rocking the boat too dangerously. Without its conservatives, society would be faced with unpredictable destiny upon every break of day.

Because I had said all this when the Swatantra Party was born and had welcomed it from this point of view, it was believed that I was about to join the party. No doubt, Rajaji wanted me to do that, and perhaps even now hopes against hope that I might so decide. But I have made it clear that though I recognize the value and role of conservatism, I myself am not a conservative. Both by head and heart I am a radical and if I were to join a

political party, I would be with the democratic socialists—though it would be difficult to locate them, because they are scattered all over the political spectrum. But, I am not in party politics, though deeply committed to political work of a fundamental nature. I go further and affirm that parties are not necessary for the democratic way of life. Indeed, they seem to me to be a hindrance, because they are so divisive and mutually competitive. Democracy to be real, to be full, must be co-operative, all-inclusive and unitive. If society is organized on the communitarian principle, as it should be, economically and politically, the party system would become redundant and the State shrink to skeletal proportions. The community, the enlarged family, so to say, would take the place of the State. But, I have digressed.

Before I conclude, I should like to draw attention to one quality of Rajaji's conservatism, which I am afraid is not shared by his colleagues, but which perhaps draws me to him personally. Rajaji has made individual freedom the central point of his political philosophy. Thereby he has rendered a great service to Indian democracy. But, at the same time, he has emphasized that freedom would be in perpetual danger if it were used as an opportunity to exploit and oppress. So, he has put into the very programme of his party the idea that possessions of all kinds are in the nature of a trust, to be used not for personal gratification and aggrandizement but for the public weal and the good of fellow human beings. This ingredient of Gandhian economic principle converts Rajaji's conservatism into a substance of an entirely different quality. I am afraid the Swatantra Party has reconciled itself to that idea only as a token of regard for its great leader.

THE LOADED DICE

How many industrialists can resist a Chief Minister when solicited for donations to party funds to fight the elections, if they are made aware of the unpleasant effects of his disfavour on their business interests? Under Socialism the dice tends to get loaded permanently in favour of the ruling party making it progressively impossible for the parties in opposition to dislodge it from power. In the name of the Welfare State, Socialism enables the Government, (which means the ruling party) to extend the scope of its control into every nook and corner of the people's life, usurping to itself more and more economic power and almost the whole field of the country's employment potential, till a stage is reached when nobody can live at all if he should forfeit the grace of the ruling party. It is not an accident that in Soviet countries there is no freedom of the Press. It is the calculated result of the completed achievement of the displacement of the private sector of industry by the public. Industry contributes the major part of the income that maintains the newspapers. When the State fulfils its Socialistic mission by stepping into complete control of industry, its governing party will come into a monopoly as the nation's biggest if not sole advertiser, and the whole Press en bloc will be forced into dependence on its favour. It will then cease to be possible for any newspaper to survive except on the sufferance of the leaders running the Government who, in these circumstances, will naturally become dictators.

—KIASA SUBBA RAU

THE Language Controversy

It was soon after the attainment of Independence in 1947 that a resolution was moved in most State legislatures and adopted favouring the formation of linguistic States. This was in conformity with the decisions approved by the Indian National Congress prior to the attainment of Independence. Even at that stage some expressed the view that the formation of such States would ultimately lead to fissiparous tendencies when the most important factor to be attained was the unification of the country and the promotion, by all means possible, of unity in all spheres of national activity. It was mentioned then in one State legislature, namely, of Madras that this may prove to be a Himalayan blunder, that while the resolution that had been passed at the time when the Congress had not yet grasped the administrative problems of a great sub-continent like India, it would be both desirable and necessary to gain more experience in those administrative factors before rushing to conclusions on the basis that a resolution of this nature had been passed earlier by the Indian National Congress. Unfortunately, however, the few that expressed such views could make no impression and it was considered that they were obstructing a good and necessary reform.

It is not necessary now to dwell on all the aspects of consequential events that took place in many States, how it resulted in a great deal of antagonism, suspicion and, in some cases, even a semblance of hatred between those who hitherto had seen eye to eye on many problems. The appointment of the States Reorganization Committee soon afterwards necessarily increased the differences and the claims of different regions or States and while the States Reorganization Committee was expected to give an interim report to the Government and only later, if at all, proceed to the details of division, the report unfortunately was presented in a manner where everything was chalked out and the details of the States on the basis of linguistic affinity was unduly emphasized. It went so far so to suggest that the division should be based on the majority speaking a particular language so that the unity of a district, for instance, which was based upon an affinity as between people speaking different languages perhaps, but with common interests, economical and social, was disturbed.

At the time when the States Reorganization Committee was formed legislatures were given an assurance in some places that it was a geographical distribution,

not linguistic distribution that was envisaged. But, as the report emerged, it was found that all that had been emphasized was a linguistic division of the country and not geographical limits for administrative purposes. This naturally led to a zealous pleading for the regional language and for ensuring regional languages a place of such importance that other languages were neither encouraged nor even tolerated in some regions. It is no exaggeration to say that at present the question of protection of the minority rights in linguistic areas has become a problem inasmuch as these minorities being distributed in probably small numbers over a wide area have necessarily to accept the language of the State as the only medium of instruction. Apart from these questions the language policy pursued by most States has prevented a number of students from migrating from one State to another. This difficulty has been experienced most particularly by the children of officials working in Central Government offices. In some States the policy of linguistic exclusiveness has become such an obsession that even in the higher spheres of learning great stress has been laid upon the necessity for having as the medium of instruction the regional language. It would have been possible to understand this move if such a decision had been arrived at by those who are actually handling the education of the alumni entrusted to their care. More often than not, these decisions were forced by the administrators in the political field, while nothing was left to the educationists to decide whether this was feasible or not.

Undesirable emotional upsurge

While one could understand this extreme view at the time of national upsurge, it would certainly not be in the interests of any nation to allow mere emotional upsurge to determine the fate of the future generations of students. At all times in the history of nations there have been occasions when for higher grades of learning it was necessary to utilise a language other than the one that was the mother-tongue of the pupil. Thus in Europe, almost to the end of the 17th century, Latin and Greek were considered essential and they were freely used in the great centres of learning and people from all countries flocked to these centres to learn at the highest levels through the medium of these languages. It was gradually through the process of evolution, not revolution, that the different

European languages came to be utilised for purposes of higher learning. Simultaneously with the emphasis on the regional language, there has been a tendency in certain circles to take up an attitude of hostility to any foreign language, to decry the use of that foreign language as a medium of instruction for the higher grades of learning. If there is one field more than any other where hatred ought to be controlled and emotional slogans should be least supported, it is in the field of learning. Knowledge knows no bounds and wisdom comes only to those who realize that knowledge has been acquired from many sources in many different ways.

English not to be discarded lightly

Today fortunately there is a feeling in certain circles at any rate that India had the great advantage through certain historical associations to learn a foreign language and use it with as much efficiency as some of those whose mother-tongue it is, and that it is an advantage that should not be lightly discarded. English has been a language which has been cultivated gradually during the last 150 years and today for one reason or another it is the language that is spoken by the large majority of educational people all over the world. To discard the advantages that have through historical accident accrued to the country merely on the ground that it is a foreign language would appear to be a short-sighted view, apart from the fact that there is a section of Indians to whom English is also the mother-tongue. If India is to maintain her position as a leading nation, if the political independence that we have gained fortunately is not to be limited but expanded, India must at the same time be independent in many other spheres of intellectual activity, in economics, in science and technology in the higher ranges of learning in all aspects. If she is to be economically self-sufficient and independent, the very forces which will lead to such economic development should not be disturbed.

Today in international assemblies 80 per cent of the population address in English not because it is their mother-tongue but because it is the one tongue that has, through circumstances which need not be gone into, become a sort of *lingua franca* of the world. I have attended many such international conferences and I have always found that many nations are forced to address in English with the possible exception of one or two. The French use the French language and the Russians, whatever their knowledge of English may be, will always speak in Russian with interpreters, but the effect of these speeches, good as they may be through interpretation, never serve that purpose which a direct talk in a language which 80 per cent of the delegates understand will necessarily reach.

A few misconceptions

It has been suggested that there should be a common language for the whole of India and because the largest group among the people, 42 per cent of them speak a certain language, it ought to be the

language for the whole of India. Statistics have always a way of making people believe what is not exactly a correct interpretation. The statement that 42 per cent of the people are able to understand Hindi is true so far as the spoken language is concerned but if literacy, the ability to read and write in Hindi is to be the criterion, it will be obvious that a far less percentage of people know how to read and write in Hindi. It is sometimes stated that Hindi has been adopted as the national language in the Constitution. Those who have read the Constitution carefully would not be surprised to know that the place given to Hindi is as an official language and not as a national language and there are not less than fourteen national languages recognized in the Constitution. It may be ultimately good for all people to know Hindi as a spoken language so as to converse with their countrymen in every part of the country but at the present stage, if the integration is to be a success, undue emphasis on this aspect of the question would seem to be undesirable.

Emotional integration

It is somewhat surprising that after 15 years of Independence we should now realize that there is need for emotional integration. Undoubtedly there is need for emotional integration, but emotional integration, if it is to succeed must depend on tolerance, understanding and a spirit of give and take from every single citizen of India. The old adage 'unity in essentials, diversity in non-essentials' and charity above all in everything that is undertaken, would appear to be more necessary now than at any other period of India's history, and in this the educated citizens of India have got to give a lead. It is sometimes suggested that it should not be difficult for a child to learn three or more languages as is done in some countries of Europe. Recently, there was a great neuro surgeon, Dr. Penfield of Montreal, who stated that it was not difficult for a child at the early stages to learn three languages. This is often quoted, unfortunately without referring to all those conditions that Dr. Penfield had so laboriously emphasized. Dr. Penfield has stated that the first requisite was a common alphabet and secondly, the child should be taught by persons whose mother-tongue was the language concerned preferably and, thirdly, that the child should live in an atmosphere where this language is spoken freely. It would be apparent that in many cases these three conditions are not applicable equally to every part of India.

Problem of the alphabet

A suggestion has been made that the Roman alphabet may be utilised. Good as this suggestion may be, it will be very difficult to implement it for two reasons. The opposition from vested interests will be tremendous and the difficulty of overcoming the emotional prejudice will be very great indeed. If emotional integration is to be effective, it is necessary to concentrate on essentials and not on non-essentials

at the present stage of evolution in our country. The result of linguistic States has been a perpetual strain on the State governments and the peoples over many vexed questions which should really not have been allowed to crop up. Border disputes, division of waters, disputes over allocation of funds in the Plans, the unfortunate jealousies that arise over projects, have in a measure been exploited by some people. To think that a slight rearrangement in the border of a State or the allocation of a particular small area or taluk is a victory, and to celebrate it as a victory by those in authority, must necessarily lead to a certain spirit of antagonism. It is these trends that have first of all to be controlled and checked wherever possible and when these trends are manifest in those who are in authority for the time being, the disastrous consequences on a perfect union of hearts will be apparent. It is, however, fortunate that at the present juncture there is still a good deal of hope for sound traditions to be established in this country when every part of the country will be looked upon by every citizen as belonging to him, with pride in being a citizen of India and not a citizen of a particular State or region.

Eschew narrow attitudes

One of the important factors would undoubtedly be a fairly widespread knowledge of English in existing circumstances. Let us realize that this knowledge of English was responsible for the establishment of the great national organization, the Indian National

Congress, that it is through the great lessons that were imbibed by our great elder statesmen in the past, lessons imbibed from the history of other nations, from the speeches and writings of the great philosophers, politicians, statesmen and parliamentarians, that India first realized the great necessity for Independence and the greater necessity for a way of living that we call democracy...democracy being a way of life and not merely a way of Government. Unless this way of life which implies a great deal of sympathetic understanding, tolerance and the appreciation of equality in every sphere of activity is realized, true democracy cannot prevail. Great leaders of the past, Gopal Krishna Gokhale, Bala Gangadhar Tilak, Lala Lajpat Rai, Bipin Chandra Pal, Surendranath Banerji in the political field, Raja Ram Mohun Roy, Swami Vivekananda, Iswar Chandra Vidyasagar and others in the religious field and great writers and thinkers have not hesitated to use a language that would enable them to broadcast their ideas and ideals to the world at large. Let us not therefore think in too narrow terms and subordinate the true interests of our country, and let us attempt to defy narrow, sectarian, linguistic or other attitudes in life.

It is unfortunate that there is such a thing as language controversy. It should disappear for a better understanding and appreciation of each other's point of view and the greater realization of priorities for the development of our country and for the bringing about of unity in essentials in our land.

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Personal freedom and Social PROGRESS

— by Prof. R. BHASKARAN —

The relation between man and the community in which he lives is always the most interesting problem of social philosophy and it is now posed as a problem of determining the extent of personal freedom or individual liberty that is consistent with the demands of social progress. In our time and our country this question has assumed importance because we are exposed to a strong current of opinion advocating rapid economic growth and, justifying for its sake, more collective action by the State and less personal freedom of choice. This is the essence of socialism. The idea is that the available techniques of industrial and agricultural production are capable of yielding such abundance that a system of distribution could be organized which will assure most men a higher material standard of living than they now enjoy. It is, therefore, argued that the owners of the means of production tend to use their controlling power in a manner which secures affluence for themselves and leaves the rest (who are the vast majority) poor, miserable and dependent. Thus there is believed to be a situation created and maintained by the few rich for their advantage and to the manifest hardship of the more numerous part of the same society.

Stated in this way, the issues get progressively simplified till we are left with the dogma of class war and a choice between a sudden and violent liquidation of the bourgeoisie or their gradual dissolution by legal and administrative processes. In the light of this view, individual freedom appears as the right of the rich to get richer by exploiting the poor or the right of the academic or the intellectual to put forth ideas which are not connected with the immediate material betterment of the masses. No wonder then that personal freedom is feared as an outmoded and anti-social residue of the pre-industrial age; or it is held that individual liberty is a luxury to be permitted only after the great enterprise of economic development has succeeded in giving each man a standard of living equal to that of every other man. Freedom of thought and action, one feels disposed to agree, may be restricted and even suspended for a while in the larger interest of social progress.

A line of reasoning like this comes easily to members of a pre-industrialized society which is anxious to secure progress. It is necessary for them

to realize the difference between the social philosophies of communist and non-communist States. In the Western States which are evolving 'welfare' policies, the economic structure was built by free enterprise. No doubt, like everything in the world material prosperity, too, has a price and it is common knowledge that the industrial revolution imposed much hardship on the poor as well as the rich. Having reached a level of abundance these societies came to see that a more equal distribution of purchasing power among its members will enhance its prosperity, and appropriate action came to be taken within the constitutional and cultural frameworks of those societies. When Henry Ford (Sr.) discovered that better wages for his employees meant more sales and more production, he inaugurated a pattern of industrial organization that was truly revolutionary; when he adopted assembly-line production he was copied nowhere more assiduously than in communist Russia. Thus the pattern of development in recent times in non-communist societies has secured a measure of economic growth and of economic equality without requiring violent social change secured by the exertion of overwhelming political power. So the Western States can reasonably claim to have the means for the peaceful and orderly solution of problems arising out of their economic contexts. And these are called "democratic" means as distinguished from what are styled "authoritarian" or "totalitarian" processes favoured in other States and societies.

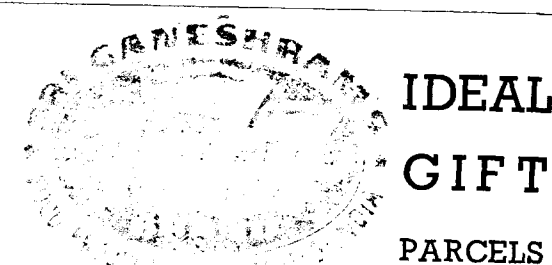
It is desirable here to identify the components of "democracy" as understood in the liberal West. Presently democracy is committed to the continuous amelioration of the conditions of the people. But democracy is also committed to the maintenance of a social consensus on the basic values of man by which all social and political action is to be judged and limited. This consensus may not be, and never has been, static over the centuries, but it is not difficult to know what it is at any given time. Of the values of this consensus the most significant is the freedom of the individual. Western societies had spent centuries in defining the spheres of authority of Caesar and God, the secular and the spiritual domains. They then evolved a Protestant or Puritan ethic which held involuntary and habitual submission to Church or State to be intolerable for rational men.

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Freedom, therefore, emerged as a supreme value and institutions organized for the care of man's material and spiritual needs were legitimate or tolerable only when they demanded from man no more allegiance than was consistent with the autonomous and enlightened pursuit of his interests. While the species of Whiggism like this is practicable in small homogeneous communities where the traditional economic and social order received unquestioning acceptance, sensational changes in that order brought about by economic expansion and freedom of enterprise raised new political issues pointing to the class war. It has been demonstrated that one way to avoid resort to class war is to encourage upward mobility and diminish the economic and cultural differences between the classes. A long term strategy for the widest and fairest sharing by all men in the benefits of human progress demands wise leadership in a society disposed to accept such guidance. Western democratic societies have shown that progress in this way is possible; there can be no dispute that such a way is desirable. In resolving to follow this way, the highest value secured is human freedom.

The concept of liberal democracy suffers from no more inner contradictions than are to be encountered in any human construction. But liberal democracy built on the principle of personal freedom has been condemned by an opposite concept which is that of socialism. It becomes easy to follow socialist thought if we realize that it is based on the principle that the so-called spiritual and cultural values of men are only the reflections on a rarefied and theoretical plane of the pattern of his material existence. One cannot be a socialist without being a materialist.

We know that there is no personal freedom in communist countries. A 'communist' State today is only a socialist State, even the one directed by Mr. Khrushchev; communism is yet to come only when the "State will wither away" and that will come to pass in the remote future. Meanwhile socialism which spells Statism is the order of the day in order that a semi-Western people like the Russians or orientals like the Chinese can make tremendous 'leaps forward', i.e., forced marches towards the goal of material abundance and identified in the economic condition of the Western countries like the U.S.A. Since the natural dispositions of the eastern peoples, as demonstrated by their long history of material stagnation and contented and even cheerful acceptance of very low and primitive standards of living, leaves us in no doubt as to their chronic incapacity for self-improvement in the material sphere, it becomes the duty of an impatient, partially Western-educated and wholly self-elected elites to constitute themselves the spearheads of progress and establish socialism in their respective societies. Marx had proved that



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the 'haves' will never voluntarily abdicate power or share their wealth. So the dedicated elite must capture the State machine by violence if need be and use that machine to establish 'socialism'. Political action by the 'have-nots' is to be directed to the abolition of classes and with them of the State. But the State is not to be abolished at once as Western anarchists or Indian *sarvodayites* wish; the apparatus of the State captured by 'terror' must continue to be the apparatus of 'terror' providing the sanction for the economic progress which is essential before the pioneer socialist States can by superior force oblige the whole world to go socialist.

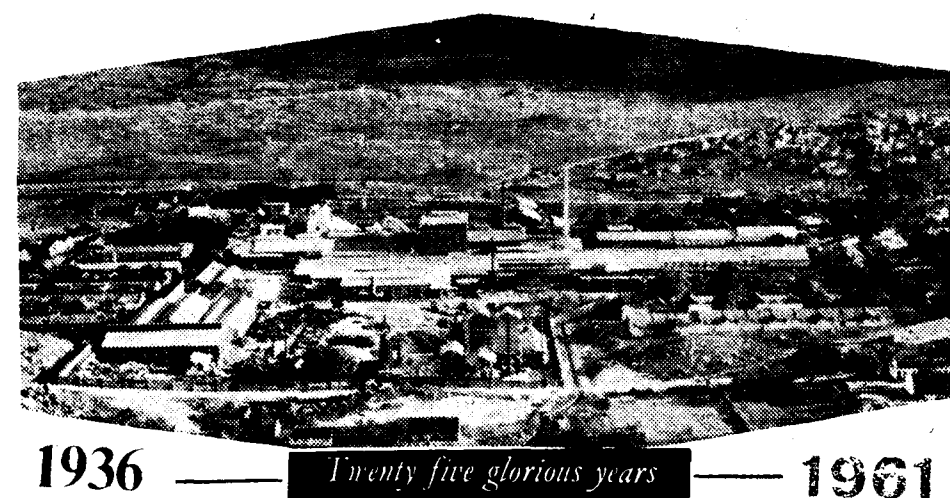
The scripture of communism contains frankest of utterances ever made. Lenin in his gloss on Marx observed that "until the higher phase of communism arrives, the socialists demand the strictest control by society and *by the State* of the measure of labour and the measure of consumption." Doubtless there are differences and heresies in the communist camp springing from differences in evaluation of "objective" situations or differences in degrees of permissible opportunism. Still there can be no doubt that, in the basic materialist philosophy of socialism-communism, personal freedom is not a value that counts. We may be tempted here to ask if after all people who set great store by personal freedom have not been mistaken, if considerable technological progress and material advancement can be secured without individual liberty, whether such liberty was worthwhile at all. If personal freedom is the bedrock of Western democracy, deliberate abolition of personal freedom is the basis of authoritarian socialism.

The "uncommitted" part of the world which is currently busy furnishing itself with new political and economic institutions and ideas will do well to ponder the matters at issue between the West and the East. There are propagandists of both camps busy amongst us. In a country like India this is a very dangerous situation, because we lack the fundamental intellectual training to analyse political and economic doctrines, and we are disposed to be influenced by the bigger noise. Of course we have a tradition of freedom of our own in the sense that we are not easily disciplined by external regulation and do not feel any moral obligation to the State, preferring to look upon it as an institution which is occasionally useful but is generally forbidding.

Strictly speaking, this is a negative attitude and the freedom it implies is a freedom of avoidance, not of participation. We would do well to seek and enjoy the freedom of participation in a State of our own and we shall do well to do that soon lest once again the State should become an alien institution, the apparatus of other men determined to mould us in their own

image. Theoretically socialism is a denial of democracy and we are on record as having opted for democracy when we made our Constitution. Before we have had time to get our democracy into working order, it would be fatally foolish to supersede it by socialism. If it is a case of trading personal freedom for rapid economic growth, democracy for socialism, the better bargain is to keep freedom, for freedom includes the right to mortgage it in an emergency, but to adopt the regime of an emergency as the permanent government of the country is to abdicate as men and survive as slaves, i.e., instruments of production.

To determine the limits of personal freedom it is essential to know what freedom and progress connote. The usual practice is to assume that social progress is identical with increased production of material goods enabling a high standard of material living for the citizen. Such an assumption is not justified, however universal it may be, because in fact social progress means not only much more than a high standard of physical living but also it is by no means certain that such a standard even helps persons to gain the non-material satisfactions for which they crave. The other assumption that personal freedom must necessarily, and always, tend to obstruct or diminish material welfare or social progress is wholly gratuitous and contrary to experience. Actually, the conclusion that personal freedom should be curtailed in the interests of social progress is not a general axiom at all, but an assertion of the need or the right of the holders of power to refuse to take into account anybody's opinions and beliefs but their own in the management of the business of the State. An authority might be sincerely and wholly convinced of the excellence and the urgency of a programme formulated by it; it might feel sincerely that anything delaying or obstructing the execution of the programme to be inspired by ignorance or malice; it does not, therefore, follow that it is just that the citizen should be deprived of his right to differ, to protest and to organize opposition. On the contrary, such dissent and opposition should serve as indicators of the limits of permanently useful action by authority. The free individual is free to think and express his thoughts; by doing so, he helps authority and does not hinder it. Men with despotic inclinations and the luck and skill to attain power have again and again in history sought by the use of the State power to establish utopias of their imagining. Again and again they have failed because they could not secure the support and advice of the free and the wise and were obliged, therefore, to depend on slaves, sycophants and conscripts. Freedom and the love of freedom, being moral qualities, preserve and protect men and societies. No progress is possible without freedom and the social progress which requires the sacrifice of freedom is an imposture or a mirage.



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IN the Third Five-Year Plan, social welfare services continue to occupy a very important place. The programmes for the welfare of children, women and the handicapped are more comprehensive in this period than they had been before. They include not only continuation and expansion of the schemes already taken up in the Second Plan period, but also new schemes. The implementation of these programmes has made considerable progress and this was particularly so in the rural areas initially through the Welfare Extension Projects introduced in the last years of the First Plan, and continued on a larger scale in the Community Development blocks where they came to form an integral part of the development programmes in the Second Plan.

On the other hand, the progress in the implementation of the programmes for youth welfare is not

fare projects and the urban welfare extension projects, there has been no systematic or planned welfare work for the benefit of the large number of slum dwellers living in sub-standard conditions. Various sub-groups of the Working Group on Social Welfare appointed by the Planning Commission for the preparation of blue print of the Third Five Year Plan have collected useful material on the subjects entrusted to them for study and have made specific proposals regarding welfare schemes for these and other groups during the Third Plan.

In this context, the experience that social welfare organizations, workers and administrators have gained in the implementation of welfare schemes during the last few years inevitably points to

for their implementation in their annual budgets. This position, it is expected, will change in the current Plan period. In fact, there should not be any possibility of such remissness because all the State governments were represented through their responsible officers on the Working Group on Social Welfare and the various sub-groups constituted by it, and actively and continuously participated in the discussions on the schemes as well as in the drafting of the reports.

Lack of co-ordination

Another vital factor against which social work has had to contend is lack of co-ordination at different levels both in respect of drawing up of schemes and of administering them. In many States different welfare programmes are carried on under different departments, without adequate co-ordination. There have been State Social Welfare Advisory Boards in all States, but it cannot be said that in all the States co-ordination between them and the official departments has been of the most fruitful type. That fruitful co-ordination was absent between the official and non-official agencies is a common feature of social welfare administration not only at the State-level but, as is well known, even at the Central level. There is no particular agency or department for administering social welfare services.

In some States one of the ministers of State governments is designated as "Minister for Social Welfare" and there are also departments of social welfare. While a minister has social welfare as only one of the many departments in his portfolio, which naturally does not permit him to devote necessary time and attention to social welfare subjects, the departments of social welfare are in administrative charge of only a part of the welfare programmes. The position is more or less true of the Centre also.

A Review of SOCIAL WELFARE Programmes from 1951 to 1961

very marked or encouraging in the sense of mobilising and canalising the enthusiasm and energy of large sections of youth outside educational institutions and bringing them up as responsible citizens with healthy ideas. Social uplift problems such as prevention of juvenile delinquency and education and rehabilitation of juvenile delinquents also received scant attention. There are again those that are handicapped, not only the physically handicapped, but the mentally and socially handicapped, for whom welfare services, institutional or counselling have so far been very meagre. Though problems of welfare of women in urban areas and particularly of families living in slum conditions, had received some attention in the urban family wel-

some important needs in that field. These deserve to be noted, if at least for maintaining the tempo of existing schemes and to extend the benefits of welfare work to a large number of vulnerable and under-privileged groups. For one reason or the other, social welfare schemes generally have so far not received the attention they should at the hands of the State governments. Some of the State governments have not formulated welfare schemes on which the financial allocations made in the Second Plan could be utilised. Even if some schemes had been formulated, adequate financial provision was not made

The problem of ensuring administrative co-ordination of all welfare activities by bringing them under one department, agency or ministry, at the Centre and in the States, by suitably regrouping and reallocating them, so that the agency responsible for policy is also the agency for implementing it, is an important policy matter, decision on which will have to be taken by the Central Government and the State governments. It may be recalled that the Study Team on Social Welfare made a recommendation that at the Centre, welfare programmes, distributed over different Central ministers, should be brought under a Department of Social Welfare to be set up under the Ministry of Education, and that all programmes relating to the welfare of the Scheduled Tribes or Castes and backward classes should be coordinated by a department under the Ministry of Home Affairs. The Team also recommended that the Central Social Welfare Board should be converted into a statutory, autonomous organization, so as to enable it to discharge its functions and execute the specific welfare programmes for women, children and the handicapped, more efficiently. Recommendations on more or less similar lines were made in respect of social welfare administration at the State level. It can only be hoped that these recommendations are translated into action during the Third Plan period.

Deficiency of personnel

Another serious handicap of social welfare programmes during the current Plan period has been the shortfall in the number of trained personnel for manning the various services and implementing various programmes at the field, and at the supervisory, administrative and policy-making levels.

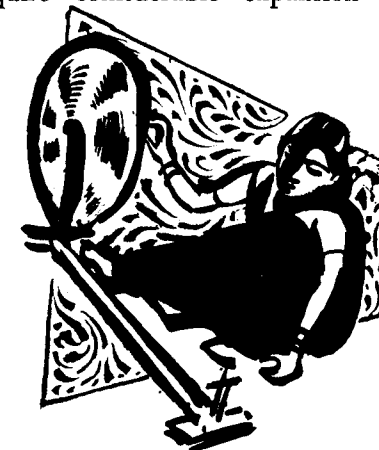
In this connection it would be unwise to minimise or ignore the difficulties in the way of securing the required number of candidates for recruitment, particularly



to various training programmes at the village level. It is much more difficult in respect of those programmes for which the personnel required are women, who alone can profitably be entrusted with any welfare activity designed for the benefit of women and children in the urban or the rural areas. Continuous efforts are being made to overcome these difficulties by such methods as the setting up of

by
Smt. Durgabai Deshmukh
Chairman,
Central Social Welfare Board

condensed courses of study for women to acquire minimum educational qualifications and by entrusting training programmes to as many established and experienced voluntary agencies as possible. The training programmes for various categories of welfare workers and administrators require considerable expansion if



the requirement of personnel estimated to total about 13 lakhs for the diversified programmes proposed to be undertaken during the current Plan period is to be met.

Absence of adequate machinery

Another serious impediment in the way of extending social welfare benefits for specific groups is the absence of adequate machinery in many States for the implementation of the measures of social legislation. The Union Parliament passed, for example, a legislation three and a half years ago for the suppression of immoral traffic in women and children. But the administrative and institutional machinery needed for the protection and rehabilitation of the women has not been set up by many State governments. Improvisations had to be made by which after-care homes were called upon to serve the purpose of protective homes. Then, we have various Acts relating to children, and protection, education and rehabilitation of juvenile delinquents in many States, for which, again, only a few States have an adequate machinery for their implementation.

Enforcement agencies

The gap between legislative and administrative effort defeats the very ends for which a legislation is adopted and, in many cases, also defeats even the Constitutional directives and provisions. When legislation on social welfare is adopted either by the Union Parliament or by the State legislatures, it should also be ensured that, at the Centre or in the States, as the case may be, the Executive makes necessary provisions for the setting up of enforcement administrative and institutional agencies needed for putting them into effect.

With the expansion of the existing schemes and the proposed undertaking of new schemes of

social welfare during the current Plan period, there is much greater scope for expansion of voluntary effort in that field. It would be essential for the government agencies to realize the significance of enlisting the efforts of voluntary agencies for the expeditious implementation of the schemes. On their side, voluntary organizations should gear themselves up for taking up new and additional responsibilities and for playing a larger role than before in fulfilling the needs of those sections of our population who need such welfare services.

Role of voluntary organizations

The expanding role that the Third Five-Year Plan has assigned to voluntary organizations in the welfare field also imposes an obligation on governments at different levels and other grant-giving bodies like the Central Social Welfare Board to revise and standardise the rules and pro-

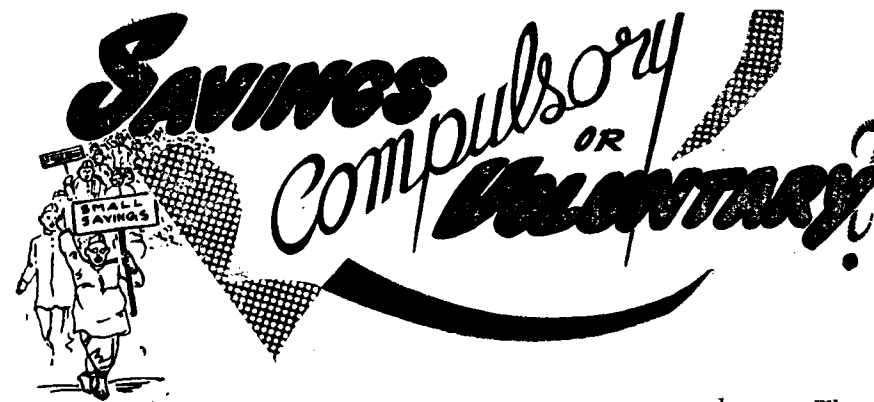
cedures for making grants. A committee appointed by the Board formulated a grant-in-aid-code, which defines precisely all the points relating to giving and spending of grants. It also draws a distinction between capital and development grants and adopts different rules and criteria for either type of grants.

Field Counselling Service

The Study Team on Social Welfare recommended the establishment of a countrywide Field Counselling service under the Central Board, to advise and assist voluntary organizations in the proper utilisation of grants. The question is now being examined by the CSWB in the Education Ministry and the Planning Commission. It is hoped that it would take a practical shape in the near future, and would form part and parcel of the Social Welfare administration programmes in the Third Plan period.

PUBLIC SERVANTS

Socialism plays Providence to the community. Its essential spirit cannot be implemented except through the instrumentality of very highly evolved government officials imbued with immense benevolence and an exemplary sense of justice and integrity. Public servants of indifferent calibre cannot fulfil the wide functions and exercise the vast powers inseparable from socialist planning to the satisfaction of any large body of men outside a narrow circle of favourites. When ministers themselves distribute largesse under various administrative guises to partymen who have helped in the elections, there is an end of fairness and security to the common man.-KHASHA SUBBA RAU



In spite of the changes, at once numerous and radical, which have occurred in our economic life since the attainment of Independence and the advent of planning, the role of the common man in planned development is thought of mostly on traditional lines. This tendency is most evident in the sphere of taxation and savings, the two chief sources from which we must secure the sinews of our war against poverty. Our ideas are shaped by the indelible picture of the poverty-stricken peasant who can never make ends meet and of whom it was said, "he is born in debt, lives in debt and dies in debt." So long as this picture dominates our mind, in juxtaposition with the picture of an idle or fabulously rich class in the upper strata, there can be no useful or realistic contribution to the problem of expanding small savings in the present conditions.

Role of the common man

As a first step, we must clear our mind of the inaccuracies in this picture which was formed in the main in the pre-war era. First and foremost, our representative Ministries have not been looking on idly at the old inequalities of wealth and income. All may not have the same opinion as to what has been done so far or as to the scope for more measures of an egalitarian kind. But there can be no two opinions about our having to depend on the common people more and more for the tax revenues and the savings, which we shall need for the increases in our annual outlay on planned development.

Secondly, there have been changes in the economic position of the average worker, agricultural or other, which are relevant to the question on hand. The agriculturist is not groaning under debts which date back to several generations before. Not only has there been a lightening of the load in several ways, but he has had positive help from the State in several others, which must enable him to live reasonably well and to avoid entanglement in debts as of old. Above all, the economy itself is going through a process of monetization which must help the average Indian to function in the national economy more purposefully and nationally than his forefathers. A barter economy which is on the subsistence level entails serious obstacles to the progress of the individual as

well as the nation because it does not permit either the formulation of a domestic budget or careful adherence to it. In conditions of heavy indebtedness, it induces a fatalistic attitude which is fatal to progress.

Now all this is changed, not in the sense that everybody is having more than he needs, but to the extent that every one can, if he is so minded, prevent his domestic finances from getting out of hand.

The change in regard to industrial workers is even more pronounced. The rise in money wages is indisputable. What is disputed is the improvement in *real wages*. And this issue is often sought to be confused with some dubious statistics, when the increase in the consumption of common articles and in the expenditure on travel and entertainment is there for all to see. The existence of large numbers of indigent, unemployed men and women should not blind us to the improvement in the position of the peasants and workers in the country. Their standard of living may compare unfavourably with those of workers in other countries. But it compares quite favourably with what it was a decade or two ago.

If we take this fact together with the fact that the country is pledged to socialist goals and that, even in the present transitional stage, the richer classes have reached the limits of their capacity for saving and for taxation, it will be realized that, for the immensely important task of broadening the basis of taxation and of the savings movement, the conditions of the masses of workers are not as bad as they could conceivably have been. While the socialist aim may be pursued according to the discretion or the impatient zeal of the ruling classes, the masses could and must be got to do their part in the matter of finding the resources for planned development. Here, we are concerned only with savings. And it is obvious that, if the masses are to be spared the privations of saving, planning itself will have to languish for lack of resources.

Voluntary or compulsory?

The only question, therefore, is whether savings are to be voluntary or compulsory. The issue is to be decided not by the supposed virtues of either, but by the prevailing circumstances. The important fact is that the average Indian has no wholesome horror of indebtedness, that, for mainly historical reasons, he has no notion of a household budget and that, as a result, he is lacking in the frugal habits that make for consistent savings. This is true of the peasant and the worker and even the lower middle

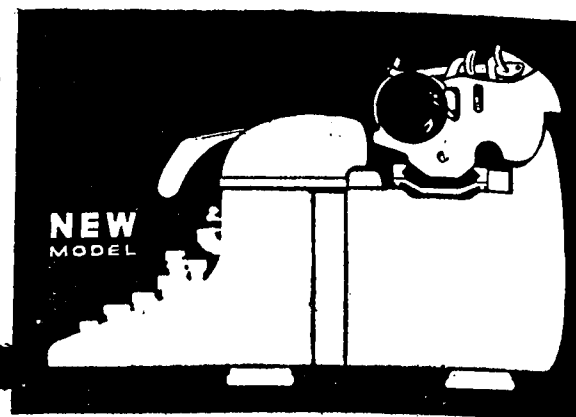
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classes who have sufficiently elastic notions of their standard of living to make their expenditure exceed income.

In such conditions, there can be no small savings, unless people are constrained to live in accordance with more or less rigid household budgets, of which monthly savings form an essential part. It will be a singular disservice to the people to distract attention from their task by talk of inflation, economic inequalities and the like.

Distinction of degree, not kind

Basically, the distinction between voluntary and compulsory savings is a distinction of degree, and not kind. Who can say that the "have not" on a modest salary and a family to think of has any choice about payment of premiums on his life insurance policy? The same thing can be said about contributions to a house-purchase scheme. In the case of contributions to provident funds, the element of compulsion may seem more evident.

But in all these cases, compulsion is important, not for the degree of freedom it affords to the individual concerned, but for the range of effectiveness



of each scheme of institutional savings. If the L.I.C. can rope in all classes of income-makers, if more people are enlisted in the pay-rolls of organizations with provident fund for their employees, the scope for compulsion is indeed restricted to that extent. But savings are expedient, morally as well as economically. And in an increasingly egalitarian society aspiring to a rapid rate of economic development, savings are indispensable. Whether they are compulsory or voluntary is a matter of little importance. But the case for compulsion is stronger in economic conditions which are basically inflationary. Compulsory savings would then enable us to kill two birds with one stone.

But it must be recognized all the time that the need for compulsion is a reflection on the people and an unflattering suggestion that they cannot be trusted to do on their own what is good for them. This moral stigma should not, however, influence public policy. To conceive of small savings as a popular movement to be promoted by some kind of fanfare, as a matter of publicity campaigns reflecting credit or discredit on its generals, is to accept the obsolete ideas of an old era. Small savings reflect in essence the equity of the nation's distributive system and the discretion and civic sense of the average citizen.

STATE TRADING

an obstacle to export promotion

BY *Muraji* J. VAIDYA

President, Indian Council of Foreign Trade

World trade continues to expand in spite of the limitations imposed by political tensions. Compared to world trade figures, the statistics of India's foreign trade do not indicate a commensurate increase. In 1960, the actual figures were Rs. 6,300 million worth of exports and Rs. 10,100 million worth of imports.

The imbalance in our foreign trade indicated by the wide gap between exports and imports continues to cause a considerable amount of strain on the country's economy. A deficit of very nearly Rs. 4,000 millions is not a small amount, and it comes as a greater hardship when we find that over the years, this imbalance has been increasing instead of decreasing.

In 1958, for example, the gap between our imports and exports was of the order of Rs. 2,900 millions. In 1959, it increased to Rs. 3,200 millions and in 1960 to Rs. 3,800 millions. If we may surmise the possible figures for 1961 on the basis of the performance during the first few months of the year, the exports are likely to be of the order of Rs. 6,600 millions and imports are likely to be of the order of Rs. 9,800 millions, giving a possible deficit of Rs. 3,200 millions.

Imbalance in foreign trade

It is obvious that despite the very strict import controls, which are being imposed from period to period, the deficit continues to be

of a formidable order. It would seem, therefore, that the solution to the problem of our foreign trade does not lie entirely in restricting imports. We must explore other avenues in order to find a long-term solution to this very intricate problem of imbalance in our foreign trade.

Everybody knows that it is through increased exports that we can overcome this problem of imbalance in foreign trade. But how to bring about this change? It is Government's red-tapism and State Trading Corporation's all-pervasive activities in the international trade that have hindered the export promotion schemes all through.

The export of many commodities has been channelled through and monopolized by the State Trading Corporation. A great deal of complaint and opposition against this method has been voiced by the business community from time to time, but under the cover of ideological implementation of the Government's "socialistic pattern" policy, all these complaints are being completely ignored. The result has been that the normal channels of trade have either dried up or are being utilised under great hardships resulting from the inevitable delay and unbusinesslike approach of the retired officers who constitute the major cogs of the administrative machinery of the S.T.C.

Foreign trade is a matter of know-how, experience and contacts with buyers and sellers

abroad. It is not a matter which can be achieved through the disposal of files on a politician's or bureaucrat's desk, however clever and able the person concerned may be as a politician or an administrator. But it has become the accepted policy of the Government that export promotion and expansion of foreign trade should take place progressively through the S.T.C. alone.

Even where the actual imports or exports are made by the traders or manufacturers, the S.T.C. appears on paper and all formalities have to be channelled through and carried out by the S.T.C. The natural result has been a shrinkage in our exports, delays and higher prices for imported commodities and canalization of trade to the rupee payment countries on what is virtually a barter arrangement—a most primitive form of international trade which has disturbed the normal functioning of the mechanism of our foreign trade with consequential loss in terms of earnings as well as in terms of volume of such trade.

Rupee payment deals

It is high time that rupee payment bilateral trading arrangements, being resorted to by the Government through the S.T.C., are analysed. If a balance sheet of the rupee payment transactions is struck, it will be found that, in the end, our country has been a major loser.

We have not earned convertible foreign currency as a result of our exports to these so-called rupee payment countries. We have had to import products and commodities which are not always to our specifications and requirements. The prices that we have had to pay are, more often than not, higher than the international prices. The quality of products has generally been different from, if not inferior to, the imports from our normal sources.

The commodities which have been exported from here have found their way into our normal

foreign markets at prices lower than those which we would have earned by direct exports to those countries and which, therefore, have brought about a shrinkage in our exports to the Western countries both in terms of volume and value.

These facts have often been brought to the notice of those who are in charge of planning and regulation of our foreign trade. But, so far, the facts of the situation have not only been ignored but their very existence has been denied. It is, therefore, not surprising that our foreign exchange position is deteriorating instead of improving.

It should be obvious to all those who study this problem that the solution lies in a reversal of the present unrealistic policies being followed by the Government, renunciation of the policy of canalization of foreign trade through the S.T.C., and the giving up of the methods of financing of imports of capital goods which have been followed for the last five years, and which are basically responsible for the present impasse in our balance of payments position.

Worthwhile suggestions

In other words, if only the Government will adopt the following measures for the promotion of our foreign trade, it can be confidently predicted that there will be an upsurge in our exports and a gradual reduction of the deficit in the balance of payments position.

- * Laying down of incentives for exports, in terms of specific items for which import licences are to be granted; or, alternatively, issuing of import licences of equal value for such commodities as the exporter may choose, provided they are licensable for import under the policy laid down in the Government Red Book, for the concerned period.

- * Granting of these incentives to manufacturers or to the tra-

ders, whoever may be the actual exporters, on their producing evidence of the earning of foreign exchange involved in the exports.

- * Permitting normal channels of export and import trade to export and import the commodities without tying them to the State Trading Corporation.

- * Restricting the role of the S.T.C. to trade with such communist countries as restrict their foreign trade to the Government level only. It is noteworthy that several communist countries like Czechoslovakia and East Germany have autonomous corporations which function more or less in the same manner as trading bodies, and which will be willing to do more trade with normal exporters and importers here without insisting on canalizing their transactions through the State Trading Corporation.

As a matter of fact, many of them are not happy about the methods adopted by the S.T.C. in dealing with them. Therefore, the function of the S.T.C. should be restricted to countries like Russia which have so far insisted on doing business on government-to-government level. Such activities on the part of the State Trading Corporation should be restricted to items which are either not available for imports from other countries or to export items which do not normally find an outlet in other countries where we can earn convertible foreign exchange.

Convertible currencies

It is necessary to emphasize that our foreign exchange position can improve only if we earn convertible foreign currencies in payment for our exports. The earning of blocked rupees against our exports does not in any manner or shape improve our balance of payments position.

- * Encouragement of banking, shipping and insurance services of

Indian origin, so as to prevent an outflow of hard-earned foreign exchange in payment of these services to foreign based companies.

- * Permitting and encouraging establishment of genuine Indian exporting houses in India and also permitting them to establish branches abroad to develop our export trade.

Foreign exchange required for this purpose can easily be made available if the present un-planned and un-productive expenditure on exhibitions held and show rooms maintained in foreign countries of traditional handicrafts and cottage industry products is reduced and brought down to a reasonable minimum. It has been my personal observation that the money spent by our Government on exhibitions of these items of handicrafts and cottage industry is far beyond the justifiable level and, therefore, fails to bring in the required results.

Many Indian traders have in the past been exhibiting and exporting these products without the Government spending money on exhibitions and emporia abroad. Even where the Government has been outwardly successful in selling these products to certain countries in Eastern Europe, it has been found that these products have not all been consumed in those countries but have been sold in our normal markets, much to the detriment of our normal exports.

Just as in the industrial field, the private sector, or what can rightly be called the people's sector, even whilst working under the hurdles of controls, restrictions and licences, has shown in the last 15 years a remarkable degree of achievement. I am confident that equally remarkable results in the sphere of foreign trade could be achieved by the private sector functioning through the normal channels, if it is allowed to function more freely and with due encouragement.



There seems to exist a good deal of haziness in regard to the economic philosophy underlying our Five-Year Plans. Even in the musings and deliberations of the national leaders, there are two divergent ideologies, one favouring the socialistic pattern of society and the other leaning towards a Sarvodaya order. Both claim Mahatma Gandhi's ideology as their source. The common man does not know, at present, where the wind blows.

Confusion about socialism

In actual practice also, many of us are not clear about the nature of socialism which we aim to bring about in this country. Does it mean, as it does in the Western countries, the entire ownership of means of production by the State? Does it mean, as it is thought by many socialist thinkers, the absolute equality of income, wealth and economic power? Or, does it mean the adoption of the policy that seeks to 'take away from each according to his capacity' and distribute to 'each according to his needs'? We have, in fact, not followed any of these concepts *in toto*. For example, consider the issue of the ownership of means of production. Though an increasing amount of capital formation takes place in the public sector, there is more than about 85 per cent of the national income arising in the private sector even today. There is no definite policy indicating in specific terms the scope of the public sector. In several industries, both private and public sectors exist side by side. In the sphere of industries which ought to have been reserved entirely for public sector, private enterprise does

make inroads in one way or other. There appears to be no bright future for the co-operativization of a significant part of either agriculture or industry or the distributive trades.

A 'rump' economy

As to the equality of income, wealth and economic power, very little has been done so far which has reduced these inequalities in any significant manner. We still find a kind of "rump" economy in India which is divided into two parts, the rural and the urban. Both these parts are in as abnormal a condition today as they were ever before. In several respects, such as concentration of industries, congestion in living conditions and inequalities of income the conditions today are worse than ever before. If anything the contribution from rural industries to the total industrial output is possibly smaller today than before.

In what ways and to what extent do we follow the policy of from each according to his capacity to each according to his needs? Have we assured even the minimum of destitution standard of living to all the people of India? Do we not have people living in districts like Basti in U.P. who have to resort to eating of gobra (foodgrains picked up from cowdung) for some time in the year? Have we reduced in any significant way the ratio between minimum and maximum incomes in this country? There is no mini-

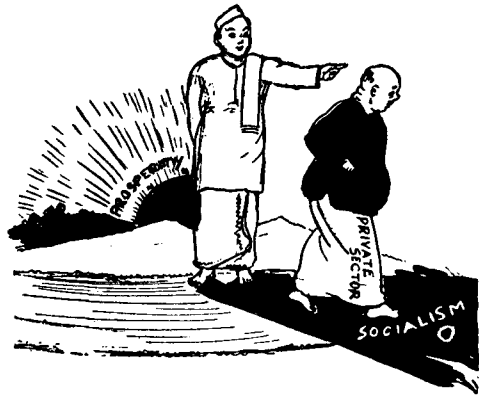
mum assured to every one; nor is there any maximum limit to the income of individuals. And what have we done to take from each according to his capacity? "Shramdan", "buddhidan", or "sampattidan", has been recommended time and again by Vinobaji. How many of us have given any of these "dans" so far?

And yet, the cry against socialism was never so vocal as it is today in this country. Big opposition from the business community has already been built up against the public sector. The criticism is also equally vehement against co-operative farming. In spite of very sincere and repeated efforts of our Ministers, the administrative machinery of the Government is going from bad to worse. If it was a great "jungle" in 1947-48, it is still so, possibly more so.

Economy at cross-roads

Perhaps, Indian economy is today at cross-roads. It faces many difficulties. Do we not have a high degree of taxation, possibly with as high a rate as prevails in any socialist country? Yet we have also the greatest possible tax evasion, with the result that the national tax effort is not more than nine per cent today, while countries like the U.S. and Japan have tax efforts to the extent of even more than 20 per cent of their national incomes. Do we not propose to invest about 60 per cent of the total net investment of the Third Plan in the public sector? Yet, we have hardly about 10 per cent of the national income being generated in the public sector. Do we not have "steel towns" and other new industrial townships with facilities and equipment which can be compared with those in any other country? Yet, 82 per cent of our population live in rural areas

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where life is still full of poverty, squalor and disease.

The question may, therefore, be justifiably asked how it is that Indian economy is in difficulties in spite of the best efforts made for planning during the last decade? How is it that socialism, in spite of the sincere efforts of the leaders, has not been even initiated, let alone progressing?

Two explanations may be advanced. Firstly, the term, "socialism", is differently interpreted by different people. Some take it to mean an ideology which we strive to hold, while others consider it a means of achieving certain aims. Means and aims have been confused with each other. Secondly, there has developed an uncalled-for antagonism against the philosophy of economic freedom. If rightly interpreted and adopted, it is likely to achieve much more than what has been achieved so far in regard to the socialistic pattern of society. We can have a socialistic society with economic freedom as the principal means.

Ad hoc approach to socialism

If socialism is not an end but a means, we ought to have adopted it *in toto*, as has been done in some of the Western countries. But, in no field have we implemented it in full. Perhaps we have adopted the ad hoc approach to the introduction of socialism. If there is any private enterprise that runs well, the Government allows it not only to exist but also to develop, though that enterprise

may be a key industry which normally ought to be fully in the public sector. A case in point is the Tata Iron and Steel Works. The Government has allowed it to develop considerably even after the officially announced Industrial Policy of 1948. In the same way, the manufacture of aluminium, fertilisers, etc., has been handed over to the private sector. The same approach has led the Government to nationalise the Reserve Bank and the Imperial Bank, though it has not done so in regard to other commercial banks. The ad hoc approach has also been responsible for creating welfare activities here and there, but not entirely covering any one area or any one community, with the result that, though many good efforts have been made, they have at best produced only palliatives, and have not cured the malaise significantly.

Antagonism to economic freedom

Let us now take up the second explanation, i.e., antagonism to the philosophy of economic freedom which may be the right policy in the initial stages of development or which contains several permanent truths, that should be borne in mind while shaping economic policy for any country at any time. If we may adopt the policy which was mainly recommended by classical thinkers such as Hume, Adam Smith, Bentham, Ricardo and J. S. Mill who did so after taking into consideration the alternative proposal of establishing socialism as a means of evolving a perfect society, it is likely to resolve the present economic problem. They rejected socialism for a variety of reasons and recommended the adoption of economic freedom in a very broad way. These policies served the needs of the Western countries well in the initial period of their industrialisation. It can perhaps serve Indian economy as well, at least in its initial period of economic growth.

Spontaneous co-operation

According to the classical thinkers, the object of economic activities was best attained by a system of spontaneous co-operation if a certain framework of social, economic and political services were provided. By and large consumers should be free to buy what they like. "Generally speaking," says Bentham, "there is no one who knows what is for your interest so well, as yourself, no one who is disposed with so much ardour and constancy to pursue it." Similarly, there should be freedom for producers. "The request which agriculture, industry and commerce present to governments," says Bentham, "is modest and reasonable as that which Diogenes made to Alexander! Stand out of my sunshine. We have no need of favour, we require only a secure and open path."

Dynamism of social development

Faith in economic freedom is essentially based on the dynamism of social development. There is a continual evolution of society propagated by the spirit of progress. This spirit should be fostered by providing free choice in as many fields as possible. If the choice is restricted, reason is also debarred, because reason is also a choice. The moment reasoning is deadened, there will be no scope for progress and, consequently, no scope for evolution. In the economic field the motive for production is self-interest and guidance is given to this motive through the mechanism of the market and the force of competition. It should be taken as providing a rough pointer and rough discipline. It should not be understood in the sense of a refined equilibrium adjustment as we learn in the classrooms.

No one would say that the system of economic freedom should lead the State to what Carlyle described as "an anarchy plus

TOWARDS SOCIALISM

Free enterprise plus a scientifically graded tax system devised to prevent excessive concentrations of private wealth will result in practice in the achievement of all the socially desirable aims and objectives of Socialism without the entronement in power of an omnipotent bureaucracy that can never be shaken off once it is established. There is need of a party to bring about this consummation. It is the only feasible alternative to congress rule in the country.

—SAKA

the constable" or that the State should be "the night watchman". Economic freedom does not mean the laissez-faire economy.

It should also be remembered that, when self-interest has been suggested as a motivating force for human action, it is not done so with less public spirit than has been shown by socialist thinkers. Lord Keynes, the greatest economist of the 20th century, has said: "The tradition of the classical economists has been marked by a love of truth and a most noble lucidity, by a *prosaic sanity* free from sentiment or metaphysic, and an immense *disinterestedness* and *public spirit*".

Socialism proposes to abolish the institution of private property, but classical thinkers recommended it on considerations of utility. In fact, property is the main basis of social co-operation. Hume, while recommending the institution of property, was also aware of the circumstances when it would be unnecessary. He said: "In conditions of abundance it is not called for, in a state of siege it breaks down, in a state of universal benevolence it would be superfluous".

Misdirection of resources

Adam Smith was also against collectivism mainly because it in-

involved the misdirection of resources. He said: "The statesman who should attempt to direct private people in what manner they ought to employ their capital would not only load himself with a most unnecessary attention, but assume an authority which could safely be entrusted not only to no single person, but to no council or senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it."

Bentham was clear what would happen if the institution of property was overthrown. He said: "If violent causes, such as a revolution in government, a schism, a conquest, produce the overthrow of property, it is a great calamity, but it is only transitory. But if property were overthrown with the direct intention of establishing equality of fortune, the evil would be irreparable—no more security, no more industry, no more abundance; society would relapse into the savage state from which it has arisen."

As to a state of equality, Bentham thought that it could only be preserved "by the same violence by which it was established. It would require an army of inquisitors and executioners". He also described the working of societies founded on the principle of socialism. He said:



"Some small societies, in the first effervescence of religious enthusiasm, have instituted, as a fundamental principle, the community of goods. Has happiness been increased thereby? The gentle motive of reward has been substituted by the doleful motive of punishment. Labour so easy and light when animated by hope has been represented as a penance necessary to escape from eternal punishments. Does this motive grow weaker? Society divides itself into two classes; the one, degraded fanatics contract all the vices of an unhappy superstition; the other, idle cheats cause themselves to be supported in their idleness by the dupes by whom they surround themselves, whilst the cry for equality is only a pretext to cover the robbery which idleness perpetrates upon industry."

Chimeras of imagination

Again, in Bentham's view, "the prospects of benevolence and concord which have seduced so many ardent minds are only the chimeras of imagination." To Malthus, the pressure of population will be such that scarcity would ultimately prevail and unless moral restraint is used the world cannot escape miseries though it may start with the socialistic pattern of society. Robert Owen's parallelograms as described in his book, *The New View of Society* were never approved by Ricardo. Even Owen had to admit when asked by the select committee "to inquire into conditions of labour in Ireland" that a superior man or man of skill and ability at New Lanark, earned more than a workman with inferior capacity. The select committee reported: "When it is considered that Mr. Owen's plan is founded upon a principle that a state of perfect equality can be produced and can lead to beneficial consequences, your committee consider this position so irreconcilable with the nature and interests of mankind and the ex-

perience of all ages that it is impossible to treat this scheme as being practicable ..." Surely the committee was mainly guided by Ricardo in this respect.

Classical thinkers

Even when the machinery of the State was to be used to remove inequalities to establish socialism, the classical thinkers were suspicious about its efficiency. Nassu Senior wrote: "Men whose reasoning faculties are either uncultivated or perverted by their feelings or their imagination see the great power of the State, and do not perceive its limits. They see that it disposes of great resources and do not perceive how easily these resources may be not only exhausted but also dried up." Elsewhere, while summing up his views on socialism, he says: "Even plunder or confiscation is less fatal to abstinence than what is called socialism or communism. The first only incidentally diminishes the motives to production, the second aims specifically at

destroying them." He further says: "If this system should ever be attempted to be adopted, it will be necessary to substitute fear, and the socialist nation, unless it is to starve, must be divided into slaves and slave-drivers".

Humanizing man

Thus, it is clear that what is needed is spontaneous co-operation, the attitude of universal benevolence, public spirit and disinterestedness. Unless these traits are fully developed, no socialism in the real sense of the term is possible. If without such human traits an attempt is made to establish socialism by imposing a particular type of social economy the result will be despotism and slavery, laziness and dishonesty. Therefore, it is important to educate man if socialism in the proper sense is to be realised. It will not be done by a socialist economy, it can only be done by humanizing man through proper education.

It is here that the existence of economic freedom assumes importance. This freedom is necessary to allow free choice and thereby to develop the faculty of reasoning. The art of reasoning will educate man which, in turn, will establish good values in life. The sense of good values in life and freedom which every human being will enjoy will surely evolve the human being to a high state.

Towards a synthesis

Our Plans should aim at educating man such that through freedom, he really attains happiness not only for himself but for all human beings. It is here that the antithesis between economic freedom and socialism becomes a synthesis. Our plans can achieve socialism through economic freedom. This idea may be somewhat paradoxical, but it contains a good deal of truth which we should accept and adopt as early as possible. The sooner it is done, the better.

ROLE OF THE STATE IN A WELFARE ECONOMY

Every State acting through its government has two primary functions to perform. Firstly, it must safeguard the territorial integrity of the homeland against foreign aggression or insidious encroachment. Secondly, within its own territorial limits it must maintain law and order and provide conditions which may promote the citizens' well-being and progress.

Modern trends in social welfare

Modern States have started assuming in varying degrees the responsibility to make provision for the social welfare of the citizens. In Britain, for instance, the State has provided a comprehensive national system of social security. Provision has been made for National Insurance, giving protection against unemployment, sickness and industrial injury. Provision has also been made for maternity benefits, widows' benefits, retirement pensions and death grants. National assistance in the shape of grants and services is given to persons in need. There is the National Health Service which provides extensive medical amenities for all residents. There is free and compulsory education for all children between the ages of five and 15. The Britisher pays a tax of over £100 per head per annum to finance the social services, excluding the National Insurance contributions which amount to £30 per head per annum. Other economically advanced countries have also made similar provisions for social security and social welfare benefits.

In communist countries, too, attempts have been made to provide national insurance and ensure health, education, housing

by **PHIROZE J. SHROFF**

and other services to the people. However, education and other services are orientated by ideology in order to secure in perpetuity one-party government. Education and State-controlled cultural activities become instruments of indoctrination, and basic freedoms are stifled.

National output, the governing factor

The aggregate social benefits, which can be made available by the State to the people in any country, depend upon the national output. In the U.S.A. and the U.K. the annual *per capita* income is approximately Rs. 11,000 and Rs. 5,000 respectively. Accordingly, the social benefits which accrue to the people through the State agency are correspondingly large. No reliable figures of the *per capita* income in Russia are available. However, because the national output is low and because a major part of it is diverted to nuclear and conventional armaments and spectacular schemes like space exploration, the amount available for social benefits and for raising the standard of life is deplorably low. The rouble has been given a highly artificial value for purposes of its convertibility with foreign currencies.

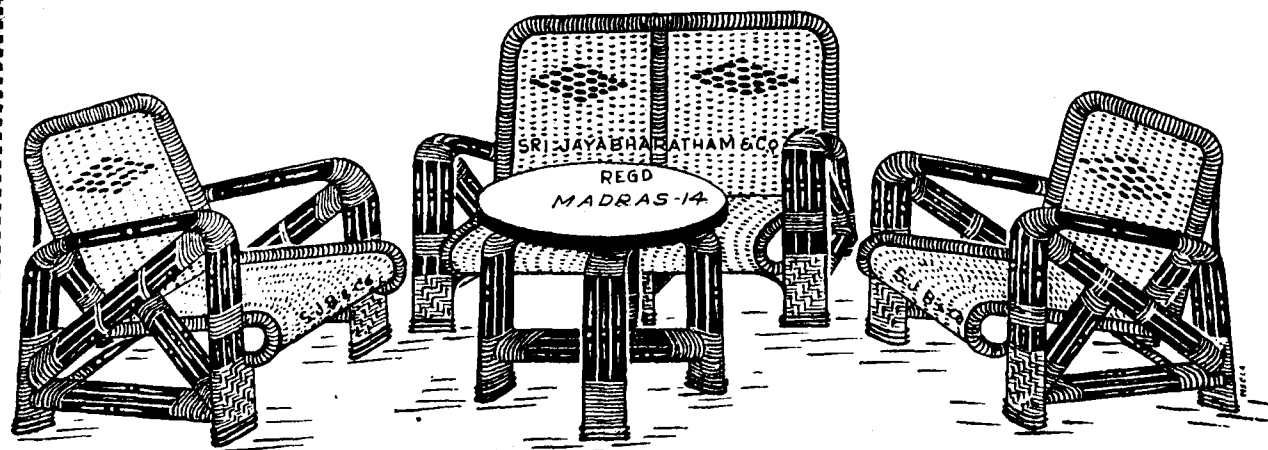
If by socialism is meant making available to people numerous social welfare benefits and avoiding the consequences resulting from the disparities in incomes, there is much more socialism in the U.S.A., the U.K., Canada, Australia, New Zealand, and West European countries than in the conventionally socialist countries. Free economy and free enterprise give incentives to the people in these countries to augment national output, which, in its turn, makes available to the people a variety of social welfare benefits.

Safeguards against exploitation

While ensuring social welfare benefits to the people, it is necessary, however, to see that such benefits are not exploited or abused by people with an anti-social mentality. In every society there are such elements and society is entitled to protect itself against them. Health schemes, for instance, are often exploited by malingersers, shirkers and those who do not take care of their own health. If a chain smoker, in spite of having been warned about the ill effects of heavy smoking, persists in his habit and contracts lung cancer, it may be said that it is his own fault and he should not expect society to incur the expense of treating him. Similarly, drunkards, gluttons and people of loose habits who fall ill as a result of deliberately breaking the laws of health should not claim as of right to be treated back to health by society. Unless people are prepared to take equal care of their own health, they should not expect

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equal health assistance from society. Modern health services are very expensive. Hospitalization charges, including drugs and nursing, are heavy and they



should not be thrown on the society by those who wilfully flout the laws of health.

Something for nothing

There is a general tendency among people to get something for nothing. Free services are a great temptation to people to avail themselves of them even when there is no necessity. It has been found in the U.K. and other countries that when drugs are provided free of cost they are often wasted, causing great loss to public revenue.

In countries which have not solved the problem of population explosion and where people have not developed adequate civic and social sense, indiscriminate social benefits tend to generate population explosion. Where people do not realize their responsibility to their offspring and to society, free social benefits provide inducement for irresponsible breeding. Justice demands that, barring exceptional cases, people should enjoy those benefits for which they have put in adequate work in some form or other. To give social benefits to one who has shirked work or responsibility is not social justice, but social wrong.

To make extensive social benefits available to people under all circumstances, the State will have to resort to heavy taxation which, in its turn, will impinge on the national output. Where taxation

is unbearably heavy, people lose their zest to take the initiative, work hard and produce goods or services. This has an adverse effect on savings which are the mainsprings of economic growth. If a people consume more than what they produce, they will have to go with a begging bowl to other people and subsist on the crumbs which may be thrown to them. Social welfare schemes can be financed only out of the national output, but over-ambitious social welfare schemes, beyond the capacity of society, result in curtailing the output with disastrous results to national economy.

If people look up to the government for obtaining various social benefits, they tend to lose their independence. In an all-regulating "Welfare State" the government acquires untrammelled and dictatorial powers, and people correspondingly lose their democratic and fundamental rights. The socialist slogan, 'he who does not work shall not eat' gets converted into 'he who does not obey shall not eat'. By controlling all avenues of work and the wherewithal to live, the ruling clique in any society can hold the people to ransom and bend their will to its own for the perpetuation of its own power. It is for this reason that Gandhiji said: "I look upon an increase in the power of the State with the greatest fear because, although while



apparently doing good by minimizing exploitation, it does the greatest harm to mankind by destroying individuality which is at the root of all progress."

'PLANNING

The central principle of all planning, the basic condition under which alone it will yield results of national significance, is that the parasitical waste begotten of the enthronement of idleness and inefficiency on high pedestals should be scrupulously eliminated from national life. This task calls for an intense moral revolution on a national scale. Some attention may be bestowed on this need by the leaders of the nation in the midst of the natural exhilaration pertaining to the celebration of Independence Day.

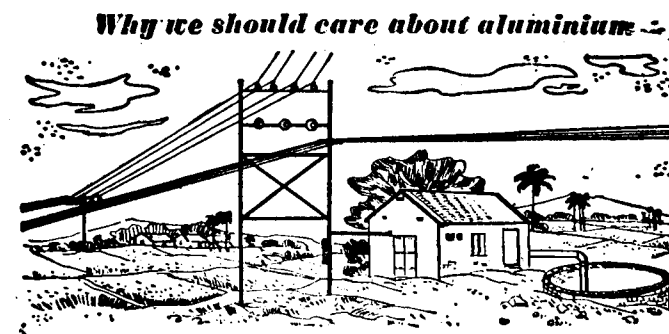
—KHASHA SUBBA RAU

All people desire a reasonable degree of security. But, when pursuit of security becomes a fetish, it becomes a drag on progress. That security is best appreciated, and best enjoyed, which is the outcome of effort. People must learn to enjoy security which is the result of inner peace. He who demands security without service to society is exhibiting trends which are definitely anti-social. Society should be on its guard against demagogues who foster such unhealthy trends to perpetuate their own power. A State which aspires to dispense welfare benefits on a mass scale should not lose sight of the principles of justice and fair play; otherwise it will be defeating its object of raising the standard of life of its people.

A warning

A State aiming at being a welfare State should see that it does not become an ill-fare State, which becomes a veritable paradise for all anti-social elements. It must guard against creating conditions in which lazy and dishonest schemes thrive at the expense of hard-working and law-abiding citizens. Welfarism should not become a cloak for soulless communism.

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THE GROWTH OF AN EDUCATIONAL SYSTEM IN A DEMOCRATIC SOCIETY

AMERICAN CONSUL GENERAL, MADRAS.

My friendship for Khasa Subba Rao became fast with our first meeting back in October 1957, soon after my arrival in Madras. I looked him up because many of my friends in the United States were also his friends. It did not take long for me to understand why Americans became friends with Khasa. His was not only an open heart, but it was also an open mind. Perhaps it was the combination of these two qualities that appealed most to my American friends. They found in this combination of qualities a reflection of the spirit of India. Sometimes I wondered if Khasa was not a mirror of the ferment of intellect that permeates India, especially South India.

One characteristic of Khasa that also appealed to his American friends was his capacity to agree to disagree. His was not the habit to concede a point if there was no proof thereof. His was a searching mind. He seemed to have been brought up in a tough, intellectual atmosphere. Left to itself the mind will reach toward the best in life; it seeks its own level in the hierarchy of understanding and appreciation.

The above is offered as partial introductory comments about my discussions with him on education. He was vitally interested in this subject. He often, during our early years of association, brought our conversation around to what was the essential feature of the American educational system. He had, of course, at that time only recently returned from a tour of the United States. There he had gone to several universities. He wanted to learn more about them.

Higher education in the U. S.

Naturally, it is difficult to explain a system of education, especially when it is to be represented as a national system. Everyone shows a partiality for his own educational pattern. Little is it recognized that the educational programme of every country is a reflection of the country's national growth. Seldom is there a "best" system. Each has its own merits. But through persistence, he prevailed upon me to indicate in a broad outline the growth of higher education in the United States. As nearly as can be remembered, my description was as follows.

Our earliest university was Harvard founded in 1636. But it was a college in those days. It was patterned after the European colleges and catered

mostly to the few families who could afford to send their boys to college. Most frequently, the wealthy sent their children to European universities for their higher education. This practice continued into the 19th century.

Early in that century, however, the mid-western States began to come into existence. Elementary and secondary schools moved west with the frontier. Colleges sprang up not only along the entire eastern sea coast, but began to open up in the western States. The demand for education increased, and with the expansion of the economy, people were able to send their children to colleges. The first college for women was opened in 1833. Still, it was customary and traditional to send the promising students to European universities, especially those in Germany.

Two developments occurred in the 19th century that changed the course of education. The first was the expansion of the elementary and secondary schools. The expansion of the secondary schools was probably the most important. Horace Mann, an educator from Massachusetts, conceived the idea that every American boy and girl should receive at least twelve years of education. Elementary schools gave eight years of education. Horace Mann extended the term for four years and created what was known at one time as the "poor man's college." His was a one man's crusade. It ended about 1890 when the high school became a common institution.

The seminar system

The second development was the introduction, in 1876 at Johns Hopkins University, of the seminar into colleges. This, of course, was a borrowing from Germany. But its adoption by American institutions changed them from colleges to universities. The seminar system introduced alongside the research aspect. Universities were to encourage research. Research is a vital part of American universities today. Their best professors are known for their research work. Select students learn from these professors as much through their research as through their lecture courses. In fact, not all professors in American universities devote a major portion of their time to lecturing. It is a minor activity for them. The seminar system encourages research activity.

Now, the latter half of the 19th century witnessed the vast socio-economic growth of the United

States. Millions of Europeans emigrated each year to the United States. The immigrants joined with the earlier Americans in being enthusiastic about giving their children more and better education. The western States all developed State universities. These universities were open to all students who satisfied entrance requirements. These were usually defined in terms of graduation from a high school. It was compulsory for a child to attend school until he was sixteen years old. As I mentioned earlier, high schools were popular and enrolments in them rose sharply, especially after 1890.

There were many students of education who looked askance at the practice of permitting all high school graduates to enter a university. This was so because the high schools introduced many courses outside the three R's. A high school student could take courses in woodworking, metal work, photography, typing and commercial work. The idea was practical. The student was trained to enter some occupation at the end of his course in the high school, "the poor man's college." It would be incorrect to conclude that high school courses were only of this vocational type. The high school also taught the traditional courses that were required for entrance to colleges and universities. The high school became a dual institution. It provided more education than an elementary school, first, by giving preparatory work for colleges and universities, and secondly, by giving terminal training for those who either did not want or could not afford to go on for higher education.

Problem of preserving standards

The dual nature of the high school education created a problem for colleges and universities. The latter found it more and more difficult to define the entrance requirements to exclude high school graduates from entering the universities. Since the State universities are creations of the State governments, and since these are subject to the democratic processes, the State universities were unable to deny admittance to many high school graduates who were not thoroughly trained in traditional academic patterns.

The universities discovered methods of escaping from their difficulties. They could not deny entrance, they could control membership in the universities. The universities always have maintained high academic standards. If a student could not meet these standards he could not remain in the university. The student mortality among freshmen and sophomore students was very high, at one time as high as fifty per cent. The student had to meet the requirements or he was asked to leave the university. There was no other option. The university was the sole judge in this matter.

Educators were not very happy with this situation. Many "failed" students became frustrated. More of them left colleges and universities and went to work—and were quite successful. Somehow, it was necessary to give those who wanted more education, but not necessarily of the university kind, the chance to obtain education beyond the high school. The concept of the junior college was struck up.

The junior college was, for the most part, an extension of high school training. It had two basic objectives; first, it gave the first two years of college or university training; and second, it provided advanced terminal training, that is, training that was preparatory for entrance into some vocational activity, stenography, medical, dental, laboratory technicians—that entire gamut of semi-professional courses that need more than mere introductory study. The junior college is located in the home town of the student. He need not live away from home. He can determine whether he wishes to go to a university later without undue cost. But most important, the young man or woman, who cannot do university work will not "fail". There is some work at a junior college that he or she can do, and then graduate. This means much and eliminates the sense of frustration that went with many a student who left the university as a freshman or sophomore in the first quarter of the century. The development of the junior college was beneficial to the growth of universities. They could continue to stress the superiority of academic achievement. They were able to devote their major attention to students capable of mastering the higher studies that mark universities. This has been done and American universities have been expanding their research activities and using still more the seminar system.

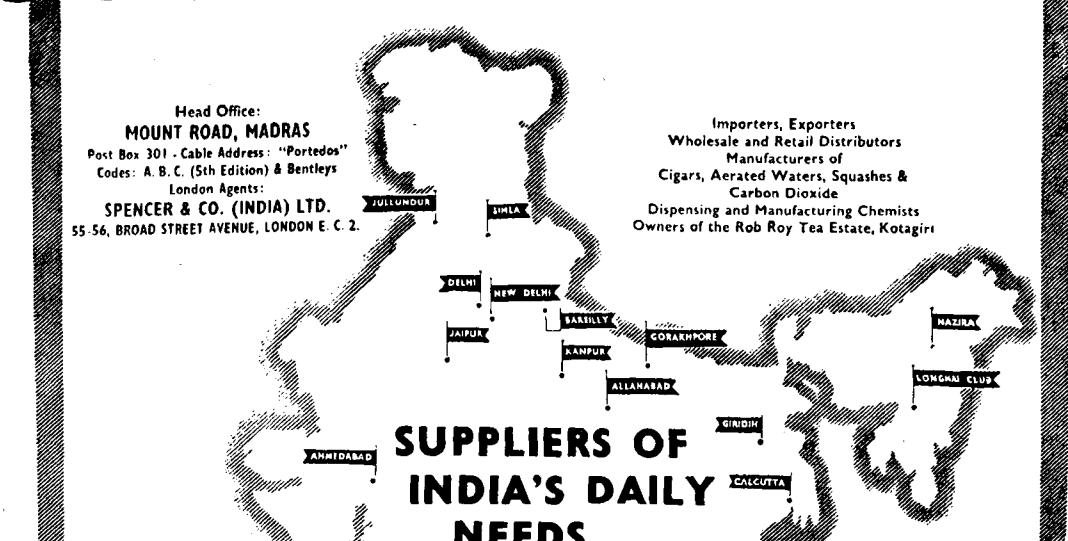
New demands on the educational system

What I attempted to impress upon Khalsa was that the American democratic system made new demands upon the American universities, especially upon the educational system. This was so, largely because the politico-socio-economic milieu in the United States was different from that in Europe. There was no need, I insisted, to say that the American system or university is better than its predecessors. I did assure him that it has worked, and warned that the work is still not finished. The American educational pattern will continue to change, there is enough of the dynamic in it to meet the dynamic needs of a democratic people. I expressed the hope to Khalsa that Americans would never become too old both to learn and to accept new ideas. I extend this hope to all people engaged in establishing or building democratic societies—even though conventional thinkers indiscriminately label them as "capitalistic" or "socialist" patterns.

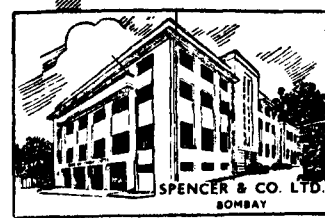
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CURRENT PROBLEMS

Ignorance may make for contentment and even happiness of a sort, but a full development of personality can only be achieved through education. This was the great discovery of Plato. He deplored the ignorance of politicians and laid it down as a principle that the guardians of the State must be the most educated men in the State. He dreamt of the day when philosophers would be kings or kings would be philosophers competent to solve all the complex problems of human society. India is proud of her hoary civilization going back to some millennia, but it is deplorable that India continues to be one of the most backward countries today so far as education is concerned. Even after fourteen years of Independence literacy can claim only 24 per cent and female literacy only 13 per cent. With such a low literacy our democratic Constitution with its adult suffrage can hardly be expected to live up to its ideals. Our Constitution provides for all of us to be literate within fifteen years after the Constitution comes into existence, but it now appears to be an impossibility whether the reasons are political or economical. India cannot make a headway without expansion of education in all its stages.

Four years for primary education

Primary education is the basis and the most fundamental of all education. In advanced countries, it covers education upto the age of 14, in some countries even beyond this age. But primary education in India has yet a long leeway to make. The main defect of our primary education lies in the fact that the teachers are too few and miserably ill-paid. It is a sad commentary on our civilization

that a peon, even though he be ignorant or illiterate, in the urban areas, earns far higher wages than the unfortunate primary school teachers. Many of them are still untrained and all of them with a low economic status do not enjoy the respect to which the *guru* is traditionally entitled. They have become involved in the disastrous factions which mar the life in villages. There is also a tendency to make our primary education syllabi much too complex and high sounding. They read well on paper, but they do not deliver the goods for, it is questionable whether the teachers themselves know half of what they are expected to teach. The present volume of illiteracy in India requires a minimum course of four years for primary education. Let it be simple but effective leaving it to the more intelligent to pursue their studies

by Prof. A. R. WADIA, M.P.

Director,
Tata Institute of Social Sciences.

at a higher and deeper level in the years to come. Primary education has become a problem especially in view of the large size of our country and the number of our villages amounting to some five lakhs. How to produce the required number of teachers even with a low salary in our country? If the salaries are raised, it will involve a tremendous burden on our limited financial resources, but that is a burden which will have to be met sooner rather than later if India can claim to be an advanced country.

Adult illiteracy

Apart from the school children whose numbers are steadily in-

creasing year by year, there is a vast amount of adult illiteracy. It has been proposed that every matriculate and every graduate should be made to devote at least one year of his life to teaching people. It is questionable whether this plan will ever succeed, for teaching is a gift and not every graduate, still less every matriculate, has a gift to teach. Compulsory and unwilling teaching can hardly be expected to be a success, but it is a practicable proposition if literacy drives can be conducted by school teachers especially during vacations. That is a time when most of the teachers are idle and an opportunity to add to their income would be welcomed by them.

The Russian example

In this connection the example of Russia affords inspiration. Forty five years ago when the Russian Revolution broke out, Russia was as illiterate as India is today. After forty five years they have achieved the miracle of practically wiping off this load of illiteracy. How did they succeed? Of course, compulsion was at the command of the totalitarian Russian Government. But mere compulsion could not have achieved success. The will to help the illiterate was there, and the will to be literate was also effectually excited. Anyway a study of the means by which Russia was able to liquidate her vast illiteracy would be most helpful for India. The problem of our education is intensified by the vast number of languages current in India. Europe has at least had the advantage of a common script and if India has the will to adopt a common script, Devanagari or even the Roman script, the difficulties of edu-

cation would to a considerable extent be minimized.

With this basis in a weak primary education, secondary education could hardly be expected to achieve success. In fact from the very beginning, secondary education has come to be looked upon as the weakest link in the Indian educational system. If years back it was considered necessary to be too literary as it all tended to lead only to universities, perhaps this was a necessary phase in the then educational evolution of India; but now with the increasing numbers that crowd our high schools and our universities, the time has come to reorganize our secondary education in a very radical fashion. Secondary education should have schools of a very varied type. One type that naturally suggests itself is that of our high schools leading to university education. It must afford a basis in Arts, as well as Sciences.

In India amongst the educated classes there is a tremendous fascination for the matriculate examination as well as for university degrees. Unfortunately the democratic ideal of equality has created a belief that all human beings are equally fit for high school and university education. But absolute equality of human beings is a mere fiction. "One man, one vote," may be a good political dictum, but a literal application of it in every sphere would spell disaster. The richness of human endowments far transcends mere equality. There are students who by temperament are scholars and can be expected to make the maximum use of their high school education and can be ornaments in our universities. But fortunately rather than unfortunately all human beings are not meant to be scholars. Varied walks of life demand varied aptitudes and it becomes the duty of a civilized State to pro-

vide for the training of all the varied aptitudes required in human societies.

Thus secondary education should not be monopolized by the requirements of university education. There should be agricultural schools and vocational schools. Industrial development does not mean the production of high officers at the top level but also requires a large army of artisans, and these artisans have to be produced in ever increasing numbers in our technical schools. In the days of the British just a few professions were open to Indians. Today in the days of our independence, opportunities for development are almost infinite. We do require a large army of craftsmen. They may not be scholars, but they are needed by India as much as scholars. Coming to speak of



university education, India has every reason to be proud of her universities. Affording higher education they attracted the finest talents in every State. No wonder that Indian graduates in the nineteenth century came to be acknowledged leaders in practically every department of Indian life. Vivekananda in the sphere of religion achieved a miracle of religious leadership. Ranade and Karve, to mention but two names, achieved remarkable success in the field of social reform. It was inevitable that in an enslaved country the greatest impetus should have been in the direction of politics. The Indian National Congress became the home of the educated youths and the fulcrum of political activities. The result was the achievement of Independence, in a miraculously short period.

Falling standards in universities

In the field of scholarship too, Indian universities in spite of their

varied handicaps have not done badly. In every field of science, in every department of history, philosophy, arts, archaeology, Indians have done work of a very high calibre. It is an unfortunate paradox that in recent years, the standards of our universities have been steadily going down, and the utility of our university graduates has been considerably lessened. The reason is to be sought for partly in the mistaken idea that every Indian has a right to university education. As stated above equality can be easily misinterpreted; in fact not every Indian is really fit for university education. The spread of education among the backward classes has naturally led to an influx of people from an unscholarly environment. Far be it from me to suggest that a person coming from a backward community cannot make a good scholar or a good leader. There are plenty of such people, but this can hardly be said of the rank and file. Deviation of people unsuited for university education to university education inevitably leads to frustration, and also involves a colossal waste of national wealth and national energy. The deviation of these students to tasks more humble but none the less useful is a requirement, devoutly to be desired. It is worthwhile noting that even in advanced countries in Europe and America, universities select the best students. In Russia where communism is reared on the basis of equality, universities admit students rigidly selected on the basis of merit. In our neighbouring countries like Ceylon and Burma, university education is free, but only a limited number of the fit students are admitted. Universities are costly and even a wealthy nation cannot afford to waste its wealth on second rate material; still less can a poor country like India afford to spend money on producing graduates who are not worth the name.

Common medium of university instruction

In the history of India during the last one hundred years, the universities have played a very important role. In fact they have supplied the required leadership in every department of life. More than in any other sphere the universities have been a most important unifying factor in the political life of India. This has been due to the fact that English has been the common medium of instruction in all universities. Only a perverted sense of patriotism can make an Indian blind to the remarkable benefits that India has gained through English, such as knowledge of modern science, knowledge of political history of Europe and particularly of England, knowledge of the political development from ancient Greece right down to modern Russia. It is through English that the wealth of knowledge from all the corners of the world has flowed into India and enlivened her cultural life. Today it has become fashionable for a certain class of Indians to depreciate the worth of English and its historic mission. It is easy enough to condemn English as a foreign language, but it is suicidal to forget that that this common language is the mother-tongue of an appreciable section of the Indian people represented by the Anglo Indians and what is more important, it has become practically the medium of communication amongst the educated Indians. If a vast country like India with its 14 States and 14 different languages is to maintain the semblance of unity it can only be done by having a common medium of instruction at the university stage. I myself had hoped in the pre-Independence days that Hindi would be accepted as a natural successor of English, wherever it was found necessary to replace English. But linguistic history of India since our Independence has gone to prove that the path of

Hindi is strewn with thorns and it has become problematic whether Hindi would ever be accepted by South India or Bengal as the common language of India.

Retain English

The trend represented in all universities is towards replacing English by the regional languages. There is a facile psychology behind it, but such a replacement would only lead to a Balkanization of India and a return to the 18th century which was the darkest period in Indian history. If Indian patriotism cannot rise to the height of accepting Hindi as a common medium of instruction, commonsense requires that we should keep up English. It may be that the language is spoken by comparatively few, but it is spoken in every nook and corner of India and is the language of the elite in India. It would be suicidal to throw away a ready-made instrument of our unity on sentimental grounds without making sure that English will be replaced by Hindi as the common language of all Indians.

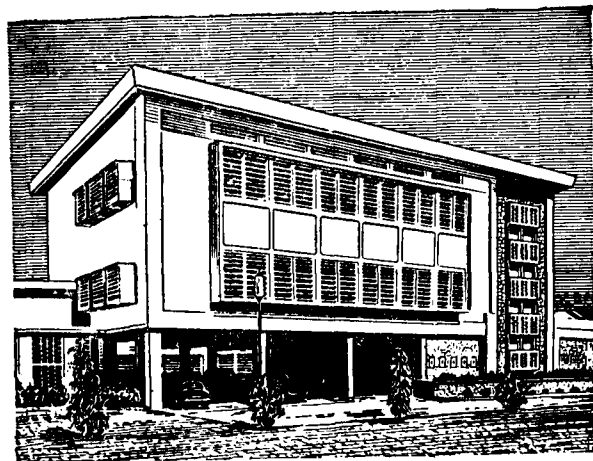
Make university education a central subject

It is unfortunate that when our Constitution came to be framed education was made the subject for the States, the Centre retaining only a concurrent interest in education. Whatever justification there might be for entrusting primary and even secondary education to the States, in the larger interest of India, university education should have been retained in the hands of the Centre. The Centre could then have played a leading part in checking the linguistic parochialism of our universities so dangerous to Indian unity. But even today it is not too late to retrieve this error. Our Constitution has been amended so often in the short space of ten years that a further amendment



transferring the universities to the Centre would be most desirable, in the interest of India. The creation of the University Grants Commission is a step in the right direction and brings the Centre into a very close relationship with all the universities in the States. But the University Grants Commission is not without its weaknesses. Apart from its dependence on the Centre for its financial resources, it functions only as a grant giving institution without any effective control on how a university is managed. The idea that every university is an autonomous institution serves as a convenient excuse for the universities going their own way without any let or hindrance. Thus it is pathetic to see how States bring into existence universities not in the interest of education but as a move to satisfy certain political interests. The University Grants Commission is often not even consulted before a university is brought into existence and yet every university thinks it is its right to get all adequate assistance from the University Grants Commission. Such an anomalous position could be changed only if university education is brought under the purview of the Central Government.

Today the world belongs to the educationally most advanced countries. Fabulous amounts are spent on university education especially for the development of science. It marks a recognition on the part of the world that an advance in any direction comes from universities. In spite of the temporary difficulties facing our universities we can assert that the universities in India are destined to play an important part in the future history of India. Scientific advancement, dissemination of culture and supply of leadership will be the contributions of our universities to the future greatness of India.

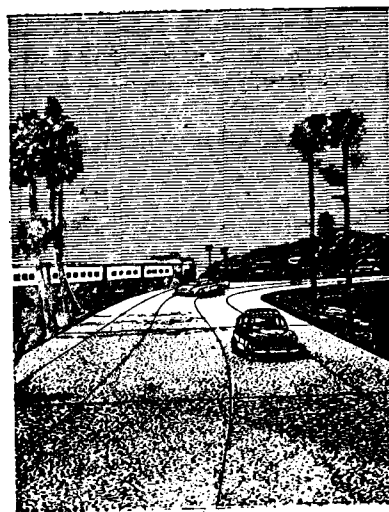


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THE policy of the Government in regard to the setting up of heavy industries having undergone a radical change in recent years in line with the industrial policy resolution of the Indian National Congress, more and more heavy industries are now being taken up in the public sector. River valley projects and power projects—both hydro-electric and thermal—are almost exclusively State concerns. It is only in the field of industry, with particular reference to heavy industries such as the Hindustan Machine Tool Factory, the Heavy Electrical Industry, the Heavy Engineering Corporation and the steel projects and other such major industries that the question has arisen whether they are to be sponsored exclusively by the State or partly by the State and partly by the private sector. And here the Government has already decided that all such heavy industries should, as far as possible, be in the public sector; and being a policy decision, this has to be accepted as a matter of fact. During the Second Plan period all the heavy industries mentioned above were taken on hand and the Third Plan provides for not only the expansion of all these undertakings, but for new units also to be taken on hand, so as to make the country as nearly self-sufficient as possible by the end of the Third or the Fourth Plan. The process of expansion and setting up of further new heavy industries will doubtless continue for many more Plan periods until we overcome the huge big arrears left to us on account of foreign domination for well-nigh two centuries.

Dearth of top executive personnel

All heavy industries as well as river valley projects and power projects involve the employment of a very large number of officers, engineers and men—both skilled and unskilled. And, obviously, the management of such a large force

of men calls for considerable skill if we have to get the best out of the men who are collected at each and every one of these project sites. In the past, when we were under foreign domination, the number of such projects involving the employment of thousands of officers and men were few and far between and, in any case, not only the top managerial posts but almost all the key posts were manned by foreign experts. The investigation, design and preparation of complete project reports, in all such cases, was also entrusted to foreign consultants or engineers. The problem, therefore, of ensuring efficient management did not present much difficulty. The great drawback in this state of affairs was, however, the fact that the sons of the soil did not benefit by the experience

major projects, except with regard to the construction of river valley projects where Indian engineers have been supreme since a long time back.

Indian talent at its best

The senior Indian engineers did not, however, take long to establish themselves and make a mark in rising to the occasion when they were confronted with the management of the major projects. The projects handled by the Indian Railways soon after Independence, such as the Chittaranjan Locomotive Works project, the Integral Coach Factory project and various other planned projects in the railways are outstanding examples of Indian talent at its best. These projects ever since their completion towards the end

*Managerial
Requirements in The
Public Sector
Undertakings-*

by M. Ganapathy

*Former
Resident Director
Rourkela Steel Plant*

gained in controlling and directing such projects. Such rich experience even in the few major projects that were undertaken in the past went to the foreign consultants and foreign executives, with the result that with the dawn of Independence and the decision of the Government to plan all such major projects in the public sector, there has certainly been a big void in the number of really experienced top executives for undertaking the management of

of the First Plan period have been the cynosure of all eyes and even today the Indian Railways, which have developed their own research, designs and standards organizations, for dealing with all their works, in the civil, mechanical and electrical and signal engineering fields, can take pride in having a vast organization in this country which has not suffered the least bit by the sudden withdrawal of all foreign experts, and which has made it-

self practically self-sufficient in its need for technical personnel for all types of work, research, designs and execution. The Works, Housing and Supplies Department and the Communications Department, which are similarly placed like the Railways with fairly big organizations to run the Departments, have likewise risen to the occasion in meeting the needs of expansion during the Plan periods.

The same cannot be said of the various other departments of the Government of India, such as the Commerce and Industries Department or the Transport Department, all of which have been undertaking large schemes of expansion and construction during the last two Plan periods. This is perhaps inevitable as these departments do not have much of a nucleus to build upon and to expand. Inevitably, therefore, the problem of finding suitable, experienced men for holding the posts of top executives in the various projects undertaken by these Ministries, has been one of very great difficulty. Even more difficult has been the problem of finding the very large number of senior and junior engineers as well as supervisory staff and skilled workmen for manning all these projects. While the posts in the junior ranks for all these projects could somehow or other be filled with newly trained men from various institutions like technical institutes and engineering colleges, it was quite a difficult problem to fill the intermediate and high level posts for which experience in the particular line is a very necessary desideratum. The best that could be done in these circumstances has been to collect a motley crowd of men, engineers and officers of all types, who could satisfy the specifications as nearly as possible. The result has certainly not been as satisfactory as one would like it to be, but perhaps it was the best in the circumstances.

One other great drawback in the collection of skilled and un-

skilled workers as well as supervisory staff and engineers for the very large number of projects all over the country during the Plan periods has been the lack of cohesion and a team spirit as well as the lack of discipline amongst the men thus collected, which again is perhaps inevitable. Established departments, such as the Railways, the Works Department, the Communications Department or the Transport Department have a tradition extending to several decades and one can expect a certain amount of loyalty and discipline amongst the men belonging to these departments even after making due allowance for the fact that Independence brought along with it a certain amount of indiscipline even amongst the loyal workers of established departments. The cry for more privileges and less work and a lack of discipline have been the order of the day even in such well-established departments, not to talk of newly formed organizations for manning the various projects, like the Commerce and Industries Department, the Steel, Mines and Fuel Department, etc.

It is in this context that the need for a very able top executive becomes imperative for handling many of these big projects. Conditions are vastly different now from what they were in pre-Independence days. In so far as managerial posts are concerned, while in the past the top executives had a set of able, experienced and disciplined officers, engineers and men under them, it is just the opposite now and will continue to be so for some length of time, until our engineers, supervisors and men have acquired sufficient experience during the next five or ten years, when we can confidently say that any project can be manned by suitably qualified and experienced officers, engineers and men. At the moment, however, the responsibility devolving on the top executive as well as the senior officers filling key-posts is stupendous. The top executive has him-

self to set an example of able and efficient management for others to follow. The days of remote control are gone. Intensive, hard work on the part of the top executive is as necessary as on the part of the officers and men down below, if the motley crowd of men collected for manning many of these projects is to be moulded into a well-knit team of hard-working men determined to get on, in spite of all odds. The top executive has to have an intimate knowledge of the work he is in charge of, if he has to take decisions promptly on the various problems which arise in the day-to-day administration. There is no room for indiscriminate reference to outside bodies and for committees to be set up to go into the matter and report before a decision could be taken. The task of coordination of work on major projects which involve dozens of different agencies for their satisfactory execution, invariably poses several problems from day to day and the top executive must be in a position to analyse and sift them and give decisions on these problems on the spot. If he is not qualified or experienced to do so, he cannot be but a failure. Delays in finding solutions to problems by reference to committees and to higher authorities mean incalculable waste of time and money.

Technical men as top executives

It is from a consideration of this vital need that engineers all over the country have been clamouring for appointments of top executives of all such major projects to be confined to technically qualified and experienced senior engineers. The President of the Institution of Engineers, in his address at the annual convention on the 4th February 1961, drew pointed attention to this aspect of the matter and almost every speaker at a symposium recently held in Delhi on the "Economy



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and Efficiency of Engineering Enterprise in India" stressed the imperative need for appointing top engineers as administrators of engineering projects if they are to be run efficiently and economically. It is unfortunate that in many cases this has not been done, and to that extent the projects in their charge suffer. While non-technical officers are required to man various posts in the project for handling purely non-technical works, such as the personnel department, land acquisition, liaison with civil departments and local governments etc., the emphasis so far as the top executive is concerned, is always on the technical aspect of the project in which the head of the project has to possess reasonably intimate knowledge so as to be able to deal not only with the problems which arise in the day-to-day progress of the project but with the very large number of agencies which supply machinery, plant and equipment to the project, and which actually undertake to do the site work in construction, erection, etc. Any lack of knowledge on the part of the top executive in dealing with all such matters will seriously tell on the efficiency of the work on the project and, in terms of money, will certainly cost the country quite a great deal.

Highest integrity needed

The highest integrity is needed on the part of the top executive as well as the rest who occupy key-posts. Only then could nepotism and corruption be eschewed from the organization. Above all, a sense of devotion to duty, discipline and dedication to the cause of the country is vitally essential not only on the part of a top executive but on all those connected with the project. To a very large extent these qualities have to be transmitted from the top downwards.

Above all, qualities of leadership in the fullest sense of the term are most essential for any head of a project or public sector organization. While this is true of

any organization, it is doubly so in the case of public sector organizations which are inhibited or circumscribed by more rules and regulations and codes of procedure, and even red tape, than private sector organizations where the chosen head of the organization is trusted and is given wide powers, so long as the objective is achieved in the quickest possible time and in the most economic manner. Having to function under more difficult conditions, not excluding the glare of the public eye and the control exercised at various levels including Par-

liament, the head of the public sector undertakings has to be, so to say, a Jack of all trades besides being thoroughly knowledgeable in regard to the project or projects in his charge. Like Caesar's wife he has to be above all suspicion, ever alert and vigilant and the very embodiment of efficiency. How many of our top executives in the public sector can measure up to these high standards? To the extent they do not, they will fall short of the needs of the situation and it will be well for the country to replace such misfits.

REAL DECENTRALIZATION

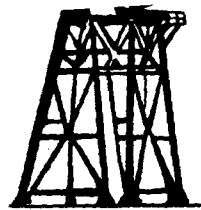
'Public Sector Enterprises', 'Steps to Improve Efficiency', 'New Approach', 'Too Much of Central Control not Favoured'—these are the headlines in the newspapers that indicate a new attempt being made to improve the efficiency of public-managed enterprises. A plan of 'decentralization' is being hatched. The new approach is said to be, broadly, to free the managements from the inhibitions that now result from too much Central control through rigid administrative and financial directives and rules. The inefficiency of public management is too patent to be denied. This diagnosis is accompanied by the theory that Central management is the cause of the deficiency and, therefore, if management is decentralized, the disease will be cured.

Vain thought, this. The inefficiency is due to the absence of any personal interest in those to whom the responsibility of management is entrusted. This lack of personal interest is a feature as much of local or 'decentralized' management as of Central management. Central control may mean some delay and irksome technical and financial checks and curbs. Removing these checks, curbs and delays will result in more speedy mismanagement, not in better management. Real decentralization will come about only when State ceases to be the capitalist and the manager, and when individual ownership, responsibility and interest replace the bureaucracy's management. The idea of decentralization is a thought in the right direction, but what is real decentralization, has not been grasped.

Individual interest is the real remedy and it cannot result from mere decentralization. A hundred irresponsibilities will not be better than one centralized irresponsibility. Responsibility and efficiency issue out of the natural source of it all, viz., real personal interest, and this can be got only when the idea of improving everything by public management is given up and it is kept at the irreducible minimum, and individual interest is allowed the maximum scope.

The notoriously poor earnings of the public undertakings relative to capital will not be enhanced by what is called decentralization. There will be more wastage, more graft and more pilferage.

—RAJAJI



PRODUCTIVITY CONSCIOUSNESS IN INDIA

by **Dr. P. S. LOKANATHAN**

Director-General, National Council of Applied Economic Research

Productivity was hardly heard of in the pre-war period, whether in the universities or in the industrial field. It was seldom mentioned in economic or technological literature published in this country. Now it would be difficult to find economists, administrators, leaders of commerce and industry and trade unions, who are not evincing interest in the productivity movement. The number and quality of articles appearing in technological and periodical commercial and economic literature, the seminars and conferences on productivity that are being held practically all over the country, and what is more important, the enthusiasm shown by various participants in discussions on productivity—all show conclusively that we have at least succeeded in creating productivity consciousness, even if we have not been able to effect an appreciable increase in productivity by the well-known techniques of work study, quality control, and the like.

Concept of productivity

In its final draft of the Third Five Year Plan, the Planning Commission has found space not only for the productivity movement and the National Productivity Council and some of the advanced techniques (Standardization, Quality Control, etc.) but also the broad concept of productivity and its significance in the context of development. To quote the Commission:

“.....Neither the exercise of their organized strength in industrial conflicts, nor laws and the intervention of the State can help the workers

much in realizing their aspirations. Their gains can arise only out of the strength and dynamism of the economy, the only enduring basis of which is a rising level of productivity. No increase in profits which does not come out of improvements in productivity but has its origin in current scarcity and the stresses of development, can be regarded as a sign of prosperity. Productivity has many facets and it suffers because of the one-sided and rigid approach which is frequently adopted in dealing with it, both by the employers and the workers. Rationalization of effort in every direction is the true basis of productivity.....”

The Planning Commission has also emphasized the role of NPC in the creation of productivity consciousness in the country. “There is growing realization of its importance and since the inception of the National Productivity Council in 1958, industry is being increasingly involved in the drive to raise productivity. Over the past three years under the auspices of the National Productivity Council, 43 local productivity councils have come into existence and large numbers of persons have participated in seminars and discussions on productivity and in the effort to make the techniques and problems in this field more widely understood.....”

The productivity consciousness created practically throughout the country during the last few years has been of a magnitude that

hardly any industrial unit now remains unaffected, either directly or indirectly, by the productivity movement. Mr. James Keen, Resident Representative in India of the United Nations Technical Assistance Board, wrote recently something which is really significant:

“.....Two years ago ‘Productivity’ had in India rather an academic implication and it is certainly due to the work of the National Productivity Council that today everyone should look upon this magic word as a key to economic progress, higher profits, higher wages and better social conditions for workers...Throughout the ages there have been words which have had a magic quality in men’s minds: gold, oil and others. Nowadays in India such a word is ‘Productivity’ and which seems the answer to all problems.”

Of course productivity cannot be the answer to all problems but, properly understood, it can be a most powerful factor in our fight against poverty.

There is concrete evidence of the growth of productivity consciousness in the country. Normally one would never suspect a bureaucracy, such as we have had for more than 100 years, to be conscious of Work Study, which is the very essence of productivity. Probably few know even now, because publicity appears to have been avoided, that there has been in the very heart of Government—in the Ministry of Finance



itself—a special work study cell which has been functioning now for some years. It has to its credit not only a substantial amount of theoretical thinking, as evidenced by their publication on the Line of Balance Technology and a regular journal on Work Improvement but also a number of case studies on the application of productivity techniques to the public sector. For example Inventory Control, Plant Maintenance, Scheduling of Production in Hindustan Cables; Report on Storage Structures, Building Projects, National Water Supply and Sanitation Schemes; and a whole Scheme for Delegation for Better Administration has been built up for consideration by government. This is only illustrative and typical of what is happening throughout the governmental structure in the country, even at State government level.

Work study techniques in Defence Department

Few again would suspect that the Army would be affected by Work Study and other productivity techniques. The Defence Organization held a Work Study symposium at Landour (Mussoorie) in early summer this year. It was attended not only by the scientists of the Defence Science Organization but the topmost officers of the Indian Army. This symposium revealed that the armed services and various production research and administrative departments of the Ministry of Defence have already been doing some work in Work Study and are in fact keen to adopt this technique on a very wide front. It is pleasant and significant to recall that the visit of Mr. Russell M. Currie*, the Chief of the Work Study Department of the ICI, London, was partly responsible for the introduction of work study techniques in Defence establishments.

* Who came to India at the invitation of NPC

That industry should be attracted to productivity is natural because there is no other means by which either higher profits or higher wages could be earned; but that it should have been seriously taken into consideration at the higher levels of government including the armed forces is a sign of hope and encouragement for a community in the process of take off into a position of self-sustaining growth; because productivity is the key not only to higher industrial performance but to successful functioning in any sphere of social activity. It is the condition for progress. In that context, however, productivity is to be taken as something not extraneous but as basic, as something in-built into the social structure.

Functioning of N. P. C.

A large part of the evidence regarding the creation of productivity consciousness lies in the very establishment of the National Productivity Council and its functioning during the last four years*.

A network of 43 local productivity councils, dotted all over the country with major concentration in industrial areas, have come into being and are functioning at the moment with an aggregate membership of nearly 4,000. Madras is one of the leaders in the movement; its local productivity council under able leadership has been a most active and successful organization. The number, however, conveys little idea of the extent and significance of the productivity movement at the local level because a large part of the membership is institutional, consisting of industrial establishments in the area. The more significant development in the productivity movement is that the NPC in the early years was organizing these local productivity councils, persuading local industrialists to set them up and so on; now



a demand is coming up in areas not so far covered and the NPC has had to raise its scope by way of insistence on larger institutional membership and other conditions. Through these local productivity councils, and on its own, the NPC has conducted hundreds of courses benefiting literally thousands of persons. The position now is that every day, one or the other training programme is being conducted in some part of the country. During the last six months alone nearly a hundred additional courses have been conducted by the NPC through the LPCs.

Training of trainers

The range of courses has also expanded to the more technical studies such as tool designing, and extending widely over the economic field into the Productivity of Marketing. Special courses are being run for trade unionists and workers. Sufficient local talent is available and is being tapped but yet the demand is so great that we are at present engaged in devising institutional and other arrangements for training of trainers. An evaluation of these training programmes has also been carried out; and we have found that in nearly 50 per cent of cases there has been a noticeable improvement in the competence, behaviour and outlook of the participants. In about 30 per cent of cases, recipients of training have been able to bring about specific improvements in their areas of functioning.

On the wider national front, over two hundred conferences, seminars, and symposia have been organized with the participation of over 16,000 persons. During the last six months alone, nearly 50 conferences with the participation of 3,000 persons have been orga-

* NPC will complete 4 years in February, 1962.



nized; and by the time this comes out, all these figures may well be outdated. Nearly 600 persons have been sent out for training abroad, many in short term teams, but quite a large number (over 200) for fairly long periods of training and to an increasingly wider range of countries: USA, USSR, France, Czechoslovakia and U.K. The incountry programme (that is a study of industrial units within an area on the same type of industry all over India) is rapidly developing and in the short period that it has been working, nearly 50 teams have been sponsored with a total participation of over 400 persons. Five study groups are at the moment making an intensive study of productivity in cement, jute, rayon, bicycles, electric motor and transformer industries. Productivity consciousness is especially evidenced in the demand for literature. That within a period of two years a high class journal *Productivity* should have come into being, and become self-financing,

INTEGRITY

For any scheme of policy, however brilliantly conceived, to produce contemplated results, not only training and talent but absolute integrity is a pivotal condition requisite. Where the nature of the scheme or policy itself carries the deadly poison of anti-integrity, the plan is a chimera and must be given up. Where a political party is obstinately wedded to such a scheme, the party has to be pushed out of office in the interest of national welfare.

RAJAJI

is a measure of the advance that has been made in this direction. NP's exposition of *Speaking of Productivity* has been translated in a number of Indian languages (Hindi, Tamil, Marathi, Bengali, Gujarati etc.).

But there is no reason to be complacent about the progress in productivity. Much remains to be

done. The ultimate test of success of the productivity movement in the country is in the measure in which the entire activity in the country is permeated by a sense of productivity not only in industry but in all sections of the economy—in agriculture, transport, communications and services. We are yet far, very far from our goal. But a good beginning has been made.

In the meantime India has agreed to be an original member of the Asia have productivity organization set up in May 1961. APO seeks to do for all Asia what NPC does for India. But not all countries in Asia have productivity organisations nor is there a productivity drive. Only eight countries are now members, but the programme of work chalked out by APO is such that it warrants the hope that it will further the cause of productivity in Asia by its concrete projects of work and activities. India is contributing her share to the building up of APO which, in turn, will benefit India too.

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TAXATION OF CARRIER TRADE

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A BOTTLE-NECK IN PLANNING & PROGRESS

MR. MASANI, M.P.

What has come over the Government of India and the Planning Commission that they should be so woefully negligent of the transport problem facing the country? It is a transport problem whose size will go on increasing from year to year in geometric progression. Take the concrete case of the disorganization of coal transport which we have witnessed. The production of coal at the end of 1960-61 was about 88 million tons, and as the Railways found themselves incapable of handling it, mountains of coal lay unmoved at pit-heads, and work at many a colliery had to be slowed down or totally stopped just because there was no place where coal that was mined could be stocked. While this was the position at the pit-heads, factories were running short of coal all over the country. Many had to slow down production; many others had to instal electric generators; and thousands of brick kilns and other small-scale industries were disorganized and in many cases they totally stopped work for several months for lack of coal.

Coal is not the only commodity which has suffered through lack of transport. The entire process of economic development has been slowed down in the past one year through transport bottlenecks. Almost every commodity, for instance, foodgrains, cement, oil, oil-seeds, construction materials, has the same story to tell. A former Chairman of the Railway Board, Mr. F. C. Badhwar, has stated that there is no transport capacity for

at least 15 per cent of the industrial goods that require to be moved. If that is the present position when the annual agricultural and industrial output in the country is about 245 million tons, how are we going to handle an output of 370 million tons at the end of the Third Five-Year Plan and of 996 million tons per annum at the end of the next 20 years?

Neglect of road transport

The answer is that, just as advanced countries are doing, we in India will also have to develop road transport to handle a substantial proportion of the additional traffic which is being generated. Other countries have found road transport to be more efficient than rail, and are even pulling up railway lines. We, in the expanding economy in which there is more than enough traffic for all available modes of transport, need not think of dismantling any railway tracks, but we can afford to lose no time in raising the capacity of road transport to the same volume as that of the railways. In 1960-61, the freight traffic of railways amounted to 54.7 billion ton miles, while that of motor transport, including local and feeder hauls, was 10.6 billion, or less than 20 per cent of the rail traffic. It is this neglect of road transport that has caused the transport bottleneck in India. If our road transport had been developed to the level of that in the U.K., where 55 per cent of all surface transport is carried by road, or of that in Australia, where road transport accounts for 52 per

cent of the total haulage by road and rail, shortage of transport would not have been the nightmare that it is to our industrialists and our Planners.

How can we develop road transport so that it may play its rightful role in the economy of the country and further our industrial progress? Two things require immediate attention in this respect. One is the provision of modern roads so that modern truck-trailer units of 20 to 30-ton capacity may operate over them, thereby not only hauling greater loads, but also very considerably reducing the ton-mile cost of operation. The other is to abandon the present practice of imposing discriminatory and punitive taxes on road transport.

Increasing awareness

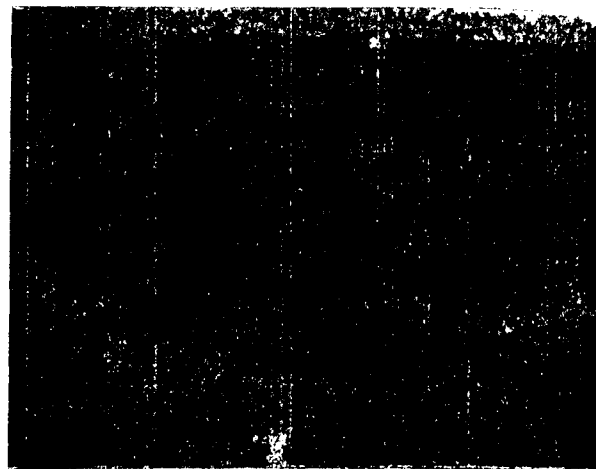
There is now increasing awareness of the need to develop roads, as judged by the slight increase recently made in the allocation for the purpose in the Third Plan, the investigation now in hand regarding the roads to be built around collieries and the finan-



cial assistance given for national high-ways not only by the International Development Association but also by the U.S. Government from P.L. 480 funds. While these measures admittedly do no more than scratch the surface of the problem, it is good to know that the question is being examined. As regards punitive taxation of motor transport, however, its effect in retarding the expansion of motor transport, and consequently in arresting the economic progress of the country, has not yet been fully recognized by our Governments, whether Central or State.

Heavy taxation

It is the barest truism that in no country in the world is road transport so heavily taxed as in India, and the reason for it lies mainly in the origin of the tax. Tax on road transport began in 1888 with a levy of a small petrol duty, but this was of little consequence as the road transport industry was practically non-existent. It was after the First World War that the Government began looking upon road transport as an important source of revenue. In 1921, the Government of India, faced with a large deficit, introduced a number of taxation measures including a general *ad valorem* duty of 7½ per cent to 20 per cent on 'certain articles of luxury', such as motor cars, motor cycles, clocks, watches and silk piece-goods. Ever since then motor vehicles have been treated as a 'luxury commodity'. In 1922, the tax was raised further to 30 per cent, and the most comic situation was reached in the budget of 1960 when, out of a total additional taxation of about Rs. 24 crores, no less than Rs. 13 crores fell in one way or the other on the motor vehicles and fuel.



Are motor vehicles luxuries?

As a result of treating the industry as a 'luxury', what has happened is that every taxing authority, Central, State or Municipality, looks upon the industry as a milch cow from which the maximum must be extracted.

Every year for the last 40 years, the taxes have been steadily going up. In 1935, a motor vehicle on an average paid a tax of Rs. 567, including the tax on the fuel consumed by it. In 1950, it went up to Rs. 1,115. In 1955, it rose to Rs. 1,906. Today it stands at over Rs. 2,500.

The taxation is discriminatory, and this fact has been admitted by the most impartial authorities. In 1943, the Government of India appointed a Post-War Policy Committee on Transport which appointed its own Technical Sub-Committee consisting exclusively of road and railway officials of the Government of India. This sub-committee, in its report, stated without any qualifications that the tax policy of the Government of India violated one of the fundamental canons of public administration, that the State should hold the scales even between the different agencies of transport and refrain from singling out any for discriminatory treatment.

On the question of how the tax derived from road transport was used, the sub-committee stated that out of the total incidence on

road transport, which at that time was equivalent to six pies per ton-mile on goods carried in a motor vehicle the legitimate cost of providing roads for the use of motor vehicles worked out to 1½ pies per ton-mile, which is just 25 per cent of the total taxation imposed. The incidence of taxation has increased by 50 to 120 per cent on different types of vehicles since the date of that report.

To what a shocking extent road transport is being bled can be realized from another set of figures. The Motor Vehicle Taxation Enquiry Committee of 1950, in its report, has stated that the gross earnings of a standard lorry amounts to Rs. 15,000, out of which the Central and State Governments take away Rs. 5,134 in taxes. This means that the States appropriate to themselves over 34 per cent of the gross revenue of the road transport industry.

Appropriation by the States

What is the state of affairs in the U.S. which possesses the most highly developed road transport industry in the world? The total incidence of tax on road transport in the U.S. in 1959 represented less than 9.2 per cent of the operating revenue of the vehicles. This consists of 3.4 per cent in gasoline and fuel taxes, 2.4 per cent in vehicle licences and registration fees, 1.4 per cent in real estates and personal property, 1.4 per cent in social security and 0.6 per cent in other operating taxes. Thus, where the U.S. collects 9.2 per cent of the operating revenue on the road transport industry, we in India, take away 34 per cent of its revenue. In other words, taxation in India is 3½ times that of the U.S.

Discriminatory policies

Let us look at the taxation problem from another angle. The

railways in India charge on an average a freight rate of one anna per mile on individual commodities, though, of course, the rates range from half anna to three annas. But in the case of road transport the taxation itself amounts to three-fourths of an anna for five-ton trucks and more than one anna for smaller vehicles. How can any transport system flourish under such a heavy load of taxation, and specially under a system in which such discriminatory treatment is given?

No one will deny the fact that in an expanding economy we do require revenue from taxes. The complaint is that the rate of taxation is so high that it cripples the growth of the road transport industry, with the result that, even as far as revenue is concerned, the Government, instead of gaining, is actually losing by such heavy taxation. Let me take a concrete situation. We have at present about six lakhs of vehicles, and with our expanding economy and the need for removing the present transport difficulties, we shall easily require double that number of vehicles at the end of the Third Five-Year Plan. This much expansion can be easily brought about if we grant a relief of 25 per cent in the existing taxation rate. If this is done, it is not only that the industry will get relief but the Government will get an additional revenue of 50 per cent over what it is getting today.

Multiplicity of taxes

Let me take the system of taxation itself. This system, with its multiplicity of taxes such as Central duties, vehicle tax, sales taxes, octrois, wheel taxes and often multiple State taxes on the same vehicle when it traverses the borders of a State, is chaotic and baffling. What we need more than anything else today is a streamlined uniform system of motor vehicles taxation prevailing from one end of the country to the other.

This can be brought about by centralizing all road transport taxation and distributing the revenue among various States on the basis of certain fixed principles. This will not only streamline the taxation system, but it will put an end to the harassment to which the bulk of inter-State transport is now subjected at the border of every State. It will also put an end to the colossal loss that the road transport industry suffers throughout the country, because of the time wasted at thousands of octroi posts in paying octroi tolls. It is said that the cost of collecting the octroi duty comes to over 75 per cent of the total revenue thus collected. In what country in the world is such an utterly unscientific system permitted to prevail? Obviously, octroi must be brought to an end in the interest of the road transport industry and in the interest of the nation.

Crippling excise duties

Lastly, a reference must be made to the excise duty on vehicles and diesel oil imposed in 1960. The duty on trucks amounts to between Rs. 2,500 and Rs. 4,500, depending on the size of vehicles. As the situation stands today, the cost of a truck is higher in India than anywhere else in the world. To impose such a heavy duty is most unfair and injurious to the industry. It is also discriminatory because there is no such duty on railway locomotives. A heavy duty not only creates inflation by raising the cost of road transport, it also discourages the expansion of road transport whose employment potential at about 12 persons per vehicle is something which no other industry can equal. Is not the provision of employment for our teeming millions one of the foremost aims of our Five-Year Plans? Then, how is it that Government is closing this avenue by its own tax policy?

The excise duty on diesel oil is even more fantastic. With the fresh levy of a 25 nP. duty per

A WORD OF WARNING

It may take long for businessmen to realize that present money is not the most precious of their earthly possessions, and that their future is written on the wall if they pursue their present policy of making hay while the sun shines. Communism is marching forward, its chariot horses being the Congress policies of confiscation, undermining of fundamental freedoms, permits and licences, and heavy taxation. —RAJAJI

gallon, the total tax is roughly two-thirds of the selling price of diesel oil. The trend throughout the world is towards dieselization. It is more modern and cheap, but the Government of India finds itself flooded with petrol which it cannot consume. So what it does is to increase the excise duty on diesel oil so as to discourage its use in lieu of petrol. If the Government is keen on encouraging the use of petrol and not increase the already high duty on diesel oil, the present policy runs counter to the national interest.

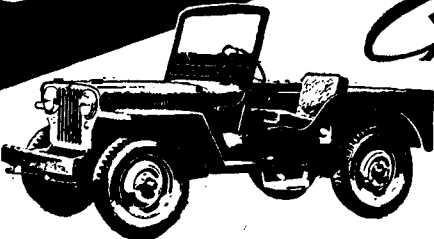
I cannot help asking what kind of mentality is this which tries to reverse the wheels of progress by imposing punitive taxes on road transport. The motor vehicle is as fundamental to India's prosperity as any other technological process in this world. The whole world is encouraging and expanding road transport because that is where the progress lies. We, like Mrs. Partington with her broom, are trying by high taxes to sweep the ocean back with a broom. We can only hurt ourselves. We cannot hurt road transport which is going to have a future, whatever our tax policy may be. We only hurt the economy of our country by this regressive and reactionary attitude of taxing the motor vehicle as an article of luxury.

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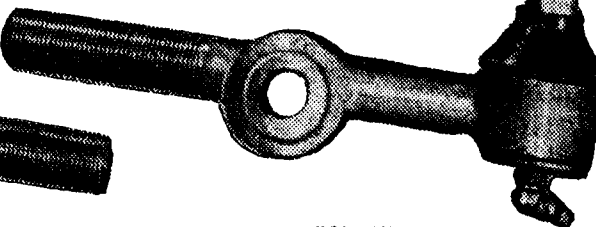


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By
V.A. FAZALBHAI

Management has been variously defined and explained. But we shall here merely consider the concept of management as the responsibility of those who will direct and develop the organizational set-up of an enterprise, be it private or Government or public service, like transport or hospital. The management sets the goals, defines the objectives, sets up the organizational structure and through co-ordination and communication aims to reach the objectives. Policies and procedures are modified as circumstances change. The processes of decision-making and leadership of men that follow from this concept are the important areas of management that I feel we should consider in examining management in tomorrow's enterprise.

The rapid march of science with its discoveries and inventions has revolutionised human society. This is an age of technology in which the conditions of our life and work, our outlook on men and matters in general, in fact, our very philosophy of life, have been changing very perceptibly.

What is important is that social values have changed and are changing. Naturally the institutions set up by man, enterprises to ensure his survival and growth, viz., industrial and commercial organizations, must also change with the passage of time. What, then, does man expect from his institutions and what are the changes to be expected in the relationship of the one with the other?

Time was when man was expected to serve his institution, and his rights were subservient to its

privileges and prerogatives. This concept has vanished long since and today this relationship has been reversed. The institutions of today are the instruments of society, meant to meet the needs of man. These needs may be the means of subsistence, good order, peace and tranquillity, the promotion of material or spiritual welfare and so on. If the institutions do not meet the demands made on them, and persist in non-compliance, they are mended or, being of no value to society, they gradually cease to exist.

Pre-eminent among these instruments of society are those that provide man with the means of subsistence and material comfort. Next in order are the means that ensure a peaceful, ordered life. The first is seen in our industries with their handmaids of trade and commerce, and the second in government and municipal, and other public services.

Test of utility to society

By and large, the challenge, both of the present and the future, for all human enterprise is basically similar. They will be judged by the quality and extent of the service they render to the community. Today enterprise, in the industrial or commercial sphere, combines profitability to itself with service to society with the emphasis, if any, on the former. Tomorrow, one may expect a shift in emphasis; the test of survival will be the test of utility to society. In other fields, our institutions of authority and power struggle to cope with the expressed aspirations of the community. Tomorrow, perhaps, they may

have to anticipate society's needs and fulfil them. As man progresses, his wants and desires increase, but we find that his capacity for patience diminishes in the process. Management in any field of enterprise, therefore, is called upon to tackle the problem of service and usefulness to society in the midst of changing conditions.

To manage its day-to-day affairs properly, methodically or even promptly is not all that is expected of management. If an enterprise is interested only to this extent it would be stagnant, and, in a changing world, stagnation is the surest way to extinction. Thus, even democratic forms of government have given way to dictatorships.

What then is required of management in any sphere is a clear awareness of the present, of the trends and tastes of a changing society, and a reasonably realistic estimate of the needs of the society of tomorrow. It must be aware of the conditions under which it is operating today, political, social and economic, and how these conditions are likely to project themselves into the future. For a business enterprise, commercial, industrial or service, this is essential for its very survival.

Basic motive of profit

Management must recognize and sympathize with the fact that any enterprise exists only as a social necessity, and its continued existence must be subject to the prime condition that it meets the demands of society. It is true that the basic motive of an enterprise is to operate profitably and expand. This has to be so; otherwise, it would sink under its

own weight. Profitability is always an important and necessary contributory to the existence and growth of any enterprise. However, it must be remembered that profitability is but the direct result of the service it renders not merely to its constituents but more particularly to the community, i.e., to society.

Creating a synthesis

Thus, management has to create a proper synthesis of duty to itself, service to its constituents and obligations to the community or society. Duty to itself is profitability. Service to customers would imply courtesy, a fair deal, after-sale interest in the buyer or after-sale service, and such other steps as will create customer confidence in the enterprise. Under its social obligations, an enterprise pays taxes and abides by the rules and regulations in force. It has to provide opportunities to units of society not only to subsist, but also to develop and grow. As a part of society itself, an enterprise must play its part in all matters affecting society in general.

The tools at the disposal of an enterprise are men, materials, machinery and money, while governing these four is marketing. Collectively, these tools are known as the 5 Ms of industrial activity. Money, machinery and materials as well as marketing, immobile in themselves, have all to be activated and made productive by man. How this is to be done, in what manner and to what extent—that is management, the sixth "M".

Basis of successful leadership

The management is also leadership of men but tomorrow it will be even more so. An enterprise can succeed only to the extent that men associated with it accept and practise the policies and principles it has adopted for itself. Management must exercise its position of leadership of men in such a way as to obtain the full

and voluntary concurrence of its personnel with its philosophy of business. Needless to say, if an enterprise is to thrive, the management has to foster self-discipline and team spirit in its men. In an age of management by consent example is better than precept. It generates in the personnel everything management would want to inculcate and foster; it is the one sure basis of successful leadership.

Need for reliable data

So much for "leadership of men" in management. What of decision-making? In responsible enterprises with heavy stakes, decisions are not to be taken lightly or relying on individual intention. No doubt, education, experience and a sense of realism should be brought to bear on actual perfor-



mance, but all governing conditions must be carefully studied and then conclusions drawn in relation to the future. On these conclusions are the decisions to be based. This involves the collection of comprehensive and reliable data leading up to the decisions and a sound communication system within the organization to those who are to implement and follow them. The management of tomorrow will need to improve upon these channels. Its decisions will have to be taken with greater care and executed with greater thoroughness.

Decision-making ability

Undoubtedly these are basic principles, true and valid today.

If the present has been more exacting in its demands on an enterprise than the past, and society is more critical now of its performance, management too has improved techniques and tools at its command. And if the future is going to be more demanding, the enterprise will still have to rise to the occasion. After all, management has to keep pace with the times. It has to modify or improve its techniques and processes to suit changing needs. If the enterprise accepts the position that it is a creation of society, that it has a definite part to play in it and is willing to move with the times voluntarily and with sympathy, it can face the strains and stresses of tomorrow with confidence.

I have already hinted what happens to an institution if it fails in its role of utility to society. As an instrument of society, it has to serve the community. Otherwise, society will take steps to remedy the situation. In our own country there have been instances of business enterprises being taken over by the Government with a view to guiding them out of the rut into which they had fallen. We must realize that generally a government is a wider and fuller manifestation of the hopes and urges of the community as a whole. It is the supreme instrument of the community, yet subject to the law that it cannot outlive its utility to society.

We have, in our country, examples of the Government setting up its own industrial or commercial enterprises. This is the public sector in business as distinct from the private sector or free enterprise. When one comes to think of it, this distinction is illogical; for no enterprise can be free in the full and real sense of the term. Any enterprise in whatever section it may lie is subject to the laws of the country and has its social obligations in regard to taxes, employment and fair practices. A certain amount of regulation is inevitable and even

necessary just as the ordinary man needs the common law to ensure his peaceful, orderly existence. In India private enterprise is perhaps less free than in some other countries.

The existence of the public sector is sought to be justified by the plea that the community as a whole is not optimistic that the private sector is in a position to meet the heavy demands of the vastly changing situation. The public sector has both patronage and resources far above anything the private sector can command. Management in private enterprise, therefore, faces the challenge of having to prove itself by its ability to meet the greater responsibilities of today, its usefulness to society in actual practice by attuning itself, where necessary, to the changing conditions. But management in the public sector too is not immune from the judgment of society. It will also be judged on its

own performance and in comparison with successful private enterprise. The privileges and patronage which the public sector enjoys cannot shelter its management.

Plight of the small shopkeeper

We see this juxtaposition of unequal forces in another field also. The large departmental stores and emporia which have come into vogue, of late, bid fair to engulf the small man in business. Left to himself the small shopkeeper cannot survive the onslaught. Small industries and cottage industries may thrive; the persons employed in them still enjoy good days, but they have lost something irretrievably—the dignity of the individual producer. His has been a losing battle, of course, with the advent of industrial economy, but now the agriculturist too bids fair to join this band. This, too, is a problem of management.

The challenge facing management in business enterprises also faces those who manage the affairs of the community in all its various activities. Perhaps, the responsibility facing management in industrial and commercial enterprises is more crucial and delicate, because they are but the creations of smaller sections of the community and yet are intimately connected with the material well-being of the entire society. The community is supreme and will not be thwarted of its objectives. Management in all spheres must be alive to this fact and seek to ensure the profitable existence of the enterprise through service to society. The extent of its awareness of this responsibility and its willingness to subscribe to it today and tomorrow will determine the future of the enterprise. With it, in a great measure, rests also the future of the community in a free society.



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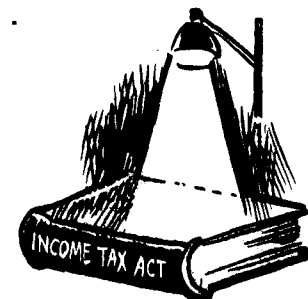
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INCOME TAX ACT. 1961

BY **R.K. DALAL** B.Com., F.S.A.A., F.C.A.



They say that Income-tax and Equity are strangers—of late, they are not on speaking terms either. Why? because, interspersed through its 298 sections in the new Income-tax Act, 1961, there are sections which, in terms of colloquial idiom, can only be aptly described as: 'Heads I win and tails you lose'. In some of these provisions there is not a vestige of equity or fair play or justice. Lest this should sound strange, let me hasten to give a few concrete instances.

Accrued basis

For salary and, now interest on Government securities, the liability is based on accrued basis, i.e., these are exigible to tax when they become due—not when they are paid. There can be no objection to this basis. But when accrued income is subjected to tax, there must be a concomitant provision for a refund of tax, if the income is eventually not realized. It is a settled law that accrual without receivability, whether immediate or after some time, does not give rise to taxable income. In the new Act, the legislatures have provided for taxation of salary and interest on accrued basis, but have conveniently forgotten to provide for the contingency of non-realization of salary or interest. Does this show that there is any regard for justice or equity in such one-sided provisions?

Interest on government securities

Take another. Interest on Government security shall be taxable each year as it accrues—not when it is received. Now this must mean that such liability accrues both for the assessee and the department on that one firm basis—

that is accrual and not receipt. Yet, the Government has not forgotten to provide in the new Act a provision by which, if the income for some reason has not been taxed in the previous years on accrued basis, it shall be taxed on income of one year when it is received. Here is another instance of 'equity' found on the basis of 'Heads I win and tails you lose'. Why should not both Government and assessee stick to one basis alone?

There is another serious defect in the recent provision as regards the taxability of interest on Government securities. Though the normal basis is accrued interest, Sub-Section (2) clearly provides that, so far as Government is concerned, it can, if it so chooses, tax interest on Government securities in the year of receipt, without recourse to re-opening the old assessments under Section 147. The disadvantage to the assessee is that whereas on accrued basis he would have paid tax on one year's income, on receipt basis he may be called upon to pay on accrued interest at a higher rate of tax. It cannot be equity that inspires such a provision, but the expediency of casting the net for new sources of income to the Government coffers—fair or unfair.

Depreciation

Depreciation is a charge allowed for the use of the asset, based upon the life of that asset. It is computed on the written down value—i.e., original cost reduced by the depreciation allowed. Now, where depreciation, though earned, is not allowed because of loss, but carried forward, it is really not allowed; for, the assessee does not derive tax benefit by reason of the allowance. Yet by treating

the unabsorbed depreciation as allowed, the result is that the assessee, when he sells the asset, will be called upon to pay tax on all such depreciations actually allowed and those notionally allowed but really carried forward, as profit in the year of sale. To call upon the assessee to pay back the benefit in tax previously earned is justifiable, but where is the justice to ask him to pay on a benefit which was only illusory? Is it equity to charge tax on unabsorbed depreciation when the asset is sold?

Re-purchased asset

Take another instance. If you re-purchase an asset used for the purpose of your business, paying *bona fide* a higher price, you shall be allowed depreciation not on the actual cost of re-purchase, but the cost of the asset when it was first purchased, less depreciation already allowed to you before it was sold. Notwithstanding the fact that your repurchase was at the higher price, the excess price will not be eligible for depreciation. Why? probably because when an asset is re-purchased, the re-purchase must always be deemed to be tainted by tax avoidance motive! But why not make it allowable, subject to the Income-tax Officer being satisfied that the main purpose of the transfer was not directly or indirectly to evade or avoid tax? That should provide against tax evasion. Explanation 3 to Section 43 (1) actually provides such a satisfaction. What has prevented the Government from similarly providing a term under Explanation 4? The only ground possibly is that the budget exigency does not permit such a relaxation—even in a perfect, *sincere, bona fide* case. Why

should all re-purchases be regarded as tainted transactions?

Tax on registered firm

A tax is levied upon a registered firm on the ground of the fact that, unlike unregistered firms, it is not taxed as one entity, but on the partners' individual shares in the hands of the partners. This is a quixotic argument, for, nowhere in the world is a firm taxed as a juridical entity, but always in the hands of the individual partner. The Act creates an unnatural distinction and then says, "for treating you naturally as you really are, we shall levy a special tax on you, for otherwise we shall continue to tax you unnaturally as an unregistered firm with its heavy tax incidence." This is a specious argument which can be only justified on the ground: "We want more money for our various Plan Projects—may be justly or unjustly, what matters? Every thing is fair in love and in taxation."

Professional partnership

Take the instance of partnership between husband and wife, where husband and wife are both professionals, say, doctors. Must the income of the wife, in such a case be invariably added to the husband's? In business partnership, wife's share is mostly suspect and rightly so, but is it unprofessional practice between two doctors or two lawyers? What is the equity about it except that way more tax, rightly or wrongly, is collected and in these days State revenue must not suffer? Even the Law Commission was moved to recommend an exception in the case of partnership between two academically qualified persons. But the Act has ignored this recommendation, for it well knows where the shoe pinches. On the other hand, where the law was recommended to be tightened up, they have gone the wholehog adopting it—nay, in some cases, putting on new screws to make it absolutely fool-proof.



Development rebate

If a firm is succeeded by a company whose shareholders were the partners of the preceding firm, the benefit of development rebate will not be lost. But if a firm succeeds another firm, not because it is a new entity, but because the deed provided that on the death of a partner, the firm was deemed dissolved, so that what really was a change in the constitution of the firm has legally become a new firm, then the development rebate benefit is lost. Is it fair, is it equitable? But these niceties and refinements do not concern the Department bent upon collecting the maximum tax it is possible to levy, some even at the cost or sacrifice of a wholesome just principle.

A loan by a company, in which the public are not substantially interested, will be treated as a dividend in the hands of the shareholder receiving the loan, if he holds substantial interest i.e. 20 per cent shareholding in the company. From any shareholder, under the old Act, to a substantial shareholder is indeed an important improvement. But the law is still ambiguous and lax, if the company actually subsequently declares cash dividends out of the very accumulated profits, the existence of which entailed the loan being regarded as dividend. Does the shareholder get an

exemption of tax on such dividend? Not always. If the loan is outstanding, the dividend will be set off against it and no tax will be paid. But if instead the loan was repaid and there was no loan outstanding at the time of distribution of dividend, then no relief is legally due. With the result that the substantial shareholder is taxed once on loan being regarded as dividend on fictional basis, and again on dividend when it is actually received on factual basis. Do you call this equity? Is it wrong to say that in the Act they (i.e. Income-tax and Equity) are not only strangers, but not on speaking terms either, being each others' sworn enemies?

A limited company's profits, under the Act, are liable to be doubly taxed under the provisions of the new Act: once, in the hands of the company and again, in the hands of the shareholders, when they participate in the profits by way of dividend. The only justification is that a company is not an alias or an agent of the shareholder. It is a company, a juridical entity, in its own right. Therefore, it is liable to be taxed as one entity—but then why at the maximum rate of tax, whatever the profits? Maximum rate of tax was justified under the previous Act, because the tax paid by the company was deemed to be paid by the shareholders, who were extended credit thereon for tax paid by the company.

Although the Act argues that a company is one legal entity, it has no compunction to turn a somersault and say it is not so, where the company fails to pay its tax and the same is to be recovered from the directors. How could this volte face be justified if the company is a legal entity apart from the shareholders? If the entity does not pay or is not able to pay, how could tax be foisted on the shareholders except on the ground that the company and shareholders are one really, though legally, separate entities? If they are one and the same, how do you justify two taxes on one

profit, as explained above? There is no equity or principle involved—main consideration is how to squeeze more taxes.

Take expenses. If an expense has been allowed to a business on accrued basis, then if ultimately such expense is remitted or foregone, the sum remitted will be regarded as profit in the year of remission. Fair enough. The expense was allowed on the basis that it was really an outgo. But when it resulted in a saving, the tax advantage may fairly be called back. But when an assessee adjusts an expense by way of a provision because the amount is not quantified, he does not get the deduction in the year he makes a provision, and in the year in which the expense is quantified and paid for in cash, he does not get a deduction, for the expense does not pertain to the year of assessment and therefore added back. The assessee is thus sped either way, and made to pay tax even on a bona fide item of expenditure.

Co-operative bank

Take another instance. If you are a bank, then the income under the head business is computed by allocating the business expenditure between the two sources, business and interest on Government securities, on the basis of gross receipts. Yet it is really strange that when the profits of a co-operative bank are computed, no such allocation is allowed to be made on the facile ground that co-operative bank is not a company within the meaning of the Income-tax Act. The argument may defeat the claim on technicalities, it is true, but is it fair and equitable to have so invidious a distinction between a purely banking institute and the benefit of this section? But there it is! It does and it will. Here also the equity has been sacrificed on the altar of expediency, or is it exigency of more revenue and still more revenue for this, that and the other project? Many of the projects, it is said have exceeded 200 or

400 per cent of their original estimated outlay. Isn't it a pity that the poor taxpayer should be squeezed for such Himalayan miscalculations of our planners?

Dividend

Distribution of profit by way of bonus preference shares will be taxed, although there is no release of asset involved in the distribution. But where redeemable preference shares are issued for cash and they are, as required by law, redeemed out of accumulated profits, the provision of this section will attract tax as dividend, for it is distribution entailing release of assets. The two conditions of Section 2(22)(a), viz. a distribution entailing a release of assets and the existence of accumulated profits—both are satisfied when redeemable preference shares are redeemed out of profits. There is no protection against this vagary of the tax law. In equity there should be an explanation that preference shares issued for cash when redeemed even out of profits, shall not attract the provision, for what is distributed is not profit to the shareholders, but capital repayment.

Accumulated profits

'Accumulated profits' shall now include capital profits. Now capital profits under Company Law cannot be distributed, and yet



under the Income-tax Act if these are not distributed, penalty of special Company's super-tax will be foisted on the company. What a state of affairs! A penalty is levied for not doing a thing under the Income-tax Act law the doing of which is directly prohibited under Company Law. It is a question of an assessee being between the devil on one side and the deep sea on the other. If he does, the Company Law punishes; if he does not, the Income-tax Act punishes.

With regard to capital gains being available for purpose of distribution, apart from what is stated above, there is a real difficulty in a case where the redeemable preference shares have been paid off out of accumulated profits. The Company Law requires that in such a case, the amount equal to the reduction shall be transferred to a separate capital redemption account and such profits will thereafter be treated on a par with capital. So much so, that if they are to be distributed, they must go through the same process of capital reduction, as prescribed by law, for reduction of the unpaid capital of the company. Notwithstanding that this is the position, for purposes of Income-tax, what was profit will continue to be profit, even though capitalised as above for purpose of the artificial definition under Section 2(22) and for purpose of operation of Section 104 of the Income-tax Act, 1961.

Another flaw lies in the definition of accumulated profits. It includes capital profits. Now, like revenue profits, capital profits are not distributable except under certain fixed conditions. If they are freely distributed, they would clearly infringe the provisions of Company Law. The capital profits shown in the books may be subject to certain adjustment before distribution, if at all the company has power under its Articles to distribute it. The Section in the Act makes no provision for such safeguards as regards

distribution of capital profits. While doors are barred, bolted and sealed up against the assessee's playing monkey tricks with it, so far as the Government is concerned, these loopholes left in the Act may give a handle to the over-enthusiastic officers to apply the law as they find, irrespective of whether it violates the canon of justice, equity and fairplay.

Take yet another case showing the vagaries of the Act. In the case of a company in which the public is not substantially interested, there is a provision that such a company shall distribute 90 per cent of profits, if its accumulated profits and depreciation reserve exceed the paid-up capital of the company together with shareholder's loan or the value of the fixed assets of the company. Thus it seems to be grounded on the principle that once a company has accumulated reserves equal to its paid-up capital, the company should be obliged to distribute the whole of its available profits.

There are one or two flaws in

the provision. Depreciation Reserve may constitute wholly only the loss of wear and tear of capital assets. As such, there is nothing which could be released for purpose of distribution by way of dividend. Only the excess of depreciation reserve, over the actual accumulated depreciation, may be so available. But the law ignores all this and says that depreciation reserve shall also be included for purpose of distribution, which is wrong in principle. There is nothing wrong in stating that only depreciation reserve in excess of depreciation shall be regarded as available for dividend, not the whole of it.

Foreign companies

Though it is true that under Indian Company Law depreciation reserve is required to be split up now between actual provision for depreciation and excess provision to be shown by way of a reserve, under the new definition of "companies in which public are not substantially interested,"

even foreign companies could be roped in. And, therefore, 'depreciation reserve' as such for Income tax purposes may well be regarded as part of accumulated profits and not the part in excess of actual provision, where depreciation reserve is not split up as above.

These are a few of the most flagrant features of the new Income-tax Act revealed by the searchlight thrown on it. There may still be more hidden under the shadows. They will creep up once the administration starts operating with all its canopy of large powers to punish, to raid, to seize, to summon and to distrain.

While the above is indeed a harsh comment to make, one cannot shut one's eyes to the many laudable changes effected at the Select Committee stage, when many sharp angularities of the Act were removed and otherwise smoothed. The above are still some features which could have also been easily removed to earn the much sought for good will of the tax-payer.

Planning AND Prices

BY C. L. GHEEVALA



Indian economy has passed through a decade of planning. Significant achievements are assumed in the agricultural and industrial sectors. Huge investments have been made in the private and public sectors. The obvious question posed is: What are the benefits that have accrued to the common people? The benefits are valued only in terms of opportunities for improving the standard of living of the people. In this respect, the trend of prices is a crucial determinant of the real benefits that flow to the masses.

Inflationary pressures

Indian economy has reached a crucial stage in respect of inflationary pressures. Though the current phase of inflation in India began in 1955-56, the last year of the First Plan, inflation has prevailed, with temporary breaks, for the past about 19 years. It has been built into the economy by the pattern of public investment. Between 1955 and 1960, prices of food articles rose by 42 per cent and those of industrial raw materials by 40 per cent. Rapidly rising prices have adversely affected living standards and made the benefits of our planned economy appear illusory. The financial year 1960-61, the last year of the Second Plan, registered a record rise in prices during the Second Plan period, the wholesale index as at mid-March of the year showing a rise of 7.3 per cent as against an annual average rise of 6.7 per cent during the first four years of the Plan. Between 1955-56 and October, 1960, while the money supply rose by 39 per cent, the national product went up by a much smaller margin—as in 1959-60—by 14 per cent. Money supply having outpaced output, inflation, which had been in abeyance for three years, re-emerged. If we analyse critically the behaviour of prices during the last five years, the most striking feature appears to be the continuing trend of rising prices in almost all important categories, such as food articles, industrial raw materials and manufactures. In fact, since the commencement of the Second Plan, wholesale prices have risen by at least 25 per cent. The all-India working class price index (1949 = 100) has

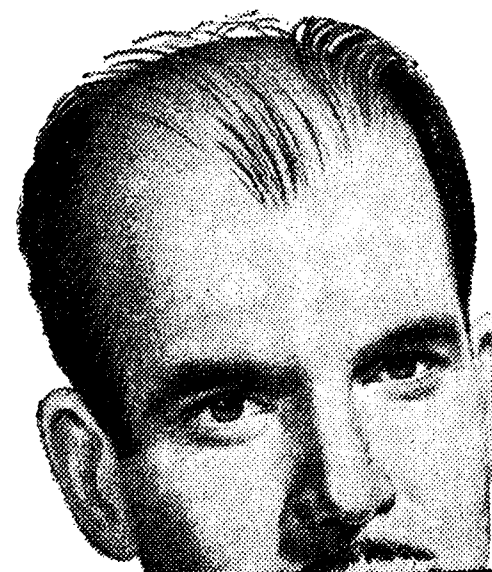
also shot up by the same order. It is possible to gain a clear picture of the trends in the wholesale prices over the last five years from the following table:

INDEX NUMBERS OF WHOLESALE PRICES (1952-53 = 100)

		Average of weeks				
		1956	1957	1958	1959	1960
I.	Food articles ...	99.0	106.8	112.0	118.2	120.3
(a)	Foodgrains ...	89.7	98.5	102.7	103.5	102.9
	(of which :)					
	(i) Rice ...	92.8	103.8	107.7	102.0	109.1
	(ii) Wheat ...	85.7	90.3	96.3	102.4	91.2
(b)	Other food articles ...	107.1	114.1	120.1	131.0	155.5
II.	Industrial raw materials ...	113.2	118.1	114.7	119.7	138.8
	(of which :)					
	(i) Raw cotton ...	108.7	108.2	100.0	102.6	112.4
	(ii) Raw jute ...	122.2	135.8	120.6	118.0	178.5
	(iii) Oil seeds ...	114.9	122.4	123.6	130.9	144.9
III.	Manufactures ...	104.9	108.0	108.2	109.7	120.8
	(of which)					
	(i) Cotton manufactures ...	113.8	116.2	113.0	113.5	127.5
	(ii) Jute ...	94.6	97.7	87.7	87.2	115.2
IV.	All commodities ...	102.6	108.7	111.0	115.5	123.0

Source: *Economic Survey*, 1960-61.

From a study of the above table it will be seen that upto 1958, the general price level was mainly governed by the upward trend in foodgrain prices which rose by 14.5 per cent since 1956. Compared to this, the rise in the case of industrial raw materials and manufactures, during the same period, was small. Further, taking a three-year period (1956 to 1959), the initial rise in prices was in the nature of a correction of the sharp decline which occurred prior to the Second Plan. But a persistent upward trend in prices, marked by only occasional price falls in certain groups of commodities, which governed the market right through 1957, 1958 and 1959, suggested the operation of certain basic factors concerning supply and demand. During 1958-59, the main stimulus for the price rise was provided by the steadily expanding development programme superimposed upon some decline in agricultural output.



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The volume of voluntary savings fell short of demand for capital, encouraging a dangerously growing reliance on deficit financing in the public sector and on bank credit in the private sector. Though it was softened to some extent by a substantial increase in imports, the pressure of demand was high in the case of foodgrains and industrial raw materials, which group recorded a large increase in prices. Since agriculture statistics are very imperfect in our country, it becomes rather hard to

account exactly for the variations in prices of particular groups of commodities. During 1960, the principal feature in the price situation was the sharp rise in the prices of industrial raw materials (16 per cent) and manufactures (10 per cent). Decline in the production of raw cotton, jute and oilseeds in 1959-60 accounted largely for the upward trend in the prices of industrial raw materials. The only relieving feature was the small decline in the prices of food-grains. Since 1956, the Government's price policy has been geared to arresting the rising trend in prices and restraining excess demand. The measures included a flexible operation of the export-import policy according to the exigencies of the situation, release of the Government's stock of food-grains for sale to the public through a network of fair price shops and resort to State trading in food-grains. Thereafter, selective credit control, changes in interest rates, and variation in tax policy have assumed significance.

TRENDS IN MONEY SUPPLY

	(Rupees in crores)			
	17-11-61	10-11-61	20-10-61	13-10-61
Total Money Supply				
a) Currency with the public	1964	1990	1947	1850
b) Deposit money with the public	770	775	776	821
Total (a+b)	2734	2765	2723	2671

The above table reveals the course of money supply in the most recent period.

To sum up, the Second Plan period saw not only a high degree of inflationary pressure in the economy but also a wide and disorderly movement in relative prices, with the important feature in the price structure of industrial raw materials and manufactures emerging as the notable contributory groups or factors in the rise in the general price level in 1959-60 and in the subsequent period.

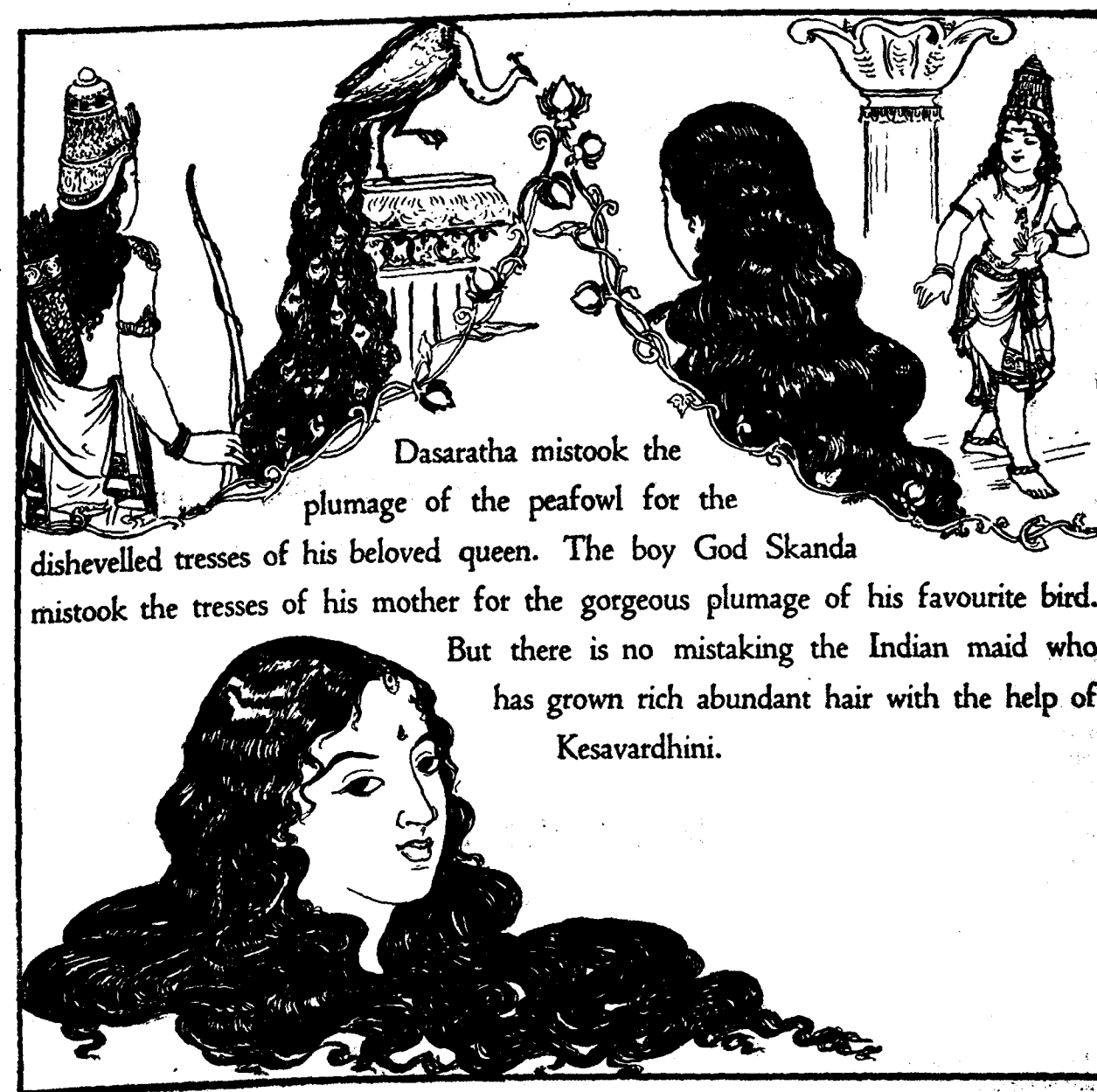
Therefore, from all points of view, it becomes urgent to hold the price line in the interests of economic development. There is also the rising pressure of demand resulting from the growth of the



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population and of money incomes. Supply factors are also playing their part. "The experience of the Second Plan period," the Third Plan points out, "reinforces the point that, given a substantial investment programme, the degree to which prices can be kept relatively steady depends vitally on how far agricultural production, that is, the production of food as well as raw materials, can be increased." The target of increased food production in the Plan and the steps proposed are, therefore, highly relevant to the question of prices.

In the light of the above discussion, the essentials of a price policy for a country like India in the process of development should be laid down. In the first place, there should be stability of food prices. This has to be continued as long as agriculture is not responsive to price incentives. Secondly, there should be a system of flexible or freely fluctuating prices so far as the private sector is concerned. This has to be supplemented by a monetary and fiscal policy aimed at safeguarding the social interests. It is, indeed, encouraging that the Third Plan has taken cognizance of the importance of having a well-framed and well-defined price policy. However, the price policy for the Third Plan, therefore, is of a much more complex nature than most people imagine and it will have to operate in many more fronts than merely in the sphere of monetary and fiscal policy. Ultimately, from the experience of a decade of planning the important question is at what cost we should aim at a high rate of investment. The tendency seems to be to persist in advocating economic growth at any cost, even at the expense of inflationary rise in prices. It is not to be forgotten that, without providing for conditions of social equity, the inflationary pressures of the type experienced in India would result in social injustice. The principal persons affected from a continuously rising trend in prices are the group of fixed income earners, the old pensioners, teachers and others whose emoluments are not adjusted frequently with the pace of rising prices. Any policy that promotes or permits a trend of rising prices not warranted by the internal production levels would not be conducive to the economic development of the nation and the attainment of the objectives of the social change envisaged. Rising prices, as has been proved, is neither an unavoidable consequence nor a prior condition for a rapid rate of economic growth. On the other hand, over a long period it would impede development. Therefore, the crucial question in the beginning of the Third Plan is whether we are willing to barter away price stability for economic growth. If so, obviously, the result may be that we have got no additional returns from growth.



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SWATANTRA AND THE PLAN

When the Third Plan was before the Lok Sabha, members of the Swatantra Party persuasion voted against its adoption, whereas the communists, socialists and other friends of theirs joined hands with the Congress Party in supporting it. This attitude has been interpreted in some quarters to mean that the Swatantra Party is opposed to *all* planning. This, however, is not correct. Like Mahatma Gandhi the Swatantra Party too believes in planned economy, but there is a difference between the Swatantra Party's conception of planning and the Congress Party's ideas. While the present set of plans of the Congress Party tends to lead the country into a totalitarian-controlled economy in which individuals and groups will be allowed if at all some limited freedom, to produce and distribute in some marginal spheres of economic activity, more as a concession than as a right, the Swatantra Party's conception of planning will provide maximum scope for the creation and development of full opportunities for the self-employed peasants, artisans, businessmen, traders, entrepreneurs and others, to live and work, produce and distribute freely, both severally and in combination among themselves utilising the agency of the State for the provision of all the environmental, infra-structural and basic, civic and economic functions which have come to be accepted as indispensable in a post-war democratic society working towards welfare economy and social justice. I believe that this is the approach of the Gandhian plan. I am afraid the Congress Party is bent upon taking the country farther away from this Gandhian approach; hence our opposition to the Third Plan of the Congress pattern.

It is also not fair to level the criticism that the Swatantra Party is too late in the day to offer this opposition, because I, for one, have opposed the First Five-Year Plan itself when it was introduced in Parliament in its draft and final forms. Even then I had warned that it could not be treated as a Gandhian plan; that it tended towards concentration of power in industrial economy and weaken the decentralized sectors of our economic life; and that it would endanger the freedom of our peasants and artisans and shatter their economy. As soon as the Congress passed the Nagpur resolution on Co-operative Farming and State Trading in food-grains, Mr. K. M. Munshi issued a warning that the Congress planning would inevitably lead the country towards totalitarianism.

The Planning Commission, which was intended to be only an advisory body, has rapidly grown to be a super-Cabinet, after the Russian model, thanks to the fascination which our Prime Minister, who also happens to be its Chairman, has for the Soviet-type of planning. No wonder, its first victory was the casualty of Dr. John Matthai who resigned the Finance Ministership as a protest against its growing encroachments on the authority of the Cabinet. Its second achievement was the successful reduction of the Central and State cabinets to a position of subordination to its policies, programmes and priorities. Its third stroke was the manner in which it managed the emergence, like itself, of the extra-constitutional National Development Council, consisting of the Prime Minister, and of State Chief Ministers, to give their formal approval, thus reducing the Central and State constitutional apparatus to a rubber-stamping machine, and sugar-coating the increasing doses of totalitarian transformation of our social economy. The Swatantra Party opposes this pernicious process of demoralizing our democracy. It demands that the Planning Commission should be attached to the Finance Ministry and should be made strictly to confine itself to the functions of advising that Ministry. The Central and State cabinets and their Finance, Industry, Commerce and Agricultural Ministries should be enabled to regain their former independence for deciding the priorities within their respective jurisdictions, the State legislatures similarly regaining their authority to decide what projects should be given what order of priority, etc.

The Planning Commission has succeeded to an enormous degree in gaining the allegiance of our economists and many other intellectuals of our universities by various devices, such as holding symposia, forming panels of consultants and holding conferences. Only one economist of note has had the

by **PROF. N.G. RANGA** M. P.

courage to protest against the growing totalitarian tendencies of the Planning Commission, as evidenced in the Second Plan. He waved the red flag that inflation would be the inevitable result of the reckless deficit financing which the Plan provided for. The Second Plan took only two years to realize the correctness of Prof. Shenoy's stand. To-day the

country is experiencing inflation and its worst consequences, viz., the rich becoming richer, and the poor becoming poorer, an unjust redistribution of wealth and the steady depreciation in the value of savings.

The successive Plans of the Congress Government have ignored the primacy of agriculture, though they paid lip homage to its being the basic foundation on which alone economic super-structure could be built up.

The First Plan appeared to have made greater provision for agricultural development but actually its real contribution was to prepare the ground for the Second Plan, with its emphasis upon the State enterprises in the industrial sphere while the post-war swing towards the development of irrigation dams, power-generation, hydel-scheme, etc. was utilised as window-dressing. The Second Plan made a direct drive towards the establishment of (i) Iron and Steel, (ii) Heavy Machine Building, (iii) Chemicals, including anti-biotics, fertilizers, (iv) Minerals, including oils, and other industries mostly

in the public sector, with the intention of encircling the free enterprise of the people and thus gaining a stranglehold over our national economy. The Third Plan seeks to tighten this stranglehold and hold private enterprise to ransom, as it were, by dictating its own terms to it. The planners have made bold to say that, at every turn, preference would be given to State enterprises and whenever there appeared to be a tie between them, the State sector would be favoured. Thus private enterprise is being made a prisoner, and reduced to the position of a supplicant of the State sector. No wonder, therefore, that while Rs. 6,000 crores of national savings are to be devoted to the development of State sector, only Rs. 4,000 crores are to be allowed for the development of the whole of people's enterprise. The planners are completely unmindful of the truth that whereas the State enterprise can provide employment for not more than 10 per cent of the industrial masses, people's enterprises offer employment to more than 80 per cent of the industrial section of our population. The Swatantra Party protests against this perverted conception of India's economic development, because it will not only prevent the rapid economic development and progress, but weaken the employment opportunities besides diverting national resources into wrong channels, causing colossal waste through the inefficiency of State enterprises. The growth of economic inequalities will only get intensified while the concentration of economic power in the hands of the few beauracrats and political bosses who will control the State enterprises will gather momen-

tum. The Swatantra Party wants to confine State enterprise only to those spheres where it alone can find funds, provide the technical know-how, shoulder the risks, and serve society best.

The Swatantra Party is all in favour of assisting, guiding, regulating, leading and even supervising people's enterprises in such a way that they will serve society better instead of exploiting it, provide useful, healthful and socially wholesome employment opportunities instead of exploiting labour and promoting discontent. People's enterprises will also produce various consumer goods economically, efficiently, without placing in the market shoddy or costly products. The private sector believes in humanizing the industrial structure and the mutual relations between the employers, employees and the general public, so that all possibilities of exploitation will be eliminated and maximum incentives will be provided for greater and better production and service. The State's function will be confined to serving the public by ensuring non-exploitative operations of people's enterprise and also by giving every possible encouragement to every section of people engaged in various spheres of industrial activity.

The pro-Soviet and heavy-industry bias of the planners has forced them to forget the elementary demand of our social economy to give first priority to agricultural development. So, though they appeared to have recognized the primacy of agriculture in the priorities indicated in the First Plan, they altogether ignored it in the Second Plan, and they now pretend to be veering round to agriculture in the

Third Plan, whereas in actuality their major emphasis is on non-agricultural and heavy industrial development. Throughout these long years of planning, the one sector which has made the biggest contribution to our economic stability and received the least assistance from the State is agriculture. The planners want production of food-grains to go up from 76 million tons in 1960-61 to 100 million tons by 1966 and oil seeds from 7 million tons to 9.8 million tons by 1967. And what do they offer by way of encouragement to our peasants?

The gravamen of Swatantra Party's charge in this regard is that while there is urgent need for starting fertilizer factories in every State for increasing fertilizer production, the Third Plan fails utterly to cope with the pressing need of our agriculture. Similarly, while the need for supplying iron and steel for the manufacture of small and serviceable agricultural implements is being neglected, the Plan proposes to devote funds for more iron and steel production and its export. The planners'



blind passion for State enterprise is standing in the way of rapid development of people's enterprise for the production of fertilizers in adequate quantities.

The development of minor irrigation to the maximum possible degree is the prime need of the day since it demands smaller capital, can invoke greater contributions from local peasants in the shape of labour, materials, loans and capital and can ensure quicker returns, besides ensuring immediate and fullest utilization of what all irrigation-potential comes to be created. For instance, the Third Plan admits that there is scope for providing irrigation facilities for 75 million acres through minor irrigation alone (p. 307). But the Plan proposes to develop minor irrigation only up to 12.8 million (Table IV) acres. Moreover, the planners are allowing more than 25 per cent of irrigation-potential created at the enormous cost of Rs. 400 crores to go to waste or remain unutilized just because of their passion to devote Rs. 500 crores out of Rs. 1,300 crores on all State industries to increase our capacity to produce iron and steel. This enormous amount is twice as much as what is provided for the development of minor irrigation. The Swatantra Party protests against this lop-sided planning.

To take the crying need for housing, there are at least 6 crores of houses in rural India and even if they are expected to last for 10 years—60 million houses have to be rebuilt without taking into account the losses sustained through the outbreak of fires, floods and cyclones. According to Government's estimate, a provision of Rs. 1,500 has to be made for each house and even if the peasants can be expected to contribute Rs. 500 as their share, there is need for providing Rs. 6,000 crores for this elementary need of our rural masses. But what the plan proposes for the rehabilitation or development of rural housing is only symbolic.

The Plan fails to satisfy our peasants and rural masses even in their basic socio-economic need for communications. In fact 90 per cent of the additional railway capacity is expected to service iron, steel, ores, coal, cement and railway materials. The Plans have so far confined railway extensions to serve the needs of iron and steel and minerals etc., mostly of the State enterprises. The loud talk of ministers that every village would be provided with roads is more propaganda than Plan-based, because even the 1946 Bhow Committee targets are yet to be fulfilled and only a provision of Rs. 297 crores is made in the Third Plan as against Rs. 242 crores in the Second Plan for both roads and road transport. Yet the plan has made provision for progressive nationalization of road transport even though the experience of this State enterprise

PROMOTING SELF-HELP

The Welfare State has damped down the spirit of self-help and Independence. I suggest that our great social need today is for a policy that would combine the essential virtues of the Welfare State with encouragement to all to do their duty towards the State and to do what is practicable to satisfy their own needs independently of State help.

—CLAUDE MULLINS in a B.B.C. talk.

has been most unsatisfactory. The Swatantra Party proposes to accord top priority to road and railway development with a view to facilitating easy and cheap transport for agriculturists. It will also put national resources to better use and encourage people's enterprises by denationalizing road transport. It may be noted that the number of buses and lorries placed on the road by private enterprise has more than doubled during the past ten years, and the peasant and the public have to be more grateful to the people's enterprise than to Government which has failed so notoriously even to keep roads in good condition, not to speak of extending them to villages. As an afterthought, the Prime Minister and others of his party are loudly declaring their anxiety to provide every village with a well-equipped school. But where is the provision for the thousands of crores needed for these elementary schools in the Third Plan? Taking elementary education alone, the Plan hopes to embrace only 76.4 per cent and 28.6 per cent of children of 11 years and 14 years of age respectively and spend Rs. 209 crores and even then elementary education cannot become universal. The Third Plan provides for only 3 lakhs of primary schools for our more than five lakh villages. Likewise, how can there be at least one dispensary for every ten villages, when the Plan aims at a total of 14,600 hospitals and dispensaries for the whole country?

Thus our peasants are expected to achieve higher production, bring 25 lakhs of acres of waste-land under cultivation at a cost of Rs. 1,000 per acre and convert lakhs of acres from dry into wet cultivation, while the planners do not assure them adequate supplies of manures, seeds, implements, pesticides and other essential requirements. There is no provision for a National Insurance Scheme for protecting peasants from the ravages of pests and diseases, drought, outbreak of fires and floods, cyclones, wild-animals and consequent famines and loss



of working capital and destruction of top-soils, bunds and channels.

On top of all these failures to serve the peasants and strengthen their capacity to produce more and increase their incomes, paying higher wages to workers, and enrich their lands and improve their cattle wealth and place more lands under horticultural gardens, the Plan has succeeded in raising the incidence of land taxes, sales and Central excises, etc., and actually collected Rs. 1,052 crores as against the declared target of Rs. 450 crores during the Second Plan. The Third Plan proposes to impose additional taxation to the extent of Rs. 1,710 crores, and we need not be surprised if more than Rs. 2,000 crores come to be collected, because of underestimates of collections and cumulative effect of land revenue surcharges, betterment levies etc. Though the planners admit the need for providing incentives to peasants for higher production, stability in price levels and maintenance of minimum level of prices, no financial provision is made for ensuring the needed protection. Their "open market-operations" and zonal arrangements for trading in food-grains can only strengthen their scheme for the introduction of State trading ultimately. Through State trading operations, the Government is expected to make a profit of Rs. 900 crores at the cost of peasants and consumers and traders.

There is also every indication in the Third Plan of the introduction of the hated controls, not only in food-grains trade but also in general trade. In the name of protecting the middle classes and preventing the further "erosion of their real standards of living" (p. 127) the Plan poses the problem of holding the price line. The Plan does not however hold out any hope of stable, remunerative or decent level of prices for agricultural produce or other products. The planners do not promise any effective prevention of rise of prices. The price policies of public enterprises would be "such as would secure an adequate return on the investment made from public funds" (p. 127) and also have a big enough margin for the Government. The planners warn us that "it is essential to be prepared for a moderate rise in the price level" (p. 127) and their talk of "fiscal and monetary discipline" (p. 127) can only be viewed in the light of their continuous indulgence in inflation and the actual 25 per cent rise in prices since 1955. Dr. Lokanathan has warned Government "there can be no disguising the fact that inflation will continue to beset the Indian economy for several years." Therefore, the Swatantra Party warns the public against this Plan, based upon inflation, deficit financing, higher taxes, growing wastage in State enterprises and unrealistic financial policies.

INFLATION AND ITS EFFECTS IN INDIA

What is inflation? We have inflation when the amount of the moneys with the public increases faster than the total national product. Recent Indian experience provides apt illustrations. In the middle three years of the First Plan, both money supply and the national product rose by about 9 per cent each and there was no inflation during this period. From 1955-56 to 1960-61, money supply rose by 52 per cent and the national product by 22 per cent. Money supply having outpaced output, prices rose by 39 per cent. Rising prices are an essential attribute of inflation. If prices do not rise, inflation does not exist.

Though the current phase of inflation began in 1955-56, inflation had prevailed in India since 1941-42, two years after the outbreak of World War II. Respite from the rising curve of prices has been both rare and brief. As at the close of October 1961, money supply in India was Rs. 2,808 crores, as against about Rs. 264 crores in 1938-39 in the Indian Union part of undivided India, or a rise of over ten times. In the meanwhile, agricultural production went up by about 35 per cent and industrial production by about 85 per cent. The expansion of money supply being several times larger, prices rose to 4.8 times.

The result is that a family with a monthly income of Rs. 300 today is about as well off as a family with a monthly income of Rs. 63 before the war. A family with a monthly income of Rs. 300 before the war (that of, say, a head clerk) was about as affluent as a family with a monthly income of Rs. 1,440 today (that of, say, a Deputy Secretary to the Government of India). With the intensification of planning in 1955-56, the value of money incomes has fallen at an annual rate of about 6.5 per cent, the fall in five years aggregating to 39 per cent.

How does inflation arise? When money incomes are the monetary reflex or counterparts of physical (or other real) output—as it is ordinarily and should always be—there can be no inflation in a market regulated economy. The expansion of

money incomes would then be matched by a corresponding expansion of output. When the expanded money incomes add to the demand for goods, this will be balanced by an equal expansion of output flowing into the market.

Though money supply will increase, prices will remain stable.

Inflation will emerge no sooner than money incomes are created, to which no physical output corresponds. More generally, this may happen under two situations: first, in a highly protected domestic market, when wage rates exceed, under trade union pressures, the increase in output per worker; secondly, when the State, under pressure of "planning" or otherwise, expends more moneys than it receives through revenues and the public savings loaned to it, the difference being covered by printing money. Inflation through war expenditure, outpacing revenues and loans, is a variant of the second; inflation through credit creation by commercial banks in favour of private sector enterprises is a category allied to the first. In all cases, inflation is the result of more moneys being put into the pockets of the people than was earned by contributing to the stream of the national product.

Inflation through unmerited wage increases may occur in highly industrialized economies, such as the U.K. and U.S.A., which, generally, have strong trade union bodies. Such inflation is sometimes described as "wage-push" or "cost-push" inflation. In under-developed economies, inflation is generally the result of deficit budgets. In India, currently, inflation is the outcome of the misguided attempts of the State to invest non-existent resources and other acts of over-spending, financed through printing money. Inflation of this category is sometimes described as "demand-pull" inflation.

If Statist policies continued, freedom from inflation in the near future is exceedingly unlikely. The Third Plan, as it now stands, has a gap in resources of the order of Rs. 3,500 crores. Unless the Plan is modified, it will involve inflationary money creation of the same order, i.e., seven times what it was during

the five years ending 1959-60. The latter, i.e., inflationary money in the last five years, led to a price rise of 32 per cent. On this basis,

the apprehensions are that any attempt to implement the Third Plan might drive prices up by much more than seven times 32 per cent. There is every danger of runaway inflation, the terror which swept Germany and certain other

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unfortunate countries after each of the two world wars.

Does it matter much if there is inflation? Inflation is an unmitigated evil. It retards economic development. It does this by eating into savings and by misdirecting savings into wasteful or less essential uses.

Inflation eats into savings through reducing the real incomes of people with fixed money incomes, the largest bulk of the community. The scope for reductions in their consumption being extremely limited, the fall in *real incomes* has reduced savings. The middle classes, the back-bone of a stable society, have been hit the hardest. Inflation has reduced their consumption as well as savings. Correspondingly, the money receipts and real incomes of the larger farmers, traders, businessmen and industrialists—a fraction of the population—have risen as a result of the price rise of output, which they produce or stock. This has driven up their consumption. The potential savings of the masses, *via* the income transfers, are being consumed as luxury or semi-luxury expenditures of privileged people.

Looking to the community as a whole consumption has increased and savings are retarded. From 1951-52 to 1954-55, when the economy was free from inflation, the rate of savings rose at 0.5 per cent of income per year. Inflation intervened in the next two years. This slowed down the rate of increase in savings to 0.1 per cent per year, so that the rate of savings in 1957-58 was still at 6.9 per cent of the national income as against 6.6 per cent three years earlier.

Misdirection of savings has resulted from the natural effort of the savers to protect the value of their savings from erosion by rising prices. It has led to investments in less essential urban property or into gold hoards. This is reflected in the unduly heavy house building activity and the continued demand for gold despite semi-stagnant *per capita* incomes. Some savings have been stealthily exported for investment in countries with stable currencies. Savings have also got misdirected into unduly inflated inventories under the inducement of rising prices; this is evidenced by the hoarding of food-grains, import goods and other commodities.

This explains the slow pace of expansion of the national product, the less than stagnant living standards of the masses of the people, in particular in the rural areas, and the increase in unemployment, despite the large jump in foreign aid from Rs. 228 crores in the First Plan to Rs.1,467 crores in the Second Plan. Foreign aid got largely used up in covering the ill-effects of inflation, instead of into effective capital formation. So long as inflation—and its twin evil of Statism—prevails, the situation is most unlikely to improve in the Third Plan even with the vastly larger foreign aid of Rs. 3,200 crores.

Inflation has also produced, in combination with Statist controls, a great social damage. In addition to the worsening of the employment situation, it has ac-

centuated income inequalities. Part of this is due to the income transfers—estimated at an average of Rs. 100 crores per year—referred to above, ensuing from rising prices. But such transfers have resulted in a larger measure from the phenomenal gaps between the landed costs and market prices of import goods and of gold, the natural outcome of inflation and import restrictions. The magnitude of the gaps may be of the order of Rs. 350 crores per year, or 3 per cent of the national income—some people in the import trade place it at a higher figure. They accrue to people in the upper income groups—corrupt functionaries of the State who are responsible for the issue of import licences, the recipients of the licences and importers proper. This does not exhaust the total anti-social income shifts, since to the above must be added the unmerited gains of the upper-income groups from Statist controls.

The official thesis is that inflation is “the very condition of economic advance”. A more dangerous and misleading economic untruth was not spoken. Recent experience in a number of countries, Canada, France, West Germany, Italy and Japan among them, demonstrates the baselessness of this thesis. The national income in these countries during the past about 8 years has risen at annual rates of 6 per cent (Canada) to 12 per cent (Japan) under conditions of remarkable price stability; prices in West Germany rose at an annual rate of about 1 per cent, in Canada and Japan prices were virtually stationary, and in France and Italy they fell somewhat.

The fact of the matter is that inflation benefits the “plan barons” and the other powerful vested interests which have gravitated around Statist planning in India. Statism operates through licences, permits, contracts, quotas and concessions. The recipients of these documents obtain large and easy gains, which may be of the order of over Rs. 300 crores per year, to which they have neither ethical nor economic title. The bigger the plan, the larger become the portfolios of these documents. There lurks behind Statism some built-in accelerator of plan magnitudes akin to Parkinson's Law. This powerful motivating force is responsible in no small measure for the jump in investments from Rs. 3,760 crores in the First Plan to Rs. 7,900 crores in the Second Plan and to Rs. 12,350 crores in the Third Plan. The lack of domestic resources has not held the hand of the planners. They seek to fill the gap by foreign aid and inflation and seem to pay little heed to the consequences of the latter and to the burden of the former.

How shall we remedy inflation? The foregoing analysis has rendered the answer easy and simple. Inflation cannot be remedied except through restoring the old order of economic arrangements whereby money incomes are earned only through contributing equivalent *real output* to the stream of the national product. This is not possible without abandoning Statism and dislodging the plan barons. So long as Statism remained, over-spending and over-investment will remain, too, and inflation will continue.

THE WORM TURNS BY 'BHIKKU'

“Is one-half of a pair of moustaches better than no moustache? Is a half-dug well better than no well? Is a half-truth better than a falsehood? Half a loaf of bread is no less futile. It merely whets the appetite and increases hunger. A compulsory half-fast bestows not even religious merit.” So declaimed Periaswamy, still in his early sixties, his turban askew to a rakish tilt in the vehemence of his eloquence.

All the pensioners who had gravitated to the sands on a word-of-mouth call for a meeting felt their feeble pulse quickening as they nodded their heads, and said “True, true!” shedding the while a little of their chronic pessimism. Long had they been content merely to voice their woes to each other in their casual encounters in the market or on the roads. As the connecting link between their pensions and the mounting costs lengthened and thinned with the passing years after Independence, their first reaction was to recede into their shells. But the Calvary of the fixed incomes worsened as nail was hammered after nail every year and the number of the crucified increased. Their meetings came to be in groups and more vocal. Who took the lead for this foregathering on the sands, or if any one consciously took the lead at all, is not known. Loosened from the strangle of time-honoured taboos, their cry was like the volubility of a stammerer whose tongue runs away on its own when released for a while by the pressure of emotion. Nothing can equal the starkness of the language of the shy when driven to the wall.

There is Velu Pillai in whose walrus moustache it is difficult to trace the once waxed and trim manly embellishment. The one with the quid of betel and tobacco tucked in his cheek as of yore is Murugesan who prided himself on his tennis drives when most of them dropped only at the net. Ragupathi Rao, who used to be such a gas-bag, now bears a dead pan face. Is it a stroke? And Sambandam that banged his cards on the table triumphantly and Bade Bacha of the once-black beard and roving eyes, and Chellayya who set us laughing with his anecdotes still having a twinkle in his eyes—and oh! could this be, this dessicated being whose clothing hangs limply as on a clothes hanger, could this be Seshachalam, the natty and debonair!

There was no badinage or reminiscent lightness at this convention. Their harassed seriousness bespoke an involvement with fundamentals too sore and deep for that. Agora Shastri took up the strain

and recounted the irony of the postman whose pay used to be not more than Rs. 15, now with an overall income of over Rs. 100, coming to him for Deepavali *baksheesh* when he can scarcely buy a cotton saree for his old woman! Murugesan spluttered through his quid of pan, “Look at the pittance we are supposed to exist on when a raw attender of the Central service now starts with Rs. 75—the upper end of the ladder. “Why,” he dramatized, “is there an upper end at all these days?” Ragupathi's voice, what between emotion and facial disability, came in a hoarse whisper, “When we entered service the silver rupee fetched 10 measures of rice and now when we are old and are on half the pay, we are palmed off with a paper rupee which fetches barely a single measure. It is a downright swindle. And the Government goes on shedding crocodile tears over the kisans and the labourers, whose wages have risen nearly 10 times since those days. It is even putting out promises—may be it is only an election filigree—that all old persons will get a pension! What about us,” cried he, “what about us who have slaved for it all our manhood days—worked infinitely more than the present-day doodlers, doodlers, who walk out with their umbrellas the moment the clock strikes the hour, having shoved their papers into the drawer half an hour in advance?”

“They ask us to tighten our belts and ‘save’ to help out the ‘Plans,’” quipped the clothes hanger, Seshachalam. “They haven't apparently realized that the buckle-tongue has long been at artificial holes beyond the cyelets, and as for the Plans, why, they could cover most of even their sky rocketting requirements if only they care to plug the gaping holes through which money gutters out. They think that the people have no eyes for the audit ulcers, that they are enchanted to see the government jeeps and landrovers speeding about to buy brinjals in the bazaar.”

“And they vote themselves round trips once every three months to all the glamorous countries of the world,” said Periaswami of the tilted turban, following up the theme, “and on each occasion equip themselves with posh outfits—are supposed to learn and import know-how to galvanize production and wealth here and to teach and export ‘Indian culture’ to these savages of the West within the span of seven days or less which they give to each place.”

Agora Shastri: “If only these ministers and their cronies were compelled to vary the tenor of their plushlined lives for a while to get stung with some of the cloud of fleas that are our every-day distract-

tion: the schoolboy's notebooks and vanishing pencils, the dunning of landlords, the queues for essentials, the run after the buses, the haggle with the vegetable women, jobless sons, unmarried daughters and the medical bills—when the pension is hourly losing ground—they would talk less of the heaven for the grandchildren and think more of the hell of their grandfathers!"

"We were too meek then and we continue to be sheep today," so glared the glass right eye of Pan-chaksharam. The massive sense of wrong overwhelmed Velu Pilai of the limp moustaches. He asked the Government once for all to put them in a gas chamber as the Germans did with the Jews and save even this pittance.

Emotion having reached this pass, only grim silence supervened for minutes.

It was Bade Bacha of the once roving eye and current down-to-the-earth pragmatism who resuscitated voice and purpose to the meeting, asking with irony and gall, "What shall we do now? Shall we put up a petition to the Government?"

This was greeted with a guffaw of scorn, as was to be expected; but it relaxed tension. Sambandam of the card table: "What about getting up a deputation to the minister?"

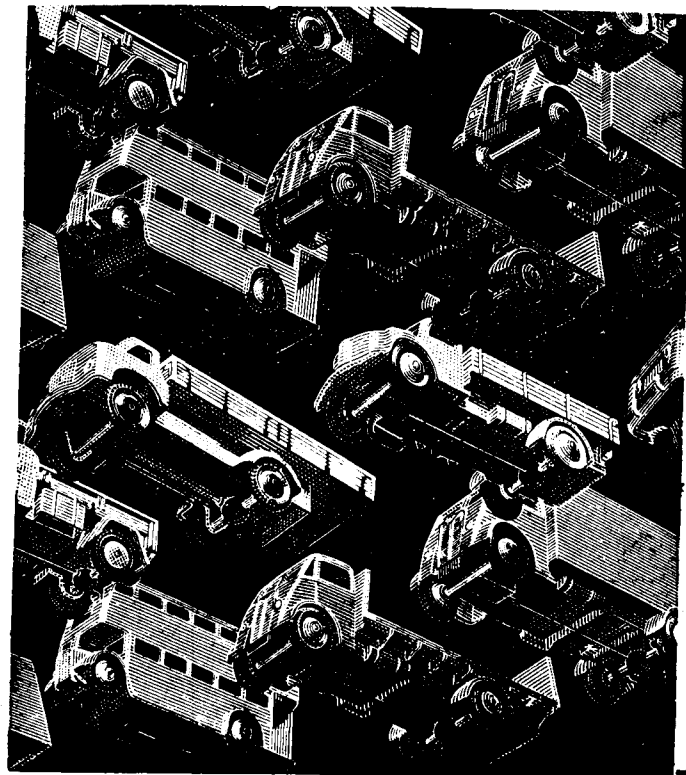
Periaswami: "Deputation indeed! The minister will have a private appraisal as to what herding instinct is in these animals for motivating the votes in the next election or for concerted butting with horns. We are scattered and weighted to watery

weakness with children and grandchildren. We have no horns or claws or hoofs or good sound teeth to bite with. We are not puissant port workers or postmen, or even N.G.Os, who can militantly 'down' their pens. If anything, there is a tacit premium and profit for the Government in our extinction!"

Chellayya intoned a key, a step lower still, towards an even earlier level: "We can't pull railway alarm chains like schoolboys on the rampage or cut down trees like forest satyagrahis or squat on lands like kisans refusing to quit or destroy maps as the D.K. stalwarts do, or lie down before the chief minister's car. The items left are growing of beards to mark our protest in a body, foot-marches to Varanashi or to Delhi and the time-honoured vogue of hunger-strike."

"There is another favoured by our Prime Minister," drolled Agora Shastri: "We can negotiate, negotiate and negotiate!"

High voltage emotion having thus lost edge in catharsis, talk became general and scattered. Periaswami, once again taking the lead, stilled the assembly to order and formed two committees from the *ad hoc* gathering: One, a 'Ways and Means Committee' for garnering provender and an 'Action Committee' to devise proper fuel for their sputnik. The communists, ever on the alert not to let fall serviceable discontents for lack of ammunition, are also trying to devise suitable tantrums for the aged and decrepit that could stymie some at least of governmental prospects at the next elections.



New avenues of progress

The rapid development of India's road transport has opened up new avenues of progress. Diesel trucks, lorries and buses now link every part of the country...carry goods and people to once-remote areas. With the growth of road transport has grown demand for High Speed Diesel Oil. Today over 1 million tons are consumed.

By the end of the Third Plan the country's needs will increase by 117.2%. There can be no question that the first priority should be the exploration and production of indigenous crude oil; the second priority must be to expand refining capacity in India. Oil is essential to economic growth, and Burmah-Shell believes that

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On Our Foreign Exchange Front

The recent series of distress signals from Delhi which culminated in quite a number of entrepreneurs being granted industrial licences on the clear stipulation that they are not to look to the Government for the corresponding foreign exchange licences has begun to set people thinking. In some cases industrial licences are being granted on the stringent condition that conventional sources of external credit like the World Bank, the Export-Import Bank of the U.S. or the International Finance Corporation should not be approached by the industrialists on the ground that they are reserved for "priority" projects.

Importers of industrial raw or semi-processed material have been asked to accept a cut in the imports, despite its leading to under-utilization of machine capacity in some industries. It is good to remember that this stringency in foreign exchange has synchronised with the launching of the Third Plan, which has estimated its foreign exchange content at Rs. 2,600 crores or approximately 22½ per cent of the total Plan budget of Rs. 11,600 crores.

Magnitude of the exchange gap

Our several economic ambassadors have been briskly negotiating credits in America and Europe and put in praiseworthy efforts. However, we appear to have succeeded in obtaining somewhere about Rs. 1,400/1,500 crores by way of promises and indications, the assistance being spread over the five-year period commencing from the current year. A gap of Rs. 1,100 crores remains to be filled up—and there is in fact every indication that this gulf is unlikely to be bridged—for it is now clear that practically every aid-giving country which we elect to call a member of the Aid India Club has been straining at the leash to give us the assistance it has already promised. Domestic pressures as in the U.S. Congress are building up slowly. In fact, in the U.S. the Kennedy administration is confronting a difficult situation. The adverse trade balance, the flight of gold from the U.S., and consequent weakness of the dollar in exchange markets do not exactly constitute a favourable climate for Uncle Sam playing Santa Claus for filling the Indian stocking as sumptuously as we desire.

Sections of the American Congress which were isolationist by political persuasions at one time and the official political opposition to the Kennedy Government have been building up a case for reducing foreign aid on the ground that U.S. national debt is already throwing a crushing burden on the taxpayer and that continued external assistance even in the legitimate cause of containing communism in under-

developed countries would lead to higher taxation, and also in the meantime would weaken the dollar. West Germany has set definite limits to what the Adenauer Government can do—and this has largely taken the form of plant and machinery credits—and easy instalment payments therefor. Despite the considerably favourable trade balance enjoyed by West Germany, the stresses and strains of a fast rehabilitating economy are telling on her resources and Prof. Erhard has referred frequently in his book and his more recent utterances to the shortage of capital for industry in West Germany. The political anxiety as to what is happening across the Brandenberg Gate in Berlin has been operating as a psychological dead-weight on German administration. Britain has had continuous internal problems and her capacity to offer aid has been fully utilized. Russian assistance has been heartening, though the magnitude of future assistance therefrom cannot be sized up with much precision. Japan, within the ambit of a recently rehabilitated economy, has been generous with her yen credit, of which a fresh instalment was made available recently.

In the total picture it seems unsafe to assume that we shall be able to bridge this large gap between what is available and what we require to fulfil our Plan targets. Nor is this our only anxiety.

Fall in export prices

Recently we have been experiencing a fall in the prices of our principal exports. Indian tea has been fetching lower prices in London auctions for the reason that other recent entrants into the tea exporting group like East Africa are competing fiercely with us. A number of new items of export which we had decided to send out on a subsidy basis are not holding much promise of being found acceptable abroad. If present trends persist, we shall be confronting a dislocation in our current trade

BY

S. Narayanaswamy

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balance computations. This will add to the gap in our foreign exchange budget because we have made some assumptions of export credits based on past experience and any shrinkage under this head will only add to our shortage of exchange and aggravate our overall shortfall on the exchange front.

Another development that has been causing concern to India is the distinct prospect of the U.K. joining the European Common Market. This is no doubt, a step the U.K. is taking after considerable hesitation and after she had made a critical appraisal of the way countries that comprise the Commonwealth would react to U.K. membership. However, repeated assaults on the pound sterling over a tedious cycle of post-war years, necessitating drastic raising and lowering of the Bank of England rate with a frequency that led to much brow-lifting in Commonwealth countries, left Britain little option but to make a stable arrangement to protect her external markets and the obvious step appeared to her to be to apply for membership of the European Common Market. In response to concern expressed in Commonwealth countries like India that have strong trade ties with the U.K., the British Prime Minister and his colleagues have been giving assurances that the U.K. market for Commonwealth goods would not be allowed to suffer, or words to that effect. But from such evidence as is now available, there is reason to believe that, apart from other Commonwealth countries knocking at the U.K.'s door with commodities like tea and mineral ores, the psychological effect of prospective E.C.M. membership of the U.K. has been to soften price levels for Indian exports. Since the E. C. M. agreement provides for a scaling down of tariffs by the member-countries among themselves over a brief period of years under a phased programme, E. C. M. membership will become more meaningful as years go by and must inevitably react adversely on non-E.C.M. countries that enjoy an export market in any one or more of the E.C.M. countries. Just as the doctrine of imperial preference among British Commonwealth countries operated harshly on non-Empire countries during the currency of such preferential arrangement, the E.C.M. arrangement is bound to operate on non-E.C.M. countries somewhat harshly. India has still the largest export trade with the U.K. despite her improved trade with other European countries. Our new and unconventional exports, despite subsidies and incentive schemes, have not been very enthusiastically absorbed abroad. Export promotion bodies have been obliged to admit that unconventional lines, where they have found acceptance, yield little foreign exchange in the background of our needs. The latest move of the Central Government to issue foreign exchange licences for capital goods on the basis of performances on the export front must be regarded more as evidence of a determined effort to

boost exports than as indicative of prospects of an expanding export market.

On the other side of our ledger we have to reckon with an obligation from 1962-63 to repay substantial instalments and interest on our earlier external loans. This, of course, throws an added burden on India and already we have in the last budget speech of our Union Finance Minister an indication that World Bank aid in the coming year will be subject to adjustments as to instalment repayments falling due in the current and following years. The only silver lining on this somewhat murky horizon is that indigenous substitution of several ranges of consumer goods has taken place, which we were importing heretofore. But the relief we get here is drowned in the added burden of higher cost of plant and machinery, the prices of which keep on rising year by year.

In the total picture the coming four or five years are likely to prove crucial in respect of the external assistance we get and in respect of the obligations we have already incurred. If so, it becomes important to re-order priorities.

"Family planning" in industry

In respect of existing industries that depend on external sources for the supply of raw or semi-processed materials, it is important for the Government to keep our supply lines intact. In fact, it is important to see that installed industrial units obtain their full requirements of raw material from abroad in order that the rated capacity of production is ensured. If existing industrial units are starved of materials or stores and spares necessary to keep them in good repair in the name of foreign exchange shortage and at the same time fresh industrial projects are licenced and foreign exchange found therefor, it becomes a clear argument for some kind of "family planning" in industry. It would amount to a loss of economic perspective to allow capital equipment to remain idle or be under-utilized and plan for adding to such expensive equipment and increase the quantum of under-utilized industrial capacity.

If the foreign exchange gap continues to remain as wide as it now threatens by reason of the many developments enumerated above, the time to modify our Third Plan to suit the available external resources is here and now. It is prudent to reckon with the repercussions of lower export prices for our export goods and higher prices for what we import from abroad, as things are at present. It is also prudent to reckon with domestic developments in aiding countries such as may influence the magnitude or character of the aid afforded.

It is good to have a mammoth Plan, but if the assistance we estimate will be forthcoming from abroad does not measure up to the Plan, and that assistance is vital to the fulfilment of targets, it would be plain common sense to recut the coat to the cloth available.

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Economic Growth In India 1950-1960

The problem of economic growth for any dynamic developing economy is closely bound up with the rise in the national income of the country, which, in its turn, is a function of that country's balance of payments. The question is all the more so for an under-developed country like India, wherein the rate and pace of economic growth have to be necessarily high. The acceleration of the growth factor would depend upon a rise in national income, determined, by and large, by the character, composition and volume of the country's balance of payments.

Viewed from the above angle, the rate of economic growth in India during the last decade does not compare favourably with those in countries like Japan and West Germany which were all bled white during the war and had practically to start from scratch in developing their economies. The following article is an essay of enquiry in that direction.

National Income compared

According to official estimates, the *per capita* income at the end of the two Plans stands at Rs. 312 per annum at current prices, while the national income at current prices has risen from about Rs. 10,000 crores in 1950-51 to nearly Rs. 12,000 crores in 1959-1960, thereby representing a 12 per cent average annual rise. If we compare this rate of growth with that in countries like Japan and Germany devastated by war, the revelation is startling. Over the last decade, Japan has recorded a 30 per cent rise in average national income and West Germany 20 per cent, as against only 12 per cent in India.

The appreciable rise in the national income of these two countries is explained in their comparable balance of payments position over the decade, as contrasted with India's. On the export-import front, for instance, during the period 1951-59, Japan's volume of total exports accounted for a rise of nearly 50 per cent as against an increase of imports by just 40 per cent. During the same period, in West Germany, the rise in exports amounted to about 60 per cent, while the rise in imports averaged only 38 per cent.

In striking contrast with this, our exports during the period in question represent an increase of only 11 per cent, while the imports have been merrily going up to the tune of nearly 16 per cent. This trend is clearly reflected in the adverse balance of payments for 1960-61 to the tune of Rs. 365 crores, unlike the case of West Germany and Japan. As the Report on Currency and Finance for 1960-61 has pointed out, our export earnings represent only a marginal rise, and there is an alarming trend in our current deficit account which has been the largest since 1957-58 and twice that of 1959-60.

We may now look at the problem from the standpoint of employment growth. At the end of the two Plans, full employment is still a mirage. The Second Plan has left a backlog of seven million unemployed. Together with the employment potential of the Third Plan, we have to provide for more than about 17 million jobs during the Third Plan which

represents an uphill task, in the context of present day conditions. Contrast this with the stupendous achievements of Japan and Germany during the same period. Whereas unemployment is only an academic problem in Japan, in Germany actually there is a shortage of manpower.

Even what has been achieved in our country has been made possible only through massive foreign aid. A study of the finances of the two Plans will indicate that India has so far received nearly Rs. 2,569 crores in the form of loans and grants, etc., under the P.L. 480 and 665 arrangements. Out of this, as much as Rs. 2,269 crores have to be repaid in foreign currencies. In the Third Plan, provision has been made for further foreign aid to the tune of over Rs. 2,500 crores.

Problem of repayment

The problem is: "How are we going to repay this large debt?" Normally, the ways open to any

country to repay its loans are through export surpluses (visible and invisible) and liquidation of foreign investments, if the country concerned, can boast of any. But what is our position? To take the second course first, our total foreign investments are either marked off already for certain specific purposes, such as pensions,

annuities etc., or as backing to our currency as reserves. As regards export surpluses, it is anybody's guess as to when this might become possible. So far, at any rate, export surpluses are not in the realm of possibility, if past experience is any indication.

Export and import problem

Despite the extensive and effective controls and notwithstanding the fillip given to indigenous industries, our import bill in 1960-61 amounted to Rs. 1,088 crores, as against Rs. 924 crores in 1959-60. Our export programme, on the other hand, has been equally, if not more, disappointing. At Rs. 632 crores, our exports in 1960-61 have been Rs. 3 crores less than the Second Plan peak of Rs. 635 crores in 1956-57, though Rs. 9 crores more than the figures for the previous years. However, this rise was more due to the rise in prices, particularly of jute manufactures than due to any great rise in the volume of our exports. Against this background, the chances of India being able to maintain the present level of exports, let alone export surpluses, seem to be slender.

For example, in spite of export incentives, subsidies and other facilities, our exports have gone up only at an average rate of 11 per cent, whereas the percentage rate of rise has been 30 and 20, respectively, in Japan and Germany. This imbalance in our balance of payments position ought to be a warning to us as to whether it is wise for this country or, for that matter for any other country, to continue with a tempo of heavy industry-biased industrialization, especially by employing the current technique and backed up by a degree of heavy foreign commitments absolutely out of tune with the export ratio.

It is argued that the investments of today would fetch increasing returns, sooner or later. But such

a consolation is not to be had in view of the performance tests, current and past, of our public sector industries. Even if their performance should improve, as we hope it will, their returns can be counted upon, say, only in the Fourth or Fifth Plan, and not in the immediate future.

Population growth

The most amusing part of the problem is the vehement argument by the powers that be that, but for the explosive growth of our population, our rate of economic growth would have been far greater. I am afraid, this is only a case of missing the wood for the tree. Population growth could act, at its worst, only as a minimising factor; at its best, it would, and could, accelerate the pace of natural growth. The real mistake lies elsewhere and we are groping in the dark.

Anyone in touch with the economic achievements of Japan and Germany could well realise how these countries managed not to plunge their economies into any balance of payments difficulties. Rather, they have been exporting capital and lending to under-developed countries, including India, on a considerable scale.

A gloomy picture

Taking the picture of the economy as a whole over the decade, in the context of the tempo and technique and policy of industrialization as we have had in the past and as envisaged in the future, no one can feel happy. With the rising foreign debt hanging like a Damocles' sword over our head, with the export ratio tending to be stagnant if not actually falling, with a monetary deficit-invoked inflation and a falling rupee and the consequent fall in real incomes, and with the international economic equilibrium becoming unsettled by such developments as the E.C.M., it is high time that India reassessed her resources, and reorientated her plans, programmes and priorities.

Lost much ground

We have already lost much ground in the textile market to Japan and China. Even in the field of our traditional exports, such as manganese, jute, tea, etc., we are not able to hold our own. Successful experiments have been in progress in the sphere of synthetic fibres and other substitutes for jute. Moreover, Pakistan, with its up-to-date machinery and the decided natural advantage of a better quality jute, has been proving to be a formidable rival. We have incurred considerable loss

by
R.V. MURTHY

Common Market *and*

by Chunital. B. Mehta

The most immediate progenitor of the European Economic Community has been the European Coal and Steel Community (ECSC). In 1952 the three Benelux countries, France, Italy and West Germany, established a unified market for coal and steel. Since then tariff and quota restrictions on these products among the six countries have been abolished, and discriminatory transport rates and many legal obstructions at the frontiers have been eliminated. The supervisory institutions of ECSC are subordinate to no national government. In many respects, they served as the model for the institutional framework of the Common Market.

Rome Treaty

In March, 1957, the six members of ECSC signed the Treaty of Rome establishing the European Economic Community (EEC). This step followed almost a year of debate in the forum of OEEC. Britain and a number of other European nations, although they favoured the idea of free trade, felt that further economic integration of Europe should follow the cooperative pattern of OEEC rather than the supra-national approach of the Coal and Steel Community. Some of them also objected to the EEC's plan for a common external tariff—notably Britain, whose trade with the Commonwealth is partly based on a system of preferential tariffs.

The Common Market is the most ambitious step yet taken toward economic integration in Europe. The Treaty of Rome binds France, Italy, West Ger-

* Belgium, the Netherlands and Luxembourg.

many and the three Benelux countries together into the European Economic Community (EEC). It calls for the creation of a customs union—an area of unrestricted trade surrounded by a common tariff wall. More than that, it calls for free movement not only of goods but of capital, services and labour throughout the territory of the Six. To implement these plans, the treaty sets up institutions which are responsible to no individual country, but to the Community as a whole.

The original treaty of 1957 allowed 12 to 15 years for the progressive elimination of tariffs and quotas among the Six and adjustment of external tariffs to a common level. This transition period was broken into three stages of four to five years each.

In May, 1960, however, the Six agreed to speed up the time-table. On January 1, 1961, internal tariffs had already been cut 30 per cent below their 1957 levels. Another 20 per cent reduction proposed for the end of 1961 would bring tariffs half-way down only four years after the beginning of the Common Market. Although the rate of further cutting of tariff may be speeded up or slowed down (depending on business conditions), the target date for complete elimination of internal tariffs is now 1966.

Quantitative restrictions (quotas) among the Six are also to be abolished over the transition period. On industrial products, all quotas within the Common Market must be eliminated by the end of 1961. On other goods, the target date is 1970. Meanwhile, no new import quotas may be introduced.

At the end of the transition period, the Six will levy the same tariff on products from outside the Common Market. For most products this tariff will be based on the average of the four customs areas, France, West Germany, Italy and Benelux. For example: before the Common Market, the tariff levied on book-binding machines by Italy was 18 per cent; by France 16 per cent; by Benelux six per cent; by Germany five per cent. The common tariff is the arithmetical average: 11 per cent.

The Rome Treaty calls upon the Common Market countries to adjust their tariffs to this average in three steps. The first step took place on December 31, 1960, one year ahead of schedule. The second and third steps are scheduled for the end of 1965 and the end of 1969, but they too may be accelerated. Some products have been placed on special lists prescribing a common tariff level different from the arithmetical average. Most raw materials and processed commodities will have maximum duties of three per cent and 10 per cent respectively. A number of raw chemicals will have a top duty of 15 per cent and another group of chemical products will have a top duty of 25 per cent. When adjustments are made, however, one result will be a simplification of customs procedures. Eventually there should be no internal tariffs, and a single list of external duties should apply to the whole Community.

This article was written on Dec. 12, 1961 and covers developments up to that date only.

Swarajya Special Number 1962

Tariffs and quotas are not the only artificial barriers to trade among countries. Exchange restrictive agreements between firms, and even the national fiscal and monetary policies can distort the pattern of trade. The Common Market aims at harmonizing economic policies and business law, turning the Six as effectively as possible into an economic unit. Specific fields include capital and labour mobility, competition, transportation and agriculture.

Investments

The Rome Treaty calls for all restrictions on the movement of capital within the Common Market being removed during the transition period. In May, 1960, the Six abolished restrictions on direct investment and on the transfer of earnings of direct investments from one member-country to another. At the same time they liberalized exchange regulations governing medium and long-term loans, stock offerings, and trading in listed securities within the Common Market. A country with serious balance of payments difficulties may still restrict capital movements without consulting the other members, but even here the action is subject to review.

Restrictions on the right of a business firm domiciled in one of the Six to establish a subsidiary, branch, or independent enterprise anywhere in the Common Market also are to be eliminated during the transition period. Actually, expansions and mergers across national boundaries inside the Community have already become common. The first two years of the Common Market saw hundreds of these industrial "interpenetrations". A programme to eliminate discriminatory restrictions on services (legal, insurance, banking, etc.), along member-countries was being developed in 1960.

By the end of the transition period all types of labour, including professional men and managers, will be free to accept employment anywhere in the Com-

mon Market. Movement of people is a much slower process than movement of capital, but the Six hope to encourage it by ironing out differences in labour laws and restraining workers. More than 200,000 Italians have recently moved into West Germany, helping to relieve Italy's unemployment problem and Germany's labour shortage.

Britain was invited to join the Rome Treaty. But she did not accept the invitation as she had been economically connected with Commonwealth countries. On the other hand, she created the European Free Trade Association (EFTA) of seven countries, viz., Britain, Norway, Sweden, Denmark, Portugal, Austria and Switzerland. Within a short period, Britain found that her trade with Commonwealth countries was regularly showing a downward tendency. Further, the British economic situation was not very sound and she had to take steps to protect the value of sterling. After a long and careful consideration Britain came to the decision that it was in her interests to join the Common Market. She informed the Commonwealth and the European Free Trade Association countries that she would do her best to protect the interests of these countries while joining the Common Market. This decision of Britain brought to the fore, the success of the Common Market.

Not only that Greece, Turkey, Denmark and Ireland applied for membership of the Common Market. Austria, Sweden and Switzerland, three neutral countries held consultations and decided to apply for 'associateship' of the Common Market by which political decisions, if any, which are probable as per Rome Treaty would not affect them.

This Common Market idea also spread in other parts of the world. Some South and Central American countries are joining themselves to integrate their economies as a Common Market. The eight countries belonging to the "Mexico

Club", viz., Brazil, Colombia, Costa Rica, Guatemala, Honduras, Mexico, Nicaragua and Salvador, principal coffee producers, have decided to create funds to maintain prices and to furnish credits to planters for protection against the tariff walls of the Common Market.

In Africa some of the new independent States are considering the formation of an economic bloc. The Portuguese Cabinet has approved a decree creating a 'Portuguese Common Market', gradually eliminating all tariff barriers between Portugal and her overseas territories beginning from January 1, 1962.

The joint committee of economic experts of the Association of South-East Asia has recommended, as an immediate measure, a multilateral agreement on trade between Malaya, Thailand and the Philippines.

Mr. George Hees, Trade Minister of Canada, has said that he is now studying the possibility of Canada joining the European Economic Community (EEC). Recently, President Kennedy indicated that his administration would next year seek Congress authorization for possible negotiations with Europe aimed at reciprocal tariff reductions. He said that the U.S. had to begin to realize how important the Common Market was going to be to the economy of the U.S. One-third of U.S. trade generally is with Western Europe. He added that if the U.S. should be denied that market, she would either find a flight of capital to construct factories within that wall or would find herself in serious economic trouble. He emphasized, however, that the U.S. had also to take into account the position of Japan and Latin America, because she had obligations in respect of both. When Britain, Canada and even the U.S. consider the advisability of joining or coming to an understanding with the Common Market, it can be said without hesitation that the Common Market has

become an important factor in world economy.

Upto now a lot is being written about the success of the Common Market and its attraction to the other free countries of the world.

However, Russia and her satellites at present form an important economic unit and what effect the Common Market would have on them is generally not much discussed. Russia gave permission to Finland, within the last two years, to join the European Free Trade Association (EFTA) as an associate member and did not object to Sweden's action in becoming a full-fledged member. No effort was made by Moscow to stop Austria from joining.

The European Economic Community is now the world's largest importer of raw materials. The Italians are purchasing cheap Russian oil. The exports of Russian oil and Polish coal are designed primarily to secure foreign exchange irrespective of any relation to the cost of production and dis-

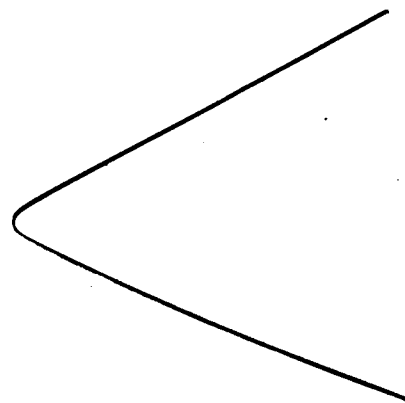
ruption in the general economy of free countries. It can be said that Moscow is fully opposed to the enlarged Common Market. Hostile propaganda against Britain joining the Market continues over the radio.

Britain, in her negotiations with the Common Market countries, has suggested that some of the Commonwealth countries be taken as 'associates'. India has announced that she will not accept the idea of 'associateship'. It is beneath her status and dignity and she will rather suffer in the early stages and carry on independently than join as an 'associate'.

There is no doubt that India's exports will suffer. At present, India enjoys a free market in Britain for certain commodities and preferential tariffs in others. But if Britain joins the Common Market, Britain will have to levy import duties at the rates at which she will impose duties on all imports from countries outside the Common Market.

For the purpose of keeping India in touch with developments as regards negotiations between Britain and the Common Market countries, India has appointed Mr. K. B. Lall as Commissioner-General for Trade in Europe with Brussels as his headquarters. Recently, he said, at Madras, that there was insufficient recognition among the Indian business community of the problems they would have to face in consequence of Britain joining the Common Market. As a matter of fact, the British Government has not disclosed fully to the Government of India its plan and intentions, and the way in which she proposes to protect the interests of India. Nor has the Indian Government fully informed the Indian business community what is likely to happen and what steps the Indian business community should adopt to protect Indian exports. It is for the Government of India to educate the Indian business community in this matter.

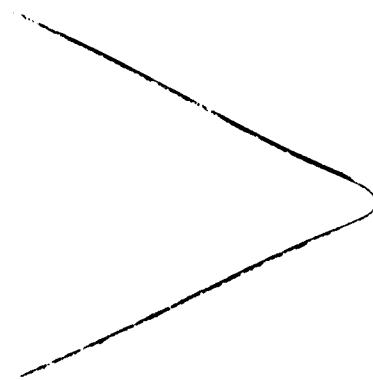
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LAND CEILING LEGISLATION — a Critical Analysis

Land ceiling legislation varies widely from State to State in regard to ceiling levels, application whether to an individual or a family, the date, prospective or retrospective, when it is to take effect, treatment of subsequent transfers of land made by owners subjected to ceilings, exemptions from ceilings etc. There is, thus, no uniformity in the legislation except that limitations have been imposed on landholdings.

Our ancient law-givers have vested private property on occupation as owner. "According to what may be termed the Hindu common law, a right to possession of land is acquired by the first person who makes a beneficial use of the soil."

The position of the Indian ryots who are the lawful successors-in-title of the pioneer owner-cultivators *vis-a-vis* the Government and its assignees was judicially determined on a number of occasions about three quarters of a century ago. "The ryot is certainly not like the landlords of England, but neither is he like the English tenant..... Why is this so? It is so for the simple reason that the rights of ryots came into existence not because of any letting by the Government of the day or its assigness, the zamindars, etc. but independently of them."

It is well known that there are two great interests in land, the *melwaram* interest and the *kudiwaram* interest. The statement of Sir Thomas Munro, the great protagonist of the ryotwari system of landholding, that "a ryot divides with Government all the rights of land; whatever is not reserved by Government belongs to him; he is not a tenant at will or for a term of years; he is not removable, because another offers more", has received the seal of judicial approval, as being in consonance with our theory of property.

Status of Indian ryots

It is, no doubt, true that some early British administrators and judges misconceived the real status and position of the Indian ryot in both zamin and *ayan* areas, and wrongly concluded that all property belonged to the Government and that its as-

signees, the zamindars, etc., were proprietors of the soil. This misconception was due to the fact that they were obsessed with the feudal notions of property prevalent in their mother country and were also misled by the practice of some of the Mohammedan rulers in collecting from the ryots varying revenues at their will and pleasure. But the true origin of Indian property and the status of the Indian ryot (as stated above) were saved from oblivion and placed on a firm footing by eminent judges of the Madras High Court who had to deal with the relationship between zamindars and their ryots.

The theory of property in 'Mohammedan law' was also not different, though it was mixed up with religion and the practice of a few Mohammedan rulers appeared to be inconsistent with it.

Thus, the ryotwari pattadar is the absolute owner of his holding subject only to his obligation to pay land revenue at fixed money rates liable to revision once in thirty years. Even the periodical settlements were abandoned once for all by the Government in 1938-39.

Property rights guaranteed

Consistently with the past history of Indian property, the Constitution of India has affirmed individual ownership of property and has guaranteed to the Indian citizen the fundamental right "to acquire, hold and dispose of property", and further declared that "no person shall be deprived of his property save by authority of law". But communist ideology is based on the fantastic theory that "property is theft" and that "the landlord and capitalist, inasmuch as they consume without producing, inflict the same injury on the community as a thief



does". It, therefore, starts with the concept that all property vests in the State and that its people are only workers. Indian communists and other left-wing politicians have little or no compunction in pressing into service this slogan of State ownership of property to justify the taking away of land, with-out or with inadequate compensation, in spite of its being utterly foreign to Indian concepts. There is as much difference between the two concepts as between honest acquisition and theft.

Another slogan has gained currency in recent years. Land is said to be common like air and water. It is doubtful if air and water are common in all places and at all times, irrespective of their availability. Even if common, air and water require nothing to be done before being breathed or drunk. But, as Tiruvalluvar said several centuries ago, land has to be ploughed, manured, watered and after weeding the crop, to be watched and protected. There can, therefore, be nothing in common between land on the one hand and air and water on the other. Slogans like these without any basis in fact have been coined by politicians and have gained wide currency. They have confused and even enslaved people's minds.

The case for legislative imposition of ceilings on agricultural land may now be stated. According to the Planning Commission, land reform programmes which it has recommended have a two-fold object. "The first is to remove such impediments to increase in agricultural production as arise from the agrarian structure inherited from the past and the second, closely related to the first, is to eliminate all elements of exploitation and social injustice within the agrarian system, to provide security for the tiller of the soil and assure equality of status and opportunity to all sections of the rural population." It is in pursuance of the second object in particular that the Planning Commission has recommended that "steps should be taken to reduce disparities in the ownership of land, a policy widely accepted as essential for the economic development of countries with limited areas of land and large populations dependent on it". The directive principles of State policy contained in Articles 39 (b) and (c) of the Constitution are also pressed into service. It is, therefore, necessary to fix a ceiling on agricultural landholdings, to acquire the agricultural land in excess of the ceiling area, and to distribute such land to the landless and other persons among the rural population. Such distribution will best subserve the common good, increase agricultural production and promote justice, social and economic. Such, in short, is the argument in support of the land ceiling legislation. The case is best summed up by the slogan "land to the landless", which the Planning Commission has thrice blessed. Even the Prime Minister was so much obsessed with the slogan that he was reported to have replied to the depu-

tation on behalf of the All-India Agriculturists' Federation which met him in March, 1958, and presented a memorandum strongly objecting, *inter alia*, to land ceiling legislation, that he was inclined to agree with the views of the deputation but for the fact that "the landless cry for land and they have to be satisfied"!

False cry of land hunger

The case against land ceiling may now be considered. The legislation is not justified by facts. There is no compelling need for it. It is a confiscatory measure, providing an apology of a compensation to the dispossessed.

The cry of the landless for land is only an invention of political agitators of the Congress and other leftist parties in their race to capture the votes of the multitude. There is really no land hunger, but mere hunger for the primary needs of life, food, clothing and housing. The landless are in the same category as the money-less, the work-less, the homeless and the clothe-less, be they in villages or towns. Why is this special solicitude for the landless while the others in the category are in a worse position? To take one instance, is the Government prepared to freeze all bank deposits to distribute the money to the money-less? Obviously not. Distribution of land to the landless by confiscating property from others who have it today is not a social welfare scheme of a democratic government. Such a government cannot take away from anyone by denying his right to property merely to create another vested interest, whether the latter is an individual or a co-operative. Only communist governments are not inhibited by these nice considerations.

The Prime Minister, in justification of his opposition to the proposal to impose a ceiling on urban income, was reported to have stated, "The process should be raising the people from below and not cutting the heads of everybody who is above certain height". The same reasoning should apply to ceilings on land.

Reducing pressure on land

About 70 to 80 per cent of India's population is already engaged in agriculture. In a country so situated, the aim of the Government should be to reduce the pressure of population on land by diverting parts of the rural population to the industrial field, by developing industries as widely diffused as possible in the rural sector. Other democratic countries in Western Europe and America succeeded in greatly reducing the pressure on land by industrialization and brought it down to less than 20 per cent of their populations. Why should not India adopt the same evolutionary process of economic development?

The Planning Commission talks of glaring inequalities in land ownership. There is no proof that

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the inequalities in land ownership are so glaring as to call for State intervention. Glaring inequalities between whom? Between big and small landowners or between the landed and the landless? If the latter, are they so glaring as the disparities in urban wealth and income? The figures of the census of landholdings taken in 1953-54 are revealing. For instance, the figures for Madras State show that 97.4 per cent of the total number of agricultural holdings did not exceed the 30-acre limit fixed in the Madras Bill and that only 2.6 per cent was above that limit in that year. Of this 97.4 per cent, 44.3 per cent of the holdings did not exceed 2.5 acres and 22.6 per cent was between 2.5 and 5 acres. These figures demonstrate the need to fix the floor rather than the ceiling level. Consolidation of fragmented and uneconomic farms into contiguous blocks of medium size, say, 3 to 5 acres, is sure to promote agriculture and make cultivation more efficient and profitable, while fixation of ceiling is sure to have the opposite effect. But consolidation has not been tried in most of the States during the last 14 years.

The bulk of the landless cannot possibly be benefited by the legislation because there is not enough land available for distribution even if a low ceiling of 30 standard acres is fixed. The Second and Third Plans have realized this difficulty, but still they have proposed ceiling out of egalitarian fervour. Not only the existing pattern of distribution of holdings and the predominance of small farms but the voluntary reductions of holdings by big owners through partitions and alienations, in anticipation of the legislation and the statutory exemptions from the ceiling, will leave very little surplus land for distribution. The legislation will, therefore, be practically infructuous. For political reasons on the eve of general elections, the communists and their fellow-travellers have been agitating for drastic reduction of even the low ceiling level proposed by the Government in an utterly irresponsible manner. The political parties have thus made agriculture a mere plaything of politics.

Further, every act of land parcelling promotes farm retention and reduces the marketable surplus by increasing the number of sub-economic farms. Fragmentation consequent on ceiling will, therefore, retard the movement of foodgrains to urban and industrial areas. It will prevent the adoption of improved methods of cultivation and hamper food production. The Planning Commission is not right in expecting that distribution of land to the landless will increase food production.

The Prime Minister and the Planning Commission have been boosting joint co-operative farming as the panacea for increased production. But the remedy will be worse than the disease and will seriously retard production.

Killing incentive and enterprise

The legislation will kill incentive and enterprise, destroy public confidence and make people feel that what they work for and acquire may any day be taken away by the Government. It has hastened the exodus of men and money from the villages and has eliminated sober rural leadership. The agricultural profession will become the monopoly of resourceless people depending entirely on government help. It will be beyond the capacity of even the richest government to finance them. Millions of small farmers would willingly give up their petty farms in exchange for even the humblest jobs with assured salaries, because agriculture with all its handicaps is not profitable. So the idea of putting more and more people on land already heavily pressed by population is a retrograde measure.

The sponsors of the legislation rely upon Articles 39 (b) and (c) of the Constitution for support, but they conveniently forget or ignore the fundamental right to acquire, hold and dispose of property. Its exercise is subject only to reasonable restrictions in the interests of the general public. Further, no property shall be compulsorily acquired except for a public purpose. The recent decision of the Supreme Court on the Kerala Agrarian Relations Act, 1961, in regard to the acquisition of ryotwari land should come as a relief to landowners affected by the legislation. It has held that such legislation in respect of ryotwari land is not protected by Article 31 (A) of the Constitution, as it is not an "estate" as defined by that sub-clause, and that no ryotwari land can be acquired by the State in accordance with Articles 13, 14, 19 and 31.

Against public interest

As the legislation cannot benefit the bulk of the landless, it is not in the interests of the general public or for a public purpose. The directive principles of State policy cannot override the fundamental rights enunciated in the Articles of the Constitution. Mere State policy or the policy of the party in power is not the same thing as a public purpose as has been held by the Madras High Court. The principle of State policy in Article 39 (b) does not and cannot mean that all property can be distributed by legislation to the have-nots in violation of the fundamental rights. Concentration of wealth or means of production is not *per se* objectionable. It becomes objectionable only if it is held and used to the public detriment. Exploitation and social injustice should, no doubt, be eliminated. Equality of status and opportunity should be assured. But can equality of wealth be assured or achieved in any country? The answer is obviously no.

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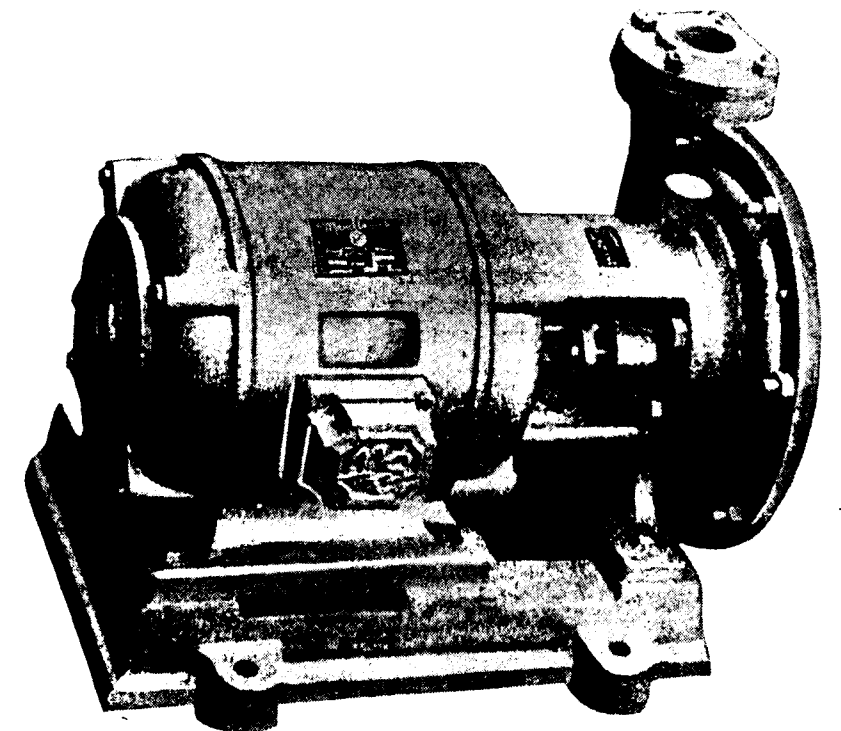
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WANTED

AN INTEGRATED SOCIETY

by
RAMESH THAPER

Minimum control and maximum freedom! Undoubtedly, this is an ideal for which most sensitive human beings have searched since the beginnings of collective developmental efforts. Wherever one turns, the same striving is visible, even among those who are at the moment most controlled viz., the communist societies which repeatedly proclaim their faith in the ultimate withering away of the State apparatus. The question is to ensure that the dream does not dissolve, that we do not become our own crucifiers. Unfortunately, we have as yet not even attempted to face it.

In the economically developed or affluent West, the rise of giant industrial cartels, of sprawling and congested cities, of complex and ramified organizational forms has reduced man, the maker of it all, to the level of the marvellous machines he creates. Leisure—genuine, creative leisure—continues to evade the peoples of the West; increasingly, they find themselves in the hands of psychiatrists who have become the 'general practitioners' of the affluent society. And not without reason, for life has become a horrible kind of nightmare, a vicious business which revolves around the problem of 'getting on'.

Amateur and professional sociologists write books on the subject of the modern twentieth century man. He is an extraordinarily dull creature. He fills his home with every conceivable gadget, each more intricate than the other. He goes in for more and bigger cars, chromium-encrusted to suit his new tastes. His fashions in dress, food, drink and relaxation are dictated by the profit motive of the consumer goods industry, and he accepts the dictation be-

cause he himself has come to believe that such things constitute 'the good life'. He is part and parcel of the waste-making mania of the West. If he should hesitate to join the spree, there are banks and hire-purchase societies to break down his initial resistance.

For the most part, sociologists who analyse these phenomena claim that the only solution is to make man aware of his folly to educate him. But, significantly, very few attempt to explain that 'the good life' as we understand it today, is the opiate which creates the nightmare of 'getting on'. In fact, the media of mass communication in the West are largely organized to prevent such a realization from gaining acceptance. The argument has a familiar ring: if you do not have the incentive of 'getting on', the tempo of economic progress slackens and 'the good life' recedes.

This dynamic, senseless, awe-inspiring, futile effort to produce more and to consume more, to compete with everyone in the street, to take that competition into the home itself, creates the tensions referred to earlier and also the oppressive and corrupt machine of organization and enforcement of laws and regulations and responsibilities which is driving modern man to despair. Is this the only perspective—the rat race?

Some of us turn our attention to the socialist world. We condone the brutalities of the class war, hoping that they will help to end the exploitation of man by man,

create more equal opportunities, more equality. We condone the vast bureaucratic machine, believing that once the era of plenty dawns this machine will wither away with the State. We condone the personal faction fights, the national rivalries, implying that these are carry-overs from a selfish past, that they too will be transformed. We condone all this vaguely, confident that a socialist society will give birth to the new man, the integrated human, the scientist-philosopher, the man with a mind and a heart. But, what is the reality?

Despite attempts to remove the main barriers to dissent in the more prosperous regions of the socialist world, despite the growing attack on the administrative and oppressive powers of the giant bureaucracy of both State and ruling party, despite the first experiments in decentralization in non-conformist areas, socialist theoreticians place before themselves the perspective of outstripping living standards in the West, forgetting that the drive for these artificial standards inevitably postpones the day when there will

be minimum control and maximum freedom.

And in the under-developed or developing world, which covers some two-thirds of the earth's surface, the same kind of psychosis grips the planners. They, too, speak of the day when we will have made up the leeway of centuries and matched the 'input' and 'output' targets of advanced economies. In the process, there is a marked tendency to emulate the organizational forms of both capitalist and socialist societies in the private and public sectors—and, also, to accept as civilized all that these forms imply. We are told repeatedly that this is the only way to achieve comfortable, rising standards of living.

India, in a sense, is the perfect example of the folly that grips us. A whole people are being persuaded to turn their back on a tradition which emphasises that the simple, uncomplicated, full life, which abhors ostentation and advertisement, is the essence of the good life. This tradition, even though hidden by layers of inherited feudal pageantry, is alive among the ordinary people still uncorrupted by the values of the urbanized West. They do not yearn for homes which look like awesome palaces. They do not want furnishings of brocade and velvet or chandeliers hanging from the ceilings. Nor are they inspired by the 'people's car' or the Cadillac. They can as yet be convinced that there is more comfort in the compact, carefully furnished home, in efficient public transport services, in functional schools, colleges and offices, in the simple, uncomplicated life. But it will not be for long, judging from the speed at which the concepts of advanced industrial societies are penetrating the Indian countryside.

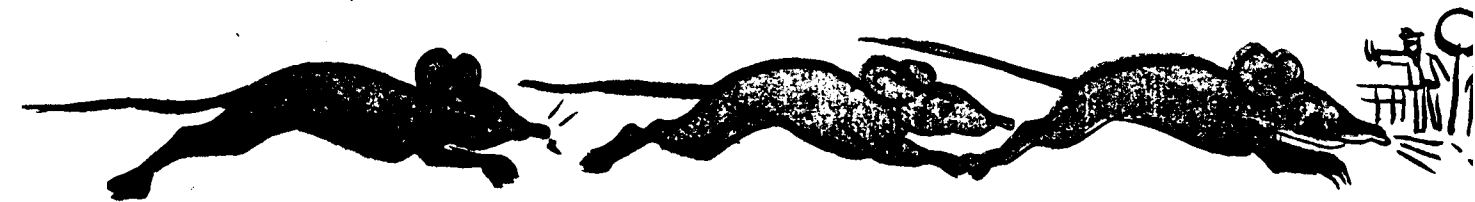
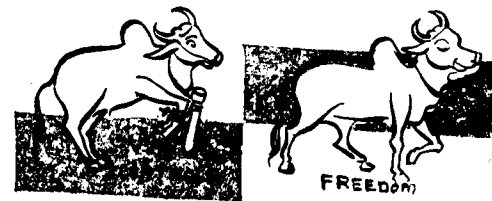
The Indian tradition is important, for it may help us to move nearer to the elusive ideal of minimum control and maximum freedom. The staggering waste involved in building up inflated standards, comparable to those prevailing in the U.S.A., can be avoided by projecting the Indian tradition of the simple, full life as something to be desired. Success in this would create a sizeable surplus for investment in social and welfare services. In other words, it would not be necessary in terms of India's mounting population, to produce twice what the U.S.A. produces to achieve U.S.A. standards of living in this country. Nor would it be necessary to produce concrete jungles, all-powerful bureaucracies, the kind of development which makes man the victim of his own creations.

Two dangers have to be avoided in the attempt to correct the tendency to repeat the pattern of Western industrial societies in India. The first is the danger of getting involved in revivalist nonsense about preserving a peasant-type economy. The second is the danger of trying to impose austerity concepts on the plea that they are necessary for future prosperity. The only way to ensure against these dangers is to embody the values of what I would like to describe as an 'integrated society' in the perspective of our economic planning. This is not as easy as it sounds and is not merely confined to emphasizing the need for small-scale industries and decentralization, as is so common in our country. It requires a radical reassessment of our borrowed ideas on planning and development.

The thought process behind the concept of an integrated society

is based on several fundamental ideas. The yawning, seemingly unbridgeable gulf between the town and the village in India must be bridged. How is this to be done? If we allow the capital goods and consumer goods industry to develop where a ready-made technical base already exists, we will have more rapid development, but only in certain areas where industry is already concentrated. The big towns will grow bigger. The villages will remain more or less where they are—in another age. The gulf will become a chasm. Can this industrial development, so essential to a prosperous agriculture, be more evenly spread throughout the country? The only way is to decentralize, by conscious policy decision, a labour-intensive consumer goods industry. Let the things of daily usage be produced in the rural areas, for, as we shall see, it is here that the demands of tomorrow will build up. The already developed industrial areas, and perhaps others, must be reserved for capital goods production—and this, too, should be capital intensive rather than labour intensive. Light industry, servicing both the consumer goods and capital goods industries, should be so placed as to be available to both.

Of course, any such development is ruled out if agriculture does not develop along new lines. The only way to make land yield much more than it does today is to urge the 'garden approach' to land. The Chinese and Japanese farmers have many excellent examples to offer of what can be achieved. But, and this is important, the farmer who is expected to develop the gardener's intensive care for his land must own his land. A strict definition of self-cultivation will have to be



evolved to begin with. Then arrangements must be made to provide the essentials of intensive cultivation—an adequate supply of water, selected seed and fertilizer, and also the scientific support to agriculture so sadly lacking today. The surplus from the land will create the surplus for industrialization, particularly of the decentralized consumer goods industry which could be co-operatively run by the farmers and their families in their spare time.

The decentralization or regionalization of the consumer goods industry in rapidly prospering rural areas will inevitably expose these areas to the impact of the technological revolution, absorb surplus labour power, mobilize traditional skills and prevent the growth of monopolies in this particular sector. Indeed, a conscious effort should be made to push development in this direction. Till now, pious platitudes have been in fashion, platitudes which seek to create an artificial Gandhian legend. To do this, the State will

have to become active, encouraging and aiding the establishment of decentralized, co-operatively-run consumer goods industries. And, of course, the State will open roads and railways to probe the sub-continent, to create a national market for the goods produced.

Clearly, in an integrated society, the State will hold the 'commanding heights' in the national economy. But, and this is important, the State will have its role clearly demarcated for a fixed number of years, as also its interventionary power within the co-operative sector. Changing conditions may force changes in this role when the reviewing is done by democratic assembly. It is only possible to speak at the moment in terms of general perspectives. The details will require careful working out against the background of a social structure which does not seek the usual standards of living of the so-called advanced societies. This aspect should never be forgotten.

And throughout the transition from one level to another, the creative fields and the media of mass communication will need to be entrusted to competing and opposed co-operatives of workers in these fields. Some such structure might still achieve a working fusion between the concepts of freedom and planning.

This essay in 'thinking aloud' is merely designed to show that, unless we as a nation begin to apply our minds to the solution of problems which have overwhelmed more experienced and advanced societies, we will merely be treading the beaten path, refusing to learn from the experience of others, and knowing not why. Surely, to achieve an integrated society in this rather complicated age of frustration is the dream of all. What, then, prevents them from giving shape to the dream? Perhaps, this belated effort 'towards' an integrated Society may yet bring within our grasp the ideal of minimum control and maximum freedom!

NEED FOR RE-APPRAISAL of OUR AGRARIAN policy

by Sardar Bahadur Lal Singh

The historic resolutions passed by the Congress at Nagpur committed the country to a certain agrarian policy in regard to land reforms, cooperative or joint farming and State trading in foodgrains, etc. In the larger interests of the country it will be worthwhile now to see if the apprehensions expressed by critics of this policy have come out true, and if all that was claimed in support of it has been achieved.

Objectives of land reforms

No progressive section of our society, any society for that matter, could be averse to land reforms of a genuine character, if they are aimed at (a) the elimination of the parasitic type of landlordism, that does not contribute in any large measure to the development of agriculture but lives on the rent of land, (b) rendering social justice as between the parties concerned with agricultural operations, and (c) increased production from land.

These objectives could have been easily achieved (i) by a fixation of land rent at reasonable levels and preventing ejection of a tenant so long as he paid his prescribed rent and fulfilled his obligations of tenancy and (ii) by making it obligatory on the part of a land-owner either to get his land cultivated directly by himself (including hired labour) or to lease out his land only on terms prescribed by the government. Since all the inquiries conducted by non-official and official agencies, including the Board of Economic Inquiry, Punjab, on the "Economics of Indian Farming", had clearly shown that farming through hired labour was not at all a paying proposition *unless* a very high standard of farming was maintained, and since no sensible person could ever afford to lose money in farming year after year, by maintaining poor standards of farming, it should be obvious to any thinking person that a big landlord, not wishing to lease out his lands on *prescribed* terms, would be forced either to dispose of his land or raise his standard of farming sufficiently high to make it a paying proposition. Further, since "land rent control" would be analogous to "house rent control" in urban areas, it would not have been dubbed or decried as discriminatory against agriculturists. Such a simple procedure, could have led to the elimination of the parasitic type of landlordism on the one hand and protection of the tenant, on the other. It would have also raised the standard of farming so badly needed in India, thereby reaching the ultimate objectives of land reforms without much fuss, namely increasing production. The third objective, viz.,

increased production from land could have been further achieved by providing facilities to farmers (big and small) in the shape of loans for sinking wells or for laying out fruit gardens or starting food processing industries and the like. The Government could even make it obligatory on the part of farmers (big and small) to maintain at least a minimum standard of farming, as is done in U.K., in order to get maximum production from land.

Our ruling party was also repeatedly advised to make a distinction between the so-called zamindars or jagirdars who at one time were only rent collectors or who had got lands from Government as jagirs, and real land-owners or progressive substantial farmers, who had purchased their lands in the open market, or who had reclaimed waste land by hard work. But our ruling party preferred to treat both alike.

As regards fixation of ceilings on land-holdings at an average of 30 acres per family, estimated to yield an income of Rs. 300 per month on an average, it was repeatedly explained that this legislation, apart from being discriminatory against agriculturists (as there is no such ceiling on the income or property of non-agriculturists), would inevitably result in driving away, from the agricultural profession men of intelligence, business ability, enterprise and financial resources. This should be obvious even to an unthinking mind. No person with any ambition for economic betterment of himself or his family, would ever care to remain in a profession which promises no great future. Yet ceilings have been fixed. This will be like enacting a legislation which ensures that Indian farming becomes and remains for ever the sole monopoly of the illiterate, ignorant and poverty-stricken class of people, and that Indian agriculture is kept in the most primitive condition for all time to come. No greater crime could have been committed against Indian farming.

As regards the slogan of "land to the landless", it was forcefully and repeatedly pointed out that (even if all the landless could have land—a ridiculous proposition), there was ample cultivable waste land to the tune of about 10 crore acres, a good deal of which could be reclaimed and given over to such landless people as were genuinely interested in farming. This was not done but instead the Government moved by the *base instinct* of giving something for nothing, robbed Peter to pay Paul by depriving the present *bona fide* owners of

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lands, who were capable of putting them to the best advantage, and handing over such lands at nominal cost to the co-called landless who are mostly without any capacity or resources to make the best use of them.

As for "State Trading" in food-grains, it is the function of the Government to maintain the price of food-grains at a level which would be remunerative to the cultivator, on one hand, and not too costly to the consumer on the other. And this could be done only if the State were to act as a stabilizing agency, i.e., entering the market to purchase when prices tended to declare unduly low and releasing the stock when prices tended to rise abnormally high. The State must compete with private trade on *equal* terms and not enjoy exclusive monopoly which would be harmful both to the grower and the consumer—harmful to the former because of absence of competition, and harmful to the latter because of inefficient handling and wastage of grain in storage, as had been amply borne out by previous experience. But the ruling party persisted in initiating this programme.

As regards the so-called "cooperative farming", it was repeatedly made clear that no sensible person could be against the *spirit of co-operation* as such. In fact, there is enormous scope for co-operation in various fields of agriculture, like co-operative purchase of farmers' requirements, co-operative warehousing, co-operative use of certain facilities like tubewells or co-operative processing of surplus farm produce, etc., etc. Not only is there enormous scope and certainty of success but actually there is crying need for it, as success in *these directions* can immensely contribute to the economic betterment of the cultivators. Even otherwise also, ordinary prudence demanded that efforts should have been made to first secure success in these comparatively easy and non-controversial fields and gain experience before embarking on schemes of doubtful utility.

But to the misfortune of our country in general and of the agriculturist community in particular, our planners, who are non-agriculturists and therefore ignorant of farming, could not think of co-operation in these spheres. They could only think of co-operative farming of the type practised in communist countries, i.e., pooling land, implements and bullocks, and expecting all people to work on the farm jointly and sharing the produce equally (like saints), regardless of the comparative output of work by different individuals—un-mindful of the fact that such farming had not succeeded anywhere in India or elsewhere in the world, except under communist compulsion. They disregarded the findings and advice of Evaluation Committees and other experts, both Indian and foreign, with life-long experience of the subject, who had warned our Government against this policy. Their warnings were based on a thorough study of the problem and analysis of

the causes of failures of hundreds of co-operative farming societies so far started in India; and failures were all the more significant in the face of heavy financial assistance to these societies by government which even a rich country, like the U.S.A., could ill-afford for long. These included men like Sir Malcolm Darling, the well-known authority on co-operation, who was invited by our Government for advice, Messrs. Raj Krishna, I. C. Jain and Gopi Krishna (who, on behalf of the Indian Co-operative Union, had conducted evaluation studies of co-operative farming societies), Shri C. Patel, who had studied the working of co-operative farming societies in Gujarat in general and Baroda in particular, Shri P. D. Kasturker, Deputy Registrar, Co-operative Farming Societies, Bombay, as also many members of various Evaluation Committees, appointed by the Planning Commission itself, to study the working of co-operative societies in India numbering over a thousand. Numerous other practical agriculturists well-versed in rural psychology, agriculture and co-operation have tendered well-meaning advice. The results of the findings of the Evaluation Officers have obviously made no impression on the Planning Commission.

What has happened so far since the passage of the Nagpur resolution has only confirmed every one of these apprehensions.

Progressive farmers being driven out

Taking the question of ceiling on land holdings at the ridiculous level of 30 acres per family even in the case of self-cultivating farmers, the ceilings legislation has only created uncertainty and a sense of insecurity about the future of Indian agriculture. Even the well-to-do persons are not only reluctant to make further investment in agriculture (except what they can easily get from the Government as loans) but they are gradually withdrawing their own investment already made and re-investing the same in non-agricultural spheres. In this connection, it may be noted that the Indian Council of Agricultural Research had appointed last year a Central Team, (comprising most experienced agricultural experts and retired Directors of Agriculture of some States) to study and compile "Outstanding Agricultural Practices in India". Members of the Central Team, during their tours in the country, were pained to observe that even the educated farmers, whose standard of farming was of the highest order, comparable to the best in the world, and who could occupy positions of highest honour in the sphere of agriculture in any country, were feeling nervous of their future and abandoning farming occupation in order to take to some other profession. This was because they saw no great future in agriculture either for themselves or for their children. These people who are now being forced to take to some profession other than agriculture and migrating to cities, would have been the natural leaders in the

development of agriculture or the building up of rural areas. This leads to depriving the rural people and Indian agriculture of the right kind of leadership, and entrusting the work to "non-agriculturist urbanite *babus*" recruited to give lessons to the farmers in agriculture and co-operation.

As regards "land to the landless" (which was expected to be distributed, as a result of ceiling on land-holdings) since people have largely managed to dispose of their lands (which according to the statement of our Prime Minister in Parliament, they had perfect right to do, both moral and legal) the total area likely to become available for distribution would not exceed 10 lakh acres for the whole of India. This estimate is given by no less a person than Shri V. T. Krishnamachary, ex-Vice-Chairman of the Planning Commission. And this acreage will become available at the risk of ruining the scope of agricultural development in India by driving the progressive element out of this profession for all time to come. On the other hand, out of about ten crore acres of cultivable waste land under various categories, if even 5 per cent could be reclaimed (in some localities even 50 per cent is easily reclaimable) it could secure much more land than what could be expected by the enforcement of ceilings. In fact, after the partition of the country, there was such a wave of enthusiasm for agricultural development that men of enterprising spirit and resources would have reclaimed (by their own efforts) millions and millions of acres of cultivable waste land if the Democles' sword of ceiling at the ridiculously low level as 30 acres had not been kept hanging their heads. If our government had followed the healthy example of Egypt of placing no ceiling on newly reclaimed waste lands for 30 years and to pay reasonable compensation for such lands after the expiry of the above period, if taken over by Government, the results would have been spectacular. Egypt, which had faced far greater and more acute problems of tenancy than India, had no doubt fixed a ceiling on landholdings but that was at 250 acres per family (against 30 acres in India) so as not to drive out progressive elements from this profession.

The recent rulings of the Supreme Court on the validity of many aspects of our land reforms, like definition of estates, exemption of farms of certain categories from Ceiling Acts, compensation for lands taken over, etc., would further complicate matters. No doubt the ruling party, because of its brute majority, can nullify the rulings of the Supreme Court by amending the Act, but it is not wise to go against the spirit of such judicial rulings.

As regards utilization of land already given to the landless, happenings in Shimoga in Mysore State and elsewhere throws much light. All incentives like free jungle land, free construction of houses, cash loans for

purchase of bullocks and cultivation expenses were given to these landless people. What they did with these facilities is most depressing to know. Bullocks were sold; advances were utilized for purposes other than agriculture; lands remained un-reclaimed and unutilized; and the so-called landless preferred to work as labourers in sugar mills!

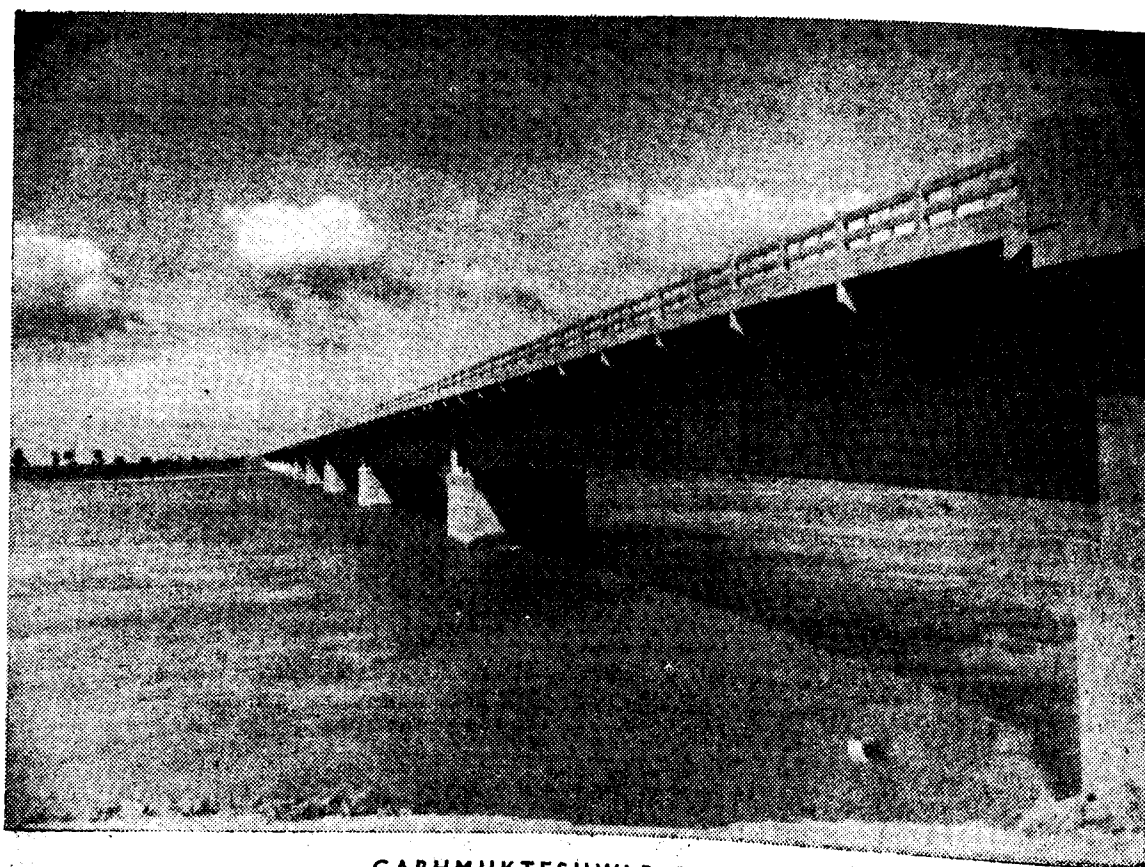
The greatest disservice that these so-called land reforms have done is to create cleavage or dissensions, bad blood, class hatred and suspicion between urban and the rural classes, agriculturists and non-tenants, big farmers and small farmers. All this must prove, in the long run, ruinous to the unity and solidarity of the nation.

As regards the extent of success in "joint co-operative farming", the less said the better. It has been a miserable failure wherever it was tried, so much so, that the ruling party itself has now begun to talk more of "service co-operatives" than of joint farming. Nobody, let it be repeated, had ever objected to service co-operatives, the extension of which was advocated even in pre-Independence days.

As regards State trading in food-grains, it was a still-born child. Many States did not even attempt it and the few that did attempt, had to burn their fingers badly and lost heavily, and were forced to give it up.

In short, the ugly features of the whole agrarian policy, whether in regard to fixation of ceilings, or distribution of land to the landless, or co-operative joint farming, or State trading in food-grains, stands fully exposed in all their nakedness. It will be a clumsy attempt to conceal the truth by catchy phrases of "land reforms" or "blessings of co-operation". Nobody did ever doubt the need for land reforms or the advantages of co-operation, but the question was "what sort of land reforms" or "what sort of co-operation" was to be undertaken?

The larger interests of the country, its economic betterment, and the solidarity of the nation, demand that all political parties should rise above petty party considerations, and engage themselves in some heart searching or re-thinking on this subject. A high power committee, comprising agricultural experts and some political leaders of high standing, should be appointed to carry out an impartial inquiry into the extent of success or causes of failure of our agrarian policy, with a view to making suitable amendments to it. Our country has suffered sufficiently in spending thousands of crores of rupees in an attempt to improve agriculture and to make India self-sufficient in food, all in vain. Let us be bold and honest enough to face the facts. Let us exhibit, even in a small measure, the greatest virtue of owning a mistake which Mahatmaji, the Father of the Nation, had taught and stand on any false notion of false prestige.



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AUSTERITY IN AN UNDER-CONSUMING ECONOMY

by J.M. LOBO PRABHU

Austerity, like other virtues, has the defects of its qualities. In an under-consuming economy it can cut too near the bone both of consumption and production. Under-consumption implies loss of physical and mental capacities and under-production an avoidable loss of resources and economies. The optimum for every economy is the maximization of both income and employment so that people get, and give, as much as is possible.

There is no ethical question about removing deficiencies in consumption. In India, these include food, clothing and housing for the greater part of the population. Food is deficient both in volume and quality. Against the calorific requirements of 3,000, as in other countries, the Indian average is about 1,700. There is a marked lack of proteins, subsidiary foods being an unknown luxury to the vast majority of the people. This shows its results both in the stamina and stature of the people, as well as in their health and life expectation. Austerity is imposed by the high prices of food, which absorb about 67.1 per cent of the expenditure of every rural household, 55 per cent in urban households and 56 per cent in city households. The remedy is to increase production so that prices are reduced and the incidence on the budget falls in line with that in other countries. This would also allow for enrichment of the diet by milk, fats and meat (for those who take it), which are now beyond the means of the majority.

In respect of clothing, the position now is that the average available per head is less than what it was in 1939, though the prices are more than four times. Clothes are necessary not only to meet the demands of comfort and modesty but to create a sense of self-respect. The deficiency is due largely

to the system of controls, which increases the price of cotton, reduces the capacity for manufacture and adds to the prices in many ways. The solution is to terminate controls so that private enterprise meets the needs of the people under competitive conditions, both in respect of price and quality.

In respect of housing, the Union Minister has repeatedly stated that the population in towns and cities has half the floor space it had in 1939 and that 90 per cent of the houses in villages are without plinths and with only mud walls and thatch roofs, being sub-standard also in the matter of ventilation and sanitation. In the U.S., U.K. and other advanced countries, housing is heavily subsidized; in India, not even loans are available for it. The solution is a general and intensive programme of subsidized housing, which would not only draw investment but create widespread employment. According to the National Sample Survey, the investment per rural household is only Rs. 13.87, which also includes expenditure on wells, tanks and land. In fact, the expenditure on rent and housing is so inconsiderable that the Sample Survey does not even attempt to evaluate it. If it is admitted that reasonable housing is the basis of civilization, the deficiency in this respect is a grievous one, which should constitute the first demand on all government planning. The subsidies to be given will, therefore, act as incentives for the most revolutionary changes in the economic and social conditions of the masses.

The Sample Survey also discloses that the expenditure on education, newspapers and books

constitutes only 0.7 per cent of the total *per capita* expenditure, while it ranges from 7 to 18 per cent of the expenditure in advanced countries. In a democracy enlightenment is not a luxury but a necessity, for which reason the deficiency makes nonsense of all our claims to government by the people. At the same time, it is idle to expect people to spend more on enlightenment when there are more urgent demands on their small incomes.

On medical services and medicines, the expenditure is only 1.27 per cent of the *per capita* expenditure. Even so, the greater part of this expenditure is on quacks and wonder workers. Considering the general health of the people, the average expenditure should be much higher.

Fuel and lighting absorb 3.35 per cent which accounts, first, for the diversion of cow dung from its use as fertilizer and secondly, for the fact that in villages, almost every one has no light for work after sunset.

The question remains about conventional necessities like soap, furniture and other consumable items which account for more than 27 per cent of the expenditure in other countries. If they are regarded as luxuries, they have their justification both from the side of production and consumption. The Chinese have a saying that the waste of the rich is the wages of the poor. The meaning of this is that if life was of an austere pattern, various classes of producers and workers would be without employment on production of articles which add to the

graciousness of life and to its greater comfort. All handicrafts, including khadi which sells far above its value for reasons of prestige, would wither if the austerity principle was ruthlessly employed. If the communist principle was strictly followed and all incomes equalized, the resulting average of a monthly income of Rs. 25 would leave employment to no one who did not produce the necessities which this meagre sum would buy. Even the socialist principle of reducing the rural income by ceilings has led to widespread unemployment of the classes who satisfied the demands of those who had more money than was required for their necessities.

Consumption is related to production through incentives. It is human nature, first, to be socially competitive, secondly, to strive and sacrifice to acquire distinction. If austerity is the general pattern, these incentives will cease to be effective, with no one trying to do

more than keeping himself alive. The importance of this tendency derives from the historical background of the Indian people. Centuries of foreign and rapacious rule had taught the people one thing, that they should not appear prosperous if they are to avoid the attacks of the strong. A facade of poverty became a means of survival, which in turn made people deny to themselves everything except secret hoards as insurance against attacks. The village houses, except those which could fortify themselves, therefore simulate poverty. In their clothes and attitudes, there is not only austerity but a suggestion of poverty. Only in towns are there better houses and other signs of wealth because of a greater confidence.

Austerity is therefore a damned heritage of which the people must be rid if they are to earn and spend according to their capacities. The Congress ideology of simplicity, though in practice it is meant only for those who are not

in power, has been paralysing the opportunities which Independence offered to the country to modernise itself. In advanced countries, people are living on the future by the hire purchase system; in India they are living for the future by dire sacrifices of the greater part of their earnings. This is inconsistent with modern economy which government is encouraging in the higher sectors by its own loans and the credit which banks and companies create.

There is a contradiction between means and ends, which is economically destructive. The people must spend what they can if the economy is to expand as it can. This may go against inherited ideas and the government's own designs for its power against the prosperity of the people. Yet it is the only solution for the present stalemate. If there is to be austerity, it must only be on expenditure which only gratifies individual instincts without advancing general interests at the same time.

SILENCING the THECKLER: SOME FAMOUS ELECTION RETORTS

BY K. Swara Dutt

"If you wish to know about elections," wrote Sir Winston Churchill, with no exaggerated confidence, "I am the person to tell you". It is now nearly thirty years since he made this claim, and even by then which was in early thirties, he had the distinction of having already fought fifteen elections; he has since fought five more. Still being inside the ring he can maintain that, more than any other living Englishman, he has earned the right to lecture to the world about elections and about their fun as well as fever—and also of the 'alarums and excursions' of the campaigns for wooing the voters.

There is no general election that is not to the candidate—any candidate—something of an ordeal. His patience is tried, sometimes to the point of exhaustion. He cannot afford to lose his temper or balance. And whether he likes it or not, he must pat many a shoulder, and with a seeming, if not gushing, spontaneity, kiss the house-wife's babe! And he should be prepared to make two or three speeches a day, long or short.

The incorrigible heckler

All this, whatever be the strain involved, the candidate may learn to stand. But there are some other things he cannot withstand or learn easily. Of them all, there is none so trying or turbulent as the incorrigible heckler, who pops up from somewhere and tries to assail the candidate with a question, very inconvenient or even positively offensive sometimes.

According to Churchill:

Of course, there are the rowdy meetings. Here you have excited crowds, green-eyed opponents, their jaws twitching with fury, shouting interruptions, bellowing insults of every kind ... Loud jeers and scoffs—and every kind of nasty question carefully thought out by vehement-looking pasty youth or young short-haired women of bull-dog appearance.

He (Churchill) is no doubt a past-master in silencing the scoffers or putting the hecklers in their place by his ready and devastating wit.

His friends, Lloyd George and Birkenhead, were of the same mettle; they were, in their day, equally invincible. Birkenhead (then simple F. E. Smith) found, at a Liverpool meeting, someone in the audience continuously shouting: "What about food-taxes? Who's going to tax my food?" F. E. seized his chance to 'down' the heckler. "Reassure yourself," he said, "I have yet to hear that thistles are to be taxed under any system of tariff reform!"

F. E.' S. devastating retort

"F.E." was also capable of making the other person look ridiculous, not by giving a simple repartee but by his very illuminating exposition of a knotty point. Addressing once his constituency he remarked: "And now I shall tell exactly what the Government has done for you," when a woman in the audience shouted 'Nothing!' "F.E." was, however, not the man to get embarrassed. He seized the opportunity and turned the tables.

My dear Lady, he said, the light in this hall is so dim as to prevent a clear sight of your undoubted charms, so that I am unable to say with certainty whether you are a virgin, a widow, or a matron, but in any case I will guarantee to prove that you are wrong. If you are a virgin flapper, we have given you the vote; if you are a wife, we have increased employment and reduced the cost of living; if you are a widow, we have given you a pension—and if you are none of these, but are foolish enough to be a tea drinker, we have reduced the tax on sugar.

That spontaneity, commented Churchill, is "a marvel".

Aggressive Lloyd George

Lloyd George had as quick a mind for the ready retort. He could be even more direct or aggressive. It was in his very first election campaign that he was asked what he would do if Mr. Gladstone did not give Dis-establishment. "If I met the King in battle, I would fire my pistol at him," was his audacious reply (in Oliver Cromwell's words).

On another occasion, when at Hanley he was talking on the evils of intemperance, he was persistently interrupted by the catcalls of an elector who came in handy for the development of his argument. "Sound like the echoes of an empty cask," suggested the Chairman. "Oh, no", said Lloyd George, "the gurgling of a very full one."

And a yet more famous one was the following: "We will have

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Home Rule for Ireland and for Scotland and for Wales," he said, addressing the farmers in his own Wales, when a tipsy trouble-maker cried: "And for hell, too!" "Quite right," said Lloyd George, "I like to hear every man to stand up for his own country."

Deadly retorts

For Lloyd George at his best, we should recall his deadly retort to a heckler who tried to be rude to him by referring to his grandmother's donkey-cart transport and thus suggesting his very humble origin. "What's happened to the cart and donkey?" he shouted, when Lloyd George with a mischievous twinkle in his eye answered: "The cart—that's been chopped up for firewood long ago. But I'm happy to say the donkey is still with us: I heard him braying just a moment ago!"

Even more deadly was his retort to a woman heckler at the hustings, who told him: "If I were your wife, I'd give you poison."

"And if I were your husband," retorted Lloyd George, "I'd take it."

Dazzling Disraeli

To go farther back to the Victorian days was to be confronted by the dazzling Disraeli. He was young and impecunious when he contested High Wycombe against the dominating Whiggery of the Greys and the Caringtons. At an election meeting someone in the crowd cried: "We know all about Col. Grey, but pray, what do you stand on?" Prompt came the reply, "I stand on my head"—a reply which sent even his formidable rival, Gladstone, into raptures. Once during a dinner, an elector told the party that Mrs. Disraeli picked Mr. Disraeli out of the gutter. "My good fellow," drawled Dizzy, "if you were in the gutter, nobody would pick you out"—an annihilating retort!

Quick-witted

Some of his retorts are as stimulating as they are pulverizing. "Speak up! I can't hear you",

shouted someone at a Newport Pagnell meeting. Quietly but firmly, Disraeli told him: "Truth travels slowly, but it will reach even you in time". "Speak quick," cried aloud another, elsewhere. Disraeli descended on him devastatingly: "It is easy for you to speak quick," he said to the man, "when you only utter stupid monosyllables, but when I speak, I must measure my words. I have to open your great thick head." Still not satisfied, he added: "What I say is to enlighten you. If I bawled like you, you would leave this place as great a fool as you entered."

Amidst all the haze or heat of elections, there are memories left of such brilliant retorts which the improvisers of politics at their best occasionally give, not only for the conquest of the crowds facing them but for the delectation of posterity. That way, what a barren scene it is in India! Here the fashion is set to work up loss of temper instead of relying on a sense of humour.

THE ECONOMICS OF A WORLD WITHOUT Arms

by D. B.N. GANGULI

The high level of expenditure incurred by nations on armaments is not only a political menace but also imposes a heavy economic and social burden on humanity. On the political plane the undertones of preparedness for war on the ostensible plea of defence which is often indistinguishable from aggressive designs, underlie the tensions and 'alarums and excursions' which seem to bedevil international relations. While politicians think of 'deterrence' and 'balance of terror', deterrence eludes their grasp and the balance of terror is periodically being disturbed by "technological break-throughs" which seem to fascinate and terrorise humanity. On the economic plane, with which this short essay is concerned, the stakes are also too high to be ignored by the common citizen in every country, irrespective of its ideology and its social system.

Let me indicate the basic magnitudes involved in the suicidal arms race. A broad conservative estimate of the total military expenditure in the world as a whole is \$ 100,000 million. The share of the under-developed countries in this total is \$ 5,000 million. These absolute figures are arresting, if only because one can think of a vastly greater addition to the sum-total of welfare per head of population in the world as a whole if the nations were to decide to use the resources measured by these figures to human welfare. It is also a sad commentary on the position of underdeveloped countries that the proportion which their defence expenditure bears to the total defence expenditure of economically advanced countries is much less than the proportion which their *per capita* incomes bear to the *per capita* incomes of the prosperous countries. Without being anywhere near 'opulence', poor countries have to bear in mind Adam Smith's proposition that "defence is more important than opulence". In a disarmed world how much easier will it be for them to solve some of their current economic difficulties?

In the modern world, while science and technology have been opening up possibilities of plenty for all, paradoxically enough, colossal waste has gone on in the form of unproductive use of men and resources for wars and preparedness for wars, apart from periodical bursts of destruction of wealth, the real cost of which in human terms is far more than the loss of wealth in mere money terms. In our genera-

tion many still remember the two world wars and the Great Depression of the 1930's which intervened. This was a period which witnessed remarkable advances of the human spirit in the realm of science and technology and the application of both to industry, agriculture and preventive and curative medicine. And yet this was also a period which witnessed the vast destruction of wealth and of the apparatus of civilized existence as the result of the two destructive wars and the Great Depression.

There are people who read a common theme into these events. They link up the two world wars and the Depression. I do not wish to speculate on this theme. Irrespective of whether this sequence of events indicates a necessary causal connection, it is quite clear that wars and depressions are calamities which involve destruction of actual and potential productive power on a large scale. I do not share the fatalistic view that they are inherent in the capitalist system of production or in the very nature of an industrial civilization. I consider them as preventable diseases of modern civilization, which have to be treated rationally if modern civilization itself is to survive and deliver the finest fruits which it can bear.

It is not known to many that the Great Depression of the 'thirties involved a loss of wealth which bears comparison with the loss of wealth involved, for example, in the Second World War. During the depression the total loss of money income in the case of 24 representative countries was estimated to be over \$60 billion in the single year 1932. In the U.S.A. the national income declined by more than one-half within three years. Since much of the agricultural produce was never sold and rotted away on the farms, the income enjoyed was much less than income produced. At the depth of the depression 100 million persons were out of work. Over 25 million industrial workers throughout the world were unemployed. To these 25 millions with their dependents we must add an unknown army of workers dependent on land who were under-employed or produced commodities which were not consumed in the economic sense. It has been estimated that the economic cost of the depression (more than a trillion post-war dollars) was of the same general magnitude as the costs of all the economic resources used up in the Second World War itself.

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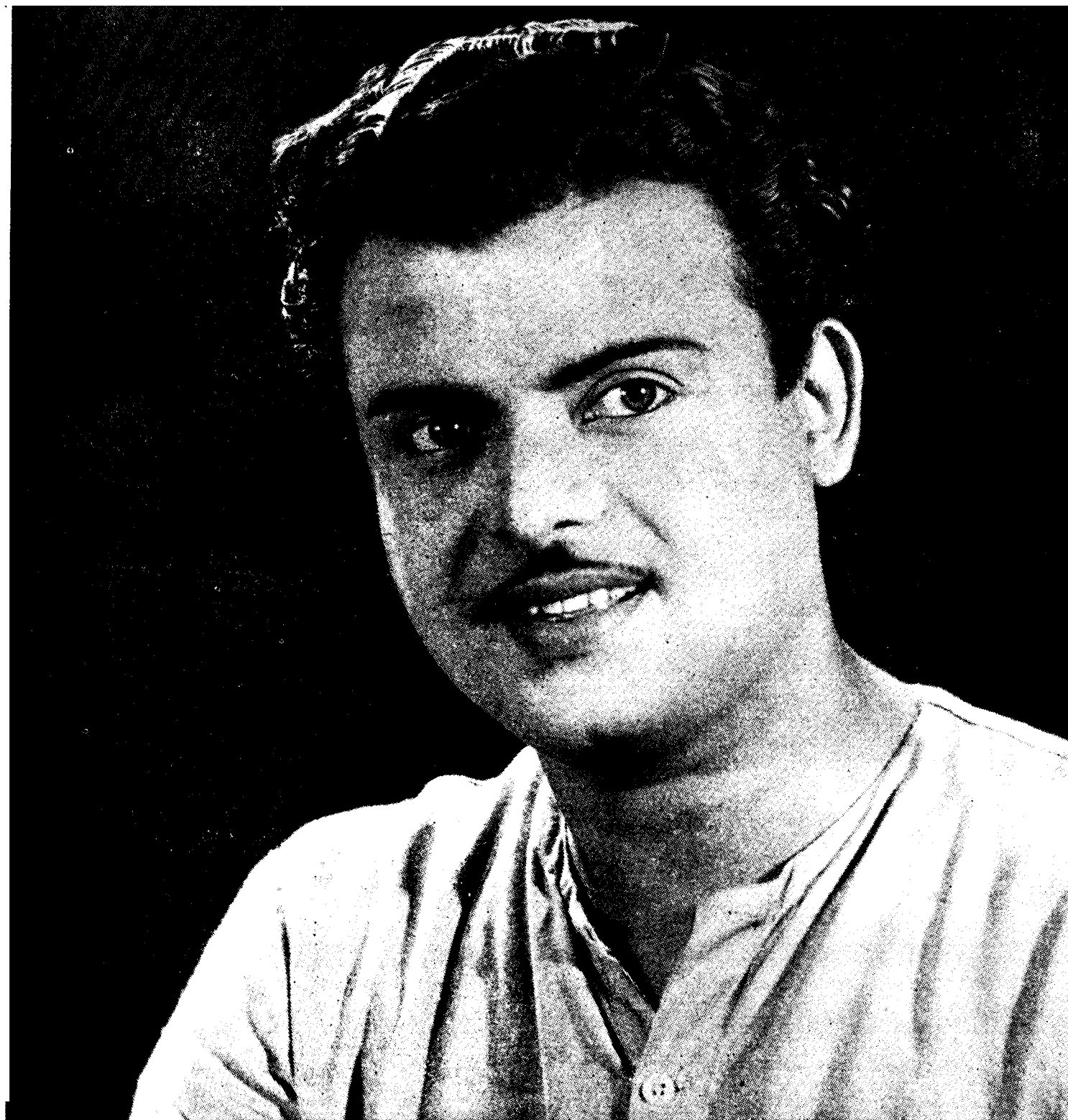
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Nations have, no doubt, survived the Great Depression and the Second World War, but with vast depletion of resources in material and human terms. What if they now decide to plan a world without arms? Ethics apart, what would be the economic implications of this decision? There are countries today which maintain more than one per cent of the total population as members of the total available armed forces (Yugoslavia: 2.07 per cent; Israel: 14.15 per cent; Switzerland: 7.63 per cent; U.S.S.R.: 1.88 per cent; Sweden: 8.70 per cent; Spain: 1.35 per cent; Formosa: 4.75 per cent; U.S.A.: 1.39 per cent; U.K.: 1.01 per cent; Turkey: 7.76 per cent; France: 2.15 per cent; Greece: 1.86 per cent). Countries with less than one per cent are India: 0.14 per cent; Pakistan: 0.13 per cent; China: 0.36 per cent; U.A.R.: 0.53 per cent. Even if these millions are not diverted from 'defence' to civilian production and are thrown out of employment, they will scarcely equal the millions that were thrown out of work during the Depression. Indeed with proper retraining of labour, assisted mobility, compensation for unemployment, proper reconstruction of the pattern and regional location of production, an adequate adaptation of defence-based industries to serve civilian needs, etc., it is quite possible to prevent what happened during the Depression in most countries. In any case the experience of the Depression will never be allowed to repeat itself anywhere in any circumstances. If the economies of the world most concerned with the impact of disarmament, in view of the fact that defence expenditure forms a fairly high proportion of their gross national product (over 10 per cent, as in the case of the U.S.A. and the U.S.S.R.), maintain high rates of economic growth as warranted by the existing base of their national productivity, they can take up the possible slack arising from the disemployment of resources as the result of disarmament. I do not wish to imply that the switch-over does not involve difficult problems. Some of these I have already outlined. There will be others—fiscal and monetary in character—the solution of which will have to go hand-in-hand with reconstruction of demand and of the pattern of production and 'reconversion' or 'readaptation' in the physical sense. In underdeveloped countries men and capital employed in armed forces will be a valuable addition to the meagre productive resources. Particularly, the armed forces will provide a readily available supply of highly disciplined and highly trained technical personnel. It is a generally acceptable possibility that a substantial part of the resources released from current armament expenditure in countries which are the major military powers today will be made available as increased foreign assistance for economic development in under-developed countries. Apart from this, it may be anticipated that a better integrated world economy devoted to human welfare will provide the means to concurrent economic development of all nations in a world without arms. Is this not an exciting prospect?



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Constructive Citizenship under Swaraj

What is the role of the citizen in the hard task of the realization of the new social order in a welfare State envisaged by our Constitution? What is the outcome of the State's efforts in this direction since the attainment of Independence in 1947? What is its moral for the citizen?

Our Government is run under a democratic Constitution on the basis of adult franchise since 1950. Ultimate political sovereignty is vested in the entire body of adult citizens of the country. Has this power of sovereign democratic political control been able to secure to all citizens (from the lowest upwards) the right to justice, liberty, equality of status and opportunity, assuring them dignity of the individual, envisaged in the glowing preamble of the Constitution? How far have we succeeded in forging the unity of the nation? Have we been successful in solving the big problems of grinding poverty, maldistribution of national wealth and income, the soaring prices of essential commodities, disunity, political and administrative corruption and abuse of power, and anti-national forces? No doubt, there has been some achievement in a few spheres of

national activity. But many big problems still await solution.

Even in the advanced countries of the West, where democracy is functioning with a fair measure of success, democracy has not by itself been able to solve all major problems of social welfare. As Sir Josiah Stamp says: "We have been prone to the view that by some mysterious alchemy, the ballot-box and democratic representation would distil leadership and wisdom out of the mass of ignorant and prejudicial individuals, under the mob influence and sway of partizanship. Failing certain important individual characteristics in the people, they can be led as fatally astray by democracy as by any autocrat". Democracy has also created a big social problem in England. According to Claud Mullins, "the drift towards socialism has, no doubt, meant higher standards of living, but it has also brought about lower standards of morals, a progressive deterioration of the moral quality in the homes of our people". In our country also, as in the countries of the West, there is an

alarming increase in crime incidence as well as a serious deterioration in the moral standards of the people after Independence.

How is this social malaise to be cured? The most potent factor of social health in our civilization has till recently been the sovereignty of Dharma or the Rule of Righteousness. Death in the process of upholding Dharma is considered meritorious, not victory through a sinful act. An ideal society, according to the great Tamil saint and law-giver, Thiruvalluvar, would have toiling producers of commodities in an unbroken chain of supply, wise leaders who adhere to Dharma, and owners of an inexhaustible stock of capital, i.e., riches. The wise leaders of the community form the backbone or the steel-frame of the community, and it is through them that Dharma is to be elevated to its rightful place. The restoration of Dharma to its primacy will be an effective remedy for our present moral malaise.

The new social order envisaged in the Constitution, if it is to be stable, must be built on the foundation of Dharma. An adequate code of ethics has to be evolved which will be a synthesis of the traditional basic principles of our Dharma and the root principles of the new social order under our Constitution. This synthesis of Dharma will be a logical supplement to the Chapter on Fundamental Rights as well as to the Chapter on the Directive Principles of State Policy in the

Constitution. This is of supreme importance. The Father of the Nation gave us a constructive programme. His spiritual eminence created heroes out of common clay. A similar pro-

gramme of material and spiritual equipment of the nation has to be forged for realizing the fruits of freedom. A new era of civic reconstruction under Swaraj has to begin. The time spirit, when it gets sufficiently ripe, will no doubt bring forth the leader on whom the mantle of the Mahatma is to fall. In the meantime, the soil has to be prepared.

What are the guiding principles of the citizens' Dharma? The chief aim of the Constitution is to assure the dignity of each individual citizen. The State has to function as an instrument for the improvement of each individual citizen to the point of his highest ability. A plan to raise the material standards of life alone of the citizen is lopsided. The dignity of the individual requires an integrated development of his entire personality. This big task can be achieved only by concerted action by the State and the citizens. The relation-

ship between the citizen and the State as well as that between the citizens *inter se* should be governed by the law of inter-dependence or co-operation.

The leaders of the nation should work out a code of ethics or Dharma to carry out these principles. They should weave these principles into their lives and conduct themselves as living embodiments of the Dharma which they are to enunciate and expound.

The machinery of political parties is indispensable to run a democratic government. Its weaknesses, political and moral corruption and abuse of power, have, however, to be guarded against.

The political power of sovereign control vested in the adult electorate under the Constitution cannot by itself assure the dignity of the individual citizen. The many economic, political, moral and spiritual problems that face

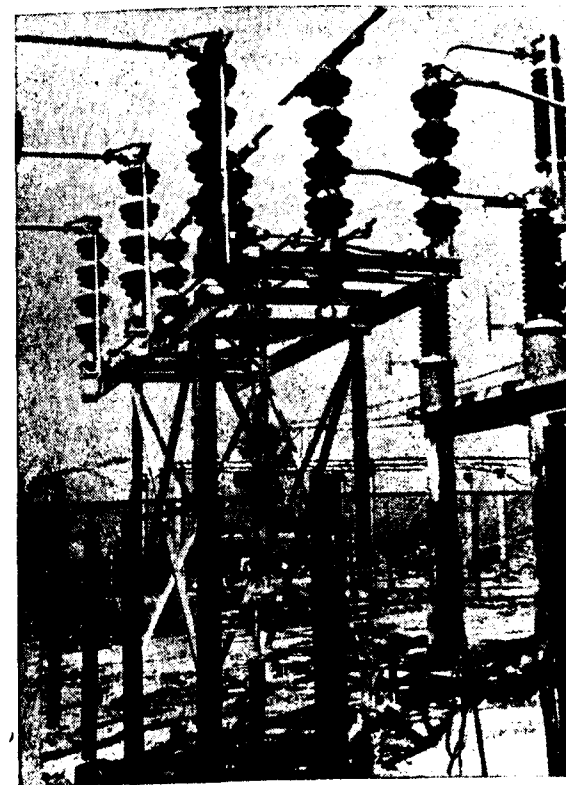
Misuse of Power

Our post-Freedom rulers have misused power too much as it is, and it is unsafe to entrust them with more of it in the name of socialism. The social objectives of socialism are excellent and they have captured the whole world, not excluding the so-called capitalist countries. But they have brought happiness to humanity only where amply protected against the horror of regimentation and mass slavery under bureaucratic tyranny.

SAKA

the citizen after eleven years of political sovereignty under the Constitution have demonstrated that the new social order, to be healthy and stable, has to be built on Dharma in accordance with the traditional genius of our land.

by A.S. Kuppuswami



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INCIDENCE of TAXATION on PLANTATIONS

BY
D. C. Kothari



of self-interest the plantation industry would not have progressed so far and there would have been little by way of its contribution to national welfare. It has to be appreciated that in those early days at least, except for the profit motive, no industry could have made any progress. What ever might have been the past background of this industry, it cannot be denied that today

I do not, of course, feel qualified to comment on politico-economic matters like, say, "the socialistic pattern of society", "national integration", and such other ideologies. Even so, not only as a lay citizen of the country but as a person who has been associated with industrial activity in South India for some years now, I think I can express some of my own views on certain developments that have taken place in the past few years, views which, I believe, are generally held by others like me who have been in industry and business and therefore people who are expected to know intimately some of these problems that have been created as a result of such developments.

But while we sometimes have to express such opinions it is not to be misconstrued that we people of the private industry or, for that matter, any sensible person, are against planning, or the measures needed for the economic development of the country and such other things. On the other hand, what we wish to emphasize is that in our efforts to crowd within a few years the development that has been retarded for so many years now, in spite of the urgency, we should do nothing that would vitiate or continue to retard the progress which we all desire to achieve.

The plantation industry, for instance, has been in existence, particularly in South India, for about 100 years now and considering the various natural and other difficulties that the early planters faced and despite the lack of any extraneous assistance the progress it has made is surely no mean achievement. This has been due to the fact that the planters, as in the other traditional industries, did not have to face frequent interference from outside influences or authority. I do not, of course, intend to paint it all gloriously for the pioneering planter and say that all his efforts sprang from most unselfish motives or were solely in the national interests. Nevertheless, my belief is that but for those much maligned motives

it occupies a significant place in the country's economy and will continue to hold this position for quite a few years more until we are able to think of other industries which will fetch us the badly needed foreign exchange. In this context, therefore, while nothing should be done to increase its difficulties, every possible assistance must be given to relieve it of its burdens.

Doubtless, in the past years the plantations grew comparatively in prosperous conditions, though the industry itself is primarily an agricultural one. This has perhaps led to the feeling that all is well with it and that it can continue to indefinitely take on more and more responsibilities not only towards its employees but also for the country in general. It was not until recently that this erroneous idea was revised and it was also not long ago that one of the Kerala ministers went so far as to say that the plantations are "in the eyes of the Government . . . firms started by wealthy philanthropists for the redistribution of population and the comfort and happiness of the labouring classes". This is, of course, a not too responsible statement; yet it may be taken as an indication of the way the plantations have been treated unimaginatively by administrative authorities whose knowledge of the working of the plantations is often very meagre. The plantations are no longer in a position to go on contributing more and more to items like labour welfare and revenue if these are to be at the cost of its own healthy functioning. There is perhaps no other industrial activity in this country which is so burdened with such a variety of taxes and levies as the plantations; from the Central income-tax to the local Panchayat levies, this industry has not been spared by any authority and as a result sometimes there is taxation both on production as well as on sale and a sort of double taxation in the case of the Panchayats. This being so, there is every reason why the industry must be spared the "knocking off" of a large size of

its earnings by way of contribution to the national exchequer. While the planter pleads for a considerable reduction in the burden of taxation it may be felt either that too much is being made of this or, that the Government cannot help taxing the industry to such an extent, as considerations of national importance outweigh any sympathy that can be shown to industrial enterprise. What I would like to stress is that national interests, if they are to be served well, must be related to the well-being of the industries that contribute to such national interests. Besides, certain measures which ostensibly are for the purposes of encouraging the development and growth of the industry, such as furtherance of export interest etc., would seem to have the contrary result, as it happened in the case of the export duty on tea which recently was cut down with a view to making our tea cheaper in the markets abroad. This should have been most welcome but for the concomitant increase in the excise duty. The result was that what we gained at one end we have lost at the other, though the authorities seem to hold the contrary opinion about this.

I would not like to weary the reader with too many statistical particulars regarding the taxes on the plantation industry and their incidence. Yet, as an example I would like to cite two indirect taxes, the import and excise duties on industries like this. It is estimated that from a mere Rs. 3.17 crores in 1955-56 the excise duty on tea alone has increased to Rs. 9.6 crores in 1961-62, not to mention the considerable increases made on items like diesel oil, kerosene, tyres and tubes and industrial fuel. Thus, the incidence of the excise duty alone on tea in 1960-61 is about 10.6 nP. per pound. While it is perhaps to be expected, considering the stupendous taxation effort that the country is called upon to put forth in the Third Plan period, that the excise duty on tea might go up to 70 per cent more than the present level (to around, say, 17.6 nP. per lb.), it is well to bear in mind that this is not the only excise the incidence of which falls on the tea industry. The increases in the rates of excise duties on other items like diesel oil, kerosene, tyres and tubes etc., all of which are consumed in quantity by the Tea industry also contribute their share to inflate further the cost of production of tea. On the other hand, the rise in import duty even now in the 1961-62 budget should certainly increase the cost of materials like imported machinery and transport equipment which are essential requirements for the plantations and by the end of the Third Plan it is to be expected that the costs for the tea plantations, judging by the present rate of increase in these duties, will be very high. It will, therefore, be

DOCTRINE OF TRUSTEESHIP

Indeed at the root of the doctrine of equal distribution must lie that of the trusteeship of the wealthy for superfluous wealth possessed by them. How is this to be brought about? Non-violently? Or should the wealthy be dispossessed of their possessions? To do this we would naturally have to resort to violence. This violent action cannot benefit society. Society will be the poorer, for it will lose the gifts of a man who knows how to accumulate wealth. Therefore the non-violent way is evidently superior. The rich man will be left in possession of his wealth, of which he will use what he reasonably requires for his personal needs and will act as a trustee for the remainder to be used for the society. In this argument honesty on the part of the trustee is assumed.

Those who own money now are asked to behave like the trustees holding their riches on behalf of the poor. You may say that trusteeship is a legal fiction. But, if people meditate over it constantly and try to act upon it, then life on earth would be governed far more by love than it is at present. Absolute trusteeship is an abstraction like Euclid's definition of a point, and is equally unattainable. But if we strive for it, we shall be able to go further in realizing a state of equality on earth than by any other method.

Complete renunciation of one's possessions is a thing which very few even among ordinary folk are capable of. All that can legitimately be expected of the wealthy class is that they should hold their riches and talents in trust and use them for the service of society. To insist on more would be to kill the goose that laid the golden eggs.

—MAHATMA GANDHI

seen that already, on the basis of Rs. 2,176 earned per acre (yielding 1,000 pounds), there is little left for an estate to meet the several items of expenditure, as the major share is taken by fiscal levies. The cost per acre has been worked out to range between Rs. 2,121 and Rs. 2,214 and, therefore, in certain areas like Kerala where the rate of sales tax is particularly high, the balance is even negative. If this state affairs should continue against the background of falling prices, due to competition, over-production and other factors, the tea industry, for instance, is very unlikely to make the so-called huge profits in future years.

These indirect taxes apart, we have, of course, the Central income-tax of the Union government, the agricultural income-tax levied on the balance by the different State Governments, the tea export cess, the Central and State sales taxes etc. So it is clear that with a major portion of plantation earnings being drained away by taxation the estates have of late been finding it extremely difficult to

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reinvest on productive purposes any appreciable portion of the profits. Though one of the reasons advanced for such a high level of taxation in this country is to divert earnings to fruitful purposes by taking away purchasing power from the consumer, I for one believe it also acts as a very serious factor preventing fresh investment; if not for expansion and the establishment of new units, most of the plantations today require sufficient finances for rehabilitation and replanting. In such a circumstance, I do not think the loan assistance promised by the government and the Tea Board can be anything more than a palliative measure and in fact may even increase the burdens for the small grower in the long run.

Apart from the sizable amounts contributed to the national revenue, the estates have had also to face certain difficulties arising out of the administration of such measures. This is particularly so in the matter of the excise duty. Here, by a more rationalised and streamlined system, many of the formalities could be dispensed with and much of the inconvenience and expense saved, both for the government and for the estates that have to pay the taxes. Besides, there would also seem to be an unconstitutional feature, with regard to some of the levies. The Kerala sales tax is an example; the current rate of tax is 5 per cent of sales at Cochin and there is no provision for a refund on this tax when the teas are exported. It is contended that this goes against the spirit of Article 286 of the Constitution. The position needs to be examined. It will also be remembered that the Assam carriage tax which was a provincial levy, was found to be *ultra vires* of the Constitution and it is to be hoped that no attempt will be made to circumvent the constitutional provision so as to see that this tax is retained.

I have set out some of the problems facing the industry, especially those arising out of the burden of taxation. In this attempt to focus attention on the difficulties of the plantation industry I have not been alone and in the past few years leading men, both inside and outside this industry, have had to speak out on these problems. While it cannot be said that such expressions have been altogether fruitful of results, I feel that there is still much to be done, though it may sometimes be felt that the planter is making much of what has to take place as a matter of course during a period of development and progress. I would stress again that the private businessmen or industrialists are as much interested in national welfare as any other citizen in the country, if not in a spirit of selfless dedication, but certainly because they realize their own past contribution through the industry and still hope to be allowed to play this role in the future economic development of the country.



The spirit of enterprise which Indian shipping companies have shown, the struggles which they have faced and the sacrifices which they have undergone, have created history. This has been recognized all round both by the people as well as by the Government. Shipowners have also acknowledged with gratitude the encouragement and the help which they have received from the Government since India became independent. During the last few years, however, the Shipping Policy of the Government has undergone a fundamental change. Indian shipping has fallen from grace. Below are set forth a few aspects of the wrongs from which shipping companies have suffered and continue to suffer.

About six to seven million tons of crude oil are annually imported from abroad. Nearly two million tons of refined petroleum products are carried along the coast. Shipowners sought permission to go into the tanker trade since 1950. It was only after continuous negotiations that the Great Eastern Shipping Company was allowed to go in, in 1956, for a tanker at a cost of about a crore of rupees and to run it in the coastal trade of India. Since then, the right of the Indian shipping companies of going into any trade they like has been taken away from them. The Government decided that shipping in the private sector shall not enter the tanker trade. That trade has been reserved for the tankers of the public sector. The present Minister of Transport admonished the shipowners in this matter and remarked in June, 1960:

"The private sector will appreciate this position and leave this field completely to the public sector without demur."

We thought we were living in a democratic India. Free and frank expression of one's opinion is the

priceless treasure of democracy. Calling upon the private sector to accept such a policy decision "without demur" betrays the complete lack of that spirit of democracy which we are told is highly valued in New Delhi.

Shri Lal Bahadur Shastri, as the Minister of Transport, made it clear that it was not the intention of the Government that shipping in the public sector should be run in competition on routes on which the existing private shipping companies have established themselves. Sir A. Ramaswami Mudaliar, Chairman of the India Steamship Company, recently remarked that:

"I believe that this will still be the basic policy in the expansion of shipping, whether in the public sector or in the private sector."

This fair and just policy has now been reversed. The two Government Corporations, now merged into one, have already begun to run their ships on the India-U.K. and the India-Continent lines—services built up at considerable sacrifice by the steamship companies in the private sector. These companies will have to hand over a part of their trade to the Government Corporation. As if this new blow by itself was not enough, the present Transport Minister, justifying this new policy, spoke last year:

"It will be appreciated that if the Government Shipping Corporations have not yet fully covered the routes allotted to them, it is at least partly because the private sector has been allowed to come in even in those lucrative trade routes which were originally exclusively meant for the public sector. In addition the private sector has been allowed to retain the most lucrative of all trade routes, viz., the India-U.K.-Continent route."

Human memories are proverbially short. The public sector did not exist when the Indian Shipping Companies went into the India-America and the India-U.K.-Continental trades in 1947. It is, therefore, difficult to swallow the statement that these routes were reserved for the public sector long before it was born! While no one would advocate the policy that any particular sector should have the monopoly of any particular trade or any particular service, and while all fair-minded people will accept the principle that all trade routes should be equally open to all, we are quite sure that everyone will endorse the practical approach and the wise words of the Chairman of the National Shipping Board, when he remarked in July, last:

"But I am clear in my mind that the entry of the Corporation in the more remunerative routes where private sector companies

are already operating should be secured by supplementing rather than by displacing the existing tonnage of the shipping companies."

The entry of the Government Corporation into the India-U.K.-Continental trade is a clear illustration of displacing and dislodging the existing private tonnage from the route for which they have built new ships at the cost of crores of rupees. Those who believe in equality and fairness will be sorely disappointed at this new development in the Shipping Policy of the Government.

Ever since India has begun to import large quantities of food-grains from foreign countries, one Food Minister after the other, has been anxious to see that they are imported by Indian ships and consequently strong encouragement is given for the building up of an Indian merchant navy. From such data as are available, India imported about 3.25 crores of tons of food-grains upto 1958-59 and paid a freight of Rs. 228 crores. It is, however, significant to note that while the amount of freight paid to Indian ships was only Rs. 15.56 crores, that paid to the foreign ships was over Rs. 212 crores. Such a huge amount of freight paid to foreign shipping led our Prime Minister to remark in his inaugural address at the meeting of the National Shipping Board, held in 1959, that:

"Whenever I have seen the amount of money we have spent on freight more specially on the carriage of food-grains in the past years, I have not been merely alarmed but horrified when these vast sums of money have just gone on freight. If a part of them has been utilized for building our own ships or acquiring them, obviously, even from the point of view of saving money, it would have been considerable and from other points of view even it would have been desirable."

What a change it would have made to the foreign exchange pool of the country had Indian shipping been developed and had India imported even a fair quantity of food-grains out of 3.25 crores of tons which she imported till 1958-59. These golden opportunities were, however, lost. It is also a matter of tragedy that even today when India is importing about 4 to 4½ million tons of food-grains every year, Indian shipping has been receiving no encouragement.

India has to import during the first four years of the Third Plan about 17 to 18 million tons of food-grains from foreign countries. It is true that under the P. L. 480 arrangement, 50 per cent of this cargo must be imported in American Flag Ships. The other 50 per cent is, however, available to us in its entirety and we are free to allocate them to Indian Flag Ships. As remarked by Dr. Subbaroyan, our present Transport Minister,

"this opportunity comes to us in a big way; and Indian shipping must rise to the

occasion. I would like to urge the shipowners to acquire as many ships as they can for lifting this cargo".

The same appeal was made to the Indian shipowners by the Finance Minister in May last. Both the Finance Minister as well as the Transport Minister wanted however the shipowners to bring them at the lowest tramp market rates available. Dr. Subbaroyan stated very clearly:

"It is not possible for these departments to agree to pay a higher rate of freight than the rate for which shipping can be arranged in the world market."

The Finance Minister did not mince words and told the shipowners: "As it is, it is impossible for me to accept the demand of economic freight rates". We wonder whether it is at all realized that it would be impossible for Indian shipping to quote rates which the ships flying the Liberia and Panama flags would be able to quote, particularly as they have practically to pay nothing by way of taxation. Ships flying these flags carried nearly 60 lakhs of tons in the overseas trades of India during 1959-60. How is it possible then for Indian shipping to quote such rock bottom rates? Unless ships carry adequate cargo at economic rates the shipping industry can neither flourish nor expand. Whether ships are run in the private sector or in the public sector, it is done in the expectation of making reasonable profits. Neither do the Government nor the private sector run them for charity. Let this not be forgotten if India wants to build up a merchant navy of her own. Moreover, it has been admitted by the Government spokesmen that if Indian ships have to bring food-grains at the present rock bottom rates they would suffer loss. It would be pertinent here to refer to the statement made by Shri G. L. Mehta, Chairman of the National Shipping Board:

"National sentiments and economic interests both demand that advantage should be taken of the opportunity provided by the transportation of such large volume of food-grains to develop our own tonnage".

Shri Mehta further added that

"the problem is one of making it economic for the shipowners to place their vessels on this trade and I do consider that the Shipping Board itself should evolve some specific proposals for the consideration of Government. For instance, if ballast voyages are involved in one direction, would it not be possible to consider some compensation in such cases?"

The crux of the whole problem is that if India wants to earn and save the foreign exchange which she badly needs, she can only do so by calling upon Indian ships to import these large quantities of food-grains at economic rates. If the Government persists to call upon Indian shipping to bring these food-grains

at rock bottom rates where they know they would incur losses, the result will be that their decision will not only militate against the expansion of the Indian merchant navy but it will also impose an avoidable heavy strain on the meagre exchange resources of this country. We are sure that with the dawning of the wisdom in New Delhi that making of substantial profits are even necessary for the public undertakings, no one will support the present demand *viz.* "invest new capital—incur further losses".

It has been recognized by the Government that a well-balanced and adequate merchant fleet is essential for the economy and the security of the country. As the railways were diverting a large quantity of cargo from the sea to the rail route, the Central Government appointed a Rail Sea Co-ordination Committee. That Committee submitted its report in 1957. The recommendations of that Committee for ensuring a volume of cargo to the extent of about 40 lakhs of tons for the coastal fleet and the raising of the rates of freights, as mentioned in the report, were approved by the Central Government. It is, however, unfortunate that these recommendations were not implemented. It has been admitted both by the Transport Minister as well as by the Shipping Minister that coastal shipping did not get adequate cargoes. As a matter of fact, the Transport Minister lamented over

"the reluctance of the Railways to take more coal cargo by the rail-cum-sea route than at present. In fact, the Railways have been actually threatening to reduce the volume of coal cargo which they now take by coastal ships".

It will thus be realized that the treatment accorded to coastal shipping is not in accordance either with the policy of the Government or in consonance with the assurances given by it.

The coastal tonnage has not reached the targets laid down for it. It was 2.17 lakhs of tons at the beginning of the First Plan. The target laid down for the First Plan was 3.12 lakhs of tons. The actual tonnage reached at the end of the First Plan was only 2.40 lakhs of tons. The target fixed for the Second Plan was 4.12 lakhs of tons. The Rail-Sea Co-ordination Committee had strongly urged upon the Government to see that the target was reached. If the shipowners did not reach that target, the Committee strongly urged that that tonnage should be acquired by the Government of India. Despite these strong recommendations which were approved by the Government, the actual tonnage in the coastal traffic at the end of the Second Plan period was only 2.68 lakhs of tons. The target thus fell short by a little over 1.40 lakhs of tons.

There is no dispute that coastal ships have not been getting adequate cargoes. The Rail-Sea Co-ordination Committee, which examined the freight structure of cargoes carried on the coast, recommended that these rates should be increased as indicated by

it. The Government did not implement this recommendation fully. What has been the result? Let us see what the chairmen of our three leading shipping companies have to say on the subject. Shri Dharamsey Khatau, Chairman of the Scindia Co., stated at its Annual Meeting in February, 1961:

"While the shipowners have made their best efforts in bringing about a success of the policy of the coastal reservation by adding to the coastal fleet, it is distressing to find that there is no economic use of coastal tonnage available."

Shri Pratapsingh, Chairman of the Malabar Steamship Company, observed in November, 1961 that

"if Indian shipping is denied opportunities to carry coastal cargoes at the economic rates, it is idle to expect it to go in for additional tonnage."

Shri Bhiwandiwalla recently remarked that

".....your Directors are fully aware of their responsibility to you, and, as commercial men, they cannot recommend any expansion in a trade where they do not hope to cover their cost."

It is to be hoped that this wise counsel of experience coming from the chairmen of three leading shipping companies would be heeded by those who shape the destiny of shipping in this country.

We are aware of the decision taken last May by the Central Government of moving additional 1 million tons of coal by sea in the coastal trade. There has been a very ready response to this call from the shipowners although the assurances given to them have not been fulfilled. It is also interesting to note that the Transport Minister, while inaugurating the Conference of Shipping and Ship-building-interests in Bombay in December last remarked:

".....but let me tell you, the expectation of production of coal by the end of the Third Plan will so far outstrip our potential of Railway transport that the only answer to the challenge will be to carry larger quantities by sea."

He then put the significant question: "How are we preparing for this contingency?" The only reply to that question is what was given by the Chairman of the National Shipping Board when he emphasized the necessity "to devote attention to the evolution of a consistent and long term shipping policy for the coast so that there should be no uncertainty in regard to the likely volume of coal and other cargoes which could be made available to coastal shipping". I shall only add one vital condition to the adequacy of cargoes, namely, that the shipowners should be asked to carry them at economic rates. Unless this is done, there can be no bright future for coastal shipping. In their 65th Report, the Estimates Committee of the Parliament has stated as under:



A VALE'S PORTRAIT

"When there exist in the same industry both privately and publicly owned units, it would continue to be the policy of the State to give fair and non-discriminatory treatment to both of them. Keeping in view the above policy statement and the pressing need of developing Indian shipping, the Committee suggests that the question of giving operational subsidy to avoid closing down of certain essential services (as has happened) in the case of India-U.K. passenger service) may be reconsidered. As the Government is indemnifying shipping corporation in the public sector against losses for a certain period subject to reimbursement out of subsequent profits, similar facilities may be extended to the private sector also where found necessary, in the larger interest of Indian shipping as a whole."

The Government has expressed the following views on this recommendation of the Estimates Committee:

"In the first place, it may be mentioned that the indemnity against losses given to the Shipping Corporation cannot, strictly speaking, be treated as a subsidy; because the Corporations are wholly owned by Government and the indemnity only means placing of additional Government funds at their disposal by way of working capital to meet their losses for a limited period. In other words, the indemnity, in effect, amounts to Government as the owner of the Corporations, meeting the losses itself."

It is difficult to speak with restraint in this connection. Does the Government look upon the revenue which it collects from the people as its own money, the benefit of which it can only give to its own undertakings and not to the undertakings in the private sector? However, is it in consonance with the assurance to give fair and non-discriminatory treatment to the units of the private and public sectors when they are in the same industry?

It will be noted from the above facts that Indian shipowners have been asked to go in for additional ships for the import of food-grains under P.L. 480 arrangement. The rates given are uneconomic rates. The Finance Minister has made it clear that he cannot promise to give them economic rate and yet while the ships of the public sector would be reimbursed of their losses if they were to incur the same by import of food-grains, the private sector has been told that its losses would not be reimbursed!

When the Government announced its Shipping Policy in 1947, it placed before the country the target of building up 2 million tons of shipping and the carriage of at least 50 per cent of its overseas trade in Indian ships. At the end of June, 1961, the

Indian tonnage was only 8,78,949 GRT. India was not carrying 50 per cent of its overseas trades in Indian bottoms. The Government itself has come to the conclusion that the percentage of trades carried is not more than 9 per cent. Even the Planning Commission, narrow in its vision and moderate in its ambitions so far as shipping is concerned, laid down that India should carry at least 15 per cent of its overseas trades in its own ships by the end of the Second Plan. As against this moderate 15 per cent visualised by the Planning Commission, as Government itself has admitted, India does not carry more than 9 per cent of its overseas trades in Indian ships.

According to statistics that are available, the tonnage carried in the overseas trades of India came to about 25 million tons in 1959-60. With the import of the large quantity of food-grains and the proposed huge exports of iron ores reaching a figure of about 10 million tons by 1966, it is estimated that the quantity of cargo that would be carried in the overseas trade of India by the end of the Third Plan would be about 37 million tons. Even if only 15 per cent of that trade has to be carried, India would have to find tonnage to carry at least 55 lakhs of tons dead-weight of cargo every year. Now what is the position to-day? The National Shipping Board recognized as the highest policy-making authority, recommended that the Indian tonnage should be 14.2 lakhs of tons by 1966. It has also recommended that a sum of Rs. 118 crores should be allotted for that purpose. The Planning Commission has cut down once again both the tonnage and the amount to be provided as finance very drastically. According to the Planning Commission, the sum of Rs. 55 crores allotted for shipping would not raise the tonnage from 9 lakhs to more than 11 lakhs of tons. The question is "will it be able even to carry 9 per cent of our growing overseas trade by 1966?" It must be clear to all that even if 9 per cent of the trade is to be maintained, Indian ships would have to carry nearly 34 lakhs of tons. Will Indian shipping be able to do so with the drastic cut which the Planning Commission has made both in the target of the tonnage and the amount of the finance that was recommended? This is the crux of the question for the future.

It is admitted on all hands that steamers begin to earn from the time they begin to ply in the overseas trade of the country. Not only do steamers contribute a substantial amount to the foreign exchange pool of the country but they also stop the serious drain on the pool by saving a large amount of foreign exchange for India. One can only hope that an industry which is essential for the country's economy, which is vital for its security and which earns and saves a large amount of foreign exchange for India will be encouraged and helped in every possible way so that the present backward movement of the clock from expansion to retardation may be changed and shipping can march forward with confidence.

I use the word 'crisis' with some diffidence, as the Union Minister for Food and Agriculture, referring to the sugar industry, has stated on more than one occasion recently that there is no crisis. With all due humility, I beg to differ. At the time of writing, a surplus stock of 6.8 lakh tons of sugar—and by surplus, I mean over and above the usual reserve of five lakh tons—is distributed in godowns all over India, possibly deteriorating, and representing, at wholesale prices without excise duty, Rs. 50 crores of the nation's money, idle and unproductive.

By May 1962, when the season ends, the surplus may have increased to 14 lakh tons of sugar, equal in value to Rs. 104 crores. Against the background of paucity of exports, and as yet no significant increase in home consumption, if this is not a crisis, what is?

I do not propose to discuss why such a situation has arisen; much has already been said and written on the subject. But let us learn from past mistakes. The crisis is largely man-made—aggra-

much less irrigation and consequently a very restricted use of fertilizers.

- (2) The yield of sugar per acre of sugarcane, in large areas (notably again Uttar Pradesh and Bihar), is woefully low. This comes about because both the yield in tons of sugar-cane per acre is low, and the recovery of sugar per ton of sugarcane is also low. For instance, the lowest yield of sugar per acre in India is 1.2 tons and the highest 7.4 tons—a very substantial and significant difference.
- (3) For the most part, payment to the farmer for sugarcane has been on the basis of dead-weight of cane—regardless of the quality, i.e., sugar content of the cane. This system is a strong incentive to the farmer to grow what *weighs* the most—which is not by any means necessarily what *yields* the most sugar.
- (4) The fragmentation of landholdings, notably in Uttar Pradesh and Kerala, makes

Crisis in Sugar

by G. N. NOEL TOD, O.B.E.

vated by bad luck in the shape of world over-production of sugar. What man has done, man can undo. I hope, in this review, to indicate some of the basic causes of the present situation and to suggest the principles to be followed to set matters right.

India is at a disadvantage with other sugar-producing countries because:

- (1) The areas of sugarcane cultivation are geographically distributed too unevenly. There is an overabundance of production in Uttar Pradesh and Bihar, at places distant from the ports and so at a disadvantage for exporting purposes. For the home market, much of the sugar produced in these areas has to be moved over long distances, imposing an additional strain on the railways, and through the incidence of freight, bringing a lower nett return to the producer. Moreover, climatically Uttar Pradesh is less suitable for the growth of sugarcane than areas in the South. There is very

modern farming techniques impracticable of operation. The imposition of land ceilings has tended to worsen the position in this regard.

- (5) Many of our factories are too small in size to be able to produce sugar at costs which will compare with those of their larger brethren.
- (6) The rate of excise duty—let alone cess and purchase tax on cane—has been so high (it was doubled in 1957) that since then home consumption has hardly increased at all. This, in turn, is a barrier to small factories expanding to a larger size.

Now for the remedies. There are none that will work overnight, nor will any one of them by itself succeed. But, if the principles on which they are based are closely followed, I venture to predict that in between five to ten years India could produce enough sugar to satisfy the legitimate needs of an

expanding population, at a reasonable price, and enter the export market in unsubsidized competition.

- (1) A reduction in excise duty to increase home consumption of sugar. The excise duty was doubled in 1957, since when, in spite of the increase in population, the consumption of sugar has remained almost static. Such appropriate reduction should serve to restore the annual increase in consumption that took place prior to 1957. It is also for consideration whether in order to approximate khandsari and sugar more closely in price, the khandsari excise should not remain as it is. From the point of view of value as a sweetening material, khandsari is uneconomic compared to sugar, and is wasteful of sugarcane since only 60 per cent extraction is achieved. As India becomes more industrialized, khandsari should gradually recede, yielding up valuable acres for the growth of food crops.
- (2) Payment for cane should be established on the basis of quality, i.e., sucrose content. A minimum flat price for cane of average to poor quality should be fixed at a level which will not encourage growers to produce cane of this quality, having regard to the return obtainable on other crops. On the other hand, a sliding scale, according to quality, should be so calculated as to provide an incentive to sugarcane-growers to produce the very best possible quality and so to receive an attractive rupee return per acre.
- (3) There should be a gradual redistribution of factories as between the least productive areas and those that offer better cane and are strategically, from the economic angle of supply to the home market and supply for export, better placed. It is suggested that encouragement to move factories from the less economic to the more profitable areas should be given by way of a financial benefit. For instance, a development rebate might be allowed on all plants so moved,

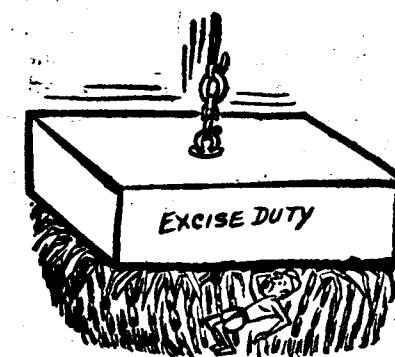


or the same object might be achieved by a reduction in the excise duty for the first one or two years of operation of the factory in its new area. Ultimately, compulsion might become necessary.

(4) Until there are signs that consumption, with exports, are catching up with production, there should be no further licensing of sugar factories (which is, in fact, already the policy of Government), but in addition to this, licences already granted to factories which have taken no substantial steps to implement them should be withdrawn.

- (5) Every encouragement should be given to existing factories with a capacity of less than 1,200 tons of cane per day to increase to this figure as a minimum. A time limit of, say, three years, might be imposed, during which time a small factory which found itself unable to increase its capacity for valid reasons, such as insufficiency of cane in the area, would have an opportunity of representing its case. At the expiration of the three year period, those factories which had not expanded, or taken concrete steps towards expansion, and had been unable to furnish a satisfactory reason for their inaction, should be penalized, if necessary, by the extreme step of the licence to manufacture being withdrawn, so that inefficient units may be weeded out, and eventually a balance of production between the North and the South achieved.
- (6) A concentrated drive is wanted to ensure that farmers follow the best manurial practices. This is, of course, dependent on the availability of suitable fertilizers. The additional fertilizer production scheduled to take place in the Third Five-Year Plan period should look after this.

These suggested remedies are put forward on economic grounds, and I appreciate that there may be political reasons, or other reasons of weight, which will retard their implementation. Nevertheless, I feel it is not too much to suggest that if the principle of these basic remedies is borne in mind, the Government and the Industry will surely be able to find, in due course, a way to implement them.



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A Storm in a COFFEE Cup

by
R. C. PATERSON

During the past five years or so the South Indian coffee planters as a body have greatly lost confidence in the way the Coffee Board has been dealing with their affairs, particularly in the marketing of their produce—until today, one hears some very hard things said against them. It is even suggested that the coffee industry would be better off if the entire marketing of coffee was removed from their hands and handed back to private enterprise or the planters themselves.

Even ten years ago it was apprehended by some of the far-sighted planters that the boom in world coffee prices could not continue indefinitely and that a situation was bound to arise when world prices would be substantially below the minimum release price in India which was agreed as a fair return to the grower.

Before the war most of the coffee of export standard used to be exported and only the balance was sold in India and largely consumed in the old Madras Presidency and Mysore State. When the last war started in 1939 coffee was given no freight priority so that it did not take long before planters found themselves in the impossible position of being left with large quantities of unsold coffee on their hands for which they were quite incapable of finding a market. By the time the Indian Coffee Board came into being in 1940 the situation was critical; yet within the relatively short period of about 3 years, thanks to co-operative marketing, propaganda and advertising in India, the Coffee Board not only got rid of all the surplus coffee on planters' hands but actually created a growing internal demand in the country itself which for the next six years or so the coffee planters found difficult to satisfy. It was indeed a very fine record that the Coffee Board achieved and for many years they were held as a model of co-operative endeavour to be copied by less efficient organisations.

It seems therefore somewhat strange that the same organisation which in 1940 was deemed to be the only available weapon to prevent the collapse of the industry should now in 1961 be considered by the planters as a handicap to efficient marketing, if not a millstone round their necks.

Although criticized, I do not think it is fully appreciated to what extent the cause for this disquiet lies in the very constitution of the present Indian Coffee Board. On the marketing committee the planting members have always been in the

majority, but only in numbers. Vocally they have often been in a minority. This is largely due to the changes introduced by the Government of India in the 1954 Coffee Act, in the methods of giving representation on the Board. Prior to 1954 the various Planters' Associations as such had been allotted seats on the Board. This proved to be a satisfactory method of working since the representatives being well-informed persons were able to speak with full authority on behalf of their various Associations. The 1954 Act replaced this system of representation by a system of an electoral roll on a State basis entirely divorced from the various Planters' Associations. The result of this was that the industry lost its importance and in conferences and board meetings the views of its representatives were considered largely as personal and therefore did not carry the same weight as those of an authorised representative of a legitimate association. The net result was that the planters have not been able to give the benefit of their experience in shaping the marketing policies of the Coffee Board.

It may be stated that the present coffee marketing committee is apparently not the most suitable organization for the marketing of such a large and speculative crop as coffee, particularly when approximately 50 per cent has to be sold outside the controlled internal market. It seems necessary that the marketing committee should be reconstituted into a smaller unit formed from the planting representatives themselves with expert advisers from the trade, if necessary. Such a committee could operate freely within the frame work of general directives laid down by Government. It seems to me that Government themselves are fully capable of protecting the interests of the consumer, co-operative societies, trade, labour and other interests, while in regard to the marketing of the crop it is not necessary that these interests should be represented as exhaustively as now. As long as they function as at present it will be impossible for the Board to speak with one voice. It has always struck me as somewhat curious that in coffee the buyers should be in a position of privilege to shape and direct the selling policy of the commodity they are themselves buying. I do not think it would be out of place to suggest that if the Board was reconstituted in a suitable manner, many of the present problems would disappear.

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DUD EVENT AND

Descriptive accounts by newspapers correspondents of the liberation of colonies from foreign rule tend to become extremely tepid despite the concomitants of spectacular triumphs imported into the story. One reason is the naming of spheres of influence by different names in order to suit the power bloc in glee over the exploit. North-West New Guinea is dubbed 'West Irian'. The Papua island itself is marked by geographers as the second largest in the world, and Hollanders are reluctant to change its name, and the Hague Government professes to favour self-determination for the Papuans who have never heard of the bewildering expression. Only when the "self" is defined would there be the volitional process of adult-voters determining their future. The unsophisticated inhabitants of Papua have still to hear about it and the mystique of secret balloting. To overcome a complex situation, President Sukarno takes up the stand that all the possessions of the Dutch Government must be deemed as having come under the regime of the Djakarta Government through a simple act of transfer. Dutch authority had no business to continue in the archipelago and, therefore, Holland should vacate (constructive) aggression which cannot any longer be tolerated by quoting international maxims or invoking the pacific clauses of the United Nations Charter. If, however, recognized frontiers are violated the right of resistance operates. Purists in international law will criticize the Indian Government that an established boundary recognized in the outlines of the map had been broken, not in self-defence but in breach of the *status quo*.

In a parallel situation, President Sukarno has the same argument of inherent ownership as the sequel to a Merdeka transformation of the scene.

[Naming no names

Let us compare imitative expedients with another episode leading to self-government in that region. There is an island called West Samoa (*vide* the life of R. L. Stevenson in his declining years) long administered by New Zealand which towards the close of 1961 gave the dependency self-government. In buoyant language, West Samoa achieved Independence. After the foreign rule of 40 years under New Zealand, power was handed over to the people of West Samoa without reservation. Mark the announcement of the Wellington Government which concluded that "West Samoa has thus become the first independent State in Polynesia". Where is Polynesia in the record of oceanographers as distinct from Indonesia? And if we contemplate West Samoa as an entrant to the British Commonwealth and as a candidate for the United Nations, there is nothing to justify refusal on the plea of size. The size of a country has nothing to do with sovereignty; nor wealth nor census-figures, since it is an omnibus claim that makes many systems and federations lopsided. The real trick of confusion created lies in the application of semantics in Geography and History, which are being blended into a single faculty of study by scientists. Since the common premise of the world-movement is the pledge that force must be avoided and that agreements must be reached through

negotiations, the glories of war, especially in a push button age, dwindle.

To revert to the Goa theatre, the presence of 150 reporters prying round for sensational happenings did not produce any worthwhile story. As a 26-hour performance, straggling groups of reporters roamed all over the place in different salients. They gazed here and there, looking for scorched earth sequences and the ghastly sight of the Panjim capital razed to the ground, but in the absence of ruins proving intelligent forecast, special correspondents had to despatch feeble messages devoid of flashes. Some began to spin out legendary stories of St. Xavier; others dwelt on Portuguese possessions once bearing the title-deeds of Catherine of Braganza; a third set of scribes concentrated on rich deposits of iron and manganese ores as a support to our export drive! At least three con-

SLEEPY REPORTING

BY **POTHAN JOSEPH**

tributors professing technical knowledge gloried over the acquisition of a wonderful harbour and naval base constructed by the Portuguese who had landed 450 years ago. True, there were some unexciting stories of a shopping spree on Christmas night. One of the eye-witnesses informed the public through the medium of his journal that there was a lack of jubilation amongst the Goans as proved by the readiness of 700 Indian soldiers to participate in a Christmas-night dance, and the reluctance of three Goan ladies present to join as partners. In reporterial parlance, it was altogether a "wet" assignment, despite efforts to flog interest among the readers. Scan the news-columns of the week, and you search in vain for an item worth a triple-rate message.

No virile literature

Since newspapermen could be inventive, some after-thoughts of a flat jeep-journey were woven into

romantic form supported by pictures from Army Intelligence about our Jawans repairing roofs, and of nuns and new worshippers kneeling in the spirit of co-alignment round the sepulchre of St. Francis from which the original body had been the subject of the myth that it had been mysteriously taken away from Bom Jesus as a Security-measure against vandalism and sacrilege.

I don't believe anybody from Goa composed poetry like Robert Browning who wrote heroic verse after a historic battle giving it the title "How They Brought the Good News from Ghent to Aix". The caption itself bears the mark of a live vibrant episode. There were three couriers who volunteered to report the battle, and the poet starts with a swing that lasts till the last line of the last stanza.

*I sprang to the stirrup, and
Joris and he
I galloped, Dick galloped,
we galloped all three.*

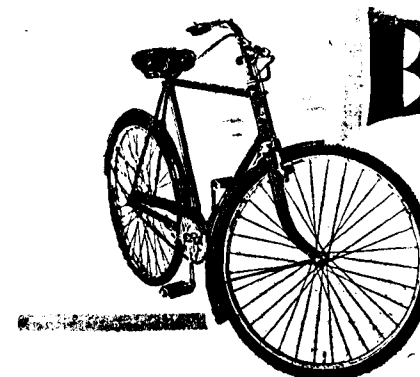
WISE WORDS

Borrowing is no substitute for earning by exports. I venture to think that any friend of India will view with some concern the rather uninspiring behaviour of Indian exports in the last five years.

Professor J. K. Galbraith

The whole poem is an exhilarating exercise where the adventures of the night sound as if in harmony with the running of the horses and the music of hooves on the road.

No such inspiration could fire Goa reporters in their witness of all the things that occurred at Goa, for the simple reason that the anti-climax of events failed to be in accord with dreadful possibilities of a Napoleonic clash. Of course, it is not the fault of the free-lances; but the tame characteristics of a "take-over" had to be reflected in the language of laboured picturesqueness. If ultimately the nuclear war breaks out, there will be none left to tell the tale.



BICYCLE FORWARD

The Plan documents having come to be regarded as something in the nature of the Bible as far as the industrialists are concerned, it is not only customary, but even necessary, in any survey of the progress of an industry, to correlate its achievements to the targets set for that industry in the plan and justify the role that private sector industry has played in the economic development of the country. This is an unfortunate position somewhat for an industrialist to find himself in. The efforts that he puts forth do not always get full recognition in such a situation. Setting of targets by the Planning Commission is comparatively easy especially for those who are armed with authority but fulfilling them is not so easy. Many difficulties have to be overcome by the practical industrialist and these range from the moment construction starts up to the time the finished product rolls out from the assembly lines of the factory, and go even beyond. If for any reason manufacturing progress is retarded the industry is blamed though not vocally at least by implication, for not rising up to the desired heights; if by extraordinary efforts of planning the targets are reached, burdens of one kind or another are heaped upon it, making further progress difficult, leaving the industrialist to plead for a concession here, or an assistance there.

I am led to these thoughts when I look upon the progress of the bicycle industry over a period of the last few years. In 1957, the estimated demand in the country

for bicycles was set at 9.5 lakhs with an anticipated increase of 1.5 lakhs a year, the figure reaching to 14 lakhs in 1960. This objective, which was obviously over-ambitious has however not been realized. After a careful re-appraisal, the Development Wing considered it reasonable to place the demand for bicycles at 12.5 lakhs by 1960. The estimated future demand in the next three years at an annual increase of two lakhs is placed at 14.5 lakhs by the end of 1961, 16.5 lakhs by the end of 1962 and 18.5 lakhs by the close of 1963. These targets are more realistic. As against these targets, the actual production has kept pace fairly closely. The following figures of production over the last six years will show how the industry has progressed:—

Year	No. of units engaged in production	No. of bicycles turned out (in lakhs)
1955	10	4.90
1956	14	6.46
1957	18	7.97
1958	20	9.13
1959	21	9.91
1960	21	11.63

The total licensed and installed capacity of the 21 large scale units engaged in this industry in 1960, on a single shift basis, were 14.15 and 12.96 lakhs of bicycles respectively. Production increased from 7.97 lakhs in 1957 to 9.91 lakhs in 1959 and in 1960 the target set for the industry in the Second Plan period namely 10.5 lakhs was surpassed. Such specta-

cular achievement was possible because of technical co-operation of foreign firms which, as far as the bicycle industry is concerned, has been working reasonably satisfactorily. It may be interesting to mention here that out of these 21 large units only three units have such foreign collaboration, but these three are the major units in this business and a major share of the production is accounted for by them.

Another feature of this industry is the existence of a fairly well-developed small scale sector. There were no less than 49 small units functioning even as early as 1957 but by 1960 this number has increased to 130, the total installed capacity of which was a little over 5 lakh of bicycles. The manufacture of components affords great opportunities for the development of the small scale sector in this industry, a circumstance which has been fairly fully exploited. The larger units generally have their own programme for manufacturing their requirements of components while there are 23 ancillary units exclusively devoting themselves to the manufacture of spare parts and components.

The above analysis would give an idea of the rapid progress which this industry has been able to make in recent years. This however does not mean that the industry is not without its problems. The ability to solve these problems of course depends on various factors, not the least of which is import of essential raw materials or components for which the foreign exchange shortage is

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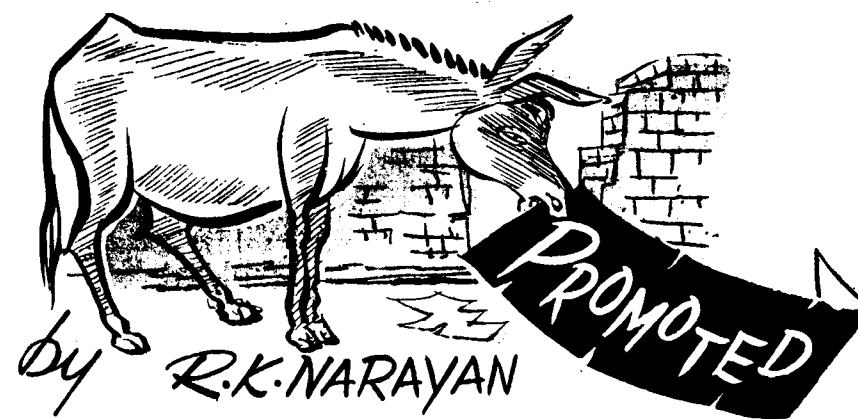
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proving to be an obstacle. The principal items of steel required by the industry are tubes, strips, bars, wires and sheets. The tubes, particularly those required for the making of frames, handle-bars and forks are partially imported while seamless tubes are imported wholly now. Strips for mudguards, chain-wheels, B.B. fittings are mainly imported as also wires for brake assembly and spokes. Besides these essential articles the industry has to depend mainly on foreign supplies for a number of consumable stores including chemicals for brazing, electro-plating and heat treatments. Any shortage in the availability of these raw materials, whether on account of restriction on imports or the supposed availability of such materials from local sources for which there may not always be enough justification, will interfere with production. It has been the experience of industrialists that where imports have been cut on the grounds of alleged (local) avail-

ability, the assumptions have not been wholly borne out. The quality of supplies made is also so poor as to affect the quality of the finished product. This is primarily due to the non-availability of technical advice and guidance, especially to manufacturers in the small scale sector.

Closely linked with the import of essential raw materials is the problem of exports of bicycles, which, as in the case of many light engineering products, has understandably assumed great importance in recent years. Attempts have been made to explore the foreign markets, and continue to be made, and several devices are being tried to boost exports. Linking imports of essential raw materials with export earnings, on percentage basis is common nowadays and the Engineering Export Promoting Council is currently administering a scheme for exports. In spite of anxiety on the part of the industry in the one hand and the government on the other, the

experience cannot be considered very encouraging, in the sense that the actual performance has fallen short of anticipations. Perhaps it may not be wrong to say that this is not altogether unexpected. Indian bicycles are generally piced out in the foreign markets, where competition in this line is fairly severe. The consumer resistance to unknown brands in foreign markets is fairly strong, and has to be broken with considerable publicity and propaganda. In the South East Asia zones, the non-standard size of the vehicles popular in these regions is to some extent pushing out Indian products. While some of the usual initial resistance to any new product can be tackled and countered by salesmanship, the primary problem of high costs may not be so easy of solution. While one need not be unduly pessimistic, it is also wise to take note of realities, so that such remedies as are possible of adoption for reducing costs might be considered.



The horse, the mule, and the donkey are unmistakably of the same family, but occupy different stations in life. The horse has pedigree through his superior activities. The worst *jutka* horse, although whipped and bruised while on the run, has a home and is given a massage and a bagful of gram when the harness is taken off. Everyone knows the extraordinary fuss made around the race horse, the red-carpet and the announcement in the press of arrival and departure. The mule comes in between, possessing the physique of a horse and the face of a donkey, white nose, long ears and the bleary look. But the mule has redeemed the shortcomings of his origin through his army connections; his services in the war-transport have given him respectability. The horse has superior caste, the mule superior associations, only the donkey has stayed where he began—the poor relative of the family, although he may comfort himself with the thought that when you scratch the surface, the horse may after all be no more than a donkey in a VIP garb. Whatever may be the hypothetical speculation, the fact remains that the donkey's market value has not gone up even by a single point after centuries of existence. A dhobi once told me that you could buy a standard-sized donkey for three rupees, which makes it the cheapest living creature. Is there anything, living or dead, animate or inanimate that you could buy for three rupees today? One good

thing that has happened to the donkey is, that Corbusier, the famous architect of Chandigarh, observing a caravan of donkeys moving with a load of bricks on their backs was so struck with their expression and attitude that he ordered the carving of donkey's figure as *motif* on some of the panels. I have not visited Chandigarh, but I heard about this honour to the donkey. Even as hearsay it is good, being the first time that the donkey receives any notice. Otherwise his name is generally a word of abuse. In our school days our teachers never employed any other term of address for us. The Goddess of adversity, *Moodhevi*, is supposed to ride on it. The donkey is supposed to symbolize every kind of blind, unintelligent denseness. With all the odium heaped on his head it is surprising that the donkey has survived as a specie: it may be because he has some source of inner strength unsuspected by us, which enables him to accept life without a question, and with supreme indifference to circumstances.

His normal business in life, as we all know, is to lend his back for the burden of unwashed cloth and carry it in a pile to the river's edge at a speed of two miles per hour (what a sedate recollection in this age of insane acceleration); if the dhobi, his master, is in a hurry he may apply the stick, when the donkey might increase his speed to three miles. At the river when the bundle is taken

off, he straightens his back and moves off to munch whatever he can detach from the dry earth. When the dhobi feels satisfied that he has beaten the rocks long enough with wet clothes, he piles them again on the donkey's back. When he has carried the washed bundle back home at dusk, his duties for the day are over. No one thinks of him until he is needed again for the next trip to the river. No one thinks of a shed for him; no one bothers what or where he is going to eat. He noses around picking up throwings, garbage, and cast-off leaves on which people have eaten, and above all his delicacy is paper. No other creature consumes paper with such avidity, whether it be white, coloured, or newsprint. When his appetite is satisfied with this varied fare he comes to a deadstop wherever he may be, with eyes cast down, hardly noticing his surroundings, a carved figure; if he has a child, a friend, or a sweet-heart, they arrange themselves to face away from each other as if to avoid embarrassment, although standing closely and in warm friendliness.

He is not peripatetic; his master need have no fear that he will stray away. There is a Tamil saying that the lost donkey need not



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be looked for beyond yonder ruined wall. He never goes beyond reach; if the sun is severe he will not seek more than the shade cast by the narrowest cat-walk. He can never get lost; still to make sure his master may put him through the agonies of branding or smudge his skin with dye-stuff for identification. But the donkey minds nothing, nothing ever touches his soul; he submits to the vagaries of life without a murmur. He neither protests nor demonstrates.

Accustomed to this view of the donkey, you may imagine my astonishment when I came upon a donkey locked in a cage in the zoo at Central Park in New York. Now New York had done something to him that centuries of living elsewhere could not achieve. He had become demonstrative and demanding. He had made up his mind to fight his way to freedom. He set his teeth on the bars of his cage, trying them one after another, as if the passion for liberty

would impart him the strength to chew off the two-inch thick bars. He then took a few steps back and hurled himself against the door and paused with his ears aquiver, as if he had hoped for all that steel to crumble. Now and then he thrust his nose between the bars and probed with his tongue the area of the lock; he had a hope that if he could loop his tongue around the lock, he could tug it out. Never have I witnessed a greater struggle for freedom. Freedom? Why freedom? What would he do with it? Here he was given the best nutrition, the best American corn, bran, hay, and whatnot. He had a prosperous look, with white downy hair on his chest, and rippling muscles on his haunches, and his hide had a leonine sheen, while at home he would have had to pick up his calories from garbage and carry on his skin the stain of the gutters. Where would he have gone had I opened the doors of his cage and let him out? Freedom may enchant as a dream but as a fact becomes an endless responsibility. Could he stroll down Fifth Avenue without violating a score of the city's laws? Who would pay the fine for leaving him 'Uncurbed'? ('Curb' is American for 'Leash', the fine for leaving a dog uncured being \$25). Would he respond to WALK and DON'T WALK signs marionette-like at every crossing as the human beings have learnt

to do? If you live in New York, you lose the habit of continuous walk very soon; your eyes do not look at the faces of other human beings or the birds or the sky but only at the traffic signals, every few yards, turning green to amber to red, the height of your aspiration being to reach the opposite pavement before the amber turns red. You soon learn to execute a dance-step at every crossing set to the rhythm of traffic signals commanding WALK or DON'T WALK. To return to the donkey. If he came to an abrupt stop on Fifth Avenue and Forty-Second Street (a particularly heavy crossing leading eastward to the United Nations) lost in sudden contemplation, would the traffic detour obligingly as it might on any Indian street? Where are the alleys in which he could get lost until called to take on the burden of unwashed linen? Could he nestle against any wall in this city without violating the 'No Loitering' order? In our country the verandahs of public buildings shelter the homeless at night, but in New York most of the buildings carry the notice, "No Loitering," or "Loiterers Found on the Premises Will be Prosecuted." Most buildings have also automatic burglar alarms which once provoked might not cease until police cars converge on the spot with wailing sirens. The only thing the donkey might find in plenty and pleasant to chew on here would be news-

papers if he could reach down into those rubbish boxes every few feet (humourously called 'Ballot-Boxes' in which the citizen is asked to 'cast his vote for a cleaner New York') into which the New Yorker flings the last edition of his newspaper. Even this is likely to prove baneful to the donkey who is likely to die of surfeit if he starts on the Sunday Issue of any New York newspaper which generally runs to over a hundred pages.

If he wishes to pursue his normal avocation in the country of his adoption would he have a chance? Could he hang about the door of any of the hundreds of cleaning and washing establishments in the hope of lifting unwashed bundles to the banks of the East River or the Hudson? Could he survive in this land of Laundromats where one wishing to wash his own linen in comparative obscurity may do so by slipping a coin in a machine?

A few evenings later I revisited the Central Park in order to check my first impressions of the donkey. I discovered that he had now established quite a circle of friendship beyond the bars. "Dhonkee, Dhonkee!" called a strange man in shirt sleeves and corduroys. On hearing his voice the animal ran to the bars and let out a thunderous bray. The man put his hand through the bars and stroked the donkey's ears, muttering, "You are a good dhonkee, must remain a good dhonkee." An elderly couple came and held a cube of

sugar through the bars, which the donkey lapped up with joy. The sugar, however, choked him and he had trouble coughing it out as, for some mysterious reason, the zoo authorities had strapped up his chin. A tall girl with her lover stared at the animal for a second and passed on, but the lover stepped back to lean over the railing and pat the donkey, at which the girl screamed. "Harry! What are you doing? It's dangerous!" and the hen-peck-in-making withdrew promptly and rejoined his girl. An old man in a blue suit brought a brilliant multi-coloured lollipop for the donkey, and when it was eaten spread out his fingers saying genially, "Here is some sugar sticking," and let the donkey clean his fingers with his tongue.

On my third visit to the zoo I found the donkey gone. The cage was empty. I looked about to make sure that I was at the right corner of the zoo. Yes, he had been housed under a blank sign between THAR (Hab. Hima-layas) and TAPIR (Hab. Sou. America). The authorities seemed to have had difficulty in categorizing the donkey and had left the board over his cage unwritten, satisfying themselves with the non-committal statement, "Do not Feed or Annoy Animals." But here was no creature to be fed or annoyed.

I felt forlorn. I must know what had happened to the donkey. A keeper was going up with a bucket. I stopped him to ask, "What

DEVELOPING CHARACTER

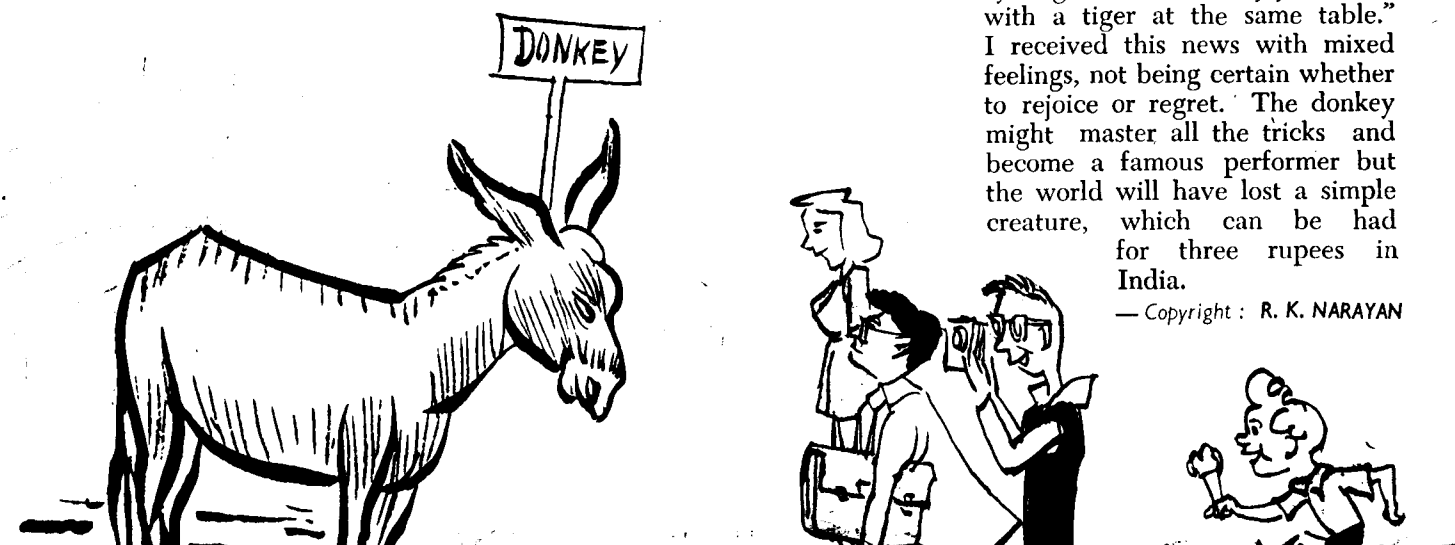
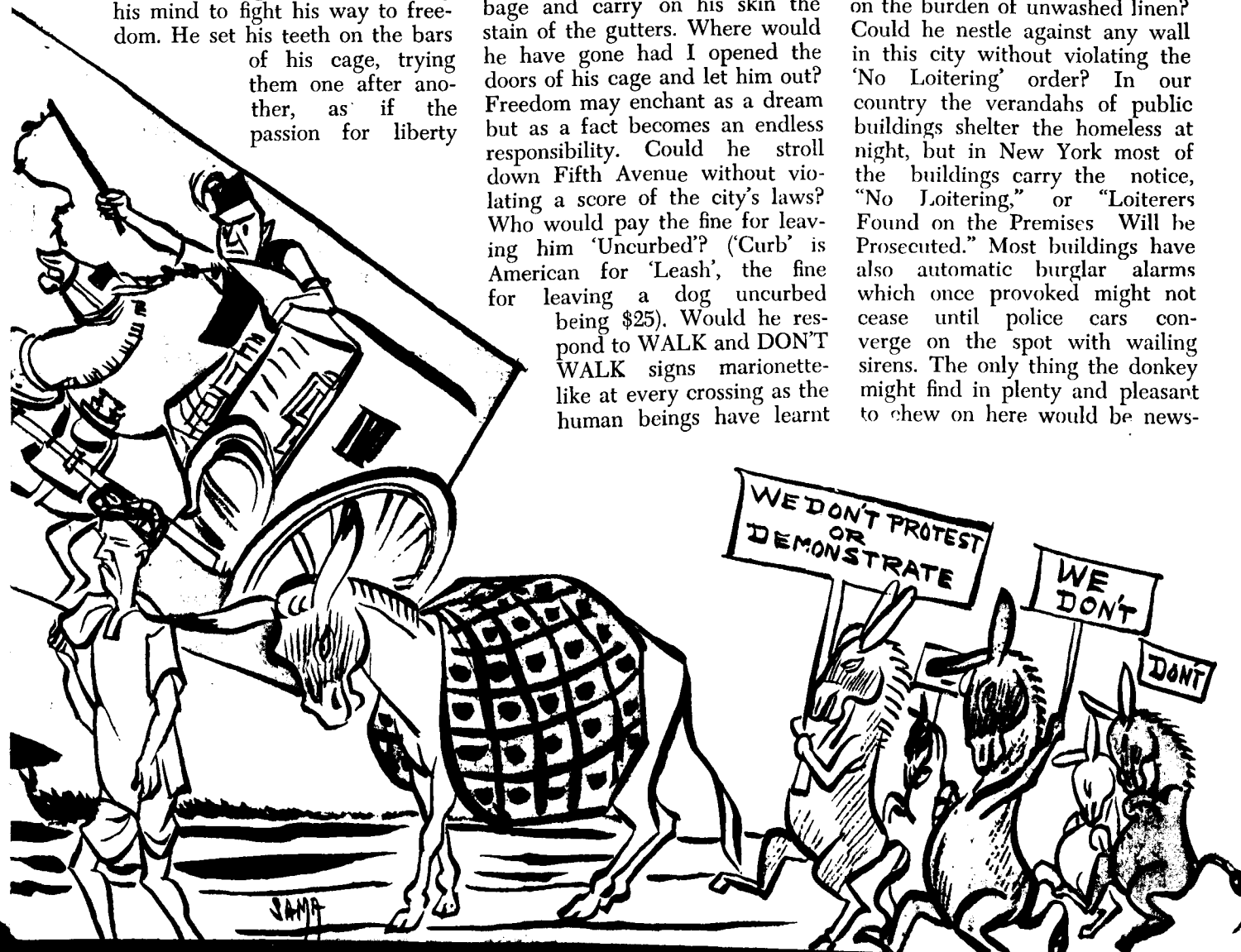
The problem of the development of good character among the young is our biggest problem. Next to religion at home and in school the story books of the nineteenth century were of first rate importance in the development of nobility, generosity, truthfulness and the spirit of sacrifice among boys and girls. The replacement of the novels of Sir Walter Scott, Robert Louis Stevenson, Rider Haggard, and all the other noble story books of that century by present day fiction is not a thing over which we may be happy. Realistic literature has its value—very great value, but for the purpose of the emotional education of the young, realism is of no use. The young should be nourished on stories of nobility and sacrifice, courage and generosity and all those qualities that make the ideal hero and heroine although these do not occur in daily life. Such literature is greatly enjoyed by boys and girls unless we warp their tastes by feeding them on the wrong sort of literature.

RAJAJI

happened to the donkey that used to be here?"

"Sold to Barnums for two hundred dollars. They are going to teach him tight-rope walking, cycling, or how to enjoy a drink with a tiger at the same table." I received this news with mixed feelings, not being certain whether to rejoice or regret. The donkey might master all the tricks and become a famous performer but the world will have lost a simple creature, which can be had for three rupees in India.

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J was humming to myself—"And the way up is the way down, the way forward is the way back..." My wife who was mending, as usual, one of my old shirts, looked up accusingly.

"I'm sick of your Bengali poet," she wailed. "For the last few days—indeed, months—I've heard nothing but Tagore, Tagore, Tagore! Nauseating."

She is from a robust Arya Samajist family of Punjab, very proud of their undiluted Aryan heritage. On top of it she is a Ph.D. in social psychology from Harvard. The result is a very tough compound of ancient bias and modern arrogance. She has a hearty contempt for everything that savours of Bengal which she dubs a land of emotional exhibitionism and is particularly suspicious of Tagore's poetry. "Neither truly Indian nor properly modern," is her way of dismissing it.

"But I am not quoting Tagore," I mildly protested.

"Who else but he would utter such rigmarole?"

"As a matter of fact, I was humming a line from T. S. Eliot," I replied.

"Eliot!" she repeated, abashed. My wife is not easily over-awed, but T. S. Eliot is one of the *mantrams* that does the trick. She has read hardly anything of him but knows that whatever he has written is "original and profound".

"We used to discuss Eliot a lot at Harvard," she went on, to cover her embarrassment. "You know, he too is from Harvard. It's remarkable how he can be profound without being inane—unlike your Tagore."

I kept silent—my only defence against her in such crises. She resumed her sewing but was obviously uncomfortable. She was never content with a draw, but must score a victory.

"I wonder what brought this verse to your mind," she drawled reflectively. "Now, tell me, what were you thinking of just before that? The Literary Seminar, the Industrial Fair or the proposed visit of Jacqueline Kennedy?"

Being an ardent admirer of Freudian literature, my wife has an explanation for every phenomenon in human behaviour. She would invariably explain, often very convincingly, why such and such minister has a habit of picking his nose in public or scratching his shin or shaking his leg.

"Or were you thinking of the coming elections? Surely that's the time when the way up often turns into the way down." By now she was her old confident self. She put her sewing down and turned her glittering eye on me.

"Oh no, I wasn't thinking of any such big thing," I replied. "I was merely wondering what was going to happen to Santiniketan."

NIKETAN

"Santiniketan!" she repeated. "Isn't that a school or asylum or some such place where you wasted three years without getting a degree?"

"It is now a full-fledged university, complete with a charter and statute," I replied solemnly. "The only university in our country that grew naturally from the native soil, nurtured by Indian genius. As regards my not taking a degree, I am not ashamed of it. In those days degrees were badges of slavery."

"Whether badges of slavery or not, degrees are what count in this country," she retorted. There was vehemence in her tone. I had overlooked that she had a foreign degree. "Look at yourself," she went on. "Because you took no degree, no decent job comes your way, even in your free India. That's why I've been telling you, the only thing you can

do now is to become a minister—by hook or by crook."

"Become a minister? Don't be absurd. I'm nobody. And no one remembers the services of a volunteer twenty years ago."

"That's the trouble—you were content to be a volunteer. Why couldn't you effervesce and lead some ginger group or other and become at least a *chhota* leader? Even now it's not too late. You could go on a public fast."

"Fast? But why? On what issue?"

"Don't be a simpleton. There's no dearth of issues, if you have the imagination and the guts. *Dharma* is always in danger in our land—in fact, crying for martyrs and saviours. Not that you have to die. Indeed, you will live longer and better. All you need do is to inform a journalist that you are on fast unto death as a protest against the Government's callous indifference to *dharma*."



We can think out the specific issue."

"But you know, I can't fast. The very idea gives me the creeps. The other day when we had quarrelled and I didn't eat in the evening, I couldn't sleep the whole night. More than once I felt like sneaking into the kitchen to steal a bite, but my pride came in the way. I was afraid you would wake up and know."

"You don't really have to fast, you silly dear," said my wife, her

face beaming with affection. "I'll see to it that you get enough to eat when no one is watching. What is important is that the journalists should take your photograph in bed, with pictures of Gandhiji, Paramahansa and other 'deities' at the back. You will also hand over to the journalists a copy of your letter to J. P. announcing *jivan-dan*."

"But I've written no such letter," I protested.

"You will. I'll see to it. Don't lose your nerve. By giving up everything, you'll gain everything—including a free holiday abroad."

"How clever you are!" I could not but admire my wife's wisdom. The amalgam of Aryan *dharma* and Harvard was stunning.

My wife, now more than mollified, picked up the shirt and resumed her mending. Suddenly she looked up and smiled.

"Strange how we strayed away from the main point," she said. "I wanted to ask you: What has Santiniketan to do with your musing on the way forward and the way back?"

"Nothing in particular," I replied. I went on humming:

They say the Lion and the Lizard keep

The courts where Jamshed gloried and drank deep.....

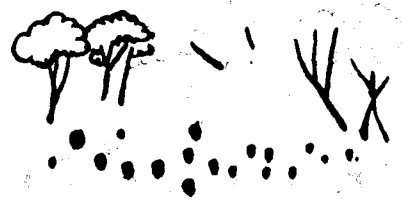
"Is that also T. S. Eliot?" she asked perplexed.

"Oh no," I laughed. "Only old Khayyam."

"I thought so," she replied obviously relieved. "Why should Eliot bother himself with lions and lizards? For that matter, why should you? Are there lions at Santiniketan?"

"The only lions we have," I replied, "are on the national crest. But we have plenty of lizards. I could name a few."

"I hate lizards," said my wife with a shiver. "When I was a little girl a lizard once fell over me. How I howled! My father laughed and said that it was a good omen when a lizard fell over one, and presaged that I would one



day become a queen. What a queen! A scribbler's wife! Any way, what a funny place your Santiniketan must be where even the lizards have names! But surely Tagore must have had some men too around him besides lizards?"

"Indeed, many fine men and women, learned and devoted and high-souled who cared little for material rewards."

"Then what's worrying you about Santiniketan?" she asked.

"Because now they clamour and fight, they doubt and despair, they know no end to their wranglings."

"Don't wax eloquent," she snapped. "It makes you look silly," she added smiling.

"I am not waxing eloquent," I protested. "I'm merely quoting the poet's words."

"Did he say that? How well he knew his countrymen! I thought he was merely an idealist, not a realist."

"He was both."

"Anyway, what do they clamour and fight for?"

"For the universal bitch!"

"Bitch? You talked of lizards only. Is there a bitch also?"

"The deadliest bitch of all—power."

"Power!" exclaimed my wife. "What scope for power can there be in a place like that? I remember your once telling me that the poet had spent his private fortune to keep the place going. A liability rather than an asset."

"It was so once—until the national Government made it a university and provided funds enough to create vested interests."

"Then why doesn't the Government pull it up and see what the chaps there behave themselves? The bosses won't find the racket profitable once the Government withdraws its patronage."

"Because no one dare say anything as long as the Prime Minister is the Chancellor of the University."

"But why doesn't the Prime Minister himself interfere? Surely he believes in Tagore's heritage, whatever it is, and means the place well!"

"So he does. But who is to tell him? Moreover, he is such a democrat that he sees a virtue in suffering nitwits."

"Then why not call it Nitwit-Niketan?"

"Santiniketan or India?"

"Both," she hissed as she left the room in disgust.

A minute later she re-entered, smiling, I thought a little shyly. I looked up in surprise.

"You remember reading out to me once a poem from Tagore which you said embodies the highest conception a poet can have of his country?"

"You mean the famous *Gitanjali* hymn!" I was delighted to find that she remembered it.

"Well, I've rewritten it."

"Rewritten *Gitanjali*!" I could hardly believe my ears.

"And why not?" she asked aggressively. "If your poet could rewrite the Upanishads, why can't I rewrite the *Gitanjali*? Anyway here it is."

She flung a page into my hand and fled from the room. I looked at it. She had scribbled:

Where the mind is without thought and the head is held awry,

Where knowledge is sold,
Where the nation is breaking up into fragments by narrow language walls,

Where words come out as from a phoney disc,

Where tireless striving stretches its arms towards office,

Where the sacred waters of the Jumna stink with the city's sewage,

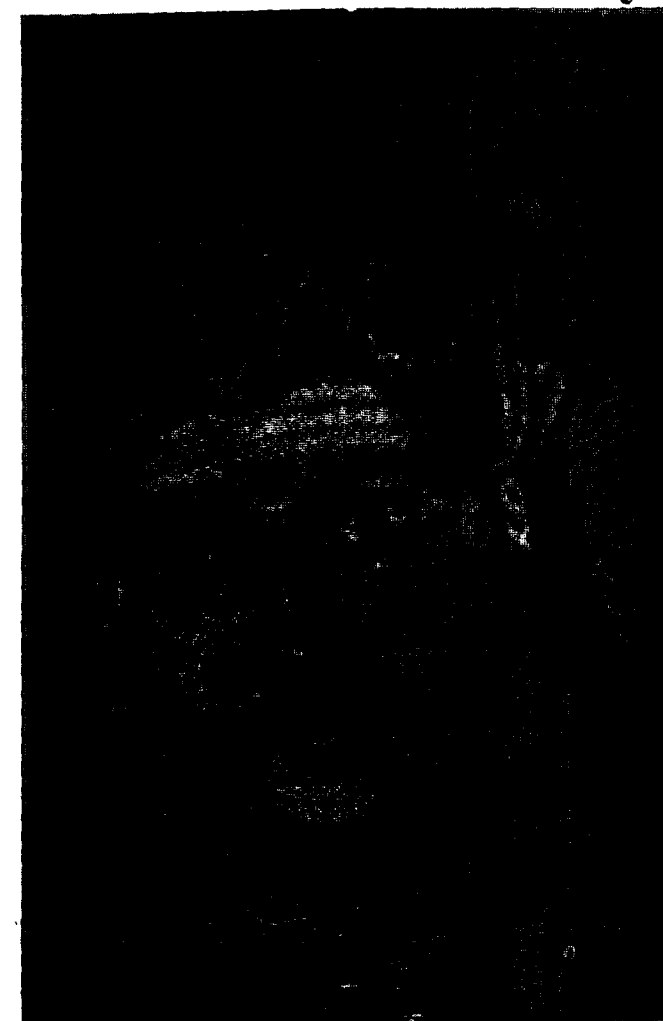
Where the world is led forward by isms into ever-widening feud and faction—

Into that limbo of freedom, my Father, thou hast lulled my country to sleep!

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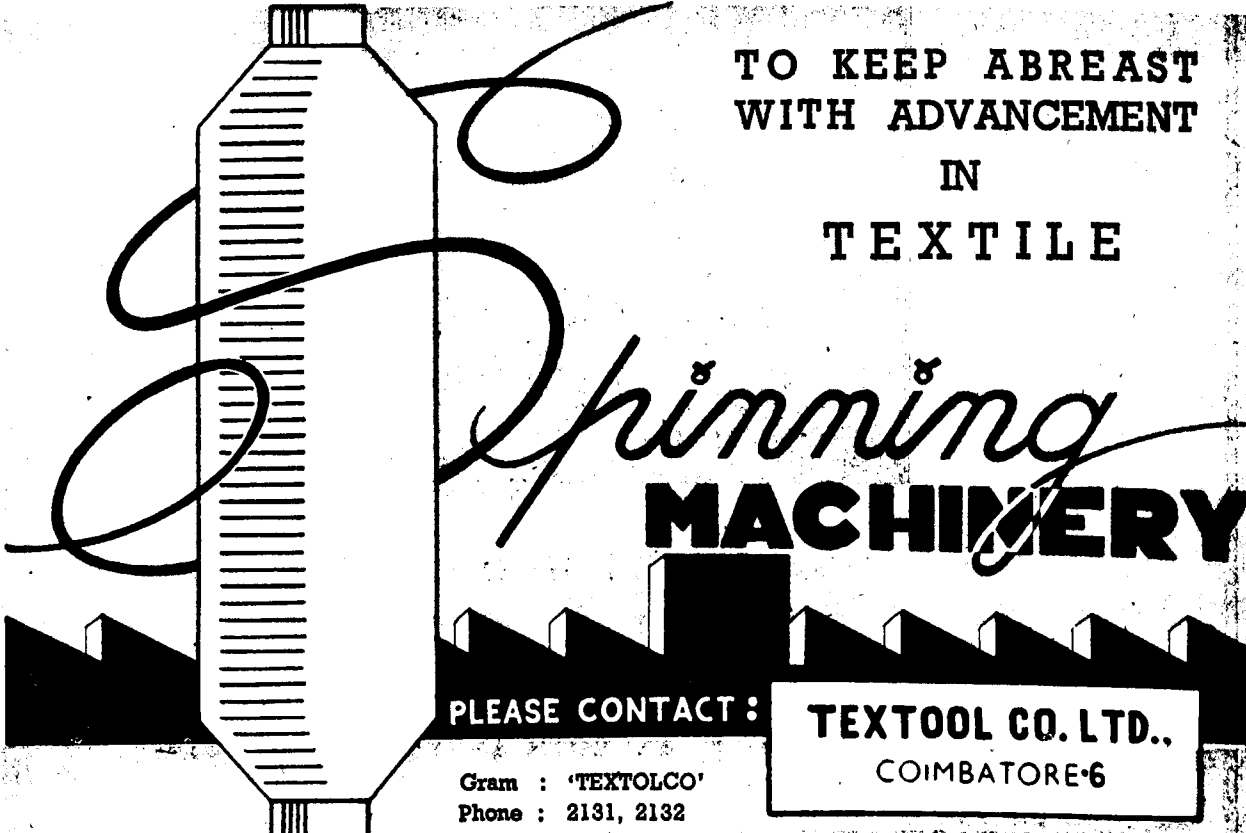
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KHASA AN APPRECIATION

The price of democracy is eternal vigilance. Nothing is so dangerous to democracy as taking it for granted. Smugness begets carelessness and carelessness, in turn, gives opportunities to forces inimical to democracy to consolidate their ground and, if sufficient opportunities are given, to subvert it.

The guarantees of democracy therefore are a strong Opposition and a free and intelligent press. Therefore, freedom of the press is as sacred today as freedom of speech.

As in any other field of human activity, the efficiency and the freedom of the press depend on the individuals constituting the Fourth Estate. A dedicated and selfless editor throws a mantle of independence and purposefulness on his newspaper while, on the other hand, another who is a slave to vested interests ends in merely portraying the opinions of persons who are pulling strings behind him.

'Khasa' was one of the inspired and unfettered individuals. Though it was possible for him, after India attained independence, to get any high and soft job by merely toeing the line, he chose a life of struggle and fearless dedication to truth. So much so, he became a symbol of fearlessness and justice for all, and made his journal an institution of the highest national value. His dedication to his work cannot be expressed better than Rajaji when he said that "he expresses himself in whatever he writes with God in his heart".

Khasa was a doyen of journalism in its true and noble form. He was never interested in scoops but was interested only in propagation of truth and honesty in all fields of human activity. He was a journalist with a mission. Whenever he took up any cause which he considered as good, he put his heart and soul into it and went after it wholeheartedly. And thus Khasa Subba Rau made journalism a spiritual adventure in life.

An ever alert, unbiased and uninfluenced press in the democracy of today should be able to follow the Socratic ideal of fearless, constructive criticism founded on truth. Its absence is negation of democracy. It is in this spirit that Khasa conducted his journalistic activities and made whatever newspaper he served, in whatever capacity, a gadfly which always kept the State on the alert.

India—and for that matter, the world—requires many more such devoted men if democracy has to survive. Such men only can hold aloft the banner of freedom of man and of democracy.

by *HIS HIGHNESS*
THE MAHARAJA OF MYSORE



A LIGHT HOUSE FOR A GENERATION

BY
PAUL C. SHERBERT

The first sight I ever caught of Khasa was at a large tea party for men at the Woodlands Hotel in Madras. In one of those silences that unaccountably occur at large gatherings, an exclamatory clap of laughter rang out, staccato, like a loud Hah, and I looked across a sea of faces to catch the tilt of a balding head, with a kind of satyr-like smile on its lips and with a penetrating eye. This eye met mine for a moment, a moment I shall always remember, yet compelling as the gleam in his eye was, the expression was not one I often saw afterwards—it was not typical. As for Khasa, he did not know me, nor did he remember seeing me on this occasion. But I determined then and there that I had to meet him forthwith.

A mutual friend introduced us a week or two later. Neither of us was given to much small talk and so we plunged into a long conversation which was the fore-runner of many, many more over a period of five years. We practically forgot our mutual friend, so strenuously were we testing each other's integrity, morality, mental resilience, and capacity for repartee. On the surface he seemed gentle, but it became apparent to me then, and was ever afterwards reinforced, that this gentleness concealed a fearlessness that brooked nothing. It was like a cold flame. It sterilized. And wherever it turned its beams, it took no account of friendships. In fact he subjected some of his personal friends to a little more flame than his enemies. I used to shake my head sometimes at his daring. His enemies he truly loved, in as ideally a Christian fashion as the New Testament exhorts. Geared to this fearlessness was a knifelike mind and a hand that could write.

In this very first conversation, we somehow reduced the mass of our respective experiences in life to a manageable dimension, and each offered the other his experience without reservation. A mutual pact with the world was sealed, not to be interrupted until his death. I had been thoroughly illuminated by this first conversation, not by anything particular he said, because I cannot recollect now more than one or two subjects we touched upon, but by the revelation of a great and humble spirit. I was quite new to Madras, although not to India, and although I fancied I knew something about a country I had studied for many years, I was still very consciously American and I had the short-range Western, Christian view of man leading a hurried life in which he had to perform quickly and ardently if he were to achieve self-realization in the speck of time allotted to him. It was obvious to me from the beginning that Khasa performed ardently on the stage of life, but against a con-

tinuum of time which made the performance seem more splendid, and about which I was subsequently to learn much from him. When I rose to leave, he hastily put out a right hand unaccustomed to shaking hands in the Western manner, but a hand that was eager to touch mine, and asked could he see me 'tomorrow'.

And when he came to see me on the morrow, he had changed to a different sort of person, less communicative at first, more shy. He shook off his sandals on the front stoop, picked one corner of his lungi up and glided into the room in a kind of birdlike manner, almost feminine, settling down in an outsize upholstered chair in a corner facing out through a wide window to a peaceful well-manicured terrace and garden. His lips were pursed, he looked sleepy and dreamy, and he kept closing his eyes slowly. When we faced each other, we didn't have to talk, there was no newness in our relationship, it was as if we had known each other all our lives. Often when he was this way, fairly silent, and when he looked sleepy, you somehow knew that the details of life were preoccupying him: whether or not he had money enough to pay his staff, should he buy an automobile, problems of subscription, advertising and circulation of his weekly magazine *Swatantra*, the illness of a friend, or a favour to be sought for a friend. Many people pressed him to use his friendship with an American for ends which he did not approve. But in those rare cases where he did see that there might be a real service performed, a quid pro quo, he was troubled that he should have to be the channel, he feared he might be misunderstood, and he felt it was all beneath his dignity.

Later in the conversation the sudden mention of a friend or a public personality would awaken his mind. His face sharpened, his eyes glittered, his speech quickened, and he was off on a romp against corruption in government, against the weakness of a public servant, against the laziness of public opinion, and, in the early days of Rajaji's chief ministership of Madras, against what he thought was the latter's arbitrary loftiness. He ever loved Rajaji, and their close personal and working relationship in recent years was a wonderful human relationship which was the flower of a lifetime of knowing each other. But during the early fifties, there was a public remoteness between them which allowed much room for injured feelings. In a way Khasa was the conscience of Rajaji, and although I have never discussed this matter with Rajaji, I felt that from Khasa's point of view, it was a strenuous job to be Rajaji's conscience.

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Running a weekly magazine as a business irritated and annoyed Khasa. He was an editor, an intellectual, a reformer, a dialectician, but not a businessman. And although many of his friends helped him spasmodically with an advertisement now and then, he was never able to give the magazine enough momentum so that he could afford a business and promotion manager. And the result was he had to devote his own precious time to petty details. Wearying of this finally, he was led into the most unfortunate decision of this period of his life, the sale of *Swatantra*. I was very close to him during this time and during the succeeding months, sometimes very unhappy months for him. And then I lived with him through the period of starting the new magazine *SWARAJYA*.

I remember what fun we used to have discussing the name of the new magazine. Every few days he would telephone and suggest three or four. I returned his calls with names I had purloined out of *Kalki* or *Hindu* legends. We would argue the pros and cons. Finally, it was narrowed down to two, and I remember well when I think it was that he really settled on *Swarajya*. It happened after an hour of telling me about his early life in Nellore, and his part in the Freedom movement, particularly his relationships with T. Prakasam, his own beating at the hands of the British police, and how the people prayed for his recovery in the streets outside the hospital. Then I reminded him of the evening I had first met T. Prakasam, when Khasa had introduced me to him at a meeting of the South India Journalists' Federation. Then in his eighties, T. Prakasam had been introduced as one of the speakers. Speaking from a sitting position at a desk on a low dais surrounded by newspapermen sitting on the floor, Mr. Prakasam had fallen asleep in the middle of his own talk. Khasa almost wept with tenderness at this memory, and decided then and there that *Swarajya* it was to be. Later when the magazine was going to print, numerous friends and admirers offered him financial help of a kind which would have removed him from the petty care of the business side of the new venture, but he refused to take the easy road. This used to provoke me, because I thought that he had earned at his age some surcease from such petty cares. There was in Khasa an asceticism, a kind of self-effacement, even deprecation, which insisted that he bothered with the humble chores of this world, and that they were the perfect foil for his intellectual duties. He, therefore, started up his new journal under as great handicaps as the old one, and these were to plague him until he was rescued from them by his good friend Sadasivam.

I was never much in favour of converting *SWARAJYA* into a political vehicle for Rajaji, or his party, because I did not like to see Khasa's later years be concerned with political partisanship. Both he and Rajaji had so much to give the younger gene-

rations in wisdom and affection, and especially in inspiration, the very essence of the best in Indian culture, especially Hindu culture, that I felt sad that they chose the political arena. But then I knew all along that Khasa couldn't help himself. He was a public man, interest in politics was in his blood, and public posture was a habit with him. He was a gladiator and he leapt into any colosseum with his pen, absolutely certain of the rightness of his cause, impeccably honest in motive, and scrupulous as to means.

My happiest memories of Khasa are concerned with his *Swatantra* office in Mylapore. The printing plant was the downstairs part of a large square two-storey residential building in the middle of a dusty compound walled off from the busy traffic of the street. The main feature of the upstairs part was a large shaded high-ceilinged room, used as an office, with a few carefully-filled bookcases around the sides, shuttered on the sunny side of the building, open on the opposite side onto a veranda where a mat and low desk invited meditation, reading and writing, and which was used often by Santha Rangachary, one of *Swatantra*'s brilliant writers, and open on a third side onto an enclosed veranda where one could relax on a wooden settle or an armchair and admire the photographs of Tagore and Lenin and Abraham Lincoln. Small birds flitted in and out of the room, for they had built nests in the interstices between the ceiling beams and the roof, and the floor and rugs were strewn with bits and pieces of straw and coir fiber. Here we would have cups of good South Indian coffee and talk at great length. Sometimes on the really hot days, we would move into the central office room where Khasa sat incongruously behind a massive fortlike desk while I sat besieging the fortress under the ceiling fan. Even in the shade it was a sunny harmonious life, and my spirit felt more at home there than in my own office. It was here in long conversations, that sometimes became monologues, that I learned the satisfactions of the long view of life, of the meaning of *karma* and *dharma* to a sensitive Hindu, of the contractual relationships that bound man to man, of the equality of all of us poor searchers for something, that gave me finally the calmness and detachment that gives substance to my life in the gigantic complexities of New York. In Khasa's office I became a world citizen and a plain human being. I am glad for my own sake, but sometimes I am sad to think that so few young Indians were able to drink at the well of his enthusiasms and his integrity. They needed him, or someone like him, so badly. Khasa was not the perfect man. Like all men he had his doubts, his incapacities, his Achilles' heel. I suppose he could have made a more conscious effort to transfer his wisdom to the next generations in better fashion than he did. But for his own generation he was a lighthouse. And for me, personally, he was my most understanding friend, my brother.

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My FRIEND Khasa

Khasa Subba Rao's claim to eminence arises from the fact that he was a 'failure'. A society is sustained by certain values to which it pays homage. In India, there has been a general recognition, through the ages, of the affinity between material poverty and intellectual eminence. Indeed, one may venture to say that a surplus of worldly goods was considered to be an impediment to the pursuit of scholarship involving a discipline and restraint, which were incompatible with the careless ease bred by physical luxury. The rich were the traders. Even the kings were enjoined to garner for the sake of giving back and to lead a life of personal austerity. The highest concept of kingship was the "Raja-Rishi" whose proto-type was Janaka. His detachment went to the extent of complete indifference when his capital city was reported to be burning. (मिथिलायां प्रदग्धायां न मे किञ्चित् प्रदह्यते)

(nothing burns in me when Mithila burns). In spite of factual retrogressions even the Philistines preserved a sneaking regard for the austere intellectual who "scorned delight and lived laborious days".

The tragedy of India may be summed up by saying that we have lost the respect for the indigent intellectual, the moral mendicant, the simple scholar, the struggling teacher, the quiet philosopher, the conscientious commentator, and the poor poet.

Three kinds of change have occurred. Firstly, the concept of the standard of life has gripped the processes of thought. Secondly, the acquisition of wealth has become a goal which is invested with social glory. Thirdly, even when learning is acquiesced in, it is related to financial return. These three aberrations deserve closer examination, for they are unreasonably

attributed to the incursion of Western values. We are blind to the fact that in the West, the respect accorded to learned men, writers and university professors is unique and is beyond comparison, greater than what is grudgingly given to the tycoons of industry or the jugglers of finance. The real lesson of the West is the inherent compatibility, even harmony, between the pursuit of wealth through industry and trade and the conspicuous encouragement lavished on the citadels of learning and those who pursue unprofitable knowledge. It is needless to dilate on the social standing of the great pandits in India. They were poor but held in high respect. Even as recently as a generation ago teachers had a special standing, in spite of their pursuing the poorest of trades.

Within the last few decades the economic capacity to want more wants has gained strength and momentum, and the successful man of the *Reader's Digest* has become an ideal. That professors should hang on traders, businessmen, and that insidiously this should colour the attitude of the general public towards academic life as a useless pursuit, is a tragedy of the greatest magnitude. Even industrial development ultimately rests on the advancement of pure science; and unless non-monetary values are restored and preserved, there is every danger of this country soon becoming a paradise of collaboration with more advanced countries and imitation industrialists, and no more.

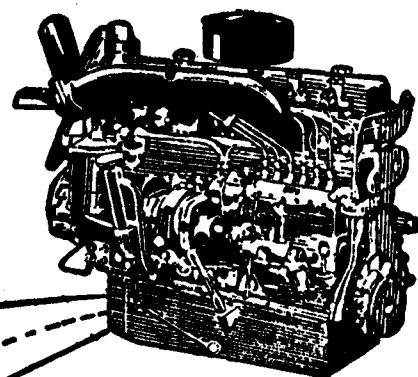
There is also a greater evil on the moral plane. The quick-success men are the product of crooked methods. They thrive in

an atmosphere of permits and controls and influence. They are the illegitimate offsprings of political patronage. They cannot afford to cultivate virtues like loyalty or kindness or charity of outlook. They have to ride rough-shod over all considerations other than those that lead to success. These are the men who travel to other countries without foreign exchange and return with tape-recorders and transistors for "friends" but in India go about in huge cars and are flush with unobtainable goods. This type is becoming all too common and many young men model their future on this tigerish excellence. It is a far cry from this nerve-shattering jungle to the haven of cultured leisure which represented an elegant compromise with external circumstance.

Subba Rao practised these forgotten values. He could not understand the need for surplus money. He took want in his stride and did not get angry at an ungenerous fate that heaped riches on the less worthy. He scorned to rise in his own estimation by practising futile indignations. He loved learning and was an aristocrat in style and polish. They came to him easily. He showed the harmony between feeling and thought in the best minds. He refused jobs that meant the surrender of intellectual freedom. The idea of writing otherwise than through conviction was un-understandable to him. He did not utilize his opportunities. He sided with fallen angels. He practised simple virtues, kindness, friendship, loyalty, the capacity to share the sufferings of others. He was thankful for small services and even exaggerated the goodness of casual donors. He loved ideas and was capable of enjoyment without company. He was a strange and beloved anachronism, but the salt of the earth; of such is the kingdom of Heaven.

By. S.Y. KRISHNASWAMY

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KHASA AS I KNEW HIM

Khasa Subba Rau was a legend long before his passing. My first significant meeting with him was as late as January, 1951, soon after my return from Egypt as a member of the Indian Press delegation. I wrote an article at his request for the *Swatantra*, the journal that he was then conducting with such distinction and in which, incidentally, he offered marvellous opportunities to young aspiring writers. His journal seemed to sparkle with all the colours of the rainbow—

so varied was the choice of subjects that were permitted to them. He came again to my house to congratulate me on producing six articles—four for my paper, one for the *South Indian Journalist* and one for the *Swatantra*—on my Egyptian tour and was kind enough to say that of all wandering journalists I had given the best returns! This was but a measure of his generosity; for, how could we forget his own magnificent speeches and articles on his visit to the United Kingdom? (Later he did a similar fine job following his American tour). Khasa was a severe critic of his own work while ever ready to spot out and encourage talent in others.

We used to meet off and on in the succeeding months and years. He wanted me to write for the *Swatantra* and later for the *SWARAJYA* which he founded and to which Mr. Sadasivam has brought his own gifts of acumen and efficiency nourished by his long experience as Editor of the *KALKI*. Beyond a piece on our friend, Harry Heap, I do not recollect having responded to Khasa's requests as I should have

done. But he recognized that I had my regular assignment day

after day in my own paper and he forgave me. Not only that, he came of his own accord to the spirited defence in the *SWARAJYA* of one near and dear to me who was then subjected to the ordeal of "trial by smear". Subba Rau and I had found ourselves sometimes on different sides in the controversies centring on our

ted them victoriously through the Second World War and its aftermath of exacting peace. When I went to see him during one of his periods of illness, he greeted me warmly and referred to two articles I had published, one on the human phenomenon that is the American Guide and the other on Winston Churchill. (It is inte-

resting that Khasa Subba Rau shared my admiration for Churchill as well as for Attlee for their very great and complementary qualities). And the last time I saw and spoke to him—just a week before his end—he expressed incredulous shock that I was retiring from the newspaper to which I had given the best part of my life. Khasa felt what a wrench it would be for me to leave Madras because he loved its unpretentious cultural flavour as much as I did. He had more than once argued that the great cosmopolitan cities of India should be administered, not by this or that State government, but by the Government of India. The Union Government could be

AS I CAN TESTIFY

Khasa extorted the admiration not only of those who were publicly associated with him but even of his nearest and most intimate relations which is not an easy matter. His son-in-law wrote of him as follows, every word of which is true as I can testify.

"Khasa Subba Rau went through the fire of suffering and became the best and the bravest of Indian journalists, who did not write a word without feeling it to be right, whether as an employee or as a owner of a journal. He had a child-like heart and anyone in distress got succour from him, though he himself might have been out of pocket at the moment."

Khasa's compassion for the oppressed knew no bounds. His battle against wrong knew no fear and this was because his faith in God was a rock.

C. Rajagopalachari

journalist fraternity. But he never allowed these differences to affect our personal relations.

He had, indeed, a genius for friendship and it was not in his nature to be bitter or hostile for long. Himself the victim of a lathi charge under British rule in India, he developed a great affection for the people of Britain, their courage against odds, their sense of fairness and responsibility and for their leaders who

expected to give short shrift to linguistic or parochial exclusiveness. Khasa proffered his good wishes for the new but related work I was soon to take up in very friendly and hospitable environment in the sister city of Hyderabad.

This was all of a piece with Subba Rau's concern for his friends. But when occasion demanded it and though it hurt his feelings to do so, he could differ warmly and passionately from

them. He recognized as well as anybody else that in journalism 'the difficult thing is not to allow one's affections to colour one's judgment of public issues centred on public figures.' Time after time he achieved this. It is true that his journalism was intensely and gloriously personal, but it was reared on certain basic principles, for the sake of which he often risked his future. Did he not hand in his resignation as Joint Editor of a leading daily when he found that its proprietor had, in a moment of anger, sent away an old typist held guilty of a petty lapse? And the proprietor, to his credit, it must be said, acknowledged his mistake and relented. As Editor of another newspaper, Khasa would not agree to the publication of a speech by the proprietor because the latter was following in his own office the very practices that he had thundered against in public. How many have shown this independence and courage? Or this feeling

for the humblest of fellow-workers?

Khasa has been twitted, as Editor of the SWARAJYA, with changing allegiance from one leader to another and from one party to another. But this criticism is cheap. It ever looks the fact that, as a journalist, he did not feel bound hand and feet to a particular party. He always kept an open mind on issues and was ready to be argued and persuaded into following any course of action if it promised to promote the ideals and beliefs he cherished in the depths of his being. He was not afraid of change, or of the superficial criticism of such change. He had no inhibitions and he laid it down that "in journalism to have a closed mind is to lose the secret of influencing others' minds. When one gets frozen as a confirmed opponent of any party, one gets established as a figure of prejudice from whom fair judgment cannot be expected".

Of him it may be said, as of other great Editors and their work, that he was almost always on the right side, sometimes on the wrong side, but never on the side of wrong. No one could question his fundamental honesty of purpose, his readiness to do anything for a cause that appealed to him.

"It makes all the difference in the world whether we put truth in the first place or the second"—these were the words quoted with approval by Lord Morley, author of the classic, "On Compromise." But Dr. Pusey, President of Harvard University, who has just been touring India, once pointed out that in these days, "truth is not something easily identifiable or simply stated". This being so, he continued, "these other qualities for which we all care so much—integrity, concern and courage—these qualities make serious demands for understanding upon us all". Khasa's whole life was an epic of such understanding.



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SWATANTRA Election Manifesto

The following is the full text of the Swatantra Party manifesto as modified and passed unanimously at the open session of the Second National Convention of the Party held in Agra, under the presidency of Acharya N. G. Ranga, on November 25 and 26, 1961.

Once or twice in a generation the call comes to a free people to make a momentous decision. Such a challenge to democracy will come in February 1962 when the people of India will have an opportunity to choose a new Parliament and a new Government and State Legislatures, which may more fully and faithfully reflect their needs and their aspirations and which may be capable of evoking the best that is in the people.

After fifteen years of national Independence, the Indian people experience a sense of deep disappointment. They feel the need for a clean and efficient administration. They feel that they are not free but are at the mercy of officials and partymen. Those who are engaged in productive and distributive activities wish to be released from the fetters of bureaucracy so that their dynamism may take the country forward faster and more happily than is now the case. They want to see an end to the growing Statism of the ruling party, the maladministration, the manoeuvres and intrigues of those in office, their indifference to grievances, the destruction of social bonds by thoughtless legislation, the neglect of the religious spirit which inspires selfless conduct, the deterioration of law and order in various parts of the country, and, above all, the added humiliation of Chinese occupation of part of our soil.

Clean and efficient government, which the people need and deserve but which they do not today enjoy, requires not only a good party in office but a strong and vigilant Opposition. Any government, however good it is to start with, must inevitably become irresponsible and arbitrary, if it is not subjected to the criticism of an effective Opposition and its readiness to replace it. The degene-

ration of the Congress Government over the past fifteen years is largely the result of the absence of such an Opposition. Parties like the socialist parties and a fifth column like the Communist Party cannot provide such an Opposition.

Led by the veteran patriot, Rajaji, the Swatantra Party was organized to provide this missing component in the democratic framework of our national life. If the electorate gives it a mandate, the country will be equipped, for the first time, with an Opposition with a clear-cut alternative way of governance which can take over from the present ruling party whenever the people call upon it to do so. Every voter who realises the importance of such an Opposition and who does not want the all-embracing Statism of the Congress Party cannot but vote for the Swatantra Party candidate in every constituency where one is put up.

One of the significant principles of the Swatantra Party is that it will not seek to curb the freedom of its members, whether in the legislatures or outside, to give expression to their personal convictions in any matter not included in the party's Statement of Policy or manifesto. This would guarantee that national views will prevail and not those of the majority within the ruling party as is now happening under the Congress regime.

The Swatantra Party is a new party only two years old. It is severely limited in the way of material resources by reason of the lack of vision, suicidal short-term selfishness and surrender to intimidation on the part of the vast majority of those with means. It will, none the less, do its best within its capabilities to give a

substantial part of the electorate an opportunity to exercise a choice between the two distinct ways of life and governance represented by the Congress Party and the Swatantra Party.

The Congress Party claims special credit for all things done by the Government during these past fifteen years. Much of it is obviously what any government which collects taxes and has undertaken the duties of administration must do. Such achievements cannot be claimed as a special merit of the Congress Party.

The Congress Party as now led stands for a system where all real political and economic power and all responsibility is increasingly concentrated in the hands of a party in office. This has resulted in a tyrannical regulation of national life through controls, permits and licences, progressively denying opportunities to the people to participate in the country's economic development. It has meant heavy and oppressive taxes and higher and yet higher prices. It has meant reckless and wasteful expenditure, spiralling inflation and black-markets. A reduction in even the miserable standard of subsistence of the people in order to make possible indulgence in wasteful projects marked by gigantism is inherent in the Planning of the party in power. It has sacrificed the immediate interests of the common man to near-communist planning by subordinating his interests to spectacular long-term projects. It has, by its erroneous policy of putting citizens at the mercy of officials, ministers and party bosses, fostered widespread corruption resulting in the breakdown of moral values.

The Swatantra Party's way of governance, in contrast, is based

on faith in the people leading to ordered progress. It keeps the individual citizen with his unquenchable impulse towards self-expression in the centre of the picture. All governance must subserve this end. The Swatantra Party stands for the principles Mahatma Gandhi always pleaded for, viz., that government is best which governs the least, and the diffusion of power provides the best climate for the citizen's freedom, so that the people may grow to their full stature.

The Swatantra Party pledges itself, given the opportunity, to work for the following objectives and policies:

The common man

In pursuance of its fundamental policies, the Swatantra Party stands, first and foremost, for the common man; for providing him with food, clothing and shelter, as the primary obligation of government; for fuller employment, production of more foodgrains, more small irrigation works, more schools, and more small industries producing goods which the common man consumes.

Top priority will be given to the supply of clean drinking water in rural areas and to housing, not only in urban and suburban areas but also in the countryside.

The party recognizes the supreme importance of the development of roads, culverts and bridges and of road and inland water transport.

Mobile ambulance facilities will be organized so as to enable the rural population to obtain the services of well-equipped medical institutions without hardship or loss of time.

These objectives are within the easy reach of the country if funds now being spent on spectacular and gigantic projects unrelated to the immediate needs of the people, or in great part being wasted in their application to unproductive enterprises, are diverted to a

programme of cheap clothing and the stimulation of small-scale modernized industries which provide gainful employment to a large body of labour at low capital cost, making it possible for all able-bodied persons in the country to find employment.

An honest rupee and stable prices are the best friends of the common man. Without them the common man is on the way to ruin and the middle classes are doomed. The Congress Party has filched from the poor man the hard-earned rewards of his labour and enterprise by letting inflation loose on the country, resulting in a continuously steep rise in prices from year to year during the last five years. The Swatantra Party will reverse the ruinous policies that have brought this about.

The party will enforce a drastic reduction in the present excessive burden of taxes which hampers production and employment, including *inter alia* the reorganization and reform of the Sales Tax so as to minimise harassment and bring it in harmony with the conditions of the small traders in our country. A reduction in indirect taxation will bring down the price of commodities in daily use by the people. Direct taxes will be so regulated as to release the creative genius of our people for productive purposes which will meet the country's needs and raise its level of prosperity.

Through such policies alone would the real income and standard of life of the bulk of the peasantry and agricultural labour in the villages and the middle and working classes in the cities, which have been stagnating throughout the past decade, be enabled to rise. The energies of the Indian people cannot be harnessed in furtherance of the policy embodied in the current pattern of Planning which sanctifies misery in the name of progress and tries to build the uncertain prosperity of a distant future on the privations of today, a policy which has

been borrowed from countries under totalitarian dictatorship.

Agriculture

Agriculture will receive priority and be put on a sound basis, automatically leading to the emergence of a visible industrial sector.

The Swatantra Party is convinced that, in a predominantly agricultural country like ours, the people can advance only if the village economy is restored to its self-generating vitality on the basis of peasant proprietorship. The party will respect the property rights of the peasants in their holdings, big or small, and thereby remove uncertainties and provide incentives.

The Party stands for the independent and self-employed farmer, who should be provided with facilities for the intensive cultivation of his land in the form of water, fertiliser, seed, tools, credit and improved techniques. The Swatantra Party is opposed to and will reverse, without creating fresh inequities, all expropriatory measures which among other things deprive the peasant population of sound rural leadership.

The Swatantra Party will initiate and support all reforms such as will bring about harmonious relations between owners and tenants and labour, and will oppose every move calculated to create uncertainty, apathy and conflict.

The Swatantra Party stands for land reforms without expropriation in any form including that which is directly or indirectly involved in collective farming camouflaged as "joint co-operative farming" under official control. The party believes in every form of genuine co-operative effort such as service co-operatives, industrial co-operatives, consumer co-operatives and co-operative banks but not as a means to collectivization of land.

The Swatantra Party will repeal such amendments to the Constitution as have enabled the Congress

Party to expropriate land belonging to peasant proprietors on payment of grossly inadequate compensation, and will secure real compensation to those agriculturists who have been so expropriated under the guise of land reform.

The Swatantra Party stands for a fair deal to the farmer and holds that the peasants who under difficult conditions follow the avocation of producing food for the nation should not be taxed but should be adequately rewarded for their service. It will

- (a) abolish taxes on land except to the extent necessary for maintaining ownership records;
- (b) take steps to support an adequate level of agricultural prices relative to the prices of industrial commodities required for rural life; and
- (c) establish an insurance fund against natural calamities.

The Swatantra Party stands for an adequate wage to landless agricultural labour and for the protection of permanently employed labour in agriculture. The problem of landless labourers is, in substance, an aspect of the problem of rural unemployment and the party's policy of the establishment of small industrial units will help in opening avenues of employment and reduce the pressure on land.

The Swatantra Party will

- (a) give special attention to speedy electrification in rural areas;
- (b) establish small-scale modernized industries in the countryside in order to divert surplus agricultural labour; and
- (c) provide technical education and workshop services to help agricultural and other machinery being kept in good order.

The Swatantra Party will organize the farmers to improve the breed of cattle, to afforest available land not acquired for agriculture and to reclaim waste land through the agency of enterprising farmers and concessional grants for limited periods, giving priority to the poor and backward agricultural classes.

Industry and trade

The party will seek to ensure the widest possible distribution of industrial ownership through measures such as the establishment of investment societies and trusts through which the small man may make his modest investment, and by facilitating the provision of employees' shares so that a large body of employees may share in the ownership of the concerns for which they work. In these ways and through the stabilization of peasant proprietorship on the land, a democracy consisting of every kind would be helped to emerge.

The party is opposed to nationalization. The role of government in industry and trade should be that of a helper and regulator, but not a participant. The business of Government is governance, not business. There is a great deal that government can do in a developing country, through the development of roads and other forms of communications, transport and cheap electric power. Today, these functions of Government are being neglected, while government needlessly enters the field of trade and manufacture of products, not all of which are of any significance to the life of the country.

The Swatantra Party stands for the balanced development of capital goods industries, organized consumer goods industries and rural industries that afford supplementary employment in the processing of the products of agriculture. While not opposed to the development of heavy and basic industries commensurate with the

availability of resources, the party rejects the lop-sided priority given to heavy industry to the neglect of agriculture, cottage industries and organized and light industries producing consumer goods which help to make life happy for people with low-grade incomes.

The party holds that a great part of the process of industrialization must take place through decentralized distribution of industry so as to reduce regional disparities. It stands for the preservation of the freedom of the small and self-employed artisan, craftsman and trader. The party stands for nursing the spirit of industry as distinguished from what is called industrialization. In these matters, the party follows Mahatma Gandhi and is opposed to the ruling party's imitation of Soviet policy.

The Swatantra Party stands for the encouragement of private enterprise, activated where necessary by loans and aids, and for widespread rural public works in order to create employment opportunities for the people everywhere so as to reduce the pressure on the land.

The Swatantra Party will rectify the confusion and corruption which have entered the economy on account of controls, permits, licences and quotas at the disposal of the ruling party and of the officials taking their cue from that party.

The party believes that the free choice of the producer, the investor, the worker and the consumer must be given due place and importance. It believes in the incentives for higher production and expansion inherent in competitive enterprise, with adequate safeguards for the protection of labour and against unreasonable prices, profits and dividends in those cases where there is no competition or where competition is not adequate to secure the necessary corrective. Adhering to the principles of Trusteeship enunciated by Mahatma Gandhi, which is

inherent in the Indian way of life from time immemorial, the party stands for a system of free peoples' enterprise restrained as well as enriched and reinforced by a sense of social obligation encouraged by State policies.

The party is opposed to monopoly and concentration of power whether in the State or in the free sector. It will promote anti-monopoly legislation wherever necessary and will end the monopoly at present enjoyed by governmental corporations such as the State Trading Corporation in certain fields of trade, the Life Insurance Corporation and State Transport Corporations and authorities.

The party believes in a dynamic, expanding mixed economy where State and free enterprise work side by side as natural allies in the service of the community and show results by competing on equal terms. As much competition as possible, as little regulation as necessary—should be the watchword.

The Swatantra Party will improve Government undertakings by organizing commercial management and adequate supervision under statutory boards independent of political interference.

The party will seek to restore the real and effective supremacy of Parliament and the people by abolishing the much boosted Planning Commission which has tended in effect to bring into being a non-responsible super-government and will free the administration at the Centre and the State governments from the extra-constitutional dictation of the Planning Commission.

The Swatantra Party rejects the current pattern of centralized and top-heavy planning of the Soviet type involving a series of targets that are not achieved and of restrictions which are intolerable and which are calculated to perpetuate the regime of the party in power. The Swatantra Party stands for planning carried out within the limits of the freedoms

guaranteed by the Constitution, to develop the growth of conditions in which the people's enterprise will find full and unfettered scope. It believes that the appropriate organization for such planning of the affairs of the nation and for submitting the annual programme is the Cabinet responsible to Parliament and through it to the people; and that, while the Government may resort to such expert assistance as it desires, there should be no other body which in effect usurps the power of making policy affecting the life of the nation.

While the party recognizes without question the vital need for India to expand its exports, it is opposed to the policy of compulsion in respect of exports of goods resulting in privation and distress in India. Exports can only be promoted by a policy of increased productivity and efficient production at low cost so that our goods can compete in the world's markets. This would be facilitated by the Swatantra Party's policies.

The Congress Party's pattern of planning is based on extensive foreign aid that hangs on the slender thread of international peace which may snap any day. The Swatantra Party is totally opposed to the policy of huge foreign debts being incurred without any plan or prospect of adequate exports to enable India to discharge these obligations. The party will endeavour its best to halt this grievous programme without damage to the national reputation. The party will support and encourage the flow of foreign capital into private enterprises in India which would contribute to rapid industrial progress.

Labour

The Swatantra Party stands for a fair deal to labour, both industrial and agricultural. The party accepts the workers' right to organize themselves in order to improve their conditions of life and work. Strong and responsible trade

unions managed by the workers themselves and not, as at present, playthings in the hands of political parties are an integral part of a democratic industrial order. The party stands for the workers' right to collective bargaining involving, where necessary, the right to withdraw their labour.

The Swatantra Party stands for closer association of the workers and the management of industries, so that a spirit of partnership may develop among all those engaged in production.

The party stands for a good wage for a good day's work. Encouragement should be given to "progress sharing" through an increase in the earnings of employees alongside of an increase in productivity without detriment to the overall aim of national prosperity through the reduction of costs.

Constitution and Public Administration

The Swatantra Party stands for fully respecting the democratic implications of our Constitution, so that self-government becomes a spontaneous and continuous effort of the people. To that end, the Swatantra Party will

- secure the full freedom of the press and promote autonomous non-official organizations for purposes of social welfare, rather than, in the name of welfare, impose official projects for strengthening Statism and the power of the party in office;
- restore the Fundamental Rights as they were originally embodied in the Constitution;
- restore to the States the constitutional powers, functions and jurisdictions given to them by the Constitution;
- work for the democratization of the adminis-

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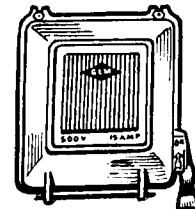
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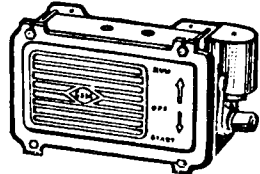
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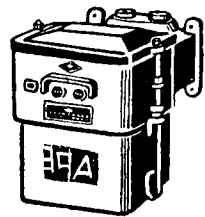
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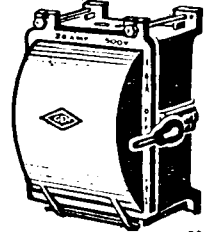
TPIC SWITCHES (15 to 100 Amps)



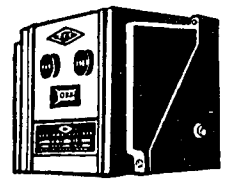
Star Delta STARTER (5 to 25 Amps)



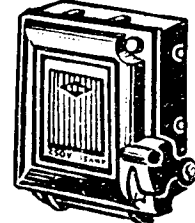
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tration in the union territories; and

- (e) maintain intact the independence and the powers of the Judiciary as originally conceived in every respect.

The party stands for a reform of the electoral law which would reduce the influence of money power and thus secure a fair chance for the real views of the electorate to prevail. It should be the duty of the State to communicate to each voter the time and place at which he may cast his vote and his number in the electoral roll.

More than anything else, the party will give the country a clean administration. It will ensure that there is no interference by politicians either of the ruling or any other party in the day-to-day administration.

In order to secure this, the party will urge that the Union President and the Governors of the States, who should be non-party men, should in their discretion be the appointing authorities of members of the Public Services Commission and that the protection of the members of the Public Services should be made a special responsibility of the President and the Governors.

The party will stop the wasteful expansion of the administrative machinery and reduce unproductive expenditure to the minimum. The extravagant construction of new buildings will be prohibited.

The party stands for a revision of the scales of pensions paid to retired low-grade government servants in line with the sharp rise in the cost of living.

In order to check corruption and the arbitrary infringement of the rights of citizens, the party will press for the establishment of an independent authority at the Centre and in the States like the Ombudsman in Scandinavian countries to investigate into the grievances of citizens and

into administrative vagaries and give due redress.

International relations and Defence

The Swatantra Party believes that, when the country's territorial integrity has been violated by Communist China, abstract concepts of co-existence and non-alignment have lost meaning and that our foreign policy needs to be reviewed and brought into closer relation to the realities of the international situation. The party stands pledged to a firm and vigilant policy in dealing with China and for active steps to end its aggression at the earliest possible moment.

The party will endeavour to rectify the unfortunate impression created in the world that India has a bias in favour of the Communist bloc.

The Swatantra Party stands pledged to regain for India its moral influence in the world so that it may work for peace, justice and freedom. The genius of India is tranquillity in the sense that its mission is the conquest of fear by the strength of the spirit within.

The Swatantra Party stands

- (a) for removing all political influences which are at present responsible for weakening the morale of the Defence Services; and
- (b) for maintaining the Defence Services in an efficient condition and redressing the legitimate grievances of ex-Servicemen.

Culture, education and religion

The Swatantra Party believes that India is a mixture of racial, religious and linguistic groups in the process of integration and that the needs of national solidarity require that the component States should do nothing to disturb the emerging pattern, but should help the process of synthesis.

Despite warnings, the Congress Party, in the face of opposition

from outside as well as from the saner elements within its own ranks, has persisted in following policies which have resulted in disintegrating tendencies. Linguism, to which they have surrendered, has become a separatist force and a protective cover for the majority in power in the States to reduce all minorities to the position of permanent aliens and to retard and obstruct a natural synthesis. The Swatantra Party will take steps to halt this deterioration.

The Swatantra Party will more faithfully and effectively carry out the provisions in the Constitution for the protection of the rights and interests of all minorities and those who work under handicaps, such as Harijans, Adivasis and other Backward Classes.

The party will not look upon associations for the protection of the rights of any classes or communities as communal organizations to be discouraged or banned.

In order to arrest disintegration, the Swatantra Party

- (a) will introduce in education a spiritual element alongside of the humanities and sciences in order to provide an adequate background of human values for the citizens of the future; and
- (b) will provide free scope to voluntary agencies to impart moral and religious education to the young without forcing any such instruction on sections not belonging to the same denomination as those agencies.

The party stands for

- (a) the autonomy of universities and other academic institutions;
- (b) the vindication of the fundamental right of every citizen to educate his children according to his choice in a free at-

- mosphere untrammelled by official directives;
- (c) the rejection of measures like the nationalization of text-books calculated to indoctrinate the younger generation;
 - (d) the establishment of central universities for maintaining common academic standards throughout the country; and
 - (e) raising the status and remuneration of professors and teachers on a uniform basis, so that their movement from one region to another may not be impeded.

The party will resist all attempts at the establishment of a monopoly or official control and regulation over the various media of mass communication.

- (a) All India Radio, which is today a State monopoly, should be converted into an autonomous corporation like the British Broadcasting Corporation, and other radio networks should be allowed to enter into competition with it;
- (b) similarly, Information Films of India, which today are the handmaid of one party's propaganda, should be placed on an autonomous footing as an agency for the dissemination of news and knowledge; and
- (c) the party will do everything to sustain the press, which has so far preserved its independence with commendable tenacity, against all attempts, whether through official patronage or fear, to bring it under the influence of any party in office.

The Swatantra Party believes that, while every citizen should be free to choose his religious belief

and be entitled to an unrestricted exercise of his right to religious freedom guaranteed by the Constitution, religion is of vital concern to the State, as it provides the dynamic forces for strengthening moral and spiritual values which furnish the motive and the sanction for right conduct more than any law or regulation of the State.

The Swatantra Party will, therefore, do everything possible to restore religion to its legitimate place in life and in particular

- (a) make incomes of and gifts to religious institutions and charities tax free;
- (b) secure for each religion the full benefit of its endowed and other properties without interference from Government;
- (c) ensure respect of all communities in regard to their religious practices; and
- (d) take steps to create a climate in which every religion can contribute to the general welfare by strengthening the moral and spiritual stability of the respective communities.

Our people, who achieved a civilization of the highest type, moral and spiritual, many millennia before other nations reached a comparable state must continue to live a way of life wherein the individual freely gives to the community and is not reduced to the position of a cog in a lifeless machine for the sake of illusory progress in the material sense through State compulsion and under the direction of government officials.

Conclusion

During the past few years, through the adoption of so-called socialist and Welfare State policies, the Congress Party has been acquiring a stranglehold over every aspect of the citizen's life. The ground is well prepared for the

perpetuation of one-party rule as in communist countries.

When this danger to democracy became clear, the Swatantra Party was conceived and started in defence of freedom in the middle of 1959. It has not found its work easy, not only because it is hard to divert people from the traditional attachment to a party that carries the name and flag of the organization that fought foreign rule, but especially on account of the way in which the Congress Party and ministers have utilised their opportunities to strengthen the power of the party. The inclusion of every kind of social service in the activities of the administration and the enrolment of party-men in such services as well as in panchayats and co-operative societies have confused the understanding of common folk who have been thereby led to identify the ruling party with the State itself.

In spite of all handicaps, the justice of the cause it has taken up has enabled the Swatantra Party to make headway. The humiliations, harassments and injustices resulting from the permitlicence-raj have opened the people's eyes. The drift towards totalitarianism has been made obvious to the dullest minds. The alignment of Congress policies with those of the communists and the indifference displayed about foreign aggression have awakened people to a sense of the danger ahead. The entanglement of the nation in unredeemable foreign obligations for financing megalomaniac plans has accentuated public apprehension.

The Swatantra Party hopes that the electorate will rise to the occasion and, guided by those who see the dangers implicit in the situation, will refuse to give a fresh lease of untrammelled power to the Congress Party, which would be tantamount to perpetuation of one-party rule, and will give their support to the Swatantra Party candidates wherever they offer themselves for election so that democracy may be safeguarded.

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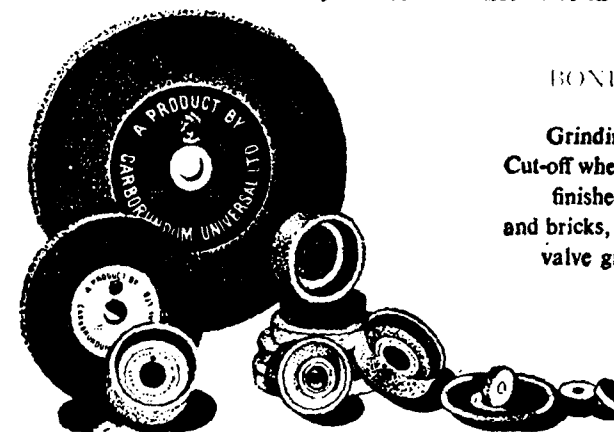
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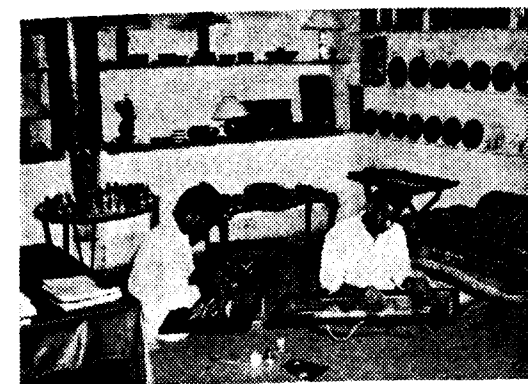
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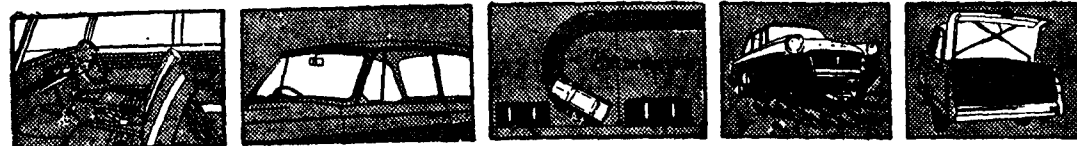
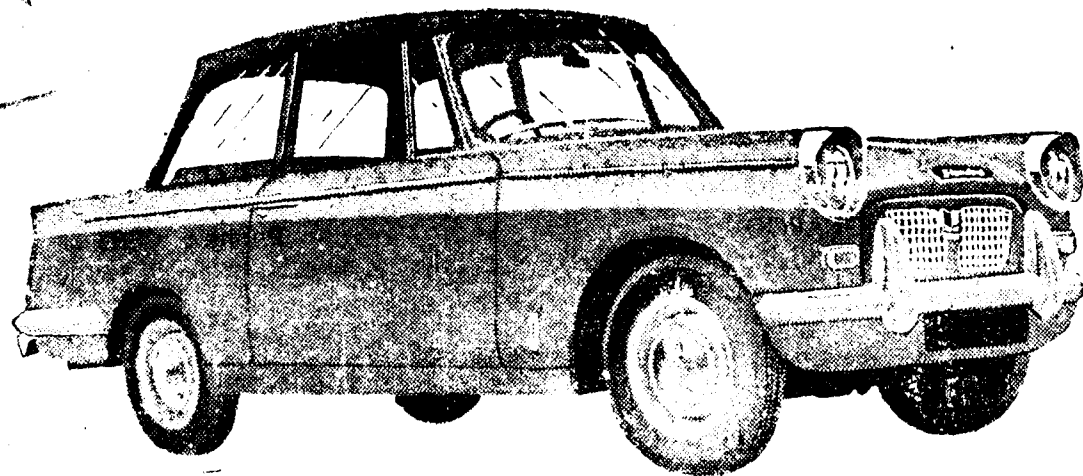
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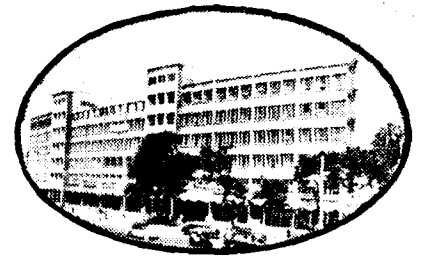
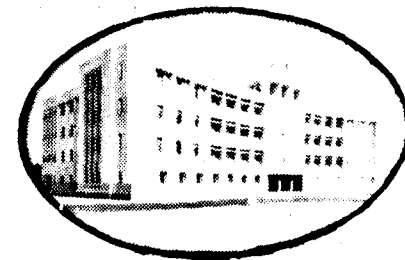
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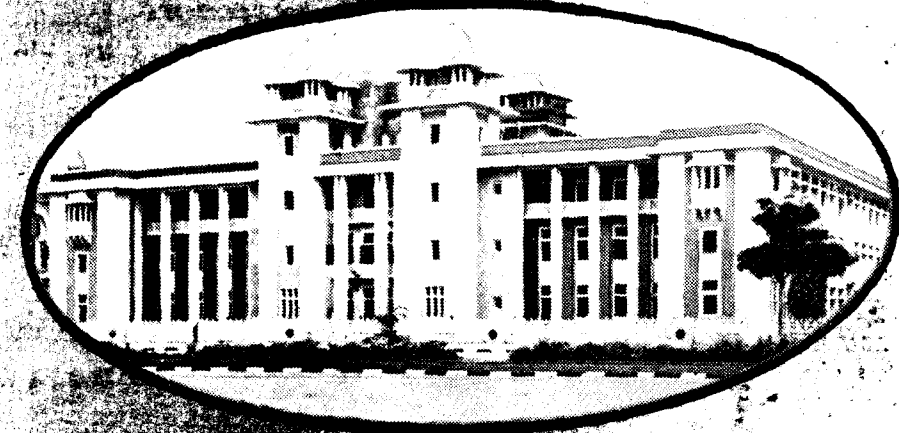
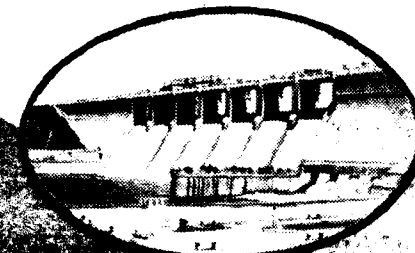
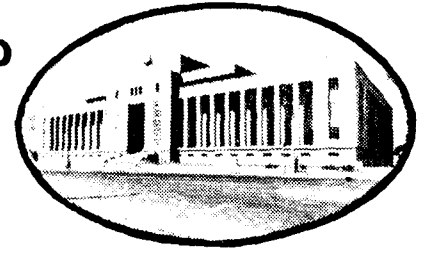
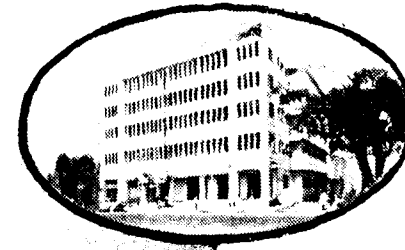
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