
HOW BUSINESSMEN
CAN ENRICH PUBLIC LIFE



D. N. PATODIA

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D.N. Patodia – Reflections

S . V. Raju

Project for
economic
education

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CONTENTS

Introduction 1

Some Personal Reminiscences – D. N. Patodia 13

I Inter-State Relations in a Federal Polity

Rajasthan 47
- The Integration of India after Independence
- Imposition of President's Rule
- Drought and Famine

West Bengal 56
- Three Decades of Communist Rule
- Of Naxalites and Maoists

North East India : The Seven Sisters – India's Achilles Heel 63

Kashmir : When & How the Seeds of Discord were Sown 68

II Tibet – A Friendly Neighbour Betrayed 77

III India's Russian Connection 84

Interference in India's Elections

Soviet Arms for Pakistan

The Activities of Novosti

Trading with the Russians

Aircraft for Indian Airlines

Contents (2)

IV The Indian Economy

Missed Opportunities for Growth 101

The Planning Commission 113

Nationalisation of Banks 122

How Statist Policies Retarded Growth 131

Reforms – Prospects and Challenges 140

FICCI – Serving Trade and Industry 153

V Seminal Essays

The Housing Problem 163

The Oceans – Area of Future Opportunities 173

Global Integration 182

Appendices

Appendix 'A' :
Trader or Producer 186

Appendix 'B' :
The Third Industrial Revolution 196

Appendix 'C' :
Opportunities and Challenges for Business 207

Appendix 'D' :
India Between 1969 and 2014 217

Notes 222

INTRODUCTION

A belief was fostered after independence by some political elements in the country that Industrialists, Businessmen and Traders were mainly confined to making money by whatever means, that they would make every attempt to avoid paying taxes and would have no hesitation even in exploiting the consumer. Heavy taxes were imposed on businessmen and complicated laws were introduced to make their life increasingly difficult.

To correct this wrong impression, the business community sought, through their representative mercantile and trade bodies and chambers to educate and inform public opinion on the ethics and role of business and the benefits of a free market economy. Also involved in this task were institutions such as

the Forum of Free Enterprise, Committee for Fair Trade Practices, Mumbai Grahak Panchayat and the Bank Depositors Association, etc. started on the initiative of public spirited citizens mainly to educate the general public but also the businessmen, the industrialists and the traders on their duties.

One such organisation founded by Minoo Masani over thirty years ago was the *Freedom First* Foundation. This Foundation organised in Mumbai in April 1984 a seminar attended by over 60 persons comprising a representative cross section of society, on the role of business community in public life. The participants were a veritable who's who from the world of commerce and industry, the professionals including lawyers, medical practitioners, chartered accountants and chairmen and managing directors of well known enterprises. The well known luminary N. A. Palkhivala delivered the inaugural address. He made some very pertinent remarks largely on the role of businessmen and their obligations.

"As I see it", said Palkhivala "there are distinct obligations which business owes to society.

* The first is the obligation towards Nature – preserving the environment, preventing pollution, preserving ecology in its true sense.

* The second is the obligation you owe to the community around your factory or your workshop.

* The third is the obligation to take part in public life, which is perhaps the one obligation which is least observed".

While all the obligations are as relevant today as they were when he delivered the address, the two that are of immediate relevance to the contents of this volume are his observations on the second and third "obligations".

Explaining the second obligation Palkhivala said "You can be engaged in commerce without having a commercialised outlook. You can contribute not only to the gross national product, but, as I am fond of saying, to gross national happiness... As a professional, you can cultivate your mind not merely with a view to offering it for sale as a commodity in the market place but with a view to enriching yourself and society around. The gift is the gift of knowledge and I think that those who are engaged in educating the people are perhaps doing a more signal service than anyone else.

"We have all heard of the 'unacceptable face of capitalism'. But it is equally true that it has an attractive face, if only one can have a look at that face".

Regarding the third "Obligation to Take Part in Public Life", he said: "This is the one obligation where we are perhaps more in default than in any other way. I have never accepted the theory that it is the business of the businessman only to do business. It is his duty, first and foremost, to be a good citizen and to do his duty by the nation. In this country, as you are all aware, politicians dominate businessmen and businessmen run after politicians (unlike in Japan where it is the politicians who run after businessmen) making you realise there is something wrong with our values and in our system. Those business houses which believe

they have no duty to perform, there is no public life in which they have to be interested are, to my mind, committing a grave error. Whatever may be your thinking it is right that your thoughts be propagated, be promulgated, be disseminated as widely as possible. If today businessmen have a chance of surviving it can only be if they are interested in selling their ideas as much as, I repeat, the importance of selling their goods. I put great emphasis on a seminar like this because it shows you the importance of selling your ideas as much as, I repeat, the importance of selling your goods. This is very, very, important. I do not think this country would have come to this abysmal sorry pass if even one-tenth of our businessmen had done their duty."

I was present at this seminar and hearing his speech reminded me of the role played by numerous patriotic businessmen and industrialists who at great risk to themselves and their enterprises not only participated in our country's freedom struggle but who funded the freedom movement. Names that come to mind are G. D. Birla, Jamnalal Bajaj and Ambalal Sarabhai among many others.

I had the privilege of knowing G. K. Sundaram of the Lakshmi Mills textile family who participated in the freedom struggle. As a young man he joined the Vedaranyam Satyagraha led by C. Rajagopalachari, or Rajaji as he was nationally known – the southern version of Gandhiji's Dandi March or Salt Satyagraha. Sundaram played a key role in the work of the Swatantra Party in Tamil Nadu. There were many others in business and industry, known and unknown, who participated, funded and gave their all to free

the country from British Rule.

Yet, after freedom, and after the passing away of Gandhiji and Sardar Vallabhbhai Patel, the attitude of the party that led the freedom struggle changed and as mentioned at the start of this introduction businessmen, industrialists and traders were viewed with mistrust. The Second Five Year Plan launched in 1957 marked the beginning of Statism with the launch of the socialistic pattern of society. The permit licence quota Raj sowed the seeds of corruption.

Rajaji and Minoo Masani were the first to publicly denounce Nehruvian Socialism, encourage businessmen and industrialists to shed their fear of the government in power and seek to change the system by involving themselves in the electoral process and make their voice heard in Parliament. They founded the Swatantra Party in 1959 and welcomed them to join the Party for this purpose.

In the general elections of 1967, for the first time a number of young businessmen contested as candidates of the Swatantra Party and nine of them including D N Patodia were elected to the Lok Sabha.

The socialistic pattern of society leading to the State occupying the 'Commanding heights of the Economy' led to the permit licence quota raj and which in turn, engendered corruption and wrong doing on a massive scale sparing no section of society. It also led to the emergence of what Masani described as socialist India's 'New Class' comprising cliques of corrupt politicians, corrupt bureaucrats and corrupt businessmen.[i]

Politics and politicians lost their credibility and despite being regarded with disdain by the common people at large, they were tolerated as a necessary evil. Yet there were those in industry, commerce and trade, who tried hard to be honest and introduced reforms within their ranks, as already mentioned, through organisations like the Forum of Free Enterprise, Committee for Fair Trade Practices, the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Indian Merchants' Chamber among others.

It was the Swatantra Party that brought D. N. Patodia and this writer together over forty years ago in 1967. I first met him at a meeting of the Party's parliamentary group in New Delhi. He was then a 40 year-old newly elected MP from Rajasthan. I was a 34 year-old executive secretary of the Central Office of the Party in Mumbai representing the Swatantra Party's organisational wing.

We met in Mumbai a few years ago when he was in the city on a personal visit. He had virtually retired from active public life. We got talking, as old friends do when they meet after a lapse of time, recalling the past, of things pleasant and some not so pleasant. The conversation veered to our work in the field of politics and the NGOs with which we were connected. I asked him what he had done with the huge amount of papers and documents he had gathered over the years and shouldn't he be writing his memoirs. He had not only been a member of parliament but had headed a number of organisations chief among them being the Federation of Indian Chambers of Commerce & Industry (FICCI) of which he was the President in 1985.

I was always fascinated by the spectrum of Patodia's pursuits, his constant desire to stay well-informed about men and matters, his reading interests covering a wide canvas and an eagerness to know more.

He replied that he had indeed preserved many documents, papers and photographs over the years. But he was clear that he was not interested in writing his memoirs. "Let my work speak for me" he said. Failing to persuade him, I offered to write a book based on his writings and speeches if he would place them at my disposal. He welcomed the idea but asked for time to think it over. I was therefore delighted when, a few months later, he got back to me and said that he would be glad to place at my disposal his papers but reiterated that he was not interested if it was going to be a biography. I assured him it would not be so but if I was to write the book it would be around his persona and his public life because he was a first-person witness and on occasions even a partner in activities that influenced events. Also, that he should briefly put down his reminiscences of issues and events as perceived by him during his active years in public life. He agreed though rather reluctantly. He was being true to form, for generally, when I had occasions to interact with him I found him knowledgeable and sincere but reticent to talk about himself and preferring to shun the limelight.

Thus it is that this book begins with his reminiscences, a little bit about his family and his business and how he got into politics. He also writes about his maiden speech in Parliament on the very

first day of the first session of the 4th Lok Sabha recording his protest over the imposition of President's Rule in Rajasthan, the very state that returned him to Parliament.

His recollections about his four years in Parliament are warm and not only does he have a good word even about those who belonged to other opposition parties in the House including communist members but also those in the treasury benches be it Indira Gandhi, Y. B. Chavan or Asoka Mehta. This was in keeping with the culture of the Swatantra Party to which he belonged. Rajaji, Ranga and Masani kept reminding their colleagues that the Party did not believe in opposition for opposition's sake, that personal criticism and name-calling should be avoided; each issue should be judged on its merit; and above all due respect should be extended to the Parliament, the Speaker and his rulings.

Patodia sent me his speeches and interventions in his four years in parliament and the many meetings, seminars, symposiums and workshops he attended including papers he presented on a wide range of subjects in his public activities. Many of them are as relevant today as they were when he made his presentations and explain why the situation is what it is today; the Kashmir question which has become such a complicated problem or the spread of the Naxalite/Maoist movement. The material he sent me is a perceptive record of much historical and educative value. This explains why this narrative covers a wide canvas on various aspects of India's political economy between the sixties and the early years of this century.

Patodia, as already mentioned earlier, entered electoral politics in 1967. In retrospect he couldn't have timed his entry at a more opportune time. Political pundits have generally regarded the outcome of the 1967 general elections as the first game changer, a watershed for Indian democracy. There were other turning points, or 'tipping points' in the decades that followed but 1967 heralded the fact that India was changing.

When one looks back at events as recorded by Patodia when they actually happened, one could say that political commentators who interpreted the results of the 1967 elections as a game changer were not far wrong. 1967 did trigger a churning of Indian democracy – a churning, with all its highs and lows, that went on for the next three decades before settling down to what we are witnessing today - the emergence of democratic coalition politics.

Again, as already mentioned earlier, after August 15, 1947 with the assassination of Mahatma Gandhi on January 30, 1948 and the passing away of Sardar Vallabhbhai Patel of a heart attack two years later on December 15, 1950, Indian polity came to be dominated by Jawaharlal Nehru and his Indian National Congress (INC). India's defeat by the Communist Chinese in the 1962 war signalled the beginning of the end of the INC's predominance in Indian politics. This became evident when, in 1963, the Congress Party lost three by-elections in a row to parliament, which resulted in the return to the Lok Sabha of three stalwarts of the Freedom movement – Acharya Kripalani, Ram Manohar Lohia and Minoo Masani.

Jawaharlal Nehru was succeeded by Lal Bahadur Shastri who in his brief spell of two years as Prime Minister fought a war with Pakistan in 1965. He proved a great leader and though the war had no winner or loser it is famous for the slogan he gave the nation: "Jai Jawan, Jai Kisan." He died in mysterious circumstances at Tashkent while negotiating a treaty with Pakistan brokered by the Soviet Union. He was succeeded by Jawaharlal Nehru's daughter Indira Gandhi. She gave the churning process a push when she split the INC. While this broke the Congress it did not break the country. This underlines a fact that has not been adequately understood or appreciated: that the system was able to withstand the shock and a number of shocks later under her regime. Despite this the Constitution stood the test of time. For this the tribute rightfully belongs to the members of the Constituent Assembly who gave us this Constitution. It is also equally important to acknowledge another vital and encouraging fact - that the Indian voter has, by and large, made good use of the system and voted for change when he or she felt such change was needed. This does not mean that they were always right. What it does mean is that the Indian voter learnt the real value of the vote and the importance of its judicious exercise.

So Patodia entered parliament when the churning process of Indian democracy had just begun. Very soon he made a name for himself as a conscientious parliamentarian. I recall Minoo Masani, who was in 1967 the Swatantra Party's General Secretary and leader of the Party's 44-member Group in parliament, commenting more than once that Patodia was a

valuable asset for the Party in parliament "who did his homework well." Knowing from personal experience what a hard task master Masani was, this was indeed high praise.

Four years later, Indira Gandhi's government resigned and got the Lok Sabha dissolved a year ahead of schedule. In the elections that followed in 1971, D. N. Patodia along with most of his colleagues in the Swatantra Party group in parliament failed to retain their seats. How this happened is a long and a sad story which needs telling but perhaps this is not the right 'forum.'

When structuring this book I had to choose from a large number of topics that the papers he had sent me covered. I chose some events that one could broadly describe as 'landmarks' alongwith a longer list of important happenings that shaped this nation for better or for worse, which I felt the younger readers of this volume might find of interest. This list has been placed in *Appendix 'D'* and covers the period from 1969 when Indira Gandhi split the INC to the amazing results of the General elections in May 2014.

Whether it was parliament or his many years in FICCI crowned by his election as its president in 1985, Patodia ensured that he had his facts right and as far as possible based on personal knowledge. For instance his participation in debates in the Lok Sabha on Kashmir, or unrest in Assam or the genesis of the Naxalite movement all were backed by his visits to these places to see for himself the situation on the ground.

As FICCI president he travelled extensively within the country and outside. In line with the changing political and economic environment on all major economic issues he established wider cooperation and closer interaction with the related economic agencies and ministries. On the domestic front he promoted better coordination with the regional groups and extended added support to the trading community.

At the global level in line with expanding economic operations he promoted the setting up of Joint Business Councils with leading countries. With a view to strengthening India's stand in the global economic community he advocated the broader concept that while dealing with other countries the Indian business community should put up a joint front with the Indian government. Finally, during his term, the Indian Prime Minister Rajiv Gandhi addressed two Joint Business Councils in Paris and in Tokyo in early 1986. His three seminal papers on the Housing Problem, The Oceans – Area of Future Opportunities, Global Integration – Emerging Trends and India's Role, were all well researched, studied and still very contemporary.

Finally, this book may not be his memoirs but it indeed is a refreshing collection of events leading to enrichment of public life and it certainly justifies the statement Patodia made to me when I was persuading him to write his biography: "Let my work speak for me." Indeed it does.

Mumbai,
November 1, 2014

S. V. Raju

Some Personal Reminiscences – D. N. Patodia

At the outset I express my deep gratitude to my friend S. V. Raju for conceiving the idea to bring out a comprehensive publication reflecting on my public activities in Parliament and outside as also for agreeing to author the publication. I am also grateful to the Project for Economic Education for graciously agreeing to sponsor this publication. And I express my deep appreciation to all my friends and associates who have helped and contributed in bringing out this publication.

Hailing from a middle class business family from Nawalgarh in the district of Jhunjhunu in Rajasthan, my parents Govindramji and Rukmini Devi migrated

to Calcutta in the 1920s. A commerce student, I did my Masters from the Calcutta University in 1951 and in keeping with our family tradition, while pursuing my studies, I joined our family business at an early age. It did not leave much time for extracurricular activities which were mainly confined to participation in the occasional seminars, debates and group discussions.

Before moving to Calcutta our family business in Delhi was largely confined to trading in imported textiles. In Calcutta, with the support of my maternal grandfather Ganga Bux Kanoria, my father set up trading operations in gunnies and bullion. Later he joined the jute business of Kanorias as a junior partner. Subsequently, after my younger brother Bijay Nandan joined the family business we added wholesale trading in sugar. In the early fifties I was introduced by my maternal uncle Radha Kissen Kanoria to B. M. Birla and we took over the selling agency for electrical goods including Orient Fans. In course of time we added engineering components, tea and chemicals.

We were, throughout, a joint family. My parents retired early and my two sisters got married. My younger brother, a bright and promising businessman who supervised and controlled most of our business operations, very sadly passed away in 2009. Between the two of us we have three sons and two daughters.

From my student days I have been a keen observer of political and economic developments in India and a witness to the profound transformation the country has been passing through from the days

of British colonial rule until the post independence period. I have seen the exploitation and the humiliation suffered by Indian society at the hands of the British. At the time of droughts, mostly in North India, I have seen huge congregations of poor and starving people and their cattle moving out of their villages in search of water and fodder and many perishing on the way.

During the struggle for independence led by Mahatma Gandhi I have witnessed millions participating in the freedom struggle and I have seen men and women, young and old, rising in protest, totally non-violent, and prepared to lay down their lives, so that future generations may live in freedom.

I was also witness to the horrors of partition of this great country, when millions had to leave their homes and countless men, women and children were separated from their place of birth and massacred, a historical blunder leaving a deep indelible scar on the body of this great sub-continent.

I have seen the dawn of freedom and the birth of a new, democratic, dynamic and pulsating nation and I still recall the vibrant call given by Jawaharlal Nehru on India's tryst with destiny. In independent India I have seen the consolidation of the numerous widely scattered small and big States ruled by a large number of rulers merging into a single Indian Union under the remarkable leadership of the iron man Sardar Vallabhbhai Patel. It was an unparalleled achievement in world history. Perhaps the only comparison that comes close is the unification of Italy under the leadership of Giuseppe Garibaldi and Giussepe

Mazzini along with a few others who were described as the "fathers of the fatherland".

I remember the great visionary Jawaharlal Nehru setting up lofty institutions for the promotion of technology and science, for research in space and in medicine and for the development of infrastructure. And I also remember the success of the green revolution under the leadership of Dr. M. S. Swaminathan eliminating from the country the fear of famine, for all time to come.

And I saw the emergence of the great Indian Republic with a Constitution crafted by a Constituent Assembly of 299 members, who are now called the 'Fathers of our Constitution', based on the basic values of India's culture and traditions and inspired by the principles of democracy and liberty.

Even after obtaining independence, the hangover of the exploitation by the previous British rulers and an antipathy towards monarchy and capitalism were clearly reflected in the pattern of new policies introduced after independence. On the economic front instead of promoting free enterprise the new policies were guided more by socialism under which the State acquired 'the commanding heights' of the economy. The Planning Commission was constituted to give shape to the so called socialistic pattern. Most of the basic sectors including transport, mining and defence production were brought directly under the State control. Other sectors such as banking, insurance and civil aviation were nationalized. Major items of foreign trade were taken over by the State. On the agricultural

front, pricing, production and distribution were rigidly regulated.

On the industrial front, whatever sectors that were left open for free enterprise, were rigidly controlled and regulated. The Monopolies and Restrictive Trade Practices Act (MRTP Act) was promulgated ostensibly to prevent private monopolies or cartels but in practice it resulted in the formation of huge state controlled monopolies. Such a state of economy was aptly described by Rajaji (C. Rajagopalachari) as 'License-Permit-Quota Raj'.

On the fiscal front, taxes were raised disproportionately. The rate of savings and investments remained abnormally low. Economic laws were framed and passed by Parliament and imposed on the economic community who did not have any say in the framing of such laws. The business community did not have any effective representation in Parliament and their case largely went by default.

As a result, whereas many other countries in Asia and elsewhere, including some even more backward than India, grew much faster by adopting more liberal policies, India stayed behind languishing in poverty.

It was in such an economic environment in the late fifties and mid sixties that business leaders around the country started realizing the need for some young and enterprising businessmen to get elected to Parliament so that the business viewpoint could be properly represented and debated before any law was enacted. Distinguished business leaders B. M. Birla

in Calcutta along with several others including Tatas, the Walchand Group, Murugappa Chettiar, DCM, Bajaj, and several others supported the idea.

My family was well acquainted with Birlas and on the suggestion of B.M. Birla my maternal uncle and my father agreed that I should contest the elections to the Lok Sabha from Rajasthan. For me, it was a totally unexpected development for which I was, mentally, not prepared. Initially reluctant, I gave serious thought for several days and finally agreed. Many other young businessmen from around the country also came forward to contest. Many of them were elected and made excellent contribution in Parliament.

After due consideration and consultations I was convinced that an opposition party would be a more effective platform and Swatantra Party was the most appropriate one. The Swatantra Party was relatively a new party inspired and formed under the leadership of the great leader C. Rajagopalachari with several other prominent leaders including Prof. N. G. Ranga, a prominent leader of the farmers, and Minoo Masani, a former socialist who before independence was a founding member of the Congress Socialist Party, an author of repute and a true liberal. The party was dedicated to the liberal values based on individual freedom, social justice, right to life and liberty, rule of law and concern for human rights. On the economic front, the party was committed to free enterprise as opposed to State monopoly and control.

B. M. Birla proposed my name to Minoo Masani. I met Masani in Delhi and after a detailed discussion

I went to Jaipur and met Maharani Gayatri Devi who was also a Vice President of the Party in charge of Rajasthan. After some deliberations I was selected as the Swatantra Party candidate to contest the 1967 Lok Sabha elections from Jalore-Sirohi Parliamentary constituency in Western Rajasthan. At that time Swatantra Party and Bharatiya Jana Sangh had agreed upon a joint strategy of political adjustment not to put up candidates against each other.

For me, a completely new person in politics, totally unfamiliar with the delicate mechanism of elections, it was a new experience. I thoroughly enjoyed campaigning and won the election with a moderate lead of nearly 10000 votes. It was indeed the beginning of an altogether new chapter in my life.

Winning the Lok Sabha election was a great morale booster. A rousing reception given to me in my constituency, in Jaipur and in Calcutta and the love and affection showered by my family members, well wishers, friends and business associates were truly encouraging. The leaders and colleagues in the Swatantra Party welcomed me with open arms. My parents, B. M. Birla and my maternal uncle were all overjoyed. Throughout my tenure in Parliament and thereafter in FICCI, the two historical phases of my career, my mentor B. M. Birla and his son G. P. Birla, persons of great character and discipline, were always a great source of inspiration and guidance always supporting bold and forthright approach to all issues.

From the dawn of independence until 1962 the Congress Party enjoyed virtual monopoly in Parliament

and in all State Assemblies. The elections in 1967, for the first time, reflected a change in character. In the Lok Sabha although still in majority, the strength of the Congress Party was reduced and the Swatantra Party with 44 members emerged as the single largest party in the opposition followed by the Bharatiya Jana Sangh and the Communist Parties in that order. Although, a few seats short of the benchmark of 10%, the Swatantra Party being the largest opposition party, was, for all practical purposes, treated as the main opposition party. Prof. N. G. Ranga was the leader, and Minoo Masani the Deputy Leader. I had the privilege of being elected as Secretary of the Party in Parliament along with C. C. Desai. It was an honour but also a challenge.

In some State Assemblies too non-Congress Parties started gaining strength. With the changing character of the Parliament and the State Assemblies the voice of the opposition was also more effectively expressed.

At the international level, soon after the end of World War II India's foreign policy stances were put to test. The end of the hot war proved to be the beginning of the Cold War arising out of ideological differences between the democratic nations led by the United States which came to be known as the 'Free World' and the Communist nations led by the Soviet Union which came to be known as the Soviet bloc. Based on India's rich traditional values and her past achievements in science and literature, the western countries, more particularly the USA and Western Europe, expected India to be a powerful ally in

strengthening liberal values and democratic forces. The Soviet bloc on the other hand, expected India to be on their side. As subsequent events amply demonstrated, the Indian leadership gradually slipped into the Soviet sphere of influence. On the economic front, in their mistaken belief in the concept of socialism, India kept on enforcing multiple restrictions on free enterprise and imposing prohibitory taxes. Economic growth faltered and remained low.

In such a political and economic environment it was indeed an opportunity and a privilege to have been elected to the Lok Sabha, the supreme law making body of the country, and be a member of the leading opposition party. In fact I had the rare honour of making my debut on the very first working day of the Lok Sabha on 18th March 1967 participating in a No-Confidence Motion moved by my party colleague against the Government protesting the imposition of President's rule in Rajasthan through arbitrary and undemocratic means and depriving the opposition parties consisting, mainly, of the Swatantra Party and the Bharatiya Jana Sangh of being given the opportunity to form a coalition government.

Although I was a new member, since the subject related to the state from where I was elected, Minoo Masani who was then leader of the Swatantra Party Group in the Lok Sabha persuaded me to participate in the debate and mentored me on the subject. Thus it was that I delivered my maiden speech by addressing the House for nearly 15 minutes. The speech went off well and I was applauded by several sections of the House. Minoo Masani and other members of my party

were pleased with my performance and, to my great delight, even Y. B. Chavan, the then Home Minister of India congratulated me.

In my political career Minoo Masani was throughout my mentor and guide. An intellectual giant, a dedicated democrat and an unsurpassed debater he had always been a great source of inspiration. With remarkable organizing capacity he set up several important institutions including the Indian Committee for Cultural Freedom (ICCF), Democratic Research Service (DRS), Leslie Sawhny Program of Training for Democracy (LSP) and the Project for Economic Education (PEE). All these institutions were creations dictated by circumstances prevailing at that time. The ICCF founded in 1952 and the PEE in 1985 continue to render effective service till today. He also founded the monthly *Freedom First*, a prestigious magazine dedicated to the values of freedom and liberty which is now in its 63rd year of publication.

Very soon within the first few weeks of the commencement of Parliament, I became fairly familiar with its environment. Members belonging to different parties, although fighting bitterly during elections or even on the floor of parliament were, at the personal level, very congenial and friendly and many of the leading members of other parties, although politically opposed, became my good friends.

Unlike earlier Parliaments when the Congress Party dominated the proceedings, the Fourth Lok Sabha was much more vibrant. With regional parties getting better representation the entire pattern of

Parliamentary debates assumed a more democratic and federal character reflecting divergent and dissenting views more effectively.

At the global level, inspite of constituting 16% of the world population, India did not figure prominently on the political and economic map of the world. The Indian Liberal Group, which could be called the think tank of the Swatantra Party, was affiliated to the Liberal International. Minoo Masani was a patron of the Liberal International and therefore, the Swatantra Party became well-known beyond India's borders.

Amongst several visits abroad, in June 1970 at the invitation of Friedrich Naumann Stiftung, a German political foundation, my wife and I visited Germany and thereafter several other countries including Denmark, Sweden, Netherlands, U.K., France, Switzerland and Italy. During this visit we established intimate contacts with various organizations, political parties and economic institutions. Our stay in Switzerland was particularly interesting visiting several places of beauty and also meeting political groups including the Minister of Federal Economic Affairs. I still remember a very interesting and cheerful exchange with a group of the Swiss Parliamentarians. Even until that time in Switzerland women did not have voting rights in all the cantons, though it covered the whole country in the next few years. In a group discussion in answer to my question as to why the women did not have voting right in a democratic society like Switzerland, one male member of the Swiss Parliament responded by saying that women never asked for their voting

right. Promptly, with lightning speed, a lady member of the Swiss Parliament shot back by saying that such a right was never to be demanded but was inherent and should, like fresh air, be instantly available to every citizen without discrimination. The male member had no reply.

Another particularly lively experience was our visit to Israel at the invitation of the Government of Israel. India, at that time, did not have diplomatic relations with Israel. The Swatantra Party was probably the only political forum in India which supported the cause of Israel and demanded the establishment of diplomatic relations. Our visit to Israel was an eye opener. A small and bold Jewish community without having any homeland of their own and almost rejected by the world, finally banded together as a nation on the western border of the Arabian peninsula as Israel for their sheer survival. After a long battle fighting and suffering massive massacre on an unprecedented scale at the hands of the Nazis, it was their spirit of patriotism and sacrifice that created Israel, a wonderful nation of great warriors.

In India, 1969 was a particularly important year. The Congress Party (the Indian National Congress), after enjoying uninterrupted rule till then, started showing clear signs of growing differences and internal dissent. Differences between the groups led by the then Prime Minister Indira Gandhi and those that came to be known as the 'Syndicate' consisting of Morarji Desai and others were getting wider. In a bitter fight at the time of the election of the President of India, the original nominee of the Congress, Dr. Neelam Sanjiva

Reddy was defeated by Dr. V. V. Giri, though an independent but backed by Indira Gandhi. This finally led to the spilt in the Congress Party in December 1969 and the group led by Morarji Desai became the leading opposition party in the Lok Sabha. Thereafter, Indira Gandhi adopted several populist measures under the slogan of *Garibi Hatao* and dissolved the fourth Lok Sabha one year in advance. Elections were held in 1971 and Indira Gandhi won with an impressive two-third majority.

Unlike 1967 when the Swatantra Party emerged in Parliament as a major opposition party, the results of 1971 were highly disappointing. We lost heavily and many of us started rethinking about the very relevance of a party like Swatantra Party. Around that time a new group 'Lok Dal' was formed under the leadership of Charan Singh, Biju Patnaik and others representing the interest of the farmers, the middle class, the traders and the rural economy in general. This group, in its overall approach, was not very different from the core ideas of the Swatantra Party and many of us felt that the getting together of Swatantra Party and Lok Dal would make a more effective political platform. Opinion within the Swatantra Party was, however, sharply divided and whereas the majority, including me, supported the merger with Lok Dal, a strong minority of members led by Minoo Masani and others was bitterly opposed. Consequently, a sizeable section of the party merged with the Lok Dal, a decision, which was unfortunate and which I subsequently regretted.

The period between 1971 and 1984 was an important phase in India's political history. In 1971

supporting the cause of Sheikh Mujibur Rehman of East Pakistan and disregarding strong protests by the USA and others, Indira Gandhi fought a war against Pakistan defeated Gen. Yahya Khan and made the Pakistani army surrender. Arising from this war, East Pakistan disappeared giving birth to the new nation Bangladesh. It was an expression of exemplary courage and unique leadership of Indira Gandhi for which the whole nation applauded her.

In 1975 in an astounding judgment the Allahabad High Court declared the election of Indira Gandhi in the 1971 poll null and void on the ground of corrupt practices and barred her from contesting elections for six years. In retaliation, forgetting all norms of democracy and decency, Indira Gandhi declared an 'Internal Emergency'. Democracy was dethroned, the press was censored and nearly one lac persons including most leaders of opposition parties were put in jail. Oppressive measures were unleashed. Family planning were ruthlessly imposed and people were forcibly collected in camps and sterilized. All these measures resulted in bitter protests all over the country, so much so, that fearing a revolt Indira Gandhi decided to climb down, withdrew the emergency in January 1977 and called for fresh elections to the Lok Sabha which should have been held in 1976.

Learning from the bitter experience of the 'Emergency' most of the opposition parties, excluding the Communist parties decided to join hands and formed the Janata Party. In the Parliamentary elections of 1977 the Janata Party performed impressively winning 295 seats. Morarji Desai was sworn in as Prime

Minister with Jagjivan Ram and Charan Singh as Deputy Prime Ministers. The Janata Party was however a divided house right from the start. The government did not last long and within 28 months of taking over Morarji Desai resigned. In the elections of 1980, having lost credibility, the Janata Party was badly defeated and Indira Gandhi stormed back with a thumping majority winning 351 seats.

In 1984 with the intention of restraining Jarnail Singh Bhindranwale, a leader of the Khalistan movement, Indira Gandhi resorted to 'Operation Blue Star', a military action, in which 1400 Sikhs were killed and which almost destroyed the Golden Temple at Amritsar leading to massive protest by the Sikh community all over the country. On 31st October 1984 tragedy struck when a Sikh bodyguard at her residence shot and killed Indira Gandhi. It generated a tremendous wave of sympathy for the Congress Party. Her son Rajiv Gandhi took over as Prime Minister and in the 1984 elections Congress Party won an unprecedented two-third majority winning 416 seats.

After I lost in the Lok Sabha elections of 1971, my involvement in political events was considerably reduced and apart from our family business I got more involved in the activities of the Federation of Indian Chambers of Commerce and Industry (FICCI) and other institutions. I was elected to the Executive Committee of the FICCI in the year 1971. 1985-86 was a historical year for me when I was elected President of FICCI, a rare opportunity to sit at the head table of the corporate and business leaders of India.

FICCI is a great organization originally

established in 1927 with the blessings of Mahatma Gandhi by business leaders including G. D. Birla, Sir Purushottamdas Thakurdas, Sir Shriram, Kasturbhai Lalbhai, Walchand Hirachand, and many others representing the collective wisdom of Indian business. The other apex body was mostly dominated by the British and their allied houses. FICCI, all these years after its formation, has performed very effectively representing business and industry and assisting the government with valuable recommendations in the framing of economic policies.

In 1985, when I was elected its President, FICCI was truly representative of the top corporate sector of India consisting of accomplished leaders including Dr. Bharat Ram, Dr. K. K. Birla, Dr. Ramnath A. Podar, Dr. Charat Ram, Dr. S. L. Kirloskar, Dr. K. N. Modi, Arvind Lalbhai and others from whom I always received total support and encouragement.

The political complexion of India prior to the 1960s, both at the Centre and the States, was dominated by the Congress Party alone and FICCI generally confined itself to dealing with the ruling Congress Party. From the late 1960s other political parties also started gaining strength and the complexion of Indian politics changed.

On the economic front, after independence, influenced by the socialistic pattern of development, the State sector assumed control of the commanding heights of the economy. Free enterprise, on the other hand, working under the rigid control of licenses and permits, was constrained in its growth. Due to high

rates of taxes, savings and investment remained very low. Compared to many other countries, including some neighbours who registered a much higher rate of growth, the Indian economy trailed behind. Realizing the adverse effect of its statist policies, it was only around 1984 that the Government decided to act. Many important measures liberalizing the economy were introduced. These included the de-licensing of several sectors, reducing taxes and promoting foreign investment. In the new regime of liberalization government-business equations also changed dramatically. From the earlier pattern of submitting representations and demanding concessions it changed into a new relationship of broad cooperation for promoting investment and growth.

At the international level as well, in keeping with the new spirit and with the increasing importance of global operations, it became necessary that instead of following independent strategies, the Government and Business should act in unison.

After detailed discussions with my colleagues we modified the operating pattern of FICCI. On the political front taking note of the emerging importance of opposition parties in the Parliament, FICCI decided to review and widen its interaction with all the parties; and started organizing both formal and informal discussions on economic issues with various political representatives.

On the international front, in order to put up a common picture before the world, on our persuasion, Rajiv Gandhi, Prime Minister of India, agreed to

address the Indo-French Joint Business Council in Paris on 7th June 1985 and thereafter the Indo-Japanese Business Cooperation Committee in Tokyo on 19th November 1985. The investors abroad were highly impressed by this initiative. A precedence was established for the future.

To achieve greater economic cooperation with other nations, FICCI delegations visited several countries during the year including the USA, the UK, the USSR, South Korea and others and also received many delegations from abroad including several Heads of State to address the Indian Business Community which included Her Majesty Queen Beatrix of the Netherlands, Miguel da la Madrid, President of Mexico, Malcolm Baldrige, U.S. Commerce Secretary and Sir Shridath Ramphal, Secretary General of the Commonwealth. Our delegation to the USSR at the invitation of the USSR Chamber of Commerce was an important landmark where I, on behalf of FICCI, signed a Joint Business Council Agreement with USSR Chamber of Commerce in the presence of our Ambassador Nurul Hassan. Alongwith the FICCI delegation FLO (the Ladies Wing of FICCI) also organized a delegation led by Usha Patodia to travel together to USSR.

Deliberations and discussions in FICCI committees were usually confined more to industry as compared to Trade and Agriculture. We improved upon this imbalance. Soon after I took over as President I inaugurated the Golden Jubilee Celebrations of the New Delhi Traders Association.

During my term I was confronted with a most

unwarranted and unusual situation. Dr. S. L. Kirloskar, a leading industrialist and a man of great dignity and enterprise was, for some silly reasons, detained and questioned by the police for a few hours in Pune. It was a totally uncalled for incident, probably, initiated by the Finance Ministry. V. P. Singh, a close friend of mine, was then Finance Minister. The dignity of a respectable business leader and of the business community was involved. FICCI could not have remained silent and, in consultation with my colleagues, we decided to protest and issued a strong statement against the unwarranted action of the Finance Ministry. To the credit of the Finance Minister this incident did not, in any way, affect our personal friendship and soon after the incident we arranged for Finance Minister V. P. Singh and S. L. Kirloskar to meet in a very cordial atmosphere.

My term in FICCI which was indeed both rewarding and educative concluded with two important events – an All India Businessmen's Convention on 12th March 1986 addressed by then Prime Minister Rajiv Gandhi and participated by Finance Minister V. P. Singh and Industry Minister N. D. Tiwari. The second was the Annual General Meeting on 22nd March 1986 which was inaugurated by Finance Minister V. P. Singh.

On the political front, in 1987, a major scam was revealed by the Swedish radio involving payment of Rs.20 crore as bribe in the purchase of Bofors guns in which an Italian citizen Ottavio Quattrochi, intimately known to the Gandhi family was named as a middleman. Within a short period, the agitation

assumed serious proportion and V. P. Singh resigned as Finance Minister. In the next Lok Sabha elections in 1989 the Congress Party lost heavily and the Janata Dal emerged as the single largest party. V. P. Singh was sworn in as Prime Minister. His government was, however, very short lived and, in November 1990, with the support of the Congress Party, Chandra Shekhar was sworn in as Prime Minister. A person of dignity and character, he found it difficult to continue and resigned in March 1991.

Amongst my several visits abroad, the one to West Germany in October 1988 was particularly important. Alongwith N. A. Palkhivala a leading jurist and Dr. Fredie Mehta a business leader associated with the Tatas, I addressed a group of 85 businessmen and bankers of Germany at a seminar titled 'India College' organized in Munich on October 24 by the Friedrich Naumann Stiftung. It was a very useful seminar widely publicized in Germany.

In Rajasthan, our native place Nawalgarh is a part of Jhunjhunu district. On the initiative of a senior respected business leader Dr. Ramnath A. Podar, the thakur of Nawalgarh, Rawal Madan Singh organized a ceremony where I, alongwith a few others, was awarded the 'Nawalgarh Gaurav' by the Nagarik Samiti of Nawalgarh. The ceremony was inaugurated by Dr. Karan Singh. To be honoured in my native place to which I belong, was a great honour.

In July 1990 I was invited to participate in a prestigious 'Caux Round Table' forum in Switzerland. It is an informal group of highly informed and leading

industrialists from Europe, Japan and the USA who meet periodically at the Mountain House, Caux in Switzerland to discuss and review economic conditions prevailing in different regions of the world and to reflect on the emerging trends. Participating in the deliberations I presented an overall view of the Indian economy which was followed by wide ranging discussions and questions.

The year 1991 was a tragic year for India. It was an election year. On 21st May Rajiv Gandhi, while campaigning in Sriperumbudur in Tamil Nadu, was killed by a human bomb exploded by a LTTE activist. The shocking event generated a huge sympathy wave for the Congress Party which emerged as the single largest party winning 230 seats and was invited to form the government. P. V. Narasimha Rao was sworn in as Prime Minister with Dr. Manmohan Singh as the Finance Minister.

On the economic front, the process of economic reforms introduced in 1984-85 had unfortunately slowed down causing a severe setback to the economy and by the year 1991 the economy was facing an unprecedented crisis. Almost on the verge of default on external debt, India was forced to mortgage her gold reserves. Facing such a compelling situation P. V. Narasimha Rao with Dr. Manmohan Singh the Finance Minister decided to act. Taking bold decisions several major economic reforms were introduced. Industrial licensing was nearly scrapped, taxes were reduced, trade was liberalized and the rupee devalued. These measures were ambitious and the results achieved were highly rewarding. Within 20 months inflation was

brought down to 7% and GDP growth rate increased from 1.4% to 5.4%.

However, while introducing economic reforms several important sectors including agriculture, rural development and infrastructure were ignored and growth could not be sustained for long. Politically also the Congress Party started losing popularity. On the other hand, resulting from intensive grassroot working and successful Ram Rath Yatra in 1990 led by L. K. Advani, the BJP which had been almost decimated in 1984 performed very well in the 1996 elections winning 161 seats. However, due to unusual circumstances the BJP lost the confidence motion by one vote and Prime Minister Atal Bihari Vajpayee resigned.

In the next eighteen months, in unseemly developments that followed, the Congress Party initially supported H. D. Deve Gowda and made him Prime Minister for ten months. Thereafter, again with the support of the Congress Party I. K. Gujral was sworn in as Prime Minister for the next eight months. Support to Gujral was withdrawn on 28th November 1997. Parliament was dissolved. Fresh elections were announced for February/March 1998.

At different fronts, I had been organizing and participating in several important conferences and seminars covering a variety of subjects on economy, science and technology and global issues of peace, development and environment, each one participated by leading experts from India and abroad such as Sir Sridath Ramphal, Dr. Raja Ramanna, former President R. Venkataraman, Economist Sir Hermann Bondi, Dr.

Karan Singh, Prof. M. G. K. Menon and Dr. L. M. Singhvi.

In 1993, between 28th May and 6th June, my wife and I visited Kenya at the invitation of Shri & Smt. G. P. Birla. Orient Paper Mills India and the Government of Kenya were the co-owners of PAN African Paper Mills, the largest paper unit of Africa. On 28th May we landed in Nairobi, the capital of Kenya, a beautiful and clean city situated 80 miles south of the equator at an altitude of 5425 feet. During our stay we also visited the efficiently managed paper mills situated in the midst of a forest in beautiful surroundings.

Kenya is basically known for its wildlife. It was altogether a different and unique experience visiting national parks and safaris and observing animals and birds in their natural habitats and surroundings. Masai Mara National Reserve, amongst the most famous national parks in the world, had a remarkable view of lions, cheetahs, rhinos, elephants, giraffes and many others in their natural habitat. The hospitality of Shri and Smt. Birla was superb and we thoroughly enjoyed our stay.

I particularly recollect my visit to Germany in June 1993 when I met Hans Dietrich Genscher, the Foreign Minister of Germany. He was the main architect in negotiating the reunification of Germany. The reunification alongwith the demolition of the Berlin Wall was a historic event. To achieve that objective, West Germany had to bear a heavy economic burden of accommodating surplus employees and reviving

the sick economy of erstwhile East Germany. In this context, I had an interesting dialogue with Genscher. On my pointing out that the burden on West Germany was too heavy, the response from Genscher was forthright and he instantly observed 'for the two separated brothers to come together, no price was too heavy'. It was a delightful response from a true statesman.

Dr. L. M. Singhvi, a noted jurist, a prominent parliamentarian and an outstanding diplomat, was a close friend of mine. His tenure as India's High Commissioner in the United Kingdom was remarkable marked by several notable achievements. Within a few years of his coming back to India he sadly passed away in 2007.

In March 1995, the International Chamber of Commerce, Paris held their International Conference in New Delhi. A similar conference was held in India only once before when Dr. Bharat Ram was President of the International Chamber of Commerce. This time, again, India was chosen when another Indian Hari Shankar Singhania was its President. A Steering Committee was formed to organize the Conference with L. M. Thapar as the Chairman. I was nominated as Chairman of the Reception Committee responsible for organizing the event. Prime Minister P. V. Narasimha Rao inaugurated the conference and a colourful reception was held by the then President of India, Dr. Shankar Dayal Sharma, at Rashtrapati Bhavan.

On January 6 and 7 1996 a Convention on "Liberal

Values" was organized in New Delhi by Friedrich Naumann Stiftung under the patronage of the Liberal International. It was inaugurated by Dr. K. R. Narayanan, Vice President of India and was attended by Sir David Steel, M.P., President of Liberal International and Dr. Otto Count Lambsdorff, Chairman of Friedrich Naumann Stiftung. Soli J. Sorabjee, former Attorney General of India was the convenor and I was a member of the Steering Committee. While core liberal values of tolerance and mutual respect were always embedded in India's culture and tradition, the Conference discussed the possibility of introducing a comprehensive political philosophy in India based on these fundamental values.

On the political front in India, in the elections held in March 1998, the BJP emerged as the leading party winning 181 seats and the Congress Party trailing behind with 141. A National Democratic Alliance (NDA) led by BJP was constituted and a coalition government was formed with Atal Bihari Vajpayee as Prime Minister and L. K. Advani as Deputy Prime Minister. Events followed in quick succession.

In keeping with the earlier commitment made by BJP to make India a 'nuclear power', in May 1998 the NDA government carried out five successful nuclear tests in the Pokharan range. Regardless of severe protests from the USA and others, it was a major step in restoring India's self-confidence and pride.

In another historic event, on 20th February 1999, Atal Bihari Vajpayee undertook the widely applauded

Bus Yatra to Lahore, addressed a public rally and along with Prime Minister Nawaz Sharif signed the famous Lahore Declaration. It was a major step by India towards building goodwill with Pakistan, not knowing that Pakistani Army Chief Gen. Musharraf was secretly planning a major aggression in the Kargil region of Jammu & Kashmir.

In April 1999, in another significant political development, on the issue of Sri Lanka Tamils, the AIADMK withdrew their support to the NDA Government. Government resigned and in the subsequent elections held in September/October 1999 the NDA improved their position winning 300 seats, of which BJP alone obtained 182. Congress was reduced to 114 and the NDA formed the government again in October 1999.

On the economic front the NDA Government continued with further liberalization of economic policies and embarked upon several major projects including a network of National Highways, Pradhan Mantri Gram Sadak Yojana and other major power and irrigation projects. The economy registered rapid growth.

The tenure of the NDA Government between 1999 and 2004 was highly eventful and challenging. In October 1999 in a military coup in Pakistan, Prime Minister Nawaz Sharif was thrown out, arrested and Gen. Pervez Musharraf took over. Soon thereafter on 24 December 1999 Indian Airlines IC-814 aircraft coming from Nepal carrying 160 persons was hijacked by Pakistani supported terrorists and taken to

Kandahar leading to protracted negotiations and subsequent unfortunate release of 36 terrorists by India in exchange for the release of 160 passengers and the aircraft.

In the USA, an international calamity took place on 11 September 2001 when a terrorist, on a suicide mission, piloted his aircraft into the Twin Towers of the World Trade Centre in New York killing 3000 persons including 117 Indians.

Yet another unfortunate event followed when on 13 December 2001 Pakistani terrorists in India attacked India's Parliament. In the pitched battle of 30 minutes all the five terrorists were killed. The attack was subsequently owned by Jaish-e-Mohammed.

Facing so many difficult situations and calamities the NDA government, however, handled the events with firmness and competence and earned a good reputation. To take advantage of the prevailing favourable climate, the NDA decided to advance the elections by a few months. The Lok Sabha was dissolved on 6th February and fresh elections were held in April/May 2004.

Unfortunately, the optimism of the NDA, and their slogan 'India Shining', proved to be overrated. The 'India Shining' story backfired and the results of April/May 2004 elections were highly disappointing for the NDA. Their strength was reduced to 186, and that of BJP alone reduced to 138. The Congress Party improved its performance getting 145 seats and with its allies in the UPA managed a tally of 216 seats and formed the new Government. Dr. Manmohan Singh

took over as Prime Minister.

The government which came to be known as UPA-I governed from 2004 to 2009 giving a fairly stable government with emphasis on growth. Economy was further liberalized leading to larger inflow of foreign investment and sustained growth. The corporate sector, which at one time till 1980 was treated with contempt, emerged as the prime mover of growth, outbidding the erstwhile state monopolies and competing with the best in the world. Participating in major global operations, the Tatas took over Corus Steel and Jaguar and L. N. Mittal after taking over Arcelor became the largest producer of steel. Indian entrepreneurs emerged as major global players. In other sectors like Information and Communication Technology, Indians provided unique leadership and India emerged as the second fastest growing nation in the world with GDP growth exceeding 9% for three consecutive years.

In 2009 elections, based on the performance of UPA-I, the people of India voted UPA back to power. Congress Party tally went up from 145 in 2004 to 206 in 2009 and alongwith their alliance partners (UPA-II) they stayed in power. BJP tally, on the other hand, came down from 138 to 116.

UPA-II (2009-2014) was, however, a completely different story. Prime Minister Dr. Manmohan Singh, in his second term, seemed to have lost the initiative and went into a shell while governance suffered. It came to be described as a government with two power centres, the real power resting with the Congress Party president Sonia Gandhi. On the economic front

repeated disclosures of scams and scandals, lack of leadership, policy paralysis and absence of coordination between different decision making institutions, further aided by global economic slowdown, contributed to a sharp decline in the rate of growth. The current account deficit was touching alarming levels. Inflation was reigning high and unemployment was rising fast.

While public resentment against the Congress Party (UPA) was growing fast, nearing the elections of 2014 it became loud and clear. The results of the elections were highly revealing. The Congress Party was severely punished reduced to a pathetic 44, the lowest ever, and with their allies (UPA) to a mere 59. At the level of the states as well, while bad governance was punished, good governance was rewarded. And for the first time, at the state levels, rising above regional and caste considerations, people voted for a stable government at the centre, a welcome development to strengthen the federal character of India.

Thus, for the first time, after independence, BJP a truly non-Congress party, captured 285 seats out of a total of 543. With an absolute majority of its own, it emerged as a strong and powerful political entity removed from the influence of Nehruvian socialism and believing firmly in the values of liberal democracy and the dynamics of market forces.

While the verdict was unambiguous, the mandate for the BJP was clearly marked by high hopes and great expectations. Challenges are many, and the opportunities are immense. The beginning has been

generally promising and well intentioned. Within a few weeks of taking over the Railway Minister presented a realistic budget, progressive in its approach. Similarly, inspite of severe constraints, while presenting the general budget the Finance Minister was forthright and frank. He expressed his determination to tackle the pressing problems of rising prices and growing unemployment and to revive the sulking economy and put it back on the track of faster development. The burning issues of law and order and the increasing incidences of terrorism will indeed need effective solution with vision and firmness. The country is looking forward for the government to perform.

My Days as a Member of the 4th Lok Sabha

Observing, in recent years, the proceedings of Parliament and the State Assemblies, the unparliamentary language and the rowdy behaviour of the members, frequent interventions, holding up of the proceedings and total lack of parliamentary decorum and discipline, I am reminded of my days in Parliament (the Fourth Lok Sabha 1967-1970) when, despite major differences and heated debates, the overall attitude was democratic and the criticism was more constructive. There was decorum and parliamentary discipline was rarely violated.

Elected members of the House representing multi-cultural and multi-lingual communities, coming

from different regions and believing in different ideologies, once elected to the Parliament, invariably acquired a broad national identity. It promoted the spirit of mutual respect and trust and generated an atmosphere of camaraderie. Regardless of differences on policy issues their dedication to the larger cause of national welfare could not be disputed and a common thread of togetherness was all the time reflected in their behaviour cutting across political parties.

On getting elected to the House, I discovered to my surprise and delight, that despite ideological differences, members belonging to other parties found areas of common interest and shared values which, in essence, were basically liberal. To promote a get-together of such members a small group was formed which was named 'Wednesday Group' under the Chairmanship of Dr. Karan Singh consisting of selected members from different parties with the exception of communists and discussions were held from time to time on different subjects. The discussions were always free and frank and were not on party lines. It was a novel form of Parliamentary democracy!

The Swatantra Party in the Fourth Lok Sabha, although a few short of the 10% needed for official recognition, being the largest amongst the opposition parties was treated as the main opposition for all practical purposes.

In the functioning in the House, Swatantra Party was somewhat different from other opposition parties. We partly borrowed from the pattern of the British

Parliament and formed an informal shadow cabinet without a Prime Minister. Subjects were allotted to the members according to their choice. Each member was expected to keep himself fully abreast of the subject allotted to him and be prepared all the time to respond and participate at short notice. The arrangement worked very well. Swatantra Party members were always found well prepared with authentic information effectively contributing which invited frequent appreciation from the members including the Treasury Benches.

An interesting incident I still remember narrated by Masani relates to an earlier period when Masani was a member of Parliament and Jawaharlal Nehru was the Prime Minister. Masani had already resigned from the Congress Party as he had major differences with Nehru and they were hardly on speaking terms. On some delicate foreign policy issue Masani did not agree with Government policy and, without going public, he wanted to convey his views to Nehru. How to do that was a dilemma.

Overcoming his reservation he finally called Nehru on the telephone. Nehru requested Masani to meet immediately. The meeting turned out to be extremely cordial, Masani explained his viewpoint and to his delight Nehru was convinced. In the presence of Masani, Nehru sent for the secretary concerned and conveyed his agreement to the viewpoint of Masani. Such was the spirit of cooperation.

In the budget session every year, a few days after the budget was placed on the table of the House, the

debate on the Bill for the adoption of the budget was always initiated by Masani. He was known for his talent and his qualities as a parliamentarian. In those few intervening days between the placing of the budget and the starting of the debate, Masani would visit principal financial and commercial centres in the country, meet important bankers, economists, industrialists and exchange notes with representative bodies of farmers, workers, consumers and professionals. Incorporating practical and relevant aspects of such deliberations with his own well considered views Masani would invariably make an outstanding presentation listened to by a full House and applauded by all sections.

On one occasion while I was participating in a debate criticizing the Maoist movement in West Bengal a member of the CPM got agitated and challenged me to face him outside Parliament House! Another member intervened and the CPM member retreated. That afternoon, after the debate, their leader Indrajit Gupta signalled me to meet him in the Central Hall. We met, he expressed regrets and we had coffee together. Such was the spirit of respect for each other.

Once I was entrusted by my party to speak on a subject relating to the Ministry of Chemicals about which I was totally ignorant. Ashok Mehta, a good friend of mine, was the Minister-in-Charge. I contacted him in his chamber in the Parliament House and after explaining my difficulty, I requested him to guide me with a few points to oppose his Ministry! To my delight next day he gave me three relevant points on which I could oppose the Government! My presentation went

down very well. What a dignified behaviour from a friend!

During my term in the Lok Sabha I developed intimate relations with several members cutting across party lines. Apart from my own party members Minoo Masani, Prof. N. G. Ranga, Dahyabhai Patel, N. Dandekar and others, I still remember Morarji Desai, Y. B. Chavan, Asoke Mehta, Prof. Balraj Madhok, L. K. Advani, Acharya J. B. Kriplani, Chandra Shekhar, Nath Pai, Dr. Ram Manohar Lohia, Lalit Sen, Indrajit Gupta and the House Speaker Sanjeeva Reddy who, by their intimate behaviour and friendly approach, left a lasting impression on me.

I

Inter-State Relations in a Federal Polity

Rajasthan

Integration of India after Independence

When, on 15 August 1947 India became an independent Dominion in the British Commonwealth of Nations there were 554 Princely States within its boundaries. When the British announced that with their departure these States too would become independent it was widely feared that the new Dominion would break up. Yet, by the time the new Constitution came into force on 26 January 1950 all the Princely States had been integrated into the Republic. As a Dominion, on 15th August 1947, India accepted the sovereignty of Great Britain represented by the Governor General. In less than three years thereafter, on 26th January 1950, India declared itself to be a Sovereign Republic with its own President

as Head of State and its own Constitution. The new Indian Republic decided to describe itself a "Union of States".

The story of the integration of Princely States and the transfer of power is told by V. P. Menon in two volumes.[i] V. P. Menon who started in 1914 as an assistant in the Home Department of the Government of India was Cabinet Secretary in 1945. When the Ministry of States was created by the Interim Government of India in July 1947, Menon worked in close association with Sardar Vallabhbhai Patel, free India's Deputy Prime Minister. After serving briefly as Governor of Orissa and later as a member of the Finance Commission, V. P. Menon retired from government service.

He was among the founding members of the Swatantra Party, the party to which Patodia belonged.

Thanks to the genius of Sardar Patel ably assisted by V. P. Menon, between 1947 and 1950, the territories of the 554 princely states were politically integrated into the Indian Union. The Constitution of India came into force on 26 January 1950, making India a Sovereign Democratic Republic.

In 1956, Parliament enacted the States Reorganization Act. This Act abandoned the British system of provinces and princely states and replaced them by new states and union territories largely based on ethnicity (particularly in the case of the North east) and language. This led to fierce agitation over the demand for a separate State of Maharashtra with

Bombay city as its capital. The agitation was successful and Bombay State was divided into the linguistic States of Gujarat and Maharashtra in May 1960.

In the years between 1960 and 2014 the reorganization of States continued mostly for administrative convenience and a few based on language and ethnicity. These were the states of Nagaland, Punjab and Haryana (with Chandigarh as the shared capital, though the city itself was declared Union Territory), Himachal Pradesh, Manipur, Meghalaya, Tripura, Sikkim, Arunachal Pradesh, Mizoram, Goa, Chhattisgarh (created out of eastern Madhya Pradesh), Uttarakhand (created out of the hilly regions of northwest Uttar Pradesh), Jharkhand (created out of the southern districts of Bihar) and, as recently as June 3, 2014, Telangana (carved out of Andhra Pradesh). With this we have 29 States and an assortment of seven Union Territories.

Between 1952 and 1962 there were three General Elections to Parliament and the State Assemblies. The Indian National Congress (INC) led by Pandit Jawaharlal Nehru swept the polls in all three with huge majorities. Kerala and West Bengal were the exceptions. The 1967 General Elections which followed the India–China war of November 1962 and the passing away of Pandit Nehru in 1964 resulted in the weakening of the hold of the INC. The party lost 70 seats in parliament and lost control of six State Governments in the same year. Soon thereafter in 1971, Mrs. Indira Gandhi split the INC, called for fresh elections and returned with an overall majority for her faction of the Congress. As long as the INC had control of the

states of the Union, the federal nature of India's polity was not tested. It was only after the 1967 general elections when the INC lost its majority in as many as six states the nature of centre-state relations was put to the test with elected members of the state assemblies concerned asserting the federal principle. One such was Rajasthan, Patodia's home State.

Imposition of President's Rule

D. N. Patodia was among the 44 members of the Swatantra Party elected to the fourth Lok Sabha in the 1967 General elections from the Jalore-Sirohi parliamentary constituency in Rajasthan. Not only was the Swatantra Party the second largest party in the Lok Sabha (even if the difference between its numbers and that of the Indian National Congress was huge), it was also the second largest party in the Rajasthan State Assembly with 48 members in a house of 184.The Congress with 84 members was 9 short of an overall majority. It was then that the central government, in its anxiety to ensure that the Congress Party was able to form the government, played for time. The Governor of Rajasthan prevaricated and President's Rule was imposed by the blatant misuse of Article 356 of the Constitution.[ii]

To protest against the ruling party's action, a motion of No Confidence against the Central government was moved in the Lok Sabha in March 1967. Patodia was nominated by his Party to speak in support of the motion. It happened on the very first day of his parliamentary career – his maiden speech.

Tracing the events that led to the Swatantra Party

in Parliament moving the motion of No Confidence, Patodia pointed out that "initially, the Assembly was expected to be convened around 22 March. But on persistent demand from the Opposition, the Governor agreed that the Assembly would be convened on 14th March. Even after having had so much time at his disposal, Shri Sukhadia (the leader of the Congress Party in the State Assembly) realized that he did not have a majority, and that he was not in a position to form the Government. The only other constitutional alternative the Governor had, under those circumstances, was to invite the Leader of the Opposition to form the Government; and only thereafter, if the Opposition failed to produce a majority, to consider any other alternative step. "Instead", said Patodia, "the Governor chose, possibly in consultation with the Chief Minister, to take the advice of the Home Ministry to find out by what method and in what manner, somehow or other, an Opposition government could be prevented from being formed and some more time could be given to Shri Sukhadia to maneuver and manage the numbers". It was in such circumstances that the President's Rule was imposed in Rajasthan.

Patodia charged the Congress government at the Centre with exercising "all types of pressures, administrative pressures and misuse of authority" to secure a majority for the Congress. When, even after that, the Congress did not get a majority, Patodia accused the ruling party of trying to "purchase members". When even this proved unsuccessful, the Governor would not take cognizance of the support extended to the opposition party by the independents.

This, said Patodia, was "a most unconstitutional thing". When even this failed President's Rule was imposed.

Drawing attention to the fact that "out of 184 Assembly seats, the Congress had only 89", he revealed that "93 members of the Opposition were presented to the President of India. The President in my presence asked all of them who were present: 'Are you all with the Opposition? Are you wholeheartedly honestly with the Opposition?' The reply was a unanimous 'Yes'. This was in the presence of Shri Y. B. Chavan, our Home Minister. Can anybody challenge these facts?" asked Patodia.

"In these circumstances, why then resort to undemocratic methods? What is the meaning of democracy? What do we stand for here? We declare in loud terms that we in India live in a democracy. After all, in a democracy, power is nobody's perpetual preserve. Nobody can say that because his father enjoyed power, he should also be in power. Times have changed. If the Congress party is under the impression that they will hold power because they have been holding it in the past, it is high time they disabused themselves of it" he warned. Patodia demanded that "the Governor had violated all canons of the Constitution and fair play and should be dismissed and the Opposition parties given a chance to form the Ministry in Rajasthan."

Given the majority enjoyed by the INC in the Lok Sabha the motion of no confidence was defeated and the Congress Party succeeded in ensuring that its party was able to form the government in Rajasthan.

Drought and Famine

Rajasthan comprises most of the area of the large, inhospitable Thar Desert, also known as the Great Indian Desert, which runs parallel to the Sutlej-Indus river valley along its border with Pakistan to the west. Rajasthan is also bordered by Gujarat to the southwest, Madhya Pradesh to the southeast, Uttar Pradesh and Haryana to the northeast and Punjab to the north. Rajasthan covers 10.4% of India's land mass. In demographic terms it is the eighth largest State in India according to the 2011 census with a population of 68.6 million.[iii]

In certain parts of Rajasthan, particularly in the North West, famine had become an annual phenomenon particularly after the 1960s. "But this year" said Patodia speaking in the Lok Sabha on 25th November 1969 "the situation is very acute and difficult. Hundreds of thousands of people are on the brink of starvation". He was speaking after visiting the famine affected areas in his constituency of Jalore afflicted by famine. "When I visited these areas a few weeks ago, the situation was pathetic. The main problem is drinking water; the water level has gone down very much; electric power is not available. The wells are so deep that I saw men and women drawing water by tying ropes around their waist. Out of four lakh cattle, 50,000 migrated last year (1968) and another 1,00,000 have already migrated; many thousands died. There will hardly be any cattle worth the name if no suitable arrangements are made for fodder for the remaining still alive". The picture he painted was grim; "groups of people wandering aimlessly and when I

stopped my jeep and questioned them where they were going, what their destination was, the pathetic reply was 'we are wandering aimlessly; we do not know where we are going; we shall go where water is available and where there is fodder for our cattle, where we can earn some livelihood'. This, said Patodia, is the condition in Rajasthan 22 years after Independence".

"If the amount spent on famine had been properly utilized, this desert belt could have been converted into a green area. Would you like to know how famine relief work is being carried out?" he asked and answered on the basis of what he saw for himself while touring the famine affected areas "roads are constructed, that become unusable within four months; wells are dug which cease to supply water after a few weeks; medicines are purchased which are never distributed, and wages are paid not to the workers but to ghosts. And", observed Patodia, "amidst all this, even as famine conditions persisted the Rajasthan government in its wisdom, instead of taking corrective measures, instead of realizing the urgency of the situation, all of a sudden, decided to close the famine work on 31st August. It was totally illogical because going by previous experience August was, in fact, the time when the work has to be accelerated."

Referring to the Indian Government's apathy he continued "even now look at the total indifference and contempt with which the famine situation is being handled by this government, when this tragic situation is being discussed, neither the Prime Minister nor the Food Minister are present here. It is the Minister of

State who has been asked to take notes. The Prime Minister is obviously too busy with her own affairs. She has no time even to meet and talk and receive suggestions. She has shown total indifference on such matters. The Rajasthan Chief Minister is too slow even to react to this emergency, as if human miseries and human hardships are not grounds enough to arouse their conscience? Obviously there are political matters more important for them. This is the manner in which the Rajasthan Government, the Central Government, the Prime Minister of India and the Chief Minister of Rajasthan have treated the Rajasthan famine".

This is where the crux of the matter lies even now insofar as the federal system is concerned and Patodia was driving home the point that famine and calamities of this kind are occasions when the situation cannot be left to the State Government alone and the Centre has to be pro-active.

Not that the centre and its ministries concerned were not aware but Patodia, as a representative from the State, felt it necessary to remind the Central Government of its duties. "What measures should the Government adopt to ensure that famine conditions may never again occur in that area? To achieve this objective, it is necessary that famine work is done, not for temporary relief, but is implemented to stay permanently. Wherever roads are built, they should be built on a permanent basis. The most important single measure to be adopted is the exploitation of underground water reserves. May I ask the minister, what has prevented them from carrying out the scheme of constructing 200 tube-wells in Jalore district, which

was finalized six years ago? At a nominal expenditure of Rs.1 crore, the entire area could have been converted into a green belt. But, despite repeated reminders, they have been neglecting it on one pretext or the other. There is no electricity there. If they pay proper attention to supply of electricity, digging of wells, construction of tube-wells and development of proper transportation and an effective communication system, the desert area can be converted into a green belt and food production there will not only be sufficient to feed that area, but there will be a surplus to feed other areas as well."

West Bengal

Three Decades of Communist Rule

Communist-dominated governments ruled West Bengal for 33 of the 66 years of Free India. These have left deep scars on the political economy of the state. After two decades of reasonable growth under Congress governments in the early years after independence and five years of unstable governments, communist rule apparently provided political stability for three decades, yet, there is very little to show by way of development and growth. A state with huge potential for industrial growth was a mere 'status quo' compared to several other more progressive states in India. How did this happen?

After a period of stability between 1947 and 1967 when West Bengal was ruled by the Congress Party with Chief Ministers P. C. Ghosh, Dr. B. C. Roy and P. C. Sen at the helm, West Bengal experienced political instability for the next 5 years between 1967 and 1972. This period of 5 years saw the rise and fall of 3 united front governments largely manipulated by the communists, interspersed by President's Rule on four occasions!

The Congress Party under Siddhartha Shankar Ray returned to power in 1972 and managed to rule West Bengal for the next five years. In 1977 the Congress Party was defeated at the polls by a coalition of 8 Communist/Left Parties calling itself the Left Front.[iv] The Left Front government lasted 33 years with Jyoti Basu as the Chief Minister for the first 23 years, followed by Buddhadeb Bhattarcharya also of the CPI (M) for the next 10 years. In the May 2011 elections to the state assembly the Left Front lost its monopoly on power when it was trounced by the Trinamool Congress (TMC) founded in 1998 by Mamata Banerjee.

Of Naxalites and Maoists

The sixties and the early seventies were years of severe political unrest in West Bengal. Much of this is attributable to the activities of Indian communists aided and supported by their Chinese comrades who had seized power in China in 1948. Having overthrown the Dalai Lama and annexed Tibet they turned their attention to North East India which too they claimed was part of China. It was therefore in their interests if West Bengal was controlled by the Indian Communists.

25 May 1967 is generally regarded as the beginning of the Naxalite/Maoist insurrection in India. On this day an agitation by poor peasants demanding 'land to the tillers' turned violent. The police opened fire in which 11 agitators were killed. The agitation was engineered by the Left Communists identified as the Communist Party of India - Marxist Leninist or CPI (ML) directed, guided and armed by the Chinese Communist Party.

Naxalbari is a village in the Siliguri subdivision of Darjeeling district in West Bengal strategically situated in the middle of the neck connecting Assam and Bengal with the rest of India. To its west across the border is Nepal, which until recently was a kingdom. A long drawn out insurgency led by the Maoists succeeded in overthrowing the king and declaring Nepal a republic. Way back in the sixties, in a radio broadcast, Mao Tse Tung described Naxalbari as the "front paw" of the communists' advance to establish their hegemony over the Indian sub-continent. The Naxalite or Maoist movement, as it came to be known, soon became notorious as a movement involved in looting, arson, political murders and subversion and, over the years, this movement spread over a swathe of Indian territory in Eastern India extending from the Nepal border to Srikakulam in northern Andhra Pradesh.

The Swatantra Party which had emerged after the 1967 elections as the single largest Opposition Party in the Lok Sabha lost no time in presenting the party's views on the situation in West Bengal. During a debate on an adjournment motion to discuss the growing

unrest and lawlessness in the State, party member D. N. Patodia drew attention to the anti-national attitude of the communists in India who were collaborating with the Chinese communists in fostering unrest in the state. "It has been proved by various statements by persons who have visited that place and by the announcement on Peking Radio that there are foreign elements positively involved in it". He quoted from one such broadcast 'The revolutionary armed struggle in Darjeeling district was launched by the Indian people based on the forecast of Mao Tse Tung of a great people's revolution in India with armed struggle as its major force.'

Patodia drew the attention of the members of Parliament and the Union minister concerned to a press dispatch published in the *Sunday Standard* of July 2 1967 which reported that while 'more than 1500 men of the State police are waiting for a signal to storm the strongholds of the Left Communist extremists who are masterminding the unrest there, the wanted rebel leaders are moving freely, gathering arms and exhorting the tribesmen who inhabit it to resist the police.' He went on to warn that "the trouble in West Bengal cannot be isolated from that in Naxalbari. Lawlessness has been prevailing there for a long time. There is no protection given to the people. They are manhandled, tortured, and are being prevented forcibly from answering even the call of nature. The tragedy is that all these things are happening while the police look on."

Mr. Jha, an SSP (Samyukta Socialist Party) leader was murdered under the nose of the police and in the

presence of hundreds of persons, and though the murder took place on 4th June arrests did not take place until 30th June. Is this how this Government is going to protect the rights of the citizens? I smell a foul game in this. It is not that the Central Government was unaware of this. It wants that the situation was permitted to deteriorate further in West Bengal, so that the opposition Government there was not successful in its functioning and a situation created for a Congress Ministry to be formed. To prove his point, Patodia quoted from a report in *The Times of India* of 1 July 1967 'that the United Front Government had already developed cracks and if the present situation in the State continued to worsen, there was every possibility of all the non-communist parties withdrawing from the coalition. This was the kind of game the central government is playing" Patodia concluded in his intervention in the Lok Sabha.[v]

When issues relating to the Law and Order situation in West Bengal came up for discussion two years later the state was already under President's Rule and the Parliament was discussing the Demand for Grants in the West Bengal budget of 1970-71.[vi]

Participating in the debate Patodia pointed out that the political situation in West Bengal had deteriorated further, government was practically non-existent. "If we want to keep up the pace of development in the State, it is necessary for Government to pay proper attention to the development of power resources, and since the administration has come into the hands of the Centre for a short time, the Centre should give due attention

and see to it that proper funds are allocated for various development projects."

Despite President's Rule, as the law and order situation was showing no signs of improvement, Patodia put the blame squarely on the state Governor, Shri Dhavan, and the Central Government for what amounted to a breakdown in the "entire structure of administration". "Not a day passes", he said "when in the newspapers we do not hear something disturbing with regard to West Bengal. Recently there was a question answered by Shri K. C. Pant where he had said that all over India throughout the year about 5,500 Naxalites had been arrested. But he very conspicuously failed to say as to how many of them were released the same day, particularly in West Bengal. If 100 people are arrested today, 90 are released the same evening. Trains carrying ammunition are looted. The National Flag is torn and burnt." Anyone visiting Calcutta would have found that "both sides of the road walls and buildings have been painted and distorted by anti-national and Mao slogans and nobody in the administration of West Bengal has the courage, including the Governor and the Secretary, to see that these walls are cleaned.

"There is complete lawlessness, disorder and absence of rule of law, the Constitution does not function. The more damaging situation is that there is a total scare prevailing in the economic, trading and industrial field". He emphasized the urgent need to re-establish the rule of law "so that the people are permitted to work freely, to think freely, to act freely and to take decisions independently without coercion".

Patodia further observed very pertinently that the "virus that germinated in Naxalbari after 1967 is no more confined to West Bengal alone. It has spread all over the country, right from Jammu and Kashmir in the north to Andhra Pradesh in the south and from Assam in the east to Maharashtra (e.g. Gadichiroli) in the west".

To drive his point home Patodia drew the attention of the Lok Sabha to the assassination of the General Secretary of the Swatantra Party's Punjab unit Sardar Basant Singh in August 1968. "I am reminded", he said, "of the sad tragedy of Sardar Basant Singh who was done to death a few days back. He was the one peasant leader in Punjab who was capable of resisting the onslaught of Naxalites in Punjab. The Naxalites found him a formidable opponent and ultimately, they eliminated him."

Patodia warned "West Bengal cannot be treated in isolation. If West Bengal dies India cannot remain alive. The problem of West Bengal is no more a mere problem of law and order. It is no more a mere problem of growing indiscipline. West Bengal has become the chessboard of international politics in which China is greatly involved. Gradually, the entire land of West Bengal and its people are being indoctrinated to bring them under the Chinese sphere of influence."

North East India

The Seven Sisters - India's Achilles Heel

At the time of independence there were only three states covering north east India viz. Manipur and Tripura which were princely states and a larger Assam Province under direct British rule. After 1947, four new states were carved out of Assam during the reorganization of the states along linguistic lines. Today there are seven states in the North East often referred to as the Seven Sisters[vii] : Assam (with Guwahati as its capital), Manipur (with Imphal as its capital), Tripura (with Agartala as its capital), Nagaland (with Kohima as its capital), Meghalaya (with Shillong as its capital), Mizoram (with Aizawl as its capital) and Arunachal Pradesh (with Itanagar as its capital).

This region shares more than 4500 kilometers of international border (about 90 percent of India's entire border area) with East Tibet (now annexed by China) to the North, Myanmar (Burma) to the East, Bangladesh to the South-West and Bhutan to the North-West. A free Tibet had been a buffer state between China and India. With China's annexation of Tibet in 1959 and the Dalai Lama fleeing to India, this long border has become vulnerable with frequent Chinese incursions into Indian territory particularly in Arunachal Pradesh which China claims is a part of south Tibet. The 1962 war with China was a demonstration by the Chinese to underline her claim when the Chinese army captured much of what was

then NEFA (North-East Frontier Agency) created by India in 1954, but withdrew unilaterally, having made their point.[viii] No wonder this region is also referred to as India's Achilles Heel.

Frequent Chinese incursions continue to harass India and have necessitated India's need to be in a state of constant alert. Equally difficult has been the maintenance of internal peace in the region particularly in Assam often disturbed by sectarian interests both secessionist and communal. There has been heavy influx of illegal migrants from East Pakistan and later Bangladesh. Over the years it is estimated over ten lakhs crossed the border into India and a large number even acquired Indian citizenship.

On 26th January 1968, the Republic Day, there were wide-spread disturbances in Guwahati. Raising the issue in the Lok Sabha through a Calling Attention Notice Patodia pointedly stated that the disturbances "were a reminder of an incident in 1960 when Assam witnessed anti-Bengali riots in which most heinous crimes were committed. Even children were not spared and many were murdered in the presence of their parents".[ix]

He blamed the unrest on the conferment of Indian citizenship to a large number of illegal immigrants from Bangladesh. He reminded the House that in 1967 a militant organization calling itself Lachit Sena came into being demanding an independent Assam chanting slogans such as 'Assam is for Assamese', 'Assam is not a part of India' and 'Assam will never be a part of India'.[x] On Republic Day 1968 it was this Lachit Sena

which declared a general strike. "The effigy of the Prime Minister of India Mrs. Indira Gandhi was burnt in the public square. There was an attack on the airport by more than 500 persons and aircrafts were prevented from taking off. Some factories too were attacked". The flag hoisting ceremony was disrupted with only three persons attending the ceremony including the Minister. This was followed by an orgy of loot and arson. "Which way are we going?" asked Patodia. "Are we going to make our borders vulnerable like this? Are we going to invite Chinese and Pakistanis again into our territory? There are language riots; there are religious riots; there are boundary riots and we are unable to control any of them."[xi]

Even today the Indian Army for strategic reasons is present in strength in the North East. Its strength was considerably increased after the 1962 war with China and reinforced by the Assam Rifles and the Border Security Force (BSF) both paramilitary forces, armed with the Armed Forces Special Powers Act (AFSPA). The Assam Rifles is largely responsible for maintaining the peace in the region.

While in recent years tensions have somewhat eased in the North East, Patodia pointed out that militancy, to a somewhat lesser intensity, was prevalent in the region. The Bodos, a tribal people living in the region cutting across the states are demanding a separate Bodoland. The situation is simmering and even the slightest spark assumes serious proportions. In one incident on 2 November 2000, in Malom, a town in the Imphal Valley of Manipur, ten civilians were shot and killed while waiting at a bus stop. The

incident, known as the "Malom Massacre", was allegedly committed by the Assam Rifles, one of the Indian Paramilitary forces operating in the state.

Irom Sharmila Chanu, also known as the "Iron Lady of Manipur" or "Mengoubi" ("the fair one") a political activist, and poet from Manipur has been on a hunger strike over 500 weeks ago and continues, even as this is being written, to refuse food and water. She has been called "the world's longest hunger striker". Sharmila who was 28 at that time, was arrested by the police and brought to trial for attempted suicide. She has been demanding the withdrawal of the AFSPA. Her hunger strike has drawn national attention. When her health began deteriorating the law and order authorities decided to force feed her to keep her alive while under arrest. Since then she has been regularly released and re-arrested every year under section 309 of the Indian Penal Code. This law declares that a person who "attempts to commit suicide ..... shall be punished with simple imprisonment for a term which may extend to one year (or with fine, or with both)."

While the process of political integration is by and large complete there is much to be desired to emotionally integrate the people of this region with the rest of India.

Even as we write this, recent events involving the treatment of Indian citizens from the North East underline the absence of such integration. Nido Tania a 19 year old student from Arunachal Pradesh on vacation in Delhi was beaten to death in a market place.

The attack was described as racist because of his 'mongoloid' features. He died on January 30 and, when even four days later, there seemed little progress in the investigation of this case (even the newspapers had consigned the case to the inside pages) the Delhi High Court taking suo moto cognizance of the death of Nido Tania observed : "Delhi is the capital for all, not just for a few people...." A Division Bench while giving a dressing down to the Delhi authorities said: "The incident has raised concerns over the security of students from the North East in the Capital ..... can't we protect them" the court asked.[xii]

In a very balanced article in *The Statesman* of 10 February 2014, Patricia Mukhim, Editor of the *Shillong Times* wrote *inter alia*: "In the North East, the process of socialization is different from what it is in the rest of India. Girls and boys grow up together, socialize in churches, village gatherings, sports events and in school and colleges. They can romance without raising any curious eyebrows. In Meghalaya's matrilineal society, cohabitation (a man and woman choosing to live together which is now the modern equivalent of a live-in relationship) is customary and has societal approval and the children born of such a union are legitimate. Since the practice of dowry is unknown, the caste system unheard of and marriage a free choice, life is less burdensome and more carefree. For us in the region it is a way of life. We, too, see the caste system, dowry and khap panchayats deciding on who an individual should or should not marry as blots in the tapestry of the 'Indian' social mooring.

Concluding she said: "Even as we demand justice

for Nido and a better understanding from fellow Indians, it is also our duty to show a reciprocal difference to people who are not like us. Recently I addressed the students of the Indian Institute of Mass Communications, New Delhi on the policy of ethnicity and identity in the North Eastern states and also the problems of the regions. I could see the interest in the students as they bombarded me with a range of incisive questions. It has been my firm belief that sessions on the North East must be a compulsory part of school and college curriculum in this country. That's the only way to a cross cultural understanding and also the way to ensure that another Nido does not have to die in this crossfire of hate and revenge."

KASHMIR : WHEN AND HOW THE SEEDS OF DISCORD WERE SOWN

One of the 554 princely states that acceded to India in 1947 was Jammu and Kashmir. This accession was preceded by considerable prevarication on the part of Raja Hari Singh, the Maharaja of Kashmir. While he was still undecided, Pakistan had other designs. On October 22, 1947 less than ten weeks after Partition, Pathans from the North West advanced and led by Pakistani Army personnel invaded Kashmir and were knocking at the gates of Srinagar, the state capital. The Maharaja saw his dreams

vanish in the smoking guns of the raiders and eventually, four days later, signed the 'Instrument of Accession' with India which rushed its troops to defend what has then become Indian territory. The raiders were driven back and Srinagar was saved. But before the raiders could be thrown out completely Prime Minister Jawaharlal Nehru in a debatable diplomatic move took the case to the United Nations accusing Pakistan of aggression. A cease fire was declared; UN personnel were posted to ensure observance of the cease fire line and, in the process, Pakistan continued to occupy a part of the territory that belonged to the former princely State of Kashmir.

Since then India and Pakistan have fought two wars over Kashmir an issue that has bedeviled relations between the two countries. Enormous sums of money have been spent and are continuing to be spent in maintaining large standing armies and acquiring a formidable arsenal of weapons. The people of Jammu & Kashmir (comprising the Vale of Kashmir, the plains of Jammu and the Himalayan region of Ladakh) should have been grateful to India for saving them from 'the marauders and giving them the 'benefits' of democracy as against a military dictatorship - the main form of government in Pakistan for the larger part of the six decades since the birth of that theocratic State.

This narrative deals with some of the issues that dominated the relations between India and the state of Jammu and Kashmir and which were discussed in the 4th Lok Sabha (1967-71).

Soon after his election to parliament in 1967,

Patodia found himself, as a member of a team of parliamentarians, visiting Kashmir in October 1967 to get firsthand information on the situation in Kashmir where violence had erupted in the Kashmir Valley. The moment the group landed at Srinagar airport it "could sense an agitated and emotionally charged political situation" wrote Patodia, in a report to his Party's Group in Parliament. He discovered that both the minority and majority communities were expressing open dissatisfaction not so much with each other, but mostly accusing the government of Jammu & Kashmir and, at times, the Central Government of weak and ineffective administration for failing to take effective steps to prevent the agitation from assuming a communal colour. "The agitation was more an accumulated reflection of the feelings of economic frustration and resentment against a weak and corrupt administration over the years. Even 20 years after the state's accession to India, the large majority of Kashmiris continued to be poor despite the huge financial assistance of the Central Government for development" he wrote. But this assistance he found was "mostly diverted to subsidies and administrative expenses".

Though the Valley had "rich potential for the development of dairy products, fruit orchards, wool products, meat and tannery and the development of uncultivated virgin lands suitable for agriculture" these avenues for growth were being neglected. The people of Kashmir were getting frustrated particularly the young educated unemployed coming out of colleges. "Corruption was rampant and the police department probably among the most corrupt" wrote Patodia in

his report.

The Pundit community numbering less than one lakh, comprising 3% of the population, was the only educated community at the time of independence. They were a privileged class under the previous Rulers enjoying virtual monopoly over various administrative posts. "While undoubtedly this community had produced some brilliant educationists and administrators" this patronage could not continue "in a democratic set-up and a gradual proportionate increase in the representation of other sections of the society, hitherto neglected, was inevitable. To this end, certain reservations for the majority community were introduced in the State Services and, very often special favours too were shown to them.

"As a result, the Pundit community, which held nearly 50% of the posts in the State Services in 1950, was reduced to 28% by 1967; but this was still a high percentage compared to their numbers in the State. This sharp drop in the employment percentage of the Pundits also included a large percentage of educated unemployed youth. Though the entire Kashmir community suffered for want of employment, the Pundit community suffered more." Patodia's appraisal was a clear indication that while the immediate cause of the unrest in the State was sparked by communal issues, the real reasons were economic.

Communal Disturbances

Narrating the incidents that led to the escalation of tensions, Patodia pointed out that it began with the decision of a Hindu girl and a Muslim boy to get

married. A darga and a mosque were desecrated. The atmosphere was being vitiated by communal passions. Even a minor incident led to large scale disturbances. Examining the disturbances which had brought him and the parliamentary team to Kashmir, he reported that in August of 1967, a widow lodged a complaint with the Police that her minor daughter, Parameswari Devi Handoo, 17 years of age was missing and she feared that the girl had been abducted by a Muslim boy Ghulam Rashul Kanth and by an announcement in the Juma Masjid they were getting married. This led to tremendous resentment in the Pundit community. The boy and the girl concerned, old friends and co-workers in a government department store, were arrested and a case was registered for alleged abduction of the girl. During police custody the mother, other relatives and a few other respected persons were permitted to interview the girl on several occasions. The girl refused to go back to her mother maintaining she had married the boy out of her own freewill and that she was a major. The Police released both the boy and the girl on bail and permitted the girl to go away with the boy.

A day after their release on 7th August 1967, while the girl's mother produced School and University Certificates and a ration card to support that her daughter was below 18 years of age, the Police had the girl X-rayed and announced that the girl was over 18!

Despite the continued agitation and protest by the Pundits, no further action was taken either by the police or the state government in the matter. On 16th

August there was a big procession led by women and children chanting slogans against the Government and the Chief Minister. Stones were pelted on the Police who, without trying any other method, resorted straightaway to a brutal lathi charge in the presence of the IGP. This caused serious resentment and anger and a feeling of helplessness among those who belonged to the girl's community.

The agitation took a communal turn and on 24th August the Muslim community led by Muslim students organized a procession shouting anti-Indian and pro-Pakistani slogans like "Sadar Ayub Zindabad", "Indian dogs go out" and "Pakistan Zindabad". Between 26th August and 3rd September, there were a number of instances of looting and burning of houses, and lathi charge and minor firing by the police.

To defuse tensions, Union Home Minister Y. B. Chavan visited Srinagar, had meetings with the leaders of the Pundit Community and persuaded them to withdraw their agitation on the basis of a settlement which assured, among other things, a judicial enquiry into the cause which led to the disturbances and the release of arrested persons.

Towards the end of September, a Dargah, and later a Mosque, were burnt in Baramula under mysterious circumstances. Anti-national and pro-Pakistani elements were reportedly involved. In early October there was a procession by Muslim students to protest the alleged desecration of the Holy Quran.

To make matters worse, in the context of such

communal tension, a football match was played between Kashmir University and Punjab University. The latter won, leading to a fresh flare up of communal conflict. A Police constable of the Border Security Force was stabbed and the Police opened fire resulting in one death and several injured. Normal life in Srinagar was again paralyzed.

Article 370

Article 370 of the Indian Constitution giving special status to Kashmir (including their own constitution) was preventing the emotional integration of the Kashmiris with the rest of India. For instance, this provision prevented Indians from other parts of the country expanding their commercial and industrial activities in the state. This essentially political provision actually retarded progress in the state and led to further frustration among the Kashmiris.

Patodia's report concluded that the incident of the missing Hindu Pundit Girl was an administrative Police matter for investigation to be decided by the Magistrate. On account of bad administrative handling, the matter was unnecessarily permitted to assume a communal colour. The behaviour of the Police was far from satisfactory and it resorted to avoidable, unnecessary excesses both in dealing with the minority and majority communities. It was a serious mistake on the part of the State Government to have permitted a Football Tournament. A weak administrative command was responsible for Police forces from two different States to be carried away by communal feelings.

In their reactions both the State Government and an equally weak Centre allowed themselves to be guided by vested interests, and be dragged in opposite directions on different occasions influenced by different political pulls. Pro-Pakistani and anti-national elements were permitted to raise their heads to such an extent that it went out of control. There was no serious attempt to check these growing elements.

His report concluded "A long term solution of the delicate problem of Kashmir lies eventually in permitting and encouraging maximum possible mobility and interflow of the Kashmiri community with the rest of the country. Any provision like Article 370 of the Constitution which prevents free mobility and interflow must be scrapped and all such administrative measures that are needed for encouraging free mobility should be encouraged. A discrimination of this type between two citizens of the same country belonging to two different provinces is most unfortunate and undemocratic. The people of Kashmir must develop a sense of belonging and as a partner in the bigger family of Indians."

The situation was still very much India's internal matter – a domestic quarrel that could have been settled over a period of time despite Pakistani meddling to aggravate tensions between the two communities. Indian public opinion was of the view that the Central government's inept policies and not allowing free and fair elections, had turned Kashmir into a happy hunting ground for terrorism particularly after the 1971 war that led to the dismembering of East Pakistan.

The result is that today the Kashmir issue has become intractable. Wise counsels such as the one made by the parliamentary delegation of which Patodia was a member, way back in 1968, were largely ignored by successive governments in Delhi and Srinagar.

On the other hand, the situation has become worse. The Indian Army is back in the cities and towns of Kashmir battling terrorism led by a whole host of guerilla bands most of them lslamic fundamentalists much like the Mujahideen that failed to wrest Afghanistan from the communists. Kashmir is in turmoil and its Hindu residents have fled in their thousands to Jammu and Delhi, creating, in the process, yet another refugee problem and giving the dispute a communal colour yet again.

When the Soviet troops withdrew from Afghanistan in 1989 there was an influx of terrorists into Kashmir leading to the Kargil conflict in May 1999. The fear is that there would be an influx of terrorists when the withdrawal of the large majority of American troops from Afghanistan is completed by the end of 2014.



Parents : Smt. Rukmini Devi & Shri Govind Ramji



With wife Usha Patodia after winning the elections to the
Lok Sabha in the General Elections of 1967



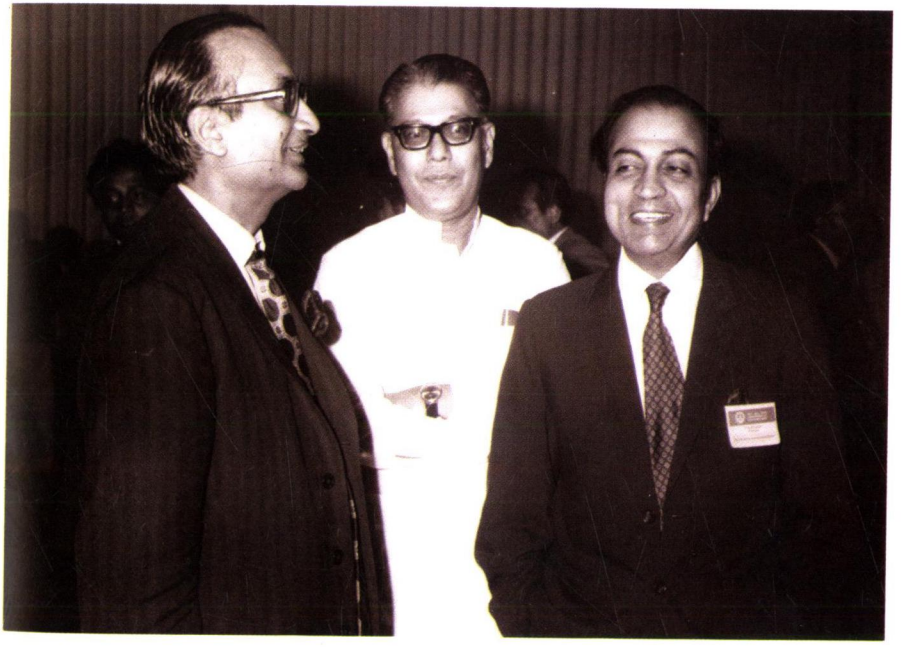
D. N. Patodia and His Family.



Being greeted by the
President Dr. Sarvapalli Radhakrishnan (1967)



In Conversation with C. Rajagopalachari. British India's first and last Indian Governor General and Founder of the Swatantra Party (1972)



With Dr. K. K. Birla & Shri P. Chentsal Rao (1974)



With Shridath Ramphal, Former Commonwealth Secretary General (1983)



With Willy Brandt former Vice-Chancellor of West Germany



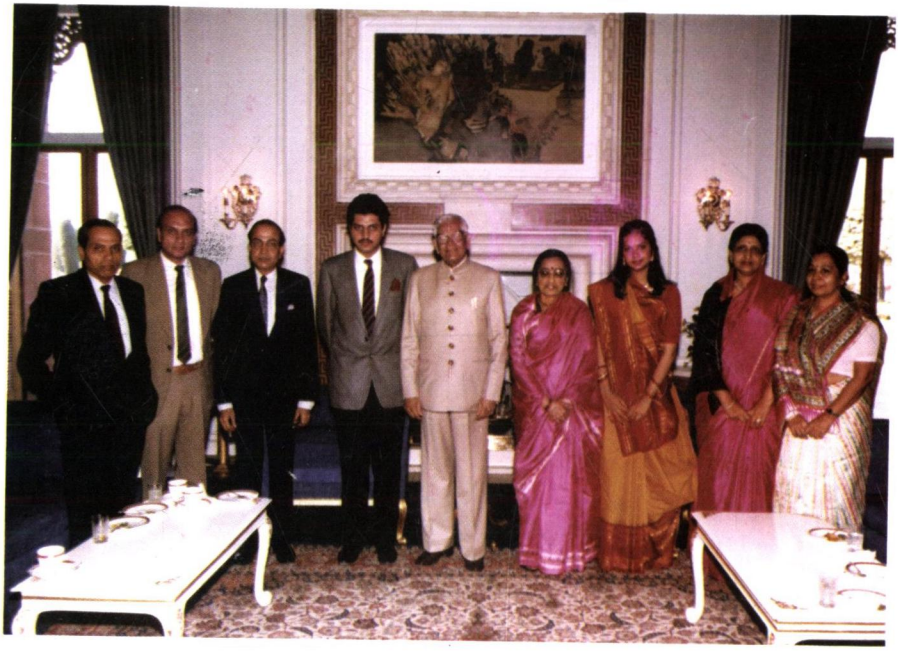
With Captains of Industry
3rd from the left - Shri K.C. Agarwal, Shri S.S Kanoria, Shri L.N Birla,
Shri Lakshmipat Singhania, Shri G.M. Modi and Shri M.L Nopany (1985)



At a meeting in New Delhi with Prime Minister Indira Gandhi (1984)
with Shri Ramkrishna Bajaj & Shri D.H. Pai Panandikar



With Miguel De La Madrid President of Mexico
in New Delhi (1985)



D. N. Patodia And Some Family Members with
President R. Venkataraman (1989)



With Shri B. M. Birla (1981)



Greeting Prime Minister Chandra Shekhar (1990)



With Prime Minister Rajiv Gandhi at the India-France Joint Business Council meeting in Paris (1985)



With Prime Minister Rajiv Gandhi at the Indo-Japanese Joint Business Council meeting in Tokyo (1985)

II

Tibet
A Friendly Neighbour Betrayed

Tibet, often referred to as the Roof of the World, is a vast country over two thirds the size of India. It is a land rich in minerals and in the variety of its flora and fauna. It is not entirely arid and barren as it is generally believed, but is rich in forests, pasture lands and fertile valleys. It is also the source of the Brahmaputra and Indus rivers. Tibet borders India, Nepal and Burma to the south; the Xinjiang Uyghur Autonomous Region of China (formerly the Republic of East Turkestan) to the north and China to the east.

The Tibetan people are a distinct race with their own spoken and written language, their own culture, traditions, food and dress. Five hundred years before

the birth of the Buddha the Tibetans practiced the Bon religion. Buddhism came to Tibet when Guru Padmasambhava founded the first Monastery and established the supremacy of Buddhism and converted the indigenous deities.

The Mongols invaded Tibet around 1350 A.D and Kublai Khan was converted to Buddhism. A close spiritual relationship developed between Tibet and Mongolia. In 1642 the fifth Dalai Lama became the ruler of all Tibet and demanded from the Ming Emperor of China recognition of his sovereignty. This was given. In 1904 a British Expeditionary Force to counter Russian influence in central Asia entered Lhasa and a treaty was signed between Tibet and Great Britain. China did not object to this treaty between two sovereign nations. In 1909 the Chinese invaded Tibet and the thirteenth Dalai Lama fled to British India and sought British help. Civil unrest in China helped the Dalai Lama return to Tibet a few years later. He passed away in 1933.

Forty years later in September 1949 the Chinese invaded Tibet once again. For the next ten years the fourteenth Dalai Lama sought to negotiate with Communist China. His attempts to reach an understanding failed and when the Chinese Army occupied Lhasa the fourteenth Dalai Lama escaped on March 17 1959 and sought political asylum in India. He was followed by an unprecedented exodus of Tibetans into exile. Never before in their long history had so many Tibetans been forced to leave their homeland under such difficult circumstances. There are now more than one hundred thousand Tibetan

refugees all over the world.[i]

It is important to understand that throughout China's history impossible claims have always been made by the Head of that State that its outlying border territories were provinces of China. The gifts sent to the Emperor of China by neighbouring countries were regarded as tributes from subordinate States to the all-powerful Son of Heaven. A powerful China always took an aggressive stand against the weaker border areas.

"This is wholly understandable, for the highly developed ancient Chinese civilization had a profound influence on the outlying territories, the most important of such impacts being on Japan, Korea and Vietnam.

"The pronouncements of Mao Tse Tung have been in keeping with this tradition. In his book *Chinese Revolution and the Chinese Communist Party,* he writes: 'In defeating China in war the Imperialist States have taken away many Chinese dependent states and a part of her territories. Japan took away Korea, Taiwan and Ryuku islands, the Pescadores, and Port Arthur; England seized Burma, Bhutan, Nepal and Hong Kong; France occupied Annam and even an insignificant country like Portugal took away Macao.' These words written in 1939 have an ominous significance today."[ii]

Legends would have it that "2500 years ago a person belonging to the Kingdom of Kaushal (in northern U.P.) went from India and established the Kingdom of Tibet and from that day the historical and traditional ties between Tibet and India continued in addition to the religious, cultural and philosophical

ties" said Patodia in parliament intervening during a debate on a non-official resolution demanding that India recognize the Tibetan Government in Exile based in Dharamsala.

He pointed out: "Today (June 30, 1967), the House is reminded of a dark moment in recent history. Seventeen years ago, on 7th October 1950 while the Tibetan delegation was negotiating with the Chinese ambassador in New Delhi, the Chinese were invading Tibet. On that day a process of extermination of the race, religion, and tradition of the ancient land of Tibet started. That process still continues. The most heinous crime that the Chinese committed was that they have sterilized thousands of men and women in Tibet so that the race of Tibetans was extinguished from the earth. They made every attempt to wipe out the religion of Tibet. Monasteries have been destroyed or converted into police headquarters for the Chinese police; monks have been murdered or arrested or thrown out. What is happening to the Tibetan nation is an unparalleled tragedy in the history of the world. The Chinese are engaged in genocide in Tibet.

"In this tragedy the attitude of India is shameful. We were instrumental and a party to the domination of Tibet by China. Our attitude towards a neighbour who trusted us and depended on us is a matter of shame. We have betrayed the Tibetan government and people. In order to please China who is very powerful, we forgot all our obligations and we forgot the old traditions.

"By admitting Chinese suzerainty over Tibet we

have surrendered the sovereignty not only of Tibet but have committed a big blunder from our own defence point of view. Before annexing Tibet the launching ground of China from which they could have attacked our country was thousands of miles away, but now, after having taken over Tibet, they are on our head, and our long borders are exposed to China.

"Shri Lal Bahadur Shastri, our late Prime Minister, had admitted it in the course of one of his speeches when he said, 'China's object in annexing Tibet is clear today; it was to use Tibet as a base for launching an attack on India.' Thus the seeds for the Chinese attack on our land in 1962 were sown as early as 1950, when for the first time, the Chinese attacked Tibet.

"Various treaties on Tibet were entered into sometimes between Britain and China, sometimes between China and Tibet and sometimes between Tibet and Britain. Until 1954 when a treaty was signed with our late Prime Minister Jawaharlal Nehru, in all earlier treaties the suzerainty and sovereignty of Tibet was never questioned. The Chinese presence in Tibet can be described as some sort of a privileged person, enjoying certain rights without in anyway affecting the autonomous status of Tibet, and without affecting the rights of the Tibetan people."

Tibet, till the Chinese annexation, was a free nation can be proved by two or three events. "In 1876, ignoring Chinese displeasure, the Tibetans did not permit the British Mission to visit Tibet. Again, during World War II, Tibet did not allow war materials to be transported to China via Tibet. These two illustrations

clearly go to show that Tibet's sovereignty was not only not doubted, but it was accepted even by the Chinese. Even in the 1951 treaty between India and China, the sovereign rights of the Tibetans were recognized. It was in the treaty of 1954, when India conceded the sovereignty and suzerainty of China over Tibet by saying that Tibet was a part of China. Thereafter India's relations with China took a turn for the worse and led to the Chinese attack on India 8 years later.

"But there was one safeguard put into the treaty of 1954. It called for corresponding action by the Chinese too: they would give full autonomy to Tibet; they would not interfere in Tibet's internal affairs, with their religion, their way of life and with their system of government.

"The Chinese never honoured this agreement. Possibly, even before the agreement was signed, China started violating it. Therefore, whether one calls it an international agreement or a bilateral one, it certainly cannot be unilateral. An enquiry committee set up by the International Commission of Jurists had this to say in their Report: 'Throughout the period 1912 to 1950, the Government of Tibet exercised exclusive authority in domestic affairs within its territory. It successfully defended its territory against attack under the cover of a claim to sovereignty and vis-à-vis the Republic of China no act was committed or declaration made that compromised its internal independence.'

"We should look at it from three different angles. Firstly, from our defense point of view, it is necessary that Tibet is given independence. Secondly, from the

humanitarian point of view the people of Tibet should be permitted to live according to their own religion and way of life. They should have freedom of speech. Then we should look at it from a historical point of view. Taking into consideration all these factors, I hope wisdom will dawn upon the Government of India and they will recognize the Dalai Lama's Government-in-exile. We should also withdraw the support we are giving for the admission of China to the United Nations There is no reason why in spite of all that has happened, we should continue pampering them".

Patodia said all this in 1967 and in Parliament.

China is today a very powerful nation politically because they are the second biggest economy in the world. The free world, particularly the nations of the West and the United States of America are queuing up to invest and do business with China. Almost all nations of the world are wary of speaking to the Dalai Lama let alone inviting him as the head of a Government in Exile for fear of incurring the displeasure of the Chinese Communist Party. The Government of India, irrespective of its political colour, has conceded the sovereignty of China over Tibet. The Chinese are not satisfied. They want the Dalai Lama to be sent back to China (not even to Tibet). And they show their displeasure with India from time to time by their frequent incursions into Arunachal Pradesh or Ladakh.

III

India's Russian Connection

In this narrative, the description Russia, Soviet Union, USSR is used interchangeably and refers to the present nation officially known as the "Russian Federation".

What we now know as the Russian Federation was born in 1992 which between 1917 and 1989 was known as the Union of Soviet Socialist Republics or the USSR and generally referred to as the Soviet Union. The Soviet Union was the world's first communist State that held sway for 75 years in the 20th century. Its aim was to bring the whole world under communist rule. It did succeed in communizing a large part of the world including China. The Soviet Union, the shortest lived political system so far, disintegrated between 1989/1991 due to internal contradictions, the pauperisation of the economy and the inability of the central leadership in Moscow to control or hold together the various 'socialist republics'.

Though allied with the USA and Western Europe in the Second World War, the defeat of Hitler's Nazi Germany also signaled the end of the alliance and the emergence of the Cold War (which erupted into a hot war as in Korea and Vietnam) between the Soviet Union and its allies, on the one side and, the United States of America and Western Europe, on the other.

As a colony of the British Empire, Indian soldiers were part of the British Army and, at least, until 1947 on the side of the USA and its allies in the Cold War.

After 1947, India proclaimed it would be neutral in the Cold War and took the initiative along with newly independent countries in Asia, Africa and South America in forming a worldwide movement called the "Non-Aligned Movement" or NAM.

The Non-Aligned Movement was formed to be neutral in the Cold War. Reports are that NAM was generously funded by the Soviet Union. With the collapse of the Soviet Union and the end of the Cold War, NAM has been struggling to find relevance and is today only a shadow of its old self. As recently as August 2012 NAM held its 16th world summit in Teheran. It, however, continues to lead a tenuous existence (a number of members have left NAM). It is also generally referred to as an organisation of Third World countries (largely comprising under-developed, or developing countries). A third category that has gained currency in recent years is the 'Emerging Nations'. India, for instance, is now considered an Emerging Nation.

India's policy of non-alignment or neutrality was

generally lopsided in favour of the Soviet Union. Pandit Nehru would protest this statement and insisted that India was genuinely neutral. His daughter Prime Minister Indira Gandhi, on the other hand, was more forthright in conceding Soviet connections as the following exchange between Patodia and Indira Gandhi during a debate in Parliament testifies:

D. N. Patodia: "Will the Government be prepared to express in categorical terms the complete disapproval of the Russian move and will the Government tell Russia clearly that India will not tolerate interference of Russia in India's internal affairs, like Novosti, like Radio Peace and Progress. Whether the Government of India is willing to terminate and cancel all such trade agreements which have gone against Indian interests and whether they are prepared to consider entering into free trade agreements?"

Indira Gandhi: "It is not a question of being not ready now because no new questions have been asked. These are the things, which the Swatantra Party has been saying on every single no-confidence debate, which, as you know, comes up in every session of Parliament. We have followed a particular policy and that policy has served the interests of this country. The friendship that we have had with the Soviet Union has helped us on many occasions whether in the Security Council or in other matters."

Interference in India's Elections

Based on constant and repeated press reports of alleged interference by the Soviet Union in the 1967 General Elections, Patodia moved a calling attention motion in the Lok Sabha on 20th April 1970.

The Home Minister Y. B. Chavan in his answer said, "Efforts are being made to obtain the full text of the statements made by Y. N. Loginov. Pending their receipt and examination, it is not possible for Government to say anything in the matter. Hon'ble Members are, however, aware that objectionable aspects of the broadcasts made by 'Radio Peace and Progress' have been brought to the notice of the appropriate Soviet authorities by the Government of India."

Not satisfied with the Minister's reply Patodia asked: "The Russian agencies, through various methods, have been systematically indulging in the election campaign of India as if they are fighting their own elections. According to the *Hindustan Times* of 4 December 1967 as referred to by the Hon'ble Minister, certain very serious insinuations have been made. Now I want to know whether, in respect of this gentleman, Mr. Yuri Modin, the Government of India had sufficient information available with them and had the Russian Embassy been asked to see that Mr. Yuri Modin was deported from India. Another report through the broadcast of June 7, Radio Peace and Progress compared Krishna Menon to Mahatma Gandhi, and Sardar Vallabhbhai Patel as the mouthpiece of "reactionary forces" in the Congress and commented

upon (the then) Home Minister as having failed to stop the murder of Mahatma Gandhi in 1948."

Patodia also informed the House that in the matter of financing the election campaign it had been brought to the notice of the Government of India that a firm by the name of Nav Bharat Enterprises, based in New Delhi, had been systematically financing candidates. Russian propaganda did not stop with the conclusion of the elections in India; they were continuing their propaganda and preparing for the next elections in India and one Mr. Vitali Jourkins, Counselor of the Soviet Embassy, whose name was included in the official diplomats' list, was now the liaison between Moscow and the Communist Party of India and was sending regular messages to 'Radio Peace and Progress'. The information was known to India's Home Ministry.

Referring to 'Novosti', which entered into an agreement with the Press Information Bureau (PIB) and was directly associated with such activities Patodia asked whether the Government was prepared to disband all such organizations which were associated with such activities? And whether the Government of India was prepared to appoint a Parliamentary Committee to go into all these investigations?"

In his reply Home Minister Y. B. Chavan said, "Sir, as far as these "Peace and Progress Radio" broadcasts are concerned, certainly we have taken up this matter with the appropriate Soviet authorities and some questions were put in this House and information was given that they have agreed to consider these

matters. Naturally, if any foreign broadcast propaganda casts any reflection on the national leaders of our country, we have to protest against such matters. As to whose activities we are watching, I do not wish to disclose that information here.

"I would only make one point sir" added the Home Minister. "It is expected that friendly countries should not interfere in any of our political activities and it is their claim too that they are not doing that. But, certainly, we would wish them not to interfere. At the same time, I think we should not allow our country to become a fighting ground for any cold war propaganda of any of the foreign countries. It will be the duty of all political parties in this country not to get influenced by this matter. Ultimately we will have to fight our political issues on the merits and demerits of our own political views."

Soviet Arms for Pakistan

In mid-1968 there were reports in the press of a massive supply of arms by the Soviet Union to Pakistan and the resulting danger to India's security. On July 22, that year Patodia called the attention of the Prime Minister and then External Affairs Minister, Indira Gandhi.

Responding to the Calling Attention Notice in the Lok Sabha, she said that India's concerns had been

conveyed to the USSR government. She went on to remind members of Parliament "to bear in mind that international relations, as a whole, are in a particularly fluid state...The old landmarks, the rigid divisions between rival blocs, appear to be in the process of disintegration, although they have by no means disappeared. Every nation, whether member of a bloc or not, is trying to assert its own individuality in the conduct of its policies. The USA and the Soviet Union, conscious of the need to reduce the danger of a direct clash between them, are evidently reshaping their policies in accordance with the changing conditions. In these circumstances, our policy of peace and friendship with all, and of freedom to assess every issue on its merits, while firmly upholding our own national independence and dignity, which is the essence of non-alignment, has been fully vindicated".

Not satisfied with Indira Gandhi's' reply Patodia drew attention to India's continuing policy of appeasement; and pointed out that although the USSR was considered as India's best friend, they were supplying arms and ammunition to a country which was our worst enemy.

"What is this non-alignment," he asked, "how is it that a country like Pakistan which was aligned to a particular bloc was getting arms and ammunition from all over the world, from CENTO, SEATO, NATO, the United States, China and now from the USSR!"

It was significant to note that while India was following a policy of appeasement, the Russians had started neglecting, ignoring and even humiliating India

on various issues; as was the case, for instance, with Radio Peace and Progress. Another case was with regard to the world map published by the Soviet Union in 1967; for which protest was lodged as early as in 1955. In spite of the letters of the Government of India, the Russian Government had not changed the map.

As for the supply of arms to Pakistan, the Prime Minister said that they were not aware of the details, and the nature of the deal or the nature of the armaments. "Are the Russians not prepared to take us into confidence even to this extent that they do not give us information about the arms and ammunition supplied which reportedly consisted of radars, ground-to-air missiles, armoured vehicles which are faster and more suitable for desert areas, anti-aircraft guns and helicopters which are being used in Vietnam and TU-16s," Patodia commented.

The Activities of Novosti

Insinuations against Indian Leaders on the Russian 'Radio Peace and Progress' (Novosti)

Sometime in early December 1969, a tabloid published from Bombay reported a radio broadcast from Moscow to the effect that "Morarji Desai and S. K. Patil act as if they are not Indians; as if they are not born of an Indian mother."

This was broadcast over the Russian Radio – Peace and Progress sponsored by Novosti. Pointing out the incident Patodia asked the Indian foreign minister "These people

have made insinuations against our national leaders. Yet, today, we see that a Government agency has agreed to be Novosti's agent in India. The agreement makes a department of our government to be an agent and is obliged to make Russian material (like the one just mentioned) available for free distribution. May, I therefore, know, Sir, whether and in what manner the Government justifies such an action of entering into an agreement with the party indulging in anti-Indian radio programmes?" Patodia also wanted to know whether there was a Cabinet decision or whether the decision was taken by the Minister-in-charge or whether it was taken by the Department concerned.

The Minister replied: "So far as the radio broadcast by 'Radio Peace and Progress' is concerned, I entirely agree with my friend that it has no business to pass any such remark, which will divide this country or against any of our policies. We have made inquiries. This agency Novosti are not the sponsors. What is happening on the soil of Soviet Russia is a matter which should be taken up with the Government of Soviet Russia. This agency has nothing to do with "Radio Peace and Progress."

Veteran parliamentarian Acharya J. B. Kripalani intervening in the discussion reminded the House: "Some years back, there was a like proposal by the USA and it had been rejected apparently." The Speaker did not allow this comment and asked Kripalani to resume his seat, pointing out that, "On the calling attention-notice only those whose names appear on the Order Paper are called."

Replying to Patodia's question the Minister replied: "This agreement was entered into when the Principal International Officer (PIO) went to Russia. I do not find

anything wrong with this agreement."

Agreement with Novosti

About a year before the general elections of 1967, a campaign started, in the early months of 1966 under which three wings of the Soviet Government, the intelligence (KGB), the press (Novosti) and the radio (Radio Peace and Progress) launched a concerted attack on India. Sadly the then Government of India was meekly submitting to this gross interference in our internal affairs.

The KGB had been interfering in the affairs of India on a mass scale. In the 1967 elections, it was reported that as many as 129 candidates were supported by the Soviets. A seminal study *Moscow's Hand in India* by Peter Sagar, a Swiss political analyst, reported with facts and figures that the USSR (as today's Russia was then known) controlled in India as many as 18 dailies, 20 weeklies and 12 fortnightly newspapers. This information was in the possession of the Home Ministry. Yet, they took no effective steps.

In this way the Russian started campaigning against various governments, including India. They openly supported and opposed various political parties during the 1967 elections.

Patodia raised the issue in the Lok Sabha during question hour asking whether the issue of broadcasts by Radio Peace and Progress and Radio Moscow had been discussed with the Russian Prime Minister (Kosygin) when he visited India in 1968, and if so the nature and outcome of the talks?"

In his reply the Indian foreign minister said it had not been discussed but that the "matter was taken up earlier

with the Soviet Foreign Office by the Indian Embassy in Moscow. The Soviet Government had promised to give due consideration to our reactions to such broadcasts."

Patodia and others persisted with the issue in the subsequent session when the Minister stated again (6th March 1968) that "The Soviet Foreign Office have maintained that the broadcasting station in question was autonomous and the Soviet Government did not exercise any control over it. However, since the matter was last represented to the Soviet Foreign Office, no further broadcasts have come to our adverse notice."

Recalling his earlier statement in the House Patodia said that Novosti had assumed several faces. The first face is Novosti as the sponsor of Radio Peace and Progress. The second face is indulgence in regular espionage and subversive activities. On this count representatives of Novosti in other countries were expelled on specific charges of espionage and subversion. On 15th February 1968, Nairobi dailies announced that one Mr. Venyamin Dimitriyevitch Zakharev, a senior representative of Novosti was ordered to leave Nairobi within 48 hours on serious charges of espionage.

The Minister concerned in his reply of 21st February said on the floor of the House: "Certain newspaper reports to this effect have been noticed. But Government have no information on the truth or otherwise of the allegation."

In other words, observed Patodia, the world might know it; the entire press of the world might know it; but the Indian Government did not. The fact of the matter was that the Government had deliberately given wrong information by saying that they were not aware of it.

The third face of Novosti was that it was a Soviet Government organization with whom India's Press Information Bureau (PIB) had entered into an Agreement for the exchange of articles, background materials and photographs. It was the Government of India's claim that the agreement was to the advantage of the Indian Government.

But the fact of the matter was that by entering into an agreement, India had given a licence to Novosti to carry out espionage and subversive activities in our country.

Trading with the Russians: The Real Story of the Rupee Trade

On 6 December 1968, Patodia moved a private member's resolution on the floor of the Lok Sabha: "In view of the adverse effect caused on India's foreign trade by the wrong pattern of trading adopted in the case of East European Counties, including Russia, this House resolves that the foreign trade policy of the Government of India, particularly with East European countries and Russia, be suitably changed."

Moving the resolution, he pointed out that the Treasury Benches had been complimenting themselves on several occasions for various so-called achievements of the trading pattern from 1950 onwards on the benefits of the trade with the Soviet Union and the countries of Eastern Europe. According to them when this trading started in 1950, India's exports to these counties were practically nil around Rs.2

crores, which by the virtue of various trading agreements rose to Rs.156 crores. Similarly, import also went up.

Another claim by the Ministry was that India's requirement of certain basic material would not have been met had they not entered into these agreements and that by so doing India was able to obtain better deals from all over the world.

Repudiating such claims, Patodia pointed out that it was not the correct story and the truth was something very different. He explained that after the Second World War,the bloc of these East European countries including the Soviet Union, started industrial expansion in a big way. Between 1950 and 1966 industrial production in those countries rose by 304 percent and they needed to secure massive raw material of all types. By purchasing from India, they did not show us any particular favour. They purchased from us because they needed such material. Their trading policies were moulded and shaped in line with their political strategies. Unlike other free economies where currencies were inter-changeable and you could buy from wherever you like and could sell to any destination of your choice and where you could decide the manner of your payment, in the case of Russia and East European counties it was a rigid non-flexible pattern.

Another claim made by our Ministry was that they were able to raise the volume of export, from Rs.2 crores in 1950-51 to Rs.156 crores in 1965-66 and to Rs.224 crores in 1967-68. It is interesting to note that the items exported to those countries were mainly jute manufactures, tea, black-pepper, cashew nuts, leather, spices, coffee, hides and skins, cotton waste and raw wool among others. These traditional

items constituted more than 75 percent of the total volume of our exports to those countries. Availability of these traditional items was limited in our country. We could not go on expanding the exports of these items. Therefore, whether you export to country 'A' or to country 'B', the total volume of exports could not be raised beyond our capacity. In fact, export of such items to East European countries resulted in a corresponding loss of our markets to other destinations of free trade.

Take the case of tea. Because we reduced our export to our traditional destinations, Ceylon (now Sri Lanka) stepped in and to that extent we lost our market to Ceylon. In the case of Jute manufactures, Pakistan captured our market because we started exporting to East European countries. Therefore, it was largely a diversional trade, but the total volume of our export did not rise. Instead of exporting to free exchange areas, we exported to the rigid economies in rupee-payment areas.

One of the claims made by the Hon. Minister and the Government of India was that, by developing trade with these countries, we were able to raise the export of non-traditional items to a great extent. It was absolutely wrong and fallacious. The pattern of India's trading over the last 18 years changed considerably. Gradually export of non-traditional goods was slowly rising and to that extent export of traditional goods was slowly going down in percentage terms. In 1960-61, the percentage of export of non-traditional items was 28 percent. In 1967 it was 38. In respect of East European countries including Russia, the export of non-traditional items was 24 per cent in 1961 and 26 per cent in 1967-68, merely a rise of 2 per cent. In the case of other destinations our exports increased by 10 percent over the

same period. Therefore it was wrong to say that trade with East European countries including Russia helped us increase our export of non-traditional items.

Aircraft for Indian Airlines

The Government of India was examining proposals for the purchase of new aircrafts for replacements and expansion of the existing fleet. This had been going on for over two years. A sub-committee was constituted comprising Air Vice Marshal Lal, J. R. D. Tata and Air Marshal Arjan Singh. The technical staff of Air India, the Indian Air Force and the Director General of Civil Aviation were consulted. On the basis of their findings and detailed examination, a unanimous recommendation was made by the Board of Directors in July, 1968. But thereafter two more aircrafts came into the picture, namely, Boeing and BAC 111. Therefore, the matter was again reconsidered, comparative studies were made, various aspects were re-examined, and in October 1968 the final report was submitted by the Board of Directors with regard to the selection of the aircraft needed to be purchased by IAC (Indian Airlines Corporation, now merged with Air India).

There were several aircraft involved: DC-9, Boeing 737, 736, BAC 111, TU-134; and at a later stage, Boeing 727 and TU-154 also came in.

After careful consideration of the technical aspects, the Committee looked at the terms of payment. Practically all the aircraft manufacturers submitted more or less identical proposals including payment terms on a deferred basis spread over ten years at a specific rate of interest. The Russians agreed that it could form part of the rupee payment agreement.

The committee also examined the economics of the proposals based on 70 per cent load factor both for passengers and freight. The findings of the Committee were that in the case of DC-9 over a period of ten years it could make a profit of 196 percent enough to repay the entire loan. In the case of Boeing, it was found that it would make a profit of 152 per cent in ten years. The BAC-111 was more or less identical. However, with regard to TU-134, the Committee concluded it would be a loss making proposition and over a period of ten years would incur a loss of 93 per cent! After this finding, a new plane which would have double the capacity compared to TU-134 was discussed. The Russians came up with the TU-154. The problem was that this plane was still on the drawing board. A wooden prototype had been made, and the Soviets said that it would be made in three years.

The Russians proposed that if TU-134 was not acceptable, we should take TU-124 now and after two or three years they will be changed.

Based on those findings and resulting recommendations the Hon. Minister made an announcement in the House that they were going ahead with negotiating the purchase of the British and the American aircraft. Then, all of a sudden, we were told that instead of proceeding with these proposals, a new Cabinet Sub-Committee had been formed to go again into the details and the decision was deferred indefinitely until the Sub-Committee was able to take a decision.

It seems that a new Cabinet Sub-Committee was formed as a consequence of Russian pressure to buy Russian planes. Hon'ble Minister Dinesh Singh visited Russia and,

as desired by the Russians, he recommended deferment of the decision.

Commenting on such developments Patodia wanted to know the truth or otherwise of the reports. The circumstances and the background of forming the Cabinet Sub-Committee were not above doubt, and were not very clear, because simultaneously Moscow radio and press started commenting upon the decision.

In view of such a background, Patodia insisted on getting an assurance from the Hon'ble Minister that the decision would not be delayed under political pressure that the aircraft like the one offered by the Russians would not be purchased as it would be a burden on the economy and that a final decision would be taken only on sound technical considerations.

In his non-committal reply Dr. Karan Singh, Minister of Tourism and Civil Aviation assured Patodia that government would consider all aspects, would take a long term view of next 10 to 15 years and would take a final decision in the best interest of the Indian Airlines Corporation.

IV

The Indian Economy

Missed Opportunities for Growth

The story of the Indian Economy is a story of missed opportunities. Opportunities that need not have been missed but were missed because of ideological considerations. The world simply passed us by while our leadership, after the passing away of Mahatma Gandhi and Sardar Vallabhbhai Patel, was swearing by what came to be notoriously known as the Socialist Pattern of Society – also called Nehruvian Socialism. Between 1957 and mid-1980s, this was the policy that kept India from growing.

In 1988, Patodia, wrote a seminal article on what was happening in the world outside and the crucial need for India not to miss the bus.[i] The following write-up is based on this article.

The world is witnessing an unprecedented advancement in science and technology. The emergence of a new information age had triggered a process of major transformation in the economic, social and political behaviour of different societies around the world.

Introduction of microchips, computers and robots revolutionised the very concept of economic growth. The application of genetic technology was, and continues, to transform major breakthroughs in agriculture and medicine. Modern means of communication have brought countries nearer. Experiments are being conducted on hypersonic passenger aircraft and, in the not-so-distant future, new and bigger sized aircrafts will be travelling at 25 times the speed of sound. When this happens, the travel between Delhi and London will take about 45 minutes.

With all these developments a new culture of much wider dimension is unfolding all over the world making a bold departure from the past. The old barricades of a sheltered economic system are giving way to the adoption of modern technology, massive application of R&D and achieving economies of scale. While, in several areas, countries are competing fiercely to retain or expand their markets, in several others, the concept of national self reliance is being rapidly replaced by regional and global interdependence.

These winds of change have affected most countries including China and the Soviet Union. China recognised it first way back in 1978 and, even while ensuring total political control, the leadership of the

Communist Party of China discovered the futility of living in protected isolation, turned its back on Marxist economics and decided to modernise and update their economic policies in the direction of free market economy. A few years later in 1986, the Soviet Union followed suit when the then General Secretary of the Soviet Union Mikhail Gorbachev announced major reforms in the Soviet Union; but his reforms were more ambitious in that they covered both the political and economic arenas. His policies became the world famous Russian words Glasnost (that is, increased openness and transparency in government) and Perestroika (that is, a structural reconstruction of the political and economic system). In January 1988 he got enacted a new law which recognised that:

a) Unprofitable concerns which do not become self-sufficient will be closed down rather than featherbedded by the State; and

b) their antiquated pricing system would be replaced by a market-mechanism ensuring adequate profit for the producer.

Speaking on the new Law in the Supreme Soviet, Gorbachev observed: "We must never forget that the purpose of it all is to make the Soviet economy workable, which internationally will make the country a much more formidable power to deal with."

It is in the light of the increasing importance of such economic developments that we have to examine different aspects of India's economic resource base including its reserves, mobilisation and application and its relevance to international relations. The figures are

based on the situation prevailing in the late eighties and nineties. The situation has not changed very much.

As a reservoir of natural resources India is remarkably well-placed, ranking amongst the best in the world.

Agriculture

The potential for agricultural development is immense in our country. Against the world average of 10.4%, more than 50% of land in India is suitable for agriculture. India is among the few countries where crops can be grown almost round the year. Yet, only 31% of our total cropped area is irrigated and our yield continues to be lower than the world average.

Our self-sufficiency in foodgrains is a myth as it totally ignores the very low level of nutrition value available to the people. Inhabited by 14% of the world's population, India produces only 8% of the world's foodgrains. Going by the average need of calories for our people, we will have to produce 75% more foodgrains to be fully self-sufficient.

The importance of agriculture in economic development has been amply demonstrated by many other countries. The USA produces huge surpluses of foodgrains exporting 40% of its product. Agriculture is the most important economic factor in the European Economic Community better known as the EEC. The development of Canada and Australia has centred round agriculture.

There is no reason why India should not be

among the top agricultural producers of the world. Agriculture can become the nerve centre of India's economic development providing maximum employment, producing a major part of industrial raw material and consuming a substantial portion of its industrial output. According to one study, given proper motivation and incentives, agriculture can grow to be able to produce an exportable surplus.

In order to achieve these results it will be necessary to inject major policy reforms including the introduction of corporate management in agriculture, relaxation in land ceiling acts and a more realistic pricing policy. Agriculture will have to be treated as an industry and developed accordingly.

Mineral Resources

In respect of oil reserves India is not very favourably placed and the known resources are somewhat limited. However, reserves of other minerals particularly coal, iron ore, bauxite and lime stone are among the best in the world. By exploitation and proper development of these minerals India can become a major producer and exporter of steel, aluminium and cement.

It is unfortunate that we have not been able to exploit them to our best advantage. Our mining operations are outdated, wasteful and expensive resulting in low productivity and high cost.

By reforming and adopting proper policies, India's resources can become a big factor in raising industrial production, providing employment and increasing exports.

Other Natural Resources

India's rich forest resources have been wasted away by indiscriminate deforestation and a total absence of re-plantation management. It has had a devastating effect on agricultural production, wood, water resources and soil fertility. It now needs a massive effort, proper planning and adequate resources to salvage the damage already done.

India's inland water resources and a very long spread of coastline are impressive with huge potential for the growth of irrigation and hydroelectric power and for the development of coastal shipping covering Sri Lanka, Bangladesh and Pakistan. The inter-linking of rivers within the country will, apart from providing better water distribution, greatly improve travel within the country.

Human Resources

The most powerful of India's resources is its large reservoir of talented and intelligent manpower, among the highest in the world. It has not been well utilised. It is now a well-known fact that by 2020 India will have the largest population of under-35 in the world. Indians working outside the country have shown commendable enterprise results. In the international corporate world many Indians occupy senior positions and among the multinationals many Indians are CEOs. Given proper incentives and opportunities, such an effective work-force is capable of transforming the country's economy.

Although India has a rich reservoir of natural and

human resources, they have not been properly exploited for achieving the economic development and advancement of our people. The results achieved do not justify the resources raised and invested. In terms of our potential for growth and the resources used, the results are highly disappointing. Per capita availability of basic necessities continues to be far below average needs. Whatever progress that has been achieved has been considerably neutralised by the rise in population from 359 million in 1950-51 to 781 million in 1988. Today, it is 1.21 billion or 121 crores.

Mobilisation of Resources

This brings us to another crucial aspect of the resource base, namely the mobilisation and application of available resources. By nationalising all the important instruments of resource mobilisation including commercial banks, life insurance, general insurance, etc. the Indian State has acquired almost total control over the mobilisation of the country's resources. The private sector has been left only with the capital market and internal generation. Deposits of commercial banks increased from Rs.4665 crores in 1969 to over Rs.100,000 crores, increasing at nearly 17% to 20% per annum. Small savings increased from Rs.1538 crores in 1965-66 to Rs.27,257 crores in 1985-86. In 1986-87 alone, it increased by Rs.2100 crores.

The total business of the Life insurance Corporation of India now exceeds Rs.50,000 crores, the annual premium receipts have gone up from Rs.292 crores in 1950-51 to nearly Rs.2000 crores in 1986-87. In addition, much larger resources have been mobilised through tax collection and public borrowing.

The total tax collected by the central government and the states increased from a mere Rs.627 crores in 1950-51 to over Rs.56,000 crores in 1987-88. As a proportion to the national income it increased from 7.1% to over 21%.

Between 1960-61 and 1986-87, the total internal and external debt of the Union government increased from Rs.4756 crores to as much as Rs.1,01,592 crores. In one year alone (1986-87) it went up by a whopping Rs.12,500 crores.

By such a massive diversion of resources, the government assumed for itself almost total responsibility for the proper application of such resources to ensure adequate returns on investment and to achieve maximum welfare for the community. Have these objectives been achieved?

Wrong Priorities; Poor Performance

As discussed earlier, in the scheme of India's planning, undue emphasis is given to the development of industry to the relative neglect of agriculture. It was a mistake. The development of an agricultural economy is a natural choice for a country like India. It can achieve faster returns and provide more employment per unit of investment. The Indian economy suffered both ways. Industry did not develop to the desired extent due to faulty planning and misapplication of resources. Agriculture could not develop due to its neglect.

On the industrial front the public sector was given a predominant role. Up to 1984-85 centrally controlled

public sector units alone accounted for a total investment of Rs.42,800 crores contributing 70% of the total assets of the organised sector which, in terms of output, contributes only 30%. During 1984-85 the public sector earned a profit of Rs.2119 crores of which Rs.2000 crores was from the oil sector alone. Oil sector profits are the product of unduly high prices charged, and not the result of efficiency. Due to its high price and taxes one litre of petrol costs Rs. 7.48 in India as against Rs.2.70 in the U.S.A. The non-oil undertakings in the public sector which accounted for an investment of Rs.36,000 crores did not make any profit. Yet the huge losses incurred by state electricity boards and transport corporations are not included in these figures.

Considerable resources of the country are being wasted every year in the form of subsidies. A subsidy of over Rs.2000 crores has been paid to the Food Corporation of India (FCI) to meet their expenses and losses. In handling foodgrains worth Rs.4000 crores, the FCI incurred an annual expenditure of Rs.2000 crores! On any stock carried for more than one year the total expense is more than the cost of the product!

By faulty planning of the budget a major part of the country's resources has been diverted to non-productive and wasteful uses. Revenue budgets of the central government which used to be fairly balanced in the earlier years (1970-71 surplus Rs.163 crores) started showing increasing deficits thereafter. For 1986-87 the deficit was estimated at Rs.6787 crores. Defence, interest and subsidy between themselves constitute 73% of the total non-plan expenditure. Interest alone amounting to over Rs.8800 crores constitutes 28% of

the total revenue earnings of the government.

A major part of public borrowings was used up in meeting such deficits and expenses which has eroded the resources needed for development. Despite our savings rate being an impressive 23%, our capital output ratio is deteriorating year after year. India's poor performance on the economic front is visibly reflected in her international relations. Our stature in the international community has gone down compared even to countries like South Korea and Malaysia who, till 30 years ago, were treated as amongst the poorest in the world. Among industrialised countries our ranking has gone down from 10th to 17th. In international trade our share has dropped from 2.4% to a meagre 0.5%.

Japan and South Korea

Fifty years ago the industrial development of Japan was comparable to that of India. Today Japan produces over 100 million tonnes of steel against only 11 million in India and about 10 million passenger cars against 200,000 in India. In 1984, the per capita income of Japan was $ 10,630 against India's $260. Even without a strong resource base Japan today is one of the front leaders in the world community.

Another notable example of how a country has acquired a high international stature through rapid economic development is that of South Korea. Denied the advantage of having a good reserve of natural resources and rated amongst the poorest in the world till 1961, the country has made major strides since then. It has been a saga of determined effort, judicious

planning and perfect coordination between the state and the business which has brought the country closer to the developed nations of the world. Its GNP has grown from $2.1 billion in 1960 to $95 billion in 1986 and its exports from $30 million to $35 billion. Its economy is growing at an amazingly high rate of 9% year after year.

Till 1961 a Korean farmer, before harvesting season, used to feed himself on the skins of pine trees. The USAID Report 1959 stated "Koreans are the laziest people in the world ..... college graduates hang around from one tea room to another. They never look for a job." Now the Americans have also changed their language and a recent US State Department report says "Koreans are the hardest workers in the world."

India Can Do Better Provided ...

All the figures cited in the preceding paragraphs are over two decades old. While the situation in Japan, Korea and above all China, has surged ahead and, as it would appear to us, in astronomical terms, despite the Narasimha Rao economic reforms of 1991 and the ten years of stewardship of the government and its economics by Manmohan Singh, an economist of high stature, India is lagging way behind.

But the future is promising. With such a strong resource base there is no reason why India should not match and even exceed the performance of Japan and Korea and assume its place in the front rank. But to do so it will need major policy reforms and many hard decisions. It will need the introduction of new management concepts, greater freedom from

government regulations, better application of resources, more effective fiscal and monetary disciplines, greater stress on agriculture, a more pragmatic labour policy and a complete reorientation of external trade.

It will need a redefining of our relations with other countries with greater emphasis on economic growth. At the regional level a good beginning has been made with the formation of SAARC which, over a period, may lead to the evolution of joint economic strategies for the benefit of the entire region. It has great potential for adopting common strategies in commodities like tea and jute and even in rice and cotton. The possibilities are immense in such services and trade as banking, insurance, shipping and transport. Scope for joint research and development in areas like forests, water resources, agriculture, non-conventional sources of energy and several other fields is indeed great. Such joint working will, in course of time, lead to free trade within the region by removing restrictions on the movement of men and material. Based on the pattern of the European Community, it has the potential of becoming one of the most powerful economic entities in the world.

With an imaginative approach and proper use of resources India should be able to restore the ground lost in the last 35 years to become a front runner on the world economic front.

The Planning Commission

Prime Minister Jawaharlal Nehru was considerably influenced by Marxism and considered himself to be a socialist. Though he never joined the group within the Indian National Congress (INC) called the Congress Socialist Party (CSP) led by Jayaprakash Narayan, the CSP had his 'blessings'. He was influenced considerably by the Soviet model of development and one of the main features of this model was Centralized Planning, or the *Gosplan* as the Soviet called it. It considerably influenced the nature and scope of the Planning Commission.

Sardar Patel was not a socialist. He was inclined

towards free enterprise, private ownership of land or peasant proprietorship in agriculture. He was, therefore, closer to Gandhiji's philosophy of *Gram Swaraj*.

Gandhiji was assassinated on January 30, 1948 and the Sardar died three years later on December 15, 1950 – the two who could have changed the direction of India's Economic Policy. But that was not to be.

The National Planning Commission, reporting directly to the Prime Minister of India who was also its Chairman, was established on 15 March 1950, with Prime Minister Jawaharlal Nehru as the Chairman. The Planning Commission is neither a creation of the Constitution of India nor an institution created by an act of Parliament, hence not answerable to parliament but an arm of the Union Government.

The First Five-year Plan was launched in 1951. This Plan was formulated when Sardar Patel was still alive. Not surprisingly, it emphasised the development of the agricultural sector.

With both Gandhiji and Sardar Patel out of the way, Nehru went full steam ahead with what came to be known as Nehruvian Socialism. The Second Five Year Plan (1956-61) turned away from agriculture, and firmly established the concept of the State controlling the 'Commanding Heights of the Economy', the emphasis shifted more towards heavy industries, and a strategy that came to be known as 'Planning by Physical Targets'. The Third Five Year Plan (1961-66) was a continuation of the Second Plan. It suffered a break in 1965 because of the Indo-Pakistan conflict.

Two successive years of drought, devaluation of the currency, a general rise in prices and erosion of resources disrupted the planning process leading to a period described as a 'Plan Holiday' between 1966 and 1969, and replacing the Third Five Year Plan with three Annual Plans. The Fourth Five Year Plan came into being in 1969.[i]

The experience of fifteen years of Planning, the disastrous results of the Third Five Year Plan and the relative awareness and admission of several lapses by government spokesmen clearly indicated the need for a new approach. The hope was that Government would adopt a more realistic, practical and meaningful approach so that future Plans were growth-oriented and based on an assessment of resources available for its implementation. Three years of 'Plan Holiday', a logical consequence of the difficult period of stress and strain through which the economy had to survive, had further strengthened this hope.

In 1965, a year before the Plan Holiday, Minoo Masani addressing a meeting in Bombay spoke on why the Five Year Plan had failed to achieve its ambitious targets. He attributed this to what he described as the "four fallacies indulged in by the Government of India and the Planning Commission and which contributed to slowing down the rate of growth in industrial and agricultural production."

"The rate of our progress", said Masani, "has in fact been in inverse ratio to the size of our Five Year Plans. There is reason to fear that this correlation is inherent and inevitable and that a big Plan must mean slow progress because of the diversion of scarce

resources from more to less productive investment.

"The reason why resources that are drawn within these Plans are likely to yield lower returns than if they had been left free in the pockets of the people is that we have been indulging in four fallacies:

"The first of these is that we as a nation spend money which we may not possess. This results in inflation, rising prices and all its social implications.

"The second fallacy is that not agriculture but the manufacture of steel and machinery is India's basic industry, which takes priority over the consumer's needs. Hence a wrong order of priorities.

"The third fallacy is that government should produce more and the people less. Hence, while these Plans actually collect from the taxpayer resources for the state sector in the form of taxes and loans, the free sector is left to fend for itself by raising money in the market.

"The fourth fallacy is that the National Planning Commission and the Government should have the right to dictate what shall and shall not be produced and at what price it should be sold when produced. This has created a command economy which is modeled on Soviet planning and has little in common with the 'indicative' planning of France and Britain. It has also created a veritable jungle of controls, licences and permits which kill incentive and breed corruption."

In 1969 the Planning Commission released its 'Approach Paper' to the Fourth Five Year Plan. Patodia,

then a Swatantra Party member of the Lok Sabha, expressed his disappointment that the Planning Commission had decided to persist with the Plan's socialist orientation.

He presented a comprehensive critique of the 'Approach Paper' in the hope that the government of the day would relook the assumptions and think afresh.

Patodia's critique dealt with issues relating to agriculture, industry, the Public Sector, mobilization of resources, and employment creation.

Agriculture

"Take agriculture for instance" he wrote: "A positive advance in agriculture was attributable to the success of high-yielding varieties and larger input of fertilizers. To assume an annual growth of 5% based on a good crop only in one year 1969 was unwise. High-yielding varieties and fertilizers were also available in 1968 and if a good crop of 100 million tonnes in 1969 could be explained by these factors, how can the bad crop of 65 million tonnes in 1968 be explained? Several other factors, which should have been accounted for were ignored, namely:

- a major part of India's cultivable land was still dependent on natural rains and further progress could only be possible if non-irrigated areas were irrigated through medium and minor irrigation schemes. Efforts in this direction were totally lacking;
- Development of agriculture was not possible in isolation and it would have to be a concerted effort

to include development of dairy and poultry farms alongwith a fairly effective infrastructure with a good network of transport and communication and supply of power.

He also emphasized the need for allowing corporate farming "to achieve as in other agriculturally advanced countries".

Pointing out that the 'Plan Approach' does not obviously consider these basic preconditions for agricultural growth as being necessary, the sad experience of dependence on various cooperative institutions on whom an enormous amount of the nation's wealth had been wasted, the 'Plan Approach' had recommended the "further strengthening of the Cooperatives by allocating larger resources".

Industry

As for industry, Patodia said: "It is amusing that the planners assumed a growth of 8% to 10% inspite of much lower growth in 1967-69. The minimum that was expected of the planners was that they would go into the causes for the then prevailing recession and come out with definite solutions. Instead, the little indications available in the 'Plan Approach' are of a negative nature."

Insofar as the Public Sector was concerned, Patodia drew attention to the absence of "proper management, excess employment of labour and staff, large inventories, defective methods of production planning, lack of market research, excessive wasteful expenditure and unutilized idle capacities – all of which

were responsible for the Public Sector projects running into heavy losses year after year. These shortcomings were also repeatedly pointed out and adversely commented upon by various bodies, including commissions of enquiry and the Administrative Reforms Commission (ARC). "The only sensible course for the Government" said Patodia "would be to put a 'halt' to any further investment until the existing projects started working at comparable efficiencies."

In this context, he drew attention to the fact that the Private Sector needed to be encouraged. This Sector had all along been putting up an impressive performance. "It is unfortunate", he observed "that instead of abiding by the sensible advice of applying selective 'moratorium' on all investments on Public Sector projects, the planners continue sinking more and more wealth into these bottomless pits – a fundamental mistake and a basic contradiction of trying to achieve the growth rate of 8% to 10% on the one hand and, investing in such projects, on the other, which are bound to incur a loss for many years to come."

A Mixed Economy

Conceding that in the 'Approach Paper' some concessions and relaxations had been recommended by the Planners to permit growth of free enterprise and trade, the overall approach of the government towards the pattern of investment and growth had not changed. Instead the 'Approach Paper' "proposed the take-over of more trading and commercial activities by State agencies and co-operative societies". Patodia, in his critique, emphasized the fact that the whole concept of mixed economy needed a change under

which only a very specific area should be reserved for the Public Sector and the rest should be thrown open for all.

Mobilization of Resources

In the matter of the mobilization of resources, the Planners had assumed that in order to attain a growth rate of 5% to 6% and, at the same time, reduce dependence on foreign aid to half by the end of the 4th Plan, additional mobilization of resources, was inescapable. The 'Paper' proposed to mobilize additional resources to the extent of Rs.250 to Rs.300 crores annually by the Centre and the States through Loans, Profits of the Public Sector, Small Savings particularly in rural areas, and additional taxation.

Patodia expressed the view that it would be difficult to impose any additional taxation on manufactured goods. He said that "taxation in India has already reached saturation point and the cost of practically every manufactured article in India is higher than in any other country, including rich countries like the USA and West Germany. Taxation, even at the present (1969) level, is proving unbearable and demand has ceased to rise". Therefore, any idea of imposing additional taxation on manufactured goods would be in direct conflict with growth and should be given up. On the other hand, there was a strong case for substantial tax relief.

Tackling Unemployment

On employment, Patodia complained that "while several assumptions and projections have been made

by the planners, hardly any attention has been paid to the most pressing problem of rising unemployment in the country. The number of unemployed is rising every year and has already crossed the dreadful figure of one crore" (in 1969).

Concluding his critique Patodia observed that "the only conclusion that can be drawn through close analysis of the 'Approach to the Fourth Five Year Plan' prepared by the Planners is that our planners have refused to learn any lessons from the past and have consequently not provided any worthwhile guideline for future economic growth".

This typically Liberal critique by Patodia made years ago, is proof enough that ideological vested interests of the Congress Party were responsible for the bankruptcy that faced the country in 1989-91. The Swatantra Party in Parliament was the only party that placed on record its vigorous opposition to the Planning strategy of the government in power and offered solutions that were rejected by the ruling party basking under the protection of one-party dominance.

Nationalisation of Banks

On 4 May 1969 President Zakir Hussain died. Vice President V. V. Giri took over as Acting President. On 19 July Acting President V.V. Giri signed an ordinance nationalizing all the big banks at the instance of Prime Minister Indira Gandhi and her Cabinet.

In the second volume of his political memoirs *Against the Tide,* Minoo Masani then Deputy Leader of the Swatantra Party in the Lok Sabha recounts what followed:

"The next morning, Sunday, 20 July, I asked my colleague, Dr. R. C. Cooper who was the Treasurer of the Swatantra Party and who was then in Delhi to come

over to my place and talk things over. We realized that the Ordinance was illegal and contrary to the Constitution since it had never been intended to give the President this ordinance-making power when Parliament was due to meet in 48 hours on Monday, 21 July.

"It was quite obvious to us that Giri's action on Saturday afternoon when Parliament was to meet on Monday morning was unprecedented and improper and a fraud on the Constitution. Also there were no circumstances whatsoever which made it necessary for him to take immediate action less than forty-eight hours before Parliament was to meet. We decided that the matter should be tested in the courts. Nani Palkhivala agreed to take the case.

"A decision was taken that the Supreme Court should be moved to strike down the Ordinance as *ultra vires* of the Constitution. It was felt that there should be two petitions, one by me as a Member of Parliament challenging the President's action, as one that deprived me and my colleagues in Parliament of our right to debate and decide on that issue. The other petition should be by a citizen, preferably by a shareholder in a bank, and should urge that a breach of fundamental rights had taken place by reason of the manner in which the banks and their shareholders were sought to be expropriated. Cooper volunteered to sign the second petition."

Masani goes on to narrate how the then Jan Sangh President Balraj Madhok readily agreed to be a co-signatory to the petition. "I was not particularly fond

of the Jan Sangh or its works, but my experience of working with Madhok had been most encouraging."

In his narrative Masani also bemoans the reluctance of some leading citizens to join as Cooper's co-signatories. He wrote: "It is sad to recall that after several calls on several leading citizens of Delhi of both sexes, it was found that poor Dr. Cooper would have to 'go it alone'. So much for the public spirit of the capital's citizens. It needed three men from Bombay to look after their liberties!" Masani comments dryly.

The 15-page writ petition was filed in the Supreme Court on the morning of Monday 21 July by Masani/Balraj Madhok as Parliament Members and Cooper as a citizen and bank shareholder. The Supreme Court granted a Stay Order.

But the last word was with Prime Minister Gandhi. "As soon as Parliament reconvened after the weekend" records Masani "the Prime Minister and her Cabinet were ready with a Bill which was to take the place of the Ordinance. Despite the matter being *sub judice*, the Government went out of its way to introduce the Bill on 25 July and rush it through Parliament. This was obviously to forestall the Supreme Court and to face the court with a *fait accompli*. The manner in which this was done was undoubtedly disgraceful but there was a steamroller majority for the Congress, made up of the Prime Minister's supporters and the Communist Party. We did our best to block the maneuver but without success."

Masani also records in his *Memoirs* that "the

Banking Companies (Acquisition and Transfer of Undertakings) Bill was rushed through both the Houses of Parliament and by 9th August 1969, the government had managed to secure the assent of Chief Justice Hidayatullah, then acting as President in view of Giri having become a candidate for the Presidential elections. Our appeal to Chief Justice Hidayatullah to desist from putting his signature to the Bill was unsuccessful."

In the light of these developments, Cooper converted his petition into an appeal against the Act, while the petition filed by Balraj Madhok and Masani was allowed to be withdrawn. The court heard Cooper's appeal which lasted over several months, and in February 1970, the Court declared certain parts of the Act *ultra vires* mainly to do with compensation for the shareholders. The Bill was passed in Parliament in March 1970 and "this" wrote Masani "marked the last chapter of the story of the destruction of Indian banking as an independent organism in India's economic life".

Nine months later on 16 December 1970, there was a discussion in the Lok Sabha on the Management of Nationalized Banks. This gave Patodia the opportunity to participate in the debate on the floor of the House whether the nationalization of the 14 major banks in the country had helped or hindered India's development; whether the objectives were accomplished; whether the level of services which were available to the customers was being maintained and how autonomous were the banks functioning.

"Before nationalization" Patodia pointed out

"these banks functioned efficiently under the control of the Reserve Bank of India (RBI) which had developed an expertise and competence in banking affairs. But after bank nationalization, the RBI had been deflated and relegated to the background; a new force in the form of the Finance Ministry's representatives holds the power. These representatives of the Finance Ministry interfere with the functioning of the RBI and dictate the management of the nationalized banks. They have become super-bosses in the banking institutions. Their commands must be followed. Although they do not have any expertise in banking matters, they have started interfering in the day-to-day activities of banking also.

"One argument put forward by the Government at the time of nationalization was that monopoly control over banks must end; monopoly in the hands of a few directors must end. At that time at least the so-called monopoly was shared by hundreds of directors of those banks. Now it is concentrated in the hands of the Finance Ministry and their representatives; it is a much worse kind of monopoly." In other words, what was not a monopoly when there were privately held banks competing with one another, became a monopoly when 14 leading banks were nationalized and became state-owned.

Continuing his intervention, Patodia went on to say "The Government had also given an assurance that the element of competitiveness of the Banks would be retained and that these banks would be permitted to function, in competition with each other, so that service does not get deteriorated and customers continue to

be well looked after. That principle had been completely given up. All the 14 banks were functioning under the thumb and direction of the Finance Ministry and whatever the Finance Ministry decided was applicable to all the 14 nationalized banks.

"Service to the customers has deteriorated beyond imagination in the eighteen months after they were nationalized. The principal objective of nationalization was to make the Bank services available to weaker sections of the society and to extend facilities and loans to farmers and small entrepreneurs." Patodia suggested the Finance Minister or his representatives should move around the country and ask bank borrowers whether they were happy and what kind of service they are getting? "Corruption was rampant" he said. "Even an ordinary farmer or a small entrepreneur, unless he is in a position to please the officer of the bank, is not able to get any loans." As for delays, Patodia shared his experience. "I had the privilege of meeting in my constituency, farmers in Sirohi and Jalore districts. The formalities prescribed by the banks are so difficult; the documents that are to be executed are so complicated that it is difficult, if not impossible, to fulfill all those conditions for a poor farmer. He moves from pillar to post continuously for two or three months before a loan of Rs.3,000 is sanctioned in his favour. Was this the purpose for which the banks were nationalized?" he asked.

"Cheques are not encashed and business documents not presented to the parties for weeks together and remittances are lost in transit. There have been innumerable cases of complaints that banks have

refused to accept notes of smaller denominations, although legally they cannot refuse. Courteous and smiling faces of bank officers and employees are a rare feature. The officers and the employees have become obstinate and rude. The customers are not happy by the service they are getting now."

While welcoming the fact that, in the eighteen months after nationalization, nearly 2,000 branches had been opened, he asked if these new branches were really taking care to see that deposits were mobilized. "According to the figures available to me" he said "mobilization of deposits is stagnant and, in the course of eleven months from December 1969 to November 1970, total increase in deposits was of the order of merely Rs.406 crores as against Rs.323 crores in the corresponding period of last year. Total growth in deposits should not, in any case, have been less than about Rs.700 crores. On the other hand, the expenses are rising. As it is now, the banks are charging 12% rate of interest even from the small farmers and small borrowers. Did we nationalize the banks so that the borrowers would be charged such high rates of interest?"

Patodia suggested there should be guidelines for the banks to charge rate of interest not more than one and a half per cent over the bank rate insofar as farmers, small entrepreneurs and the weaker sections of society were concerned. Then we can understand that one of the objectives has been fulfilled by nationalization.

Drawing attention to the elaborate structure of

the Banks' management and representation of state holding, Patodia pointed out that "there was no provision for consultation with the bodies who represent the depositors in the selection of such representatives. There should at least be formal consultation so that the persons selected by the Government are competent to represent the depositors.

"As for the representatives of farmers, a time will come very soon in future (remember Patodia was speaking in 1970) when farmers will form the biggest number of borrowers from the banks. The interests of the farmers vary from place to place, from region to region. Therefore, it is not enough to have one representative of farmers. There should be at least two representatives of farmers on the Board of Directors, one representing the north and the other representing the south.

"Then there is discretion with the government to appoint five directors to represent various interests. But there is no reference to representation for trade and industry. Even today (1970), trade constitutes about 15 per cent and industry constitutes about 64 per cent of the borrowings of the bank. I am sure the Hon'ble Minister will agree that these sectors which control as much as 80 per cent of bank advances are not completely ignored and left unrepresented. So, let the Hon'ble Minister come out with a definite assurance that out of the four or five directors who are to be appointed by the government at their discretion, at least two would be from trade and industry."

When the then Minister of Finance (Shri Y. B.

Chavan) interjected: 'What can I do when there is no provision in the Act?' Patodia responded "I want an assurance that you will see that out of the five persons, two would be such who are competent to represent trade and industry.

"As for the representation of employees on the Board of Directors, I have one small suggestion. It has been provided that any union which has a membership of 15 per cent would be considered a representative union. In this country there is already a mushroom growth of trade unions and the multiplicity of unions has been affecting our economy. In the banking sector the growth of multiple unions must be stopped. So, I have suggested in my amendment that only such union which controls a membership of not less than 50 per cent should be considered to be the representative union."

Before concluding, Patodia made a plea that the element of competitiveness and the autonomous character of banking was retained. This implied that the interference of civil servants and the Finance Secretary be reduced to the minimum on the lines of some of the state-owned banks in West European countries and the role of civil servants on the Board of nationalized banks be confined to offering advice.

How Statist Policies Retarded Growth

On 30th April 1969 intervening in a discussion in the Lok Sabha on the Finance Bill, Patodia took forward Minoo Masani's "Four Fallacies" theory by reiterating the fact that the State in India had "acquired greater and wider control over key economic activities requisitioning more and more finances by raising taxation, by borrowing within the country and outside and by resorting to deficit financing". He wouldn't have known that in less than two months thereafter, Mrs. Indira Gandhi would nationalise 14 major Banks in the country and acquire even more control over the Indian economy.

He pointed out that while "Tax revenue had risen sharply from Rs.627 crores in 1950-51 to Rs.1350 crores

in 1960-61 and to Rs.3433 crores in 1967-68, borrowings, including external borrowings, of the Centre and the States had gone up from Rs.3056 crores in 1950-51 to over Rs.17,000 crores during the same period.

"This meant", said Patodia "a shift in the savings from the society's hands into the hands of the State." He reminded the House that "this was done under the specific pledge that the finances so raised would be utilized for improving the well-being of the people, for improvement of housing, for providing employment and ensuring the minimum requirements of the citizen."

To prove that the pledge was not being kept, Patodia reeled off figures that the situation was worsening instead of improving:

- Rising Unemployment: Over 70 lakhs which included thousands of graduates including qualified engineers.
- Growing illiteracy had gone up from 29.8 crores according to the 1950-51 census to 34.9 crores; in other words, "even 20 years after independence 67 Indians out of every 100 in our country did not know how to read and write".
- Housing Shortage: The shortage in April 1966 was 7.41 crore units. "Every year 12 million are added to the population. Even to maintain the shortages of housing at this level there was need to construct more than 2 million houses every year; whereas total construction was less than one million. With each passing day the problem was getting more acute.

- Consumption of Basic Necessities: The standard of living of the lower middle class and the poorer sections of the community was getting lower instead of getting better. Their level of consumption of basic necessities of life like cloth, foodgrains, sugar, edible oils, etc. was deplorable. Compared to 1961-62, consumption of cotton cloth came down, from 14.8 metres to 13.8 metres in 1966-67; in foodgrains, down from 170 k.g. to 147 k.g. and in edible oils, it had dropped from 4.2 k.g. to 3.4 k.g. *Per capita* income had shown no increase during the whole of the Third Plan. Calculated at 1948-49 prices, it was Rs.302 in 1963-64 and Rs.301 in 1966-67.

"Despite so much acquisition of wealth and borrowing by the State, why was the economy in such a sorry state; where had the money gone" asked Patodia and answered:

- The rising consumption expenses of the Central and State governments. The total consumption expenditure of the Central and State Governments went up from Rs.930 crores in 1954-55 to Rs.5,000 crores in 1968-69. By higher taxation, the Finance Minister had transferred the wealth of the people into the hands of the State. Had such savings been left in the hands of people, they would have been re-invested either in capital formation or in other economic activities. Appropriated by the State, the resources were mostly spent in consumption expenditure and in other non-productive areas like subsidies and PSU losses.
- Constant deficit financing by the government. In

the ten years between 1958 and 1968, deficit financing had increased to the tune of Rs.2500 crores. If deficit financing had been accompanied by an equivalent rise in production, it could have at least been justified. This did not happen. In fact, it only resulted in creating more inflationary pressures and rise in the price index.

- The continuing losses in the public sector resulted from idle capacity and over-employment. Patodia predicted that "with an investment of about Rs.3500 crores, the losses were expected to go up by Rs.35 crores in 1969."

Patodia drew attention to the lop-sided observations by Prime Minister Indira Gandhi at her Party's A.I.C.C. session on 27 April, 1969, on the performance of the public sector. She said that the gestation period of PSUs might go up to 15 years. In other words, the PM propounded an absurd theory in economics; because by "whatever standard, anywhere in the world, all worthwhile capital equipments are liable to become obsolete after 15 years; with modern technology the gestation period is even less, never more than five years".

"The Prime Minister justified the public sector by pointing out that, for the public sector, the profit motive is not always a consideration. This justification is untenable. "It is against the basic principle of an industrial economy. Also, presuming but not admitting that there is no profit motive behind it, where does the benefit of the 'no-profit' go? Who is benefited by it?"

To a claim by the Finance Minister that agriculture is capable of bearing something more in terms of taxes while examining the cost of agricultural production in India, Patodia pointed out that it was higher than what prevailed in most other countries. "Our cost of fertilizers is high, cost of pumping sets is high and cost of transportation is high because distances are long. Storage facilities are not available. So, by all counts, our cost of production of foodgrains is higher. If the Finance Minister sincerely feels that further growth is necessary these imposts do not go well with the spirit of growth."

Despite the fact that the conditions for economic growth (in 1969) were promising because "agricultural crop was good; exports were picking up and, for the first time, after many years, there was price stability, government could have "taken a bold step by giving reliefs, by creating conditions for making the economy growth-oriented. Have we taken advantage of it? No. We have adopted the old policy of raising taxes and squeezing savings from the society".

"I am very sorry to say, in conclusion, that a golden opportunity has been lost and the Finance Minister (Mr. Morarji Desai) has missed the bus."

Earlier, during a debate in the Lok Sabha on 2nd April 1969 on the Demand for Grants of the Ministry of Industrial Development, Patodia seized the opportunity to point out that next to agriculture, which provided the largest employment in the country and most of which is self-employed, industry was the largest single source for employment in the private

sector accounting for the lion's share. Even here, the numbers of employed had fallen from 68 lakhs in 1966 to 65 lakhs in 1969 whereas, during the same period, the population had increased.

"Between 1962 and 1967 while the average annual rise of GNP in Japan was 8.7 percent; Taiwan 7.6 percent; South Korea 7.6 percent; Thailand 4.7 percent; Turkey 4 percent; Pakistan 3.2 percent; Malaysia 3 percent, in India it was a mere 1.3 percent" he asserted, adding that this was "the end-result of various industrial and economic policies adopted under different Five Year Plans by the Government over many years."

Commenting on the working of the Public Sector Undertakings (PSU) he observed that the Bangalore based PSU Hindustan Machine Tools, had five different units, two in Bangalore and one each in Pinjore, Kalamassery and Hyderabad. The five units together were capable of manufacturing 5000 machines annually. Production had been declining from a peak of 2665 machines to only 1809 in 1968-69. It was expected that the total production would not exceed 1500. In other words, Hindustan Machine Tools was working only at 30 percent of its rated capacity. This was happening because, in the case of Hindustan Machine Tools, the government's policy was the needless creation of additional capacity." Despite the fact that the two units in Bangalore were capable of making as many machines as were needed in the country, the Government went on increasing the capacity under political pressures of different regions without any economic consideration. As a result, the

units in Punjab, Andhra Pradesh and Karnataka, all are working far below their rated capacities, thus raising cost and incurring losses.

The total number of persons employed in Hindustan Machine Tools was 12,706. Of these, as many as 1673 were managerial and supervisory staff, "a proportion never known before" Patodia observed "resulting in very high overheads. This was true of practically every important public sector project – idle capacities, wasteful investment, over employment, lower efficiency, and larger overheads. Unfortunately", he said "these public sector projects have become tools in the hands of politicians with vested interests."

Growth of the private sector, on the other hand, was being deliberately retarded. The car industry, for example, was the highest-taxed industry. For instance, "an ambassador car in Calcutta is available on road at about Rs.19,600. Of this, taxes both direct and indirect account for Rs.6700 and Rs.1044 towards dealer's commission leaving only Rs.11,800 with the manufacturer to meet his manufacturing and other costs. Thus tax element on the basic cost comes to as high as 50%. According to a global survey conducted on the car industry it was found that the tax element in India was the highest.

"What about foreign collaborators?" Patodia explained that in the case of a foreign collaboration agreement, "three things were involved – industrial license, foreign collaboration agreement and import license. Thanks to the rules and regulations of the Government all the three move in three different

directions and by the time a foreign collaboration agreement is finalized, the industrial license expires. The foreign collaborator is disgusted and runs away. You must understand", Patodia said for the understanding of the members of the Lok Sabha that "foreign collaboration and investment are a scare commodity available only under deserving conditions. In Malaysia it takes two years to start a factory. In India it takes two years to obtain only a permission. Very few investors therefore are attracted to India for investment."

"It is known the world over that a rise in industrial activity is the only effective barometer for rise in the economic growth of a nation. There is no doubt that controls, permits and licenses have jeopardized, retarded and inhibited economic growth.

"Why do they not remove these controls? When they know very well that these permits and licenses are working against economic growth. There are two reasons: First, after so many years of controls and licensing, there is a vested interest in continuing with such controls as they come in handy for distributing favours and advantages. There is no use blaming officers like the Secretaries or their juniors when the higher-ups themselves are involved. Another reason is that these permits and licenses give Government a negative power, the power to delay, to say 'no', to refuse, to postpone and to prove that the administration is superior to the individual."

Patodia blamed the government for its attitude which was rejected all over the world, many years

back, an idea of the 19th century that has been discarded. Today it is a world of international competition and rising efficiency. We have first of all to decide whether we are going to live in isolation or we are sharing, participating and competing with the rest of the world. We have to recognize the development of science and technology. Our industrial units have become too small and research is expensive with the result that we are unable to devote enough resources for research and development. Today is a day of mergers. There was the famous merger of AEI and GEC and, as a result of that merger, those two companies were able to put up a space laboratory which will conduct research in respect of their products which means that they will be able to produce items at most competitive prices in the world.

"The giants of India are not even pygmies of the world. The world's largest automobile enterprise General Motors, employs 7,25,000 persons and their net profit every year, is almost equal to the budget of the Government of India. That is the type of competition we are facing. Small size means higher cost which, in turn, means lower exports.

In the light of its poor performance, Patodia suggested that the "Ministry be renamed as the Ministry of Industrial Obstruction because it is out to obstruct development and growth."

Reforms : Prospects and Challenges

The 4th General Elections held in 1967[i] was, in many respects, a "game changer" in India's politics. It saw a dramatic reduction in the majority commanded by the Indian National Congress (INC). In the 1st Lok Sabha (1952-57) it was 364 against a combined opposition of 125[ii]; in the 2nd Lok Sabha (1957–62) it was 371 as against a combined opposition of 123; in the 3rd Lok Sabha (1962-67) the strength of the INC was 361 and that of the combined opposition 133. In the 4th Lok Sabha (1967-71) the INC had 283 members and the combined opposition 237. In the first three General elections the INC was led by Jawaharlal Nehru who died in office in 1964 and the 4th by his daughter Indira Gandhi. She was to reign from 1966 to1977 and again from 1980 to October 1984, when she

too died in office assassinated by her own bodyguard.

During her regime, particularly between 1969 and 1971, Mrs. Indira Gandhi nationalized 14 major Banks in the country; abolished the Privy Purses of the Princes; broke up the INC and, in a war with Pakistan, dismembered that country which led to the emergence of a new nation – Bangladesh. This last event skyrocketed Mrs. Indira Gandhi's popularity. She took the opportunity to call for general elections one year ahead of schedule. Thus the term of office of the 4th Lok Sabha lasted only four of its scheduled five years. In the 1971 General Elections she all but routed the opposition winning 352 seats for the Congress(I) or Indira Congress, as it came to be known, and the strength of the combined opposition was reduced to 166. The 5th Lok Sabha had the longest term (1971-1977) which included 18 months of dictatorship in the name of an 'Emergency' when a majority of opposition leaders, other than the communists were clapped in jail. In the general elections to the 6th Lok Sabha in 1977, the Indira Congress was defeated, Mrs. Gandhi herself was unseated and a new party, the Janata Party (an amalgamation of all parties in the democratic opposition) won a resounding victory with a two-thirds majority in the Lok Sabha.

Sadly, internal dissensions in the Janata Party led to its collapse after little more than two years in office. In the general elections of 1980, Mrs. Indira Gandhi's Indira Congress which had been recognized by the Election Commission as the Indian National Congress (for its performance in the 1971 elections) returned to office with an overall strength of 353 as against the

combined opposition strength of 176. The Janata Party split into two (the Janata Party and the Bharatiya Janata Party; the latter comprising the Jan Sangh component and popularly described by its acronym BJP). The Janata Party further splintered into – a number of Janata Dals with a variety of prefixes.

Yet, the Janata Party's term in office (1977-1980), best described as an interregnum, did see changes in the political economy – a refreshing air that held out hope for the future as this excerpt from a presentation by Patodia at a Seminar on the Economic Situation in 1979 organised by the Indian Chamber of Commerce, Calcutta, revealed. The Chief Guest at this Seminar was Finance Minister H. M. Patel.[iii]

"Over the last one and a half years (between 1977 and 1979), we could see three distinct trends on the economic front of India. Firstly, agricultural and industrial production is very satisfactory. This year (1979), we would be having a very good agricultural crop of foodgrains as well as cotton.

"In terms of industry, as against a small growth of 3.5%, we may end up with a growth of nearly 8% this year. This has been possible due to liberal imports, and better utilization of capacities among other reasons. We have been successfully able to arrest inflation and contain prices.

"The second visible trend is that various restrictions and controls which, until two years ago, have been impeding the growth of the economy at various points were selectively liberalized, modified and simplified. And, the third distinct trend is that

there has been a greater stress on the growth of the rural and decentralized sector".

Patodia went on to point out that among the very first steps taken by the government were to appoint two important Commissions to enquire into the structure of taxation. A third Commission was to be appointed to look into the functioning of controls.

"Amongst other steps all restrictions on the movement of foodgrains were removed. Import policy was considerably liberalized and a large number of items were put under Open General License (O.G.L.). Foreign trade was made easier.

"In the international monetary market, by introducing frequent adjustment of the rate of exchange, the Indian rupee was considerably strengthened.

All these measures are in tune with a liberal economy which also reflects the personal views of Mr. H. M. Patel".

"This, however, is one side of the picture. There is another side which is not very encouraging. Investments are not picking up, shortages are mounting. We may be able to control shortages partly by increased imports. But if additional imports consist of such products which can be produced domestically, it is bad.

"I believe that somehow, after over 30 years of independence, the structure of the economy has developed in a manner which is detrimental to the

consumer who is at the centre of all economic activities. At the moment (1979), our net national product is around Rs.70,000 crores of which the agricultural sector accounts for nearly Rs.35,000 crores. The Agricultural sector is not taxed. As such the burden of direct and indirect taxation which constitutes nearly Rs.15,000 crores amounts to nearly 45 per cent on the non-agricultural sector which indeed is very high and which in turn results into high cost of production.

"As a result in India today we are confronted with a very peculiar situation where the wages are low but the cost of production is high. This process must be reversed if we want to grow in a real manner. This can be done only if you reduce taxation, direct and indirect, at all levels, increase investments and raise production. Otherwise I feel, Sir, it may not be possible.

"The present structure of taxation in the country does not leave much investible surplus in the hands of the people. In the case of the business sector the incidence of income and other taxes is anywhere around 65 to 70 per cent. Adding several disallowances made by the tax officers, the incidence becomes still higher leaving little behind for further investment. As a result the entire private sector becomes more and more dependent upon government financial institutions. The formalities and procedures are very lengthy and complicated which, at times, take as much as six months to be processed by different government departments. Each department has to be independently satisfied. Additionally, there are restrictions on the appointment of directors, and their remunerations, etc., so much so that even if you want to change a comma,

you have to take permission from 12 different departments. These indeed are the impediments to growth. So, Sir, if the private or free enterprise sector is necessary in the opinion of the government, then you have to extend to them needed facilities and appropriate tax structure permitting them to grow and produce more.

"Sir, the third important point is the growing domination of the public sector over the last few years. In 1976-77, out of 101 large companies in India, 52 were in the public sector controlling 79.3% of the assets and 74.4% of total sales. The ten top companies in India are public sector companies. Investments in these companies have resulted into major diversion of investments from the private to the public sector, ending with slow rate of growth and negative returns. I wish to make a suggestion that, in order to compare the performance of these two sectors, it may be useful that both at the government level and at the private level, at the level of Chambers of Commerce, a comparative study is conducted of selected private sector units and public sector units which will indicate and evaluate these companies in terms of cost of investment, return to the shareholders, employment generated and total taxation paid to the Central and State Governments. Simultaneously, it will also evaluate the extent of accumulated losses".

The above is a comprehensive reproduction of Patodia's presentation. He was addressing a Finance Minister who was not a socialist but a liberal, and the points made were very receptive to his ears.

Unfortunately, when Mrs. Indira Gandhi returned

to power a year later, it was back to the regressive policies, a hallmark of Nehruvian socialism.

If one were to borrow the two words that were to become popular in less than a decade, the Janata Party's attempt at *glasnost* and *perestroika* did not have a chance to develop.

Some 12 years later, when the country's sheer economic survival was at stake, Narasimha Rao an Indira Congress prime minister who was not a member of the Nehru-Gandhi family was compelled to jettison Nehruvian socialism and liberalize the economy. This provided Patodia an opportunity to discuss an assessment of the economic reforms initiated in 1991. He presented a Paper at a seminar on 'Liberalization of the Indian Economy' held under the auspices of the Project for Economic Education in Mumbai on 4 April 1992. Though over 20 years have elapsed, the position has been so well summarized that the text is conveyed, for the ease of the present reader, by changing the tense and condensing the text for easier readability.

The jettisoning of the Permit-License-Quota Raj to keep the Indian economic ship afloat was perhaps the second most important step taken in free India. The first was of course the attainment of freedom from British Rule!

Though this "second most important step" took a long time coming, it was welcome, nevertheless. Better late than never as the old adage goes. By 1991 the economy was in a state of deep economic turmoil with inflation ranging at 18%, foreign exchange

reserves down to $1.1 billion, enough for our two weeks requirements only. Credibility reached such a low level that no country was willing to advance or lend to India. India had to mortgage its gold reserves.

Political and economic developments elsewhere in the world including the collapse of the communist regime in the USSR and its satellites strengthened the need for change and reforms. The signals were clear. The government headed by Narasimha Rao with Dr. Manmohan Singh as Finance Minister gathered the political will and decided to act.

Major economic reforms, which in the earlier years were considered to be nearly impossible, were introduced. Nearly 80% of the industries were de-licensed. MRTP restrictions on assets were removed. Foreign Trade was liberalized, the Indian Rupee was devalued and made partially convertible. Foreign investment was liberalized permitting up to 51% equity holdings by overseas investors with a provision for higher percentage in high tech areas. The private sector was allocated a major role in the economic growth of the country.

The two budgets presented by Manmohan Singh within eight months of his appointment as Finance Minister reflected a genuine effort by the new Narasimha Rao led government to rationalize the fiscal system.

All these measures did make a positive impact on the Indian economy. Within a short period of eight months the deficit was reduced, foreign exchange reserves improved and the trade balance was brought

under control.

At the macro level the extent of economic transformation brought about in the first eight months was more than the sum total of what was done (or not done) in the previous 25 years.

But, even the success of measures then introduced depended largely upon many supporting measures and steps that still needed to be taken at the micro level. What were those measures which needed to be taken?

- For nearly all activities the implementing authorities are generally the local administration controlled largely by the state government agencies. There is therefore a need to ensure that policy pronouncements made by the Centre have the desired impact by ensuring that they are adopted and implemented by the States and other agencies.
- Scarcity of resources will be a major constraint in the course of the next 10 years. The solution will depend largely upon the extent of success the Central and State governments have in economizing on expenses, particularly in the wasteful areas.
- Some facts as revealed in the finances of the Central and the State Governments are illustrative. Total wage bill of the Central and the State governments put together constitutes as much as 40% of their aggregate receipts. This is very high by any norm and has to be brought down significantly. As revealed in the budget papers of 1992-93, the number of Central Government employees is expected to rise from 41.89 million to 42.34 million

and their total remuneration from Rs.11,897 crores to Rs.12,991 crores. According to these figures, expenses on this account will increase as much as Rs.1094 crores.

- It has been estimated that every year there is a natural reduction of about three percent in the number of central government employees by way of retirement, resignations, deaths, etc. As it is, many departments of the government are clearly overstaffed which need to be rationalized. Even if half percent is kept apart for fresh recruitment to meet some emergent requirement, it is possible to reduce the number of employees by not re-recruiting the remaining two and a half percent. This one single measure alone, within a period of three years, will save Rs. 2000 crores to the government and reduce over employment.

- Another area of drainage is the working of a large number of public sector undertakings under the Central and the State Governments. Those under the Central government, if the oil sector is taken out, have given a net profit of Rs.69 crores in 1990-91 which is less than one percent of the capital employed. State Transport Corporations all over the country have lost Rs.362 crores in 1991-92. Expenditure of the Food Corporation of India is more than the total cost of grain handled by them. Fifty percent of these expenses can be saved by giving out some of the operations on contract. There is no reason why PLF (Power Load Factor) of State Electricity Boards, given proper management, should not, on an average, improve to 60%. Every 1% increase in PLF produces additional energy

worth Rs.100 crores, reduces coal consumption by Rs.30 crores and conserves additional investment by Rs.500 crores. All such loss making units must either improve or be sold out.

- Internal and external borrowings of the country have already exceeded far beyond acceptable norms. Total internal debt alone in 1990-91 including RBI debt exceeded Rs.2,60,000 crores. The burden of servicing has become too heavy for the country to bear. A statutory discipline by invoking Article 292 of the Constitution should be imposed by which every time the government wants to borrow beyond specific limits, it will have to obtain parliamentary approval.

- The paradox of our economy is that whereas the cost of our product is high, the income of the people is low. It has to be reversed. Amongst many other components of high cost the three important factors are high cost of investment, high levels of inventory and high rates of interest. For setting up an identical plant in India, the cost of investment is double compared to that in other countries like Thailand and Malaysia which makes it totally unviable. Under such conditions it will not be possible for Indian industry to compete with the rest of the world. The structure of taxation has to be rationalized and cost of money has to come down. Transport and distribution network has to improve.

- The situation on the balance of payment front is not encouraging. Product development and market research are two necessary ingredients for increasing our exports. Other important

preconditions are the improvement of infrastructure, more particularly, port facilities, surface transport and communications.

- Permitting import of gold is a step in the right direction. Silver is another item where, according to one estimate, as much as 1200 tons are smuggled every year. As in the case of gold, import of silver should also be legalized with imposition of import duty.

- The problem of unemployment continues to hang prominently on the Indian scene. No economic development will be worth its while until a solution is found to this problem which is growing more acute year after year. The Eighth Plan document proposed to provide full employment in 10 years' time, but it has failed to spell out any specific plan or manner in which this can be achieved. At the present rate the number of unemployed persons will be more after ten years than they are today. Effective control in the rise of population is the first important necessity. It also needs to be clearly understood that industry by itself can never become a major provider of employment. It has to come from services and ancillary activities. Construction of houses and building up of roads will be the two most important activities to provide employment on a large scale.

- Recent economic reforms and many major economic initiatives taken by the Government have indeed placed a much greater responsibility on India's business community. After forty years of state control the initiative has shifted to the business

> community. The days of protection and shortages and of making easy money are gone. Indian business will now have to grow under the difficult conditions of competition where only the best can survive. Options are no longer soft. They will have to pay much greater attention on research and development, on expanding markets for Indian goods, on improvement of quality and on bringing down the cost of manufacture. In the new climate of free enterprise and competition, industry and business have to grow fast. We have no time to lose.

This list of issues which needed to be acted upon is largely valid even today as it was in 1992! The stuttering of the reforms process after the brilliant start in its early years can surely be attributed to the neglect of most of the conditionalities prescribed by Patodia in his paper.

FICCI :
Serving Trade and Industry

Until the early 1900s major commercial and industrial activities, including banking, insurance and foreign trade, were largely controlled by European Houses with their offices mainly in Calcutta. Leading Chambers of Commerce, at that time, were also supported or controlled by those Houses and the Indian business community, as such, did not have much of a united voice of its own.

Over a period, with increasing activities, Indian business houses also began to realize the need to constitute a suitable platform for voicing their collective views independent of foreign business houses. The Indian National Congress (INC) also supported the proposition and, at their annual session in Karachi in

1913, the Indian Industrial Conference (affiliated to the INC) passed a resolution calling upon the business community of India to establish representative Chambers and Associations. This was the first major attempt towards the formation of a representative body.

Twelve years later, following constant efforts by leading industrialists including G. D. Birla and Sir Purushottamdass Thakurdass and with the blessings of Mahatma Gandhi and Pandit Madan Mohan Malaviya, the Indian Chamber of Commerce was finally constituted with Dinshaw Petit as the first President. Two years after its formation the name of the apex body was changed to Federation of Indian Chambers of Commerce and Industry (FICCI).

Aligning itself with different regional chambers and bodies around the country, FICCI soon emerged as the apex chamber holding consultations with regional bodies, making representations at various levels of administration and rendering appropriate advice to the Government on various economic issues. Recognizing the representative character of FICCI, the British Government nominated Sir Purushottamdass Thakurdass, G. D. Birla and M. Jamal Mohammed Sahib to attend the Second Round Table Conference.[i]

With the passage of time, particularly after attaining independence and with the growing importance of domestic business in an independent India, FICCI acquired a leading representative role for business and industry. In the years that followed with growing industrial and trading activities and expansion of international trade as also with the rapid strides

made in the IT sector and communications, the scope of FICCI expanded much beyond India covering global economic issues in addition to domestic ones, participating and advising government agencies on all major economic issues of national and international importance.

Himself from a business family, Patodia had a natural flair for economic subjects right from his student days. As a Member of Parliament, apart from participating in other national and political deliberations, as already evident from the foregoing chapters, he also participated actively in several economic debates particularly relating to finance, industrial development, trade, banking and communications.

After completing his term in the Lok Sabha he started taking a little more interest in Chamber activities and was elected a member of the National Executive Committee of FICCI in 1971. In 1985, he went on to become its President.

The working of FICCI, in earlier years, was broadly designed to deal with economic operations which were simple and largely confined to the country. After independence, economic activities multiplied. In a highly controlled economy designed on socialistic lines growth of private enterprise was severely restrained while State enterprises acquired increasing control over major economic activities including manufacturing, mining, banking and transport. The savings of the community remained low due to high rates of taxation and the economic growth of India, until the early 1980s, remained abysmally low. In such

an economic environment the role of FICCI was somewhat confined to deliberating among its members, holding meetings with ministers and secretaries and submitting memorandums on different issues from time to time.

During those years, while other countries including India's neighbours registered impressive growth, the Indian economy continued to suffer. And, it was only around 1984-85, after a realization of its poor economic growth that the government finally decided to act. Several reform measures were introduced under which 25 industries were de-licensed, the application of MRTP Act was made less stringent, taxes were reduced and foreign investments were liberalized.

In the new economic environment the business community extended full support and cooperation. The results were promising as reflected in significant growth in investment and production, larger opportunities of employment, better flow of foreign investment and higher collection of taxes. With such a major transformation of the Indian economy it became imperative for FICCI to reorient its approach to deal with the changing economic horizons. After detailed deliberations Patodia initiated much needed reforms in the working of the FICCI Secretariat to ensure proper coordination with the Government in the shaping of various economic policies including international treaties.

To encourage free and frank deliberations between Government and the Business Community, on the recommendation of Patodia, a small informal

forum calling itself the 'Wednesday Group' was set up. This initiative proved to be very effective. The Group used to meet once a month to deliberate on a specific economic subject to which, apart from business leaders, ministers and secretaries connected with the subject were also invited. The discussions were free and frank and helped the government representatives better understand the business point of view.

At the political level until the late 1960s and early 1970s the governments at the centre and in the states were almost totally controlled by the Congress Party. Other political groups, considerably smaller in size, did not have much influence in the shaping of economic policies. The picture started changing from 1967 onwards bringing new political parties into the mainstream leading to a gradual change over to a more federal polity. In line with the changing political contour, FICCI too extended its operations so as to remain in contact with all political parties represented in the Parliament many of which were influential in their own states.

Under the new economic dispensation emerging in India and considering the rapidly increasing economic activities around the world, the growing involvement of government agencies, international treaties and increasing complexities, it became imperative that FICCI as the apex body of trade and industry and the government should, to the extent possible, present a common and joint approach at international forums. To achieve this objective, Patodia presented FICCI's case ably with the then Prime Minister Rajiv Gandhi and Finance Minister V. P. Singh

suggesting that during the Prime Minister's visits abroad, wherever possible, he should address joint meetings of business leaders from that country and India. After considerable persuasion, the Prime Minister agreed to meet and address joint meetings of the Indo-French Joint Business Council in Paris on 6th June 1985 and the Business Cooperation Committee of India and Japan in Tokyo on 28th November 1985.

1985 was observed as the 'India Festival Year' in France and our Prime Minister was invited on the occasion as a Chief Guest by the French President. While addressing a joint meeting of French and Indian business leaders in Paris, Prime Minister Rajiv Gandhi praised the progress made in high technology areas by France and invited French cooperation in various fields particularly in aeronautics and oil exploration.

In Tokyo, applauding the long standing cooperation between the two countries, the Prime Minister complimented Japan for extending support for the promotion of industry in India. He also outlined various economic measures, spoke of the new economic climate in India and invited Japanese business to be the partners in India's economic growth. In particular, he invited Japanese business to help increase exports from India.

FICCI, in its efforts over the years, achieved successful results in establishing close economic cooperation with several other countries and by the year 1985 it had already signed Joint Business Council Agreements with 31 nations. Also during his tenure as FICCI's President, Patodia led Indian delegations

to several counties, and also played host to several delegations visiting India including Her Majesty Queen Beatrix of the Netherlands, H.E. Miguel d le Madrid, President of Mexico, H.E. Dr. Kamal El-Ganzouri, Deputy Prime Minister of Egypt, Sir Sridath Ramphal, Secretary General of the Commonwealth of Nations, among others.

During his term of office, Patodia was invited to speak by several leading institutions and organisations including the Planning Commission; the Federation of Indo-German Societies in India; the Indian Institute of Foreign Trade; Forum of Financial Writers; the TISCO Management at Jamshedpur; the National Defence College New Delhi; the United Writers Association, Chennai; and by the New Delhi Traders Association on the occasion of their Golden Jubilee Celebrations.

When Patodia took over as President in 1985, trade was already an integral part of FICCI's activities. Patodia sharpened FICCI's focus. He accepted an invitation to address the Golden Jubilee Celebrations of the New Delhi Traders Association on 25 May 1985. In his address he recalled the qualities and integrity of the country's trading community and the respect they enjoyed in society. He also took the opportunity to highlight the immense contribution made by traders in the different fields of economic activity. Describing the hardships and discriminations suffered by the trading community due to very complex laws and high rates of taxation, Patodia called upon the Government to bring about reforms and to remove the hardships suffered by the community. For an abridged version

of this lecture, please read *Appendix 'A'*.

Delivering the Frank Moraes Memorial Lecture on 3 May 1985, Patodia referred to the First Industrial Revolution in the 18th century in Great Britain when the use of steam and coal signaled a major breakthrough in building a modern society. The Second Industrial Revolution took place around 1880 in Germany which recognized the role of electricity as the prime mover. This was followed by the Third Industrial Revolution in the realm of information and communications leading to far reaching and fascinating developments and demolishing old concepts. For an abridged version of this lecture please read *Appendix 'B'*.

Patodia delivered the Raja Ramdeo Anandilal Podar 15th Memorial Lecture in Jaipur, Rajasthan on 22 February 1986 on "Opportunities and Challenges for Business in India". For an abridged version of this lecture please read *Appendix 'C'*.

FICCI hosted a meeting of the Indo-US Joint Business Council in New Delhi on 12th March 1986. It was a very useful meeting in which several Indian ministers participated. Various difficulties and opportunities in doing business in both the countries were discussed in detail. The delegation also took time to call on Prime Minister Rajiv Gandhi and exchanged views with him on economic issues of mutual interest between the two countries.

Towards the end of Patodia's term of office, FICCI organized a major event – The All India Businessmen's Convention on 12th March 1986 addressed by Prime

Minister Rajiv Gandhi. Finance Minister V. P. Singh and Industry Minister N. D. Tiwari also participated. It was a significant event which had the advantage of ministers and senior representatives of the government and leading businessmen from across the country taking part. In his welcome address, Patodia made a pointed reference to the fact that the Indian economy was moving away from a rigid and regulated framework to a new liberal regime based on competition and efficiency. He complimented the Prime Minister for his vision and the broad initiatives taken by him. He highlighted the positive results achieved by way of higher investment, larger employment and increased production. While presenting a blueprint for growth he pleaded for the introduction of more policy initiatives needed to achieve the desired goal.

In his response, the Prime Minister made a pointed reference to the contribution made by industry and trade in the economic development of the country and called upon the Indian society to change its attitude towards growth. He laid stress on better cooperation between the government and business and assured the business community of extended cooperation in the task of nation-building.

Finally, at the end of his term as President of FICCI, the Annual General Meeting of FICCI was inaugurated by the Finance Minister V. P. Singh on 22nd March 1986. It was an important event in which large numbers of business representatives from all over the country participated. In his welcome address as President, Patodia, while complimenting the government on initiating major reforms in liberalization

of the economy, laid stress on the areas which still needed immediate action. He particularly expressed his concern with the high cost economy and adverse impact of different taxes on production/distribution costs. Stressing the need for improving the balance of trade and the growing importance of agriculture, Patodia recommended specific measures for the government. He assured the Finance Minister of the total support of the business community in contributing to the country's economic growth.

The Finance Minister in his address was generous in his compliments to FICCI for its significant contribution and advice on various economic matters and specifically complimented President Patodia for his full cooperation. Taking up various points raised by the business community, the Finance Minister frankly explained the government's point of view and his limitations. He also laid stress on the growth of the small scale sector; the need for stability; creating more opportunities for employment and on inviting business cooperation in rural development activities.

V

Seminal Essays

The Housing Problem

Travelling extensively in his own constituency in the Jalore-Sirohi district of Rajasthan, then the second largest constituency in the country very sparsely populated, with wide stretch of sand and dunes. Patodia almost always came across people living in pathetic conditions in the district without even the semblance of roads having village tracks in most of the areas, the vast stretch of land without a drop of drinking water for miles together and without any respectable house roof for shelter; and travelling around the country he further observed that in many of the rural areas of India the conditions are not very different particularly in respect of housing and roads and realized that the pressing problems of rural India

after food are housing, roads and drinking water.

Connected with these pressing needs, Patodia constantly raised questions in Parliament and participated in debates on these very subjects apart from making repeated representations to the State Government. After long drawn efforts, the State Government finally agreed to some of the suggestions made by Patodia for providing drinking water.

Deeply conscious of the pressing problem of housing in the country, Patodia conducted a detailed survey, prepared a report, discussed and distributed the report amongst members of the Parliament and the members of the Rajasthan State Assembly. The report was widely appreciated as a useful document on the subject.

Even today, almost 50 years after the report[i] was prepared, the problem of adequate housing in the country continues to haunt us.

"Housing, like food, clothing and drinking water, is a basic necessity of life. It has so far (1969) been amongst the most neglected sectors of the economic development of India. The planners who were entrusted with the task of building a welfare society, where basic necessities of life would have priority over all other forms of development, have miserably failed to touch even the fringe of the problem.

Magnitude of the Problem

"In order to give importance to the subject a separate Ministry of Housing and Urban Poverty

Alleviation was created in the Central Government as early as May 1952.

"Acute shortage of housing both in the Rural and Urban areas persists, and even whatever is available is of very sub-standard variety. Most of the houses in rural areas are *kutcha* in the form of thatched mud huts without any strong foundation and not entirely safe. Some figures were compiled by the Government in 1961 regarding housing requirements in the country:

	No. of House-holds	No. of existing houses including mud huts	No. of Pucca houses	Shortage (difference between House-holds & Pucca houses)
Urban Areas	156	141	63	93
Rural Areas	689	651	122	567
Total	**845**	**792**	**185**	**660**

(All figures in lakhs)

"At an estimated rise of 10 million in population every year and 5 persons on an average constituting one household, as many as 2 million new houses are required to be constructed annually to meet the demand of the rising population alone. Actual progress during the Third Five Year Plan had been much slower and as against 10 million houses needed for increased population alone, only 4 million houses (including those in the Private Sector) were expected to be constructed out of which possibly only 3 million could finally be built, leaving a staggering backlog. In addition, another 18 lakh houses were estimated to

have become uninhabitable at the end of Third Plan adding further to the backlog.

"By another assessment made by the Government in April 1966, total shortage of houses in the country was estimated to be 741 lakhs comprising:

114 lakhs in Urban Areas

627 lakhs in Rural Areas

741 lakhs

Investment & Achievement so far

"During the First Five Year Plan about 700,000 houses were estimated to have been constructed under various Public Housing Schemes. During the second Five Year Plan nearly 500,000 houses were constructed.

"A study of various schemes and projects taken up by the Ministry of Housing reveal how ineffective the schemes were to tackle this basic problem. A good part of the finance was wasted on making plans, drawing schemes, holding conferences, employing large secretariats and passing high sounding resolutions, and yet achieving hardly anything worthwhile.

Bold approach needed

"The problem of housing is more acute in rural areas where 80% of the country's population live and therefore, the Rural Housing Programme will have to be taken up on a much wider scale. Only 3% of the rural population lives in pucca houses and the shortage of houses in rural areas which was estimated at 627

lakhs in April 1966 has already crossed the mark of 700 lakhs by now. The problem of Urban Housing is also very acute. The gradual shift of population from Rural to Urban areas will further add to the problem.

"With such a colossal problem to be tackled, an amount of nearly Rs.500 crores which was earmarked in the 4th Five Year Plan proved to be hopelessly inadequate and insignificant. At this rate the progress in the construction of new houses will not be able to keep pace with even the rise in population and the situation will continue getting worse. Anything short of constructing 50 lakh houses a year will not be able to bring this problem anywhere near to solution. If such a programme is considered too ambitious it may start with a programme to build 10 lakh houses in the first year and raising it to 50 lakh houses in the final year.

"It is only by implementing the programme on such a scale that the effect of the rise in population can be neutralized.

Opportune Time

"The present time seems to be the most opportune for taking up the project of this magnitude.

- Under present conditions when a large number of industries are facing the problem of under-utilization of installed capacities and rising unemployment, a bold programme for house building will generate economic activities on a big scale providing additional employment to the millions apart from making a good use of wide scale unutilized capacities of different industries. In addition, it will also generate huge additional

demand for all varieties of goods and services releasing the forces of economic revival.

- It will provide direct employment to 150 lakh people for every 10 lakh houses constructed per year. Indirect employment will be much larger.
- Once economic activities start multiplying, much of the resources needed in the initial stage to finance this project will be easily generated through larger collections of taxes and greater revenues from Railways, Road Transport, Electricity, etc.
- A programme of such magnitude will also provide an excellent opportunity to mobilize these additional resources scattered around rural areas.
- The implementation of such a programme will have to be a collective effort of the Government, both Central and states and various other public bodies along with the private sector. A separate autonomous independent and integrated body should be set up and may be named as 'NATIONAL HOUSING AUTHORITY' or any other suitable name.
- It will plan and process all the programmes and schemes along with financial layouts, with the Central and state governments and other relevant bodies and will carry out their implementation.
- The Central Body should be able to obtain financing in the form of 90% of the cost as loan from the commercial banks which, in turn, can be refinanced upto 80% by the Reserve Bank. Government or the Reserve Bank should advance to the commercial banks upto 80% of the cost of construction and land,

the balance 10% to be provided by the commercial banks themselves. The total amount should be insured."

Author's Note: National Plan for Housing

After presenting his research paper on housing, Patodia continued to raise the issue in the House from time to time. In this context, on 18th August 1969 in reply to a question raised by Patodia, the Minister for Health and Family Planning and Works and Urban Development confirmed the facts given by Patodia, namely that against a demand of 102.4 million dwelling units in the country pucca units available were only 18.7 million.

The Minister also drew attention to a Conference of Ministers of Housing, Urban Development and Town Planning held in Bangalore, in June 1969, which recommended the constitution of a Central Housing Authority to raise funds both from within and outside the country and operate it in the nature of a revolving fund and that for this purpose, a corpus of Rs.200 crores should be built up out of Governmental allocations, private savings and contributions from international agencies.

A year later, in reply to another question on the subject, the Minister stated:

(a) According to the progress reports received so far from the state governments, construction of 77,213 houses had been sanctioned in rural areas and 5,57,514 houses in urban areas, under the various Social Housing Schemes of this Department, since their inception upto 30 June, 1970. Of this, 47,658

houses had been completed in rural areas and 425,214 houses in urban areas.

(b) A sum of Rs.193.27 crores had been provided in the plans of the States and Union Territories for Social Housing and Urban Development Schemes during the Fourth Five Year Plan. According to the estimates of the Working Group on Housing for the Fourth Five Year Plan (1969-74), India's housing shortage was about 837 lakhs units at the commencement of the Fourth Five Year Plan. The respective urban and rural housing shortages amounted to 119 lakhs units and 718 lakhs units, on the basis that every household should have a reasonably permanent dwelling of its own.

Postscript

The Government policy of housing has been passive throughout the 50 years since Independence.

As briefly stated below programmes for house building have been discussed and finalized repeatedly at various stages.

In 1960, the National Building Construction Corporation (NBCC) was incorporated as a Public Sector Undertaking. In 1969, the National Co-operative Housing Federation of India was set up. In 1970, HUDCO was set up as a fully owned Government Company. In 1976, a National Institute of Urban Affairs was set up. In 1985, a National Capital Region Planning Board was constituted. In 1996, the National Slum Development Programme (NSDP) was launched. In 1997, the Union Cabinet approved the Swarna Jayanti Shahari Rojgar Yojana. A new Housing and Habitat

Policy 1998 was approved and placed before Parliament on 29 July, 1998. Its objective was to create surpluses in housing stock and facilitate construction of 2 million additional dwelling units each year in pursuance of the National Agenda for Governance.

Under the new economic reforms, a scheme of Infrastructure Development in mega cities i.e. Mumbai, Chennai, Calcutta, Hyderabad and Bangalore was in operation from 1993-94.

The Urban Land (Ceiling and Regulation) Act came into force in 1976 to provide equitable distribution of land in order to subserve the common good. The Urban Land (C&R) Repeal Bill, 1998 was introduced on 11 June 1998.

Different Schemes for Housing Development

The Urban Mapping Scheme was taken up as a pilot project during the Eighth Five Year Plan for covering 50 towns from different states. The executive Agency for the project the National Remote Sensing Agency (NRSA) had completed aerial photography of all the towns and they have furnished photographs and aerial maps for all the towns except three towns.

Low-Cost Sanitation for Liberation of Scavengers

This is a centrally sponsored scheme which is under the Ministry of Urban Development since 1989-90.

The Scheme of Integrated Development of Small and Medium Towns (IDSMT) aims at the development of selected regional growth centers with infrastructure

and service facilities. From the inception of the scheme till 31 March 1999, central assistance amounting to only Rs.345.30 crore was released.

Ninth Plan and Housing

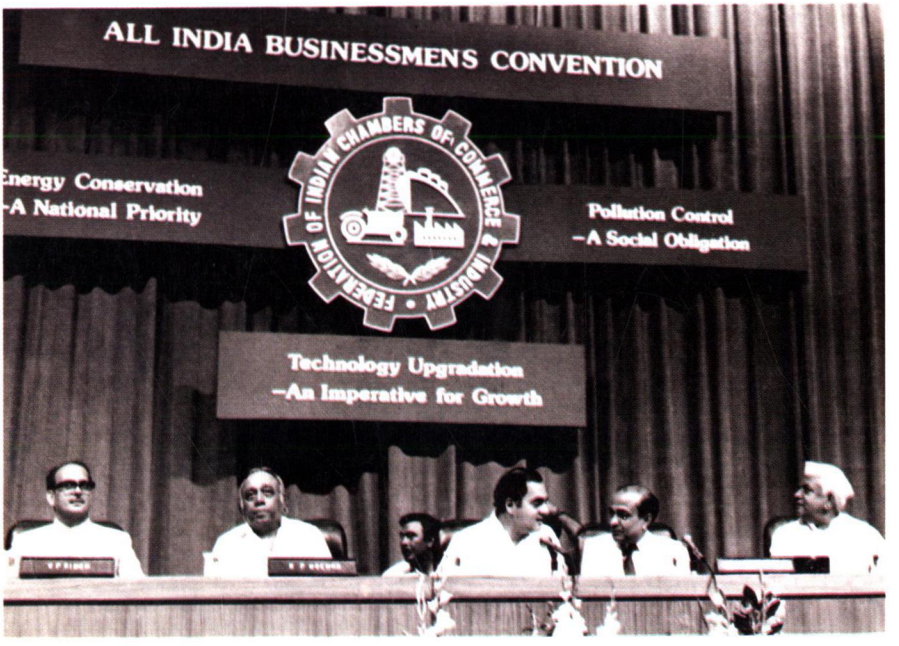
The Ninth Plan laid greater stress on households at the lower end and identified priority groups for support, such as, for example, people below poverty line, SC/ST, disabled, etc.

India has made a commitment to reach a sustainability level of rural and urban housing for the poor and the Ninth Plan provided the support of composite credit instruments, modify land use pattern and city master plans and strengthen the linkages between the farm and the non-farm sectors in the rural and semi-urban areas.[ii]

Yet, inspite of repeated promises and a host of programmes emerging from time to time, the problem continues to remain grave, perhaps has worsened than what it was 40 years ago.



With C.R. Irani, J.R.D. Tata and Minoo Masani at the function to felicitate Masani on his 80th birthday (1985)



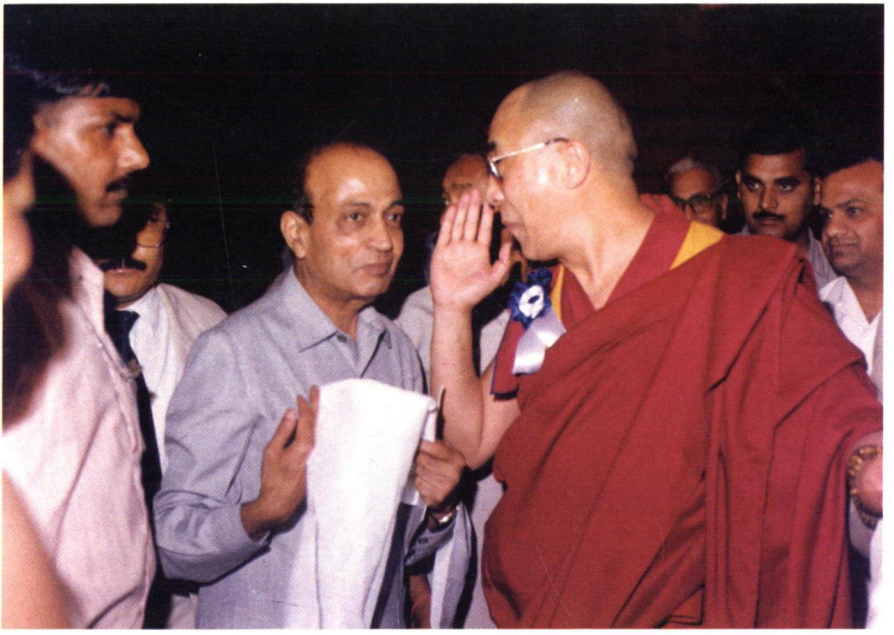
left to right Shri V.P. Singh, Finance Minister, Shri R.P. Goenka,
Prime Minister Shri Rajiv Gandhi, D N Patodia and Shri N.D Tiwari, Industry Minister. (1986)



With Finance Minister V.P. Singh, Dr. Bharat Ram and Shri K.K. Birla
at the FICCI AGM in (1986)



With Queen Beatrix and Prince Claus von Amsberg of the Netherlands at the
Indo-Netherlands Joint Business Council Meeting in New Delhi in (1986)



His Holiness the Dalai Lama presenting a scarf to D.N. Patodia (1992)



At a meeting with Finance Minister Dr. Manmohan Singh (1992)



At a meeting with Shri Pranab Mukherjee then Minister of Commerce (1993)



Calling on President George Bush (Sr.) at the US Embassy in Delhi (1995)



With Prime Minister Narasimha Rao at the ICC Conference in New Delhi (1995)
left to right - L.M. Thapar, D.N. Patodia & Hari Shankar Singhania



Greeting Dr. Charat Ram on his 80th Birthday in Delhi (1998)



With Shri and Smt. G.P. Birla (1997)



D.N. Patodia and family members with Shri & Smt. L.K. Advani (1999)



Greeting Prime Minister Atal Bihari Vajpayee on his completing one year in office (1999)



With Shri S.K. Birla



With President K.R.Narayanan and Smt. Narayanan in Delhi (2002)



With Shri B.K.Birla at a wedding reception in Kolkata (2004)

Seminal Essays

The Oceans - Area of Future Opportunities

Science discovers resources, technology makes it possible to harness them, but it is economics which brings it into human use at an acceptable cost. Ocean technology, admittedly, is expensive but also entails high risks. Developed countries like Japan, the EEC and the USA have had to go in for collaborative multi-institutional and multi-industrial ventures to develop such technologies. The question that naturally arises is whether India, a poor nation, can afford to enter the new high-tech revolution. The answer to this is a paradox, for India cannot afford to enter the ongoing high-tech revolution, but it can even less afford not to enter it.

The reason for this seeming paradox is found in

history. In the sixteenth and seventeenth centuries India was a rich and "technologically" advanced country in the manufactures of that time, namely, textile and handicrafts. Yet by the nineteenth century it was a poor country with its economy in shambles because it missed the first Industrial Revolution of the eighteenth century. So the country has been left with no choice but to go in for the ongoing technological development if it is not to be marginalized in the emerging global order.

On this very important subject, Patodia presented a paper at a seminar on 'The Ocean – Area of Future Opportunities' organized by the Economic and Scientific Research Foundation in New Delhi on 29 September 1992. This essay is based on this Paper.

"Covering nearly three quarters of the earth's surface, oceans have, since antiquity, been the source of all kinds of riches. The *Puranic* story of the *Devas* and *Asuras* churning up the ocean to obtain different variety of riches, is echoed in other ancient traditions as well. Modern science has confirmed the ancient beliefs. As more and more of the ocean floor has been explored through the use of modern technology it has been seen that:

- the oceans are not bottomless as was earlier imagined but have all the features that we have on land – mountains higher than Mount Everest, canyons deeper than the Grand Canyon, rivers mightier than the Amazon, Mississippi or the Indus;
- in the oceans there are 'factories' at the places where the earth's plates meet which are constantly

churning out minerals so as to form an almost inexhaustible source of metals;

- the water column above the sea bottom is a huge reservoir for food, space for storage and transportation besides being the flywheel of the world's weather and the mightiest waste.

"When we realize that the oceans cover three quarters of the earth's surface it is obvious that statistically whatever is available on land, three times of that is available from the oceans. This includes minerals, energy and food (e.g. aquatic animals, seaweeds and the like). In addition the water surface provides the means for the cheapest mode of carrying merchandise in bulk. In addition, it stimulates the flow of religious philosophical and cultural thoughts as witnessed in the past in Indian Ocean between India, China and South-east Asia, West Asia and Africa. This enabled the rapid dissemination of Buddhism, the Ramayana and Islam throughout this region. One of the earliest Christian settlements was in Kerala, attesting to the speed with which thought travels across the oceans.

"As we peer into the future and as the pressure on land increases, human beings will more and more turn to the oceans for food, minerals and energy.

Resources

"The main resources of the oceans in the coming decades are likely to be food (fish, seaweeds, water), minerals (hydrocarbons and non-ferrous metals), drugs and chemicals, and energy efficient transportation systems.

Food: The oceans receive three quarters of the energy released by the rays of the sun. Through photosynthesis and biological processes this energy is converted into plankton and, through a complex food web into edible fish, seaweeds and crustaceans. The Indian Ocean, for instance, is the least exploited of the oceans with estimated potential fisheries ranging between 10 to 20 million tonnes of annual sustainable yield as against the current harvest of 3.5-4 million tonnes.

Minerals: The major non-living resource being recovered from the sea today is oil. Though the first offshore oil well was drilled nearly a century ago, it took the dramatic increase in oil prices in 1973, coupled with rapidly advancing ocean technology to revolutionize the oil production system. Today, nearly twenty five percent of the world's oil comes from offshore areas and the figure is likely to go up to fifty percent by the end of the century.

"India has one of the broadest continental shelves on the West Coast leading to the development of Bombay High and the oil fields of Gujarat. The East Coast, in contrast has a narrow shelf. However, the Gangetic fan, spreading right from Gangasagar to the south of Sri Lanka, is a rich likely source of hydrocarbons and gas. It has a sedimentary depth of 20 km near the Gangetic delta spread over hundreds of kilometers. Recent international legal arrangements have almost brought this entire area of the Gangetic fan within India's jurisdiction. There is a rich bonanza awaiting the country in the Himalayan mud brought down by the Ganges and deposited in the sea.

"Another potential resource from the sea is in

the recovery of drugs and chemicals. Exploration of marine flora and fauna has brought to light a number of bioactive substances which possess promising antiviral, anti-fertility, hypertensive and CNS-stimulant properties.

"Salt is a chemical which has been extracted from the sea for a long time. Uranium is being extracted from the sea water by Japan while work is going on in India to extract technical grade potassium chloride from the oceans. Non-ferrous metals like nickel, cobalt, manganese and copper are also found in plenty in the oceans.

"India, which is largely dependent on imports to meet its requirements of copper, nickel and cobalt, and is fast running out of high grade manganese, has laid claim to 150,000 sq.km of area in the Central Indian Ocean which is expected to yield 3 million tonnes cobalt.

Transportation: Sea transportation is the dominant contributor to the ocean economy in the world today and recent developments in technology have led to the development of containerization, roll-on, roll-off ships, computerized ships, etc. Today because of the multi-modal transport network the flow of goods is continuous from raw material supplying areas to industrial centers, and from industrial centers to consumption points, India has been slow to take full advantage of these developments.

The Scientific Dimension

"On the science front technological changes as

a whole could be grouped in the following three categories:

- changes and improvements internal to an industry.
- change aimed at energy conservation or reduction of energy requirements.
- advances in fields such as micro-electronics and information technology, genetic engineering and biotechnology, new materials, space applications and robotics.

"Biotechnology also affects a very wide range of industries in the oceanic sphere, such as brackish water aquaculture, food processing, chemicals and pharmaceuticals, recovery of metals from nodules to mention a few.

"Some possibilities regarding future developments in the next two or three decades almost sound like science fiction, but are very real. If we divide the world into a two-sector economy (land-ocean) then the ocean economy will grow at two to three times the rate of the land economy thereby making it the lead sector:

- 50% of hydrocarbons are likely to be recovered and produced offshore by the year 2000-2010.
- Subsea completion systems manned by robots should see large amounts of metals coming from the sea bottom.
- Micro organisms will be used to leach metals on the sea bed itself, thereby leading to the avoidance of pollution and unfavourable wind-sea conditions.
- Computerized sail ships will reduce dependence

on oil and robot controlled ships will carry cargoes efficiently and safely on predetermined routes across the oceans.

- Fish will be farmed in the oceans and genetic engineering will lead to faster growth.

"In India, under the coordinating aegis of the Department of Ocean Development (DOD), two projects involving government and industries collaboration are under the way. In the first, a prototype project for harnessing wave energy, while the Indian Institute of Technology (IIT) Madras is the lead agency, various private and public sector agencies are also involved. The result has been that India was the second country in the world (after Norway) to develop such a system.

"In the second project relating to deep sea mining, a workshop was held in September 1989 in which the DOD and the Confederation of Engineering (now CII) participated. India is one of only four countries in the world engaged in this venture and was the first country in the world to be recognized as a pioneer investor by the United Nations and to be allocated an area of 1,50,000 sq. kms. in the Central Indian Ocean.

Finance and Economics

"The new Industrial Revolution is based more on software than hardware, more on (skilled) labour than capital and gives to any country entering it today the advantages inherent to any "late" starter. This shifts emphasis from capital to manpower (labour) and gives an immense fillip to India, which has the third largest

pool of scientific and technical manpower in the world.

"That the above is not a pipe dream is illustrated by developments in the space sector, the wave energy system and deep sea mining. In all these areas India has leapfrogged into state-of-the-art technological areas.

Management

"We are so much taken up by the glamour of technology that we often miss the managerial "revolution" which underpins the ongoing high-tech advance. The advent of high technology has had a very great impact on management systems. High tech is tending to make organizational structures flat, the personnel more and more multi-disciplinary with greater stress being laid on inter-facing and boundary-spanning abilities.

"Underpinning this is human resource development wherein investment has to be more in the training or retraining of workers, in the development of managerial skills relating to future casting of technologies, financial and economic appraisal of high-risk projects and proper management of R & D.

Conclusion

"Technological change has led to shifts in the pattern of industrialization. The society of tomorrow is variously being described as a post industrial knowledge or service society. The new stage is being described as the Third or even the Fourth Industrial Revolution.

"Leading edge technologies including Ocean technology have been identified the world over and technological advances have triggered many ideas and concepts including the pattern of industrialization and the management systems. Industries and nations not in the vanguard of the new revolution are likely to be marginalized in the future.

"Ocean technology is, in a sense, at the centre of the changes taking place because it has horizontal and vertical linkages with all the other cutting edge technologies of the new industrial revolution. Besides, recent changes in international law have added 2 million sq. km. of ocean area to India's 3 million sq. km. land area. This is a tremendous resource waiting to be exploited."

Seminal Essays

Global Integration
Emerging Trends and India's Role

Philosophers, sociologists and now even economists talk of 'One World' and no longer consider the concept as utopian. Talking from different perspectives they consider it not only desirable but inevitable and reachable, said Patodia, making his introductory remarks at a seminar on 'Global Integration – Emerging Trends and India's Role'. This seminar held on 6 March 2010 had two distinguished participants: Dr. Karan Singh who inaugurated the seminar and Mr. Anand Sharma, then Minister of Trade & Industry as the Chief Guest. It was organized by the Rotary Club of Delhi Midtown.

Patodia pointed out that Global Integration "will deeply influence the development and the shaping of

relations and behaviour between nations at all levels and will redefine the very concept of nationalism and the sovereignty of nations.

"Trading in commodities and interchange of cultures between different nations and communities dates back to the Sumerian and Indus Valley Civilizations followed by the Roman and Moghul Empires. Thereafter, colonial empires were established in different parts of the world mainly dominated by the British, the Portuguese and the French. Later, in the 20th century with the expansion of European and American multinationals, international commerce assumed a more complex and multilateral character leading to the emergence of global organizations like the World Bank, the GATT and the WTO. The thrust, however, was largely confined to economy and commerce.

"More recently, with the unprecedented developments in Science and Technology and the introduction of super methods of communication, the entire pattern of global operations has been undergoing a revolutionary change which will eventually transform the very basics of economic, social, cultural and political behaviour of communities and nations across the world and will bring international communities closer to the concept of Universal Brotherhood. Some indications of this trend are already visible in the unprecedented increase in the volume of global activities. In the course of the last 50 years between 1955 and 2005 – international trade, global remittances, tourist traffic and cross-country immigration have increased manifold. The pace and the volume of

movement of men and material have rendered national boundaries almost irrelevant. Cultural trends, food habits, dress codes and entertainment patterns are gradually assuming a global character. Perhaps passports, which were introduced as recently as the 20th century after the First World War, could well become an anachronism in the 21st century.

"In the context of India as well, the impact of globalization, particularly on the economic front, has been significant. Starting from 1985 the entrepreneurial energies, which, until 50 years after independence, were languishing and lying dormant, were released from the shackles of rigid State controls. India's free private sector, with its inherent qualities of enterprise and skill, has emerged as a major contributor to growth.

"Competing with the best in the world, Indians today have emerged as global leaders in several key sectors like steel, aluminum and IT.

"Yet, in spite of significant gains, globalization is by no means an unmixed blessing. It has in fact, become a hotly debated subject the world over on which opinions are sharply divided. Apprehensions are many:

- Transfer of some decision making powers to global institutions compromises the democratic rights of independent nations and dilutes the concept of sovereignty.
- Multinationals assume disproportionate importance to be able to influence decision making.

- A major event in any one country has a direct impact on many others, as recently happened in the case of the economic meltdown in the USA.
- Intermixing of national cultures dilutes the values and pattern of traditional culture of each nation.
- It leads to increased environmental challenges particularly in the developing countries.

"Even in the Indian context, in spite of impressive growth, many of our problems are still to be resolved.

- Over 20 million Indians still live below the poverty line.
- Sizable sections of our people are still illiterate.
- Terrorism is assuming alarming proportions.
- Our share in world trade is still below 1%.

"These indeed are the major concerns. How can these concerns be best addressed? Should the pace of integration be slowed down till corrective measures are adopted or should the process be accelerated?

"According to one view, considering the adverse aspects, it will be desirable to be cautious and slow. The other view, however, holds that globalization, now, is an irreversible powerful reality which has attained a momentum of its own and, will promote, in the long term, a more equitable society living in peace and freedom."

APPENDICES

Appendix 'A'

TRADER OR PRODUCER -

There was no escaping the tentacles of the Permit-License-Quota Raj

Abridged Version of inaugural address at a conference organized by New Delhi Trader's Association during their Golden Jubilee Celebrations in May 1985

From time immemorial trade has played a very crucial role in the economic operations and development in our country. The Trading community has always been the most respected community trusted by the consumers, the producers and the bankers alike. The honesty of a businessman in India was recognized even during the British regime to the extent that any entry in the books of a businessman was considered by the courts of law as conclusive evidence.

Trade has always been an important and unshakable link between the producer and the consumer carrying wide range of merchandise at his own investment and risk and rendering such services at a price cheaper than anywhere else in the world.

In terms of contribution to the National Domestic Product, trade and services come only next to agriculture contributing as much as 17.3% as against 37.1% by agriculture and a mere 15.7% by the manufacturing sector. Similarly, in respect of employment, direct employment provided by trade and other services accounts for 15.1% as against 66.5%

by agriculture and 11.9% by the manufacturing sector.

Such a crucial role played by the trader, unfortunately, has never been adequately appreciated by the government and he has always been discriminated. Despite such a significant contribution made by the trading community, its role has not been adequately appreciated by the government. Normal facilities like bank credit and tax incentives available to other sectors of business have been denied to the trade. Administrative laws were unduly tilted against the interest of the trading community.

This is a direct outcome of a controlled and over-restricted economy, cumbersome procedures and excessive taxation. Administrative regulations are so stringent and the requirements are so complex that it is impossible for an ordinary trader to comply with them. A grocer's shop in a small town managed by a small family of a father and a son usually deals in more than 200 items at a time. The law demands the keeping of stock ledgers displaying stocks and prices for a number of items. For each of these administered items, a fleet of inspectors keep visiting the shopkeeper at frequent intervals. In addition, there are separate inspectors representing Sales Tax, Essential Commodities Act, Food Adulteration Act and Octroi, to mention a few. Each one of them is a source of great harassment. A small shopkeeper is in a perpetual state of violation of one law or the other and risks even imprisonment for a minor violation or a minor discrepancy in stock.

The trader has been discriminated against in the

allocation of bank credit and tax rates. A non-manufacturing closely-held company has to pay 5% more income tax compared to a manufacturing company. Ours is probably the only country in the world where a small trader has to pay higher tax rates.

This is a situation faced not only by the trader but by the manufacturer too. Right from the time of independence, Indian entrepreneurs generally functioned in a controlled economy of constant shortages and protectionism. They had become accustomed to a well-insulated and sheltered economic environment which encouraged making easy money in collusion with corrupt politicians and dishonest bureaucrats. It gave rise to two distinctly unhealthy trends in the functioning of our economy.

Firstly, under the pretext of protection, in spite of growing unemployment in the country, fresh investment was discouraged. Shortages and the black market which, in effect, was a parallel economy, flourished.

Secondly the protected and sheltered pattern of the economy led to greater state intervention and increasing number of government regulations. All key sectors of finance and investment including banks and insurance companies were nationalized. A significant share of the nation's savings was invested in the state sector which failed to produce the desired results, either in terms of production or in terms of returns on capital employed.

According to a study conducted in the late seventies, Central Acts on the statute books in

December 1977 numbered 2405. Of these only 504 related to the years *prior to* 1947; 1901 Acts were enacted *after* 1947. These acts had over 37,000 sections and subsequent rules and regulations probably run into lacs.

For instance, 'The Control of Capital Issues' is one such law which was enacted in 1943 to restrict investment in non-war industries. This law became a permanent feature, although it had become totally superfluous.

A shopkeeper in Delhi had to obtain 15 different licenses under various orders and Acts. These include Foodgrains Licensing Order, Wheat Control Order, Coarse Grain Control Order, Pulses, Edible Oil and Oilseeds Licensing Order, Mandi Committee Licenses, Sugar License, Tea License, Kerosene License, Price Display Order, Essential Commodities Control Order and Standard Weights and Measures (Package Commodities) Act. Besides, there was the Sales Tax Act, Interstate Sales Tax Act, Shops and the Commercial Establishment Act.

Similarly, an entrepreneur in India was subjected to an unending number of regulations and restrictions arising from several Acts and Orders which kept on increasing every year. Broadly speaking, he had to comply with the Industrial (Development and Regulation) Act; control of Capital Issues; MRTP Act; Import Control Rules; Foreign Exchange Regulation Act; Foreign Investment Board Regulations; Requirements of Financial Institutions and Banks; Requirements of State Government institutions in the allotment of land, power and water.

There are several Municipal Acts such as the Essential Commodities Act which, with its vexed and unworkable provisions, always keep hanging like a dagger of warning. Indian Companies Act which deals with various aspects of corporate activities is overburdened with innumerable and inconsistent provisions causing uncalled for difficulties in the day-to-day operations.

A study conducted on the 'Cost of Government Regulation' by the Birla Institute of Scientific Research, Economic Research Division shows that the cost of Government regulations of Central Government alone increased from Rs.36.5 crores in 1950-51 to a staggering of Rs.1575.1 crores in 1978-79.

The damage caused to the Indian Economy by the growing influence of government controls and the public sector was highlighted by Shri G. D. Birla while addressing a FICCI meeting in 1979. He said *inter alia*

> 'The most unfortunate thing is that if you look at some of the projects, some of the nationalized industries like coal, chemicals, fertilizers and steel, all between them there is an investment of nearly nine to ten thousand crores of rupees and they are all losing. They have a monopoly.
>
> 'The other day, I came across some suggestions that it is not the fault of the public sector. They have been losing because of the price factor. Do you mean to say that Tata Steel is getting a higher price for their steel than the Bokaro and the Durgapur and all other Government projects? Do you mean to say that fertilizers in the private

sector are getting a higher price than the public sector? They have the monopoly. Why are they losing? Why was copper earning before nationalization? Why is it losing now? There must be an answer to these things. Before the collieries were taken over, most of the collieries were earning money. Now, there is a huge loss in coal of rupees ninety-two crores. And the worst part of it is you don't get enough coal. If you go into figures and facts they will tell you that production has gone up. But we, who are the consumers, know that we get twenty percent stones with the coal. And if we take out the twenty percent stones from the figure, it will show that the production has not gone up.

'If you, as a businessman, send some adulterated goods you will be hauled up in Court. If you are in the coal business and if you send stones to your consumers, either they will reject it or they will prosecute you for selling them stones. But today you can't do this. Not that there is any difference in the law. In fact, I told my people 'why don't you go to the court and start prosecution against the Government suppliers of coal?' But do you know what they said? 'Please forget all about it. If we start prosecution whatever coal we are getting will be stopped and your plant will stop.'

Similarly, on another occasion Shri J. R. D. Tata, while reacting to the proposal by the Janata Party Government to nationalize TISCO (now renamed Tata Steel Ltd.), served a warning in very clear and unequivocal terms:

> 'Is it not strange that some of us, who hardly claim ignorance of what is happening elsewhere in the world, still pursue policies which have failed to deliver the goods either in India or other Democracies? The proposal before you for taking over TISCO and other companies would deal yet another blow to the continued existence of the mixed economy in India and accelerate its march towards a statist economy. Unless stopped in time, economic totalitarianism cannot but erode the fundamentals and substance of our political democracy and inexorably lead to an authoritarian state in which the cherished freedoms we have recently regained will once again be extinguished.'

These then were the conditions, the atmosphere and the environment under which a businessman and an entrepreneur functioned in our country.

The inroads of increasing government regulations into the private enterprise system was growing so fast that unless we wake up in time it may assume frightening proportions and a time will soon come when all basic decisions like what we should eat and what type of homes we should live in, what sort of entertainment we choose and to which particular school we send our children will all be guided and directed by Government bureaucrats.

An atmosphere needs to be built up by which the public takes up the cause of free enterprise rather than seeking solutions from Government.

If the economy has to grow the condition of the

trading community and the circumstances under which they work, will have to be improved. Some of the measures suggested are:

1) **Do away with Sales Tax:** Sales tax is one of the most corrupting factors in India's trading system. Rates differ from one state to another and from commodity to commodity. A consumer is generally reluctant to pay Sales Tax. It should be done away with by replacing it by excise duties at the production point.

2) **Rationalize the tax structure:** A trader contributes to the nation's economy in the same manner as a manufacturer. There is no reason why a trader is being made to pay higher rate of taxes.

3) **One Licence instead of many:** Multiplicity of licenses and permits required for a large number of commodities should be replaced by one single license covering all commodities.

Speaking on trade, 'Consumer Protection' also comes to the forefront. Elaborating on the aspect, Patodia stated "another important area that needs a very close look by the producer, the trader and the State alike is the area of consumer protection. The producer and the trader will have to apply their minds very seriously to this growing problem so that it can be effectively tackled without permitting their images to be tarnished any more. FICCI has taken an initiative in this direction by forming a consumer business forum".

It is significant to note that we are now entering

into an era where demand for various consumer durables is exploding. This process will continue for several more years. Here are a few illustrations:

- The number of TV sets increased from 500 in 1965-66 to 1.1 million in 1980 and 3 million in 1984. It was expected to be 10 million by 1987. The number of two-wheelers has increased from 90,000 in 1964 to 2 million in 1984 and, in 2012, it was estimated to be around 50 million. Sale of refrigerators increased from 30,000 in the mid-60's to 300,000 in 1984. Mixers/grinders from 40,000 in 1970 to 3 lacs in 1984.

And alongwith trade and consumer interest, a new element Public Distribution System (PDS) has emerged prominently constituting, in several cases, a direct conflict between the PDS and free trade. Commenting on the subject Patodia observed "The public distribution system in India has failed to provide the required service to the consumer. It has not been able to make any mark in semi-urban and rural areas. It is expensive, inefficient and highly corrupt. Therefore, it is a challenge for the private distribution system to rise to the occasion and improve its effective network all over the country, capable of rendering useful service to the consumers.

On this front, Consumer Credit can play an effective role. A specific portion of bank credit should be earmarked for this purpose.

Whereas it is necessary for the State to take cognizance of the present situation and introduce a policy framework conducive to creating a favourable

atmosphere for the Trade, it is equally necessary for the trading community to accept the challenge and improve its own efficiency and expertise to be able to cope up with the emerging situation.

Appendix 'B'

The Third Industrial Revolution - Implications for India

Abridged Version of the Frank Moraes Memorial Lecture, May 3, 1985

Human development has been a process of continuous evolution through a countless period of history marked by specific phases of great achievements. The present era, particularly on the economic front, has been an exceptional phase of scientific and technological development which has revolutionized and transformed all our earlier concepts, has brought the entire world on our fingertips and has opened up for exploitation the unlimited resources of the vast universe. It has completely transformed all our earlier perceptions of development and growth. In recent history the first industrial revolution started with the invention of the steam engine around the middle of 18th century, followed by the second industrial revolution revolving around electricity and we are now in the middle of the third one, 'chips' kick-starting the information revolution with fascinating prospects of growth and fabulous achievements of the human mind.

Patodia, when he was FICCI President in 1985, was invited to deliver the 14th Frank Moraes Memorial Lecture under the auspices of the United Writers'

Association in Chennai. Speaking on the subject of 'The Third Industrial Revolution – its Implications for India', he discussed in detail the tremendous impact it has made transforming the very process of human behaviour which could not have been imagined even a few years ago. Some of the observations made by him are reproduced below:

"In the middle of the Eighteenth Century the First Industrial Revolution took place in Britain with steam-power and coal. It was a major breakthrough transforming the old and established concepts of economy and trade. It marked the beginning of a modern economic society which in a modified form continues till today.

"The second Industrial Revolution starting around 1900 AD had its origin in Germany. In a broader sense, it was an extension of the first covering chemical and electrical industries and recognizing electricity as the prime mover. It gave birth to the concept of automation and the division of labour.

"Now, as we approach the end of the Twentieth Century we are on the verge of entering a new era of economic development – The Third Industrial Revolution – by far the most crucial and the most challenging phase of economic growth characterized by scientific and technological innovations on a magnitude never seen or even anticipated.

"It will transform (already transforming even as we read this chapter) every field of human activity and bring a sea change in social, economic and political norms. International relations will be determined more

by economic considerations. The future course of human development will be guided more by technology, less by ideology.

"On the technological front, the future course of development will be largely dominated by new advances in the fields of (a) Information and Communication, (b) Genetic Technology, (c) Energy, and (d) Outer Space and Ocean Bed.

Information and Communication

"Dramatic advancements have been made in the fields of Information and Communication including the science of robotics. It will now be possible to store and manipulate vast amounts of information through computers which are becoming increasingly efficient, smaller in size, more powerful and cheaper in price.

"Microchips have already reached a stage of development, where a tiny chip, double the size of a fire ant is capable of storing 64,000 pieces of data and supplying them to the user on demand in less than 170 billionth of a second.

"In the emerging information age, the communication gap will almost disappear. 'Light' may not remain the principal medium of transmission and within the next few decades data may ride a 'laser' beam travelling along extremely thin and transparent glass filaments called 'optical' films. Anything happening in any tiny part of the globe will get flashed all over in no time.

"With the means of transport becoming faster and

easier, distances will become irrelevant. It will be possible to travel from any part of the world to any other part within a few hours, perhaps less.

"While the information revolution will, indeed, raise the quality of life, some serious doubts have also been raised as to whether such onslaught of technology will really make communications any better or are we simply creating more noise or information pollution or even whether it will indeed liberate our minds or be a major factor of dehumanization.

Genetic Technology

"Genetic technology offers unprecedented scope not only for achieving new landmarks on the industrial front but more so, through its intensive biotechnology research, in achieving most exciting results in agriculture and medicine.

"It promises to modify crops to enable them to create their own fertilizers to grow on barren and salty land.

"In medicine with the introduction of genetics it will be possible to invent new and improved treatment for difficult ailments like heart disease and cancer.

"On the industrial front, genetic engineering will provide a more effective mechanism to control pollution apart from inventing new materials and manufacture.

Energy

"Efforts on energy development in terms of

exploration of new and alternate sources and conserving energy more effectively are getting increasingly intensified all over the world. In a paper prepared for the United Nations by two eminent scholars, development of a 'Satellite Solar Power System' has been contemplated to meet the energy needs of the Third World.

"A solar satellite placed in a geostationary orbit receives sunlight approximately 30 per cent stronger than what is received on the earth's surface. Additionally, such a supply of energy is not affected by weather disturbances or interruptions caused by the earth revolving round the sun. As a result solar satellite power system can collect at least four times the solar energy compared to what can be received on the earth.

"However, fears have also been expressed simultaneously particularly in the context of nuclear power. About 50,000 to 60,000 nuclear warheads exist in the world today with an explosive yield of 1.6 million times that of the 1945 atom bomb dropped on Hiroshima. It has the potential to end all life on our planet. If not by design, it may happen by accident or explosion or by terrorists' act.

Outer Space

"Space programmes and communication satellites are making unprecedented advances in producing and improving a large number of products, more particularly super-chips, medicines and metals. During the last two decades private companies have already launched more than 30 communication

satellites in orbit. By the year 1991, the total number is expected to reach 200.

Industrial Economy

"Notwithstanding the grave fears expressed in some quarters and relying on the wisdom of human society to desist from any willful misuse, it is clearly evident that all these advances in science and technology will have a profound impact on the industrial economies of the world. It will lead to the emergence of a highly competitive and alert industrial society where only the efficient will survive and where technology will determine the pace of growth.

"For the rich countries, the new industrial revolution will be a challenge to retain their leadership for which they will have to attune themselves to the new perceptions of growth.

"To find a market for their ever-increasing industrial products, they will have to depend upon the vast unexploited areas of the developing countries and seek their cooperation. For the developing countries, on the other hand, who are still struggling to grow, the coming decades will offer great opportunities to enable them to reshape their activities and take a leap forward.

"The outcome of these developments will:

a) Benefit the consumer, as a result of higher efficiency, increased productivity and low cost;

b) Increase inter-dependence between nations;

c) Sharpen international division of labour.

"These developments will bring about major changes in social behavior. Employer-employee relationship will change. There will be greater leisure for social amenities. Working hours will be reduced. Working conditions will improve.

Crucial Issues

"In the changed economic environment it will be necessary for all the nations of the world, the developed and the developing, the rich and the poor, to establish much closer economic cooperation within themselves and to work as different segments of a single global economic entity, supplementing and supporting each other for the common good of all. On this front, unfortunately, some recent moves by some countries, instead of narrowing distances, have resulted in widening them. Instead of relaxing restrictions and moving towards a free movement of men and material, many countries, have taken a short term view, and resorted to counter-productive steps and have imposed artificial restrictions on the free flow of goods.

"A major constraint in achieving the desired levels of growth is the constant and sharp rise in population particularly in some of the developing and poor countries of the world. According to World Bank calculations, as discussed at the Population Conference in Mexico City on 6th August 1984, the world population which was 2502 million in 1950 and 4588 million in 1982 will reach an astounding figure of 8193 million in 2025. Regional projections have been made as under:

	1950	1982	2025
Europe	392	490	522
USSR	180	269	355
Asia/ Oceania	1381	2695	4567
Africa	219	499	1542
America	230	635	1209

"It is significant to note that the largest increase will be in Africa and in Latin American countries where the rate of economic growth is the lowest. These countries are already affected by excessive population.

"The following figures as on March 31 2014 on 20 Largest Countries by Population are revealing

1	China	1,391,670,789	11 Mexico	123,421,607
2	India	1,263,476,733	12 Philippines	99,658,461
3	USA	321,931,650	13 Ethiopia	95,887,995
4	Indonesia	252,053,417	14 Vietnam	92,323,889
5	Brazil	201,603,388	15 Egypt	83,044,864
6	Pakistan	184,363,174	16 Germany	82,670,409
7	Nigeria	177,255,409	17 Iran	78,206,100
8	Bangladesh	158,019,131	18 Turkey	75,604,905
9	Russia	142,561,972	19 Congo	68,886,314
10	Japan	127,035,827	20 Thailand	67,167,442

"Another major issue that may be faced particularly by the developing countries of Asia and Africa will be the problem of shortage of food. Today planners in many countries realize that one of the fundamental mistakes of the 60s was the undue priority given to industrial development as against agriculture. According to Orville Freeman, at present only one half of the world's arable land is actually being farmed. Most of the other half does not have the necessary infrastructure and opening it up will require major capital investment along with the adoption of policies for integrated agricultural development based on the market mechanism.

"Yet another major issue is increasing environmental pollution. It has assumed serious proportions over the last twenty years. Continuous loss of top soil, disappearance of forests and pollution of more than 50 per cent of the rivers flowing through the lands of civilization have endangered the health of human society. The terrible experience of Bhopal is an eye opener. Science will have to devise suitable action programmes for arresting further pollution and improving ecological conditions for human society to live in safety.

Implications for India

"In the emerging new economic framework India will have an important role to play. For her it will be both a challenge and an opportunity to move forward and share the fruits of growth with the rest of the world.

"In this context the trend towards liberalizing the

Indian economy is evident in the various policy and fiscal measures announced by the Government. These include reducing taxes, liberalizing imports and encouraging modernization. Accompanied by some other measures they will usher in a new era of economic growth in our country.

"In the course of the last 35 years we have been able to build a fairly good network of railways, roadways and port facilities, modern means of telecommunication as well as banking and insurance. With successful exploration and production of oil within the country and increasingly large investment in power, our energy sector has also been strengthened. We have a large pool of skilled manpower including scientists and research scholars. The size of our domestic market is the single most important attraction for investment and technology from abroad to flow into our country.

"In the period of transition India can play a useful role by a selective adoption of medium technology to her own advantage. In certain areas, like electronics and computers, 'technology' will be more important than the size of the operations. Given the right technology even medium size operations will be able to compete in the domestic market as well as in export.

"In addition to growth in industry, India will have to accord high priority to the growth of agriculture. With the world's population projected to grow in the course of next 25 to 35 years and the likely deficit which may emerge in the supply of food grains the world over, the need for agricultural development has assumed much greater importance. Unlike any

other country in the world, the potential for growth of agriculture in India is very promising. India is the only country, where more than 50% of the land is suitable for agriculture against the world average of 10.4% and where crops can be grown round the year as against many countries including the USA and China where crops do not grow in winter. Yet per capita yield of agriculture of every variety of foodgrain is much lower in India.

"Agriculture is the single most important factor for providing large-scale employment with the lowest investment per person. Apart from raising the standards of living of our people, growth in agriculture can contribute significantly to increasing exports.

"In the first and the second industrial revolution India was left far behind. The Third Industrial Revolution provides yet another opportunity for India to grow and to make up the lost ground. The circumstances are promising. With determined will and necessary changes in the policy frame India will be able to meet the challenge to provide for its community a fuller and a better life."

Appendix 'C'

Opportunities and Challenges For Business

Abridged Version of the Raja Ramdeo Anandilal Podar
15th Memorial Lecture, February 22, 1986

I am grateful to Dr. Ramnath Podar and to the Podar Institute of Management for inviting me to deliver the prestigious Raja Ramdeo Memorial Lecture. Podar family has been one of the pioneering and outstanding families from Rajasthan who have taken up the cause and have made significant contribution to the advancement of education in several spheres, more particularly in the faculties of Commerce, Arts and Management and in the research and advanced education in Ayurveda. This institution, Podar Institute of Management, has played a significant role in training and building up an excellent cadre of entrepreneurs and it is no surprise that students from all over the country get attracted to this important centre of learning. In today's context when there is such a dearth of entrepreneurs in our country, this institute assumes still greater significance. I am, therefore, particularly happy to be here to share my thoughts with you all.

Today's subject 'Opportunities and Challenges for Business' has been wisely selected. It is particularly appropriate for the Institute dealing with the science of management. We are meeting at a time when, after

waiting for 35 years, India has entered into an era of dynamic economic growth.

For all these years we have been living under an over-controlled, over-protected and over-taxed industrial economy. It prevented growth, perpetuated shortages and accelerated costs. Production suffered while capacities remained unutilised due to infrastructural bottlenecks. Industrial indiscipline resulted in heavy loss of millions of man-hours.

As a result, our economy has become a high-cost economy. Our product is expensive in price and inferior in quality.

In the industrial world our ranking has come down from 10th to 26th.

In International trade our share has declined from 2.4% in 1950 to 0.5% now.

Rich in resources and inhabited by 14% of the world population, we contribute only:

1.5 per cent of the world's GNP and

1.0 per cent of the world industrial output

While we have been almost stagnating many other counties in the world have made major strides in all directions.

Unprecedented advancement in science and technology and introduction of computers and microchips have revolutionized the very concept of economic growth. Application of genetic technology

and research in space and ocean bed will bring about many more such changes the types of which can not even be visualized now.

With highly efficient and fast means of communication and massive influx of information the pattern of economic development is changing from national self-reliance to growing international interdependence. Global economic cooperation is becoming almost a precondition for growth.

We are moving towards the emergence of a highly competitive and alert economic society where technology will determine the pace of development and only the efficient will survive.

In this new era of economic growth and global economic cooperation India has also awakened. We have realised the need of moving with the world so that we may not be left further behind.

With this objective in view, major policy reforms have been introduced in the course of last one year. Several industrial sectors have been delicenced, many administrative restrictions have been removed, imports have been liberalized and taxes reduced.

Several areas, hitherto reserved for the state sector, have been thrown open to the private sector also.

The whole emphasis has changed. As against imposing limits on capacities there is greater stress on achieving economies of scale. As against protection and monopolies, the new policy promotes competition. As

against higher rate of taxes there is greater emphasis on lower rates with larger base.

All these measures are directed towards making India a modern, more efficient and a competitive economy.

India's economy is opening up.

As a first step towards introduction of an 'Open Budget', seeking to unmask the totally uncalled for veil of secrecy on the budget proposals, the new policy seeks to rectify several distortions in the structure of taxation. It replaces adhocism by valid economic rationale. It commits the government to bring a healthy balance in fiscal management by reducing public borrowings, cutting down on food subsidies and curtailing non-plan expenditure. It is a bold step, which if implemented, will bring considerable health to the country's economic management over a period. All these measures offer unprecedented opportunities but also throw major challenges for the businessmen the type of which has never been seen before.

The business community has welcomed and has responded well to these measures. Collection of revenue is higher by about 25% inspite of reduction in the rate. In all other respects, such as the number of industrial licenses issued, investment proposals cleared and the number of collaborations approved, the performance is much better compared to the last year. I have seen unprecedented enthusiasm in the business community all over the country extending full cooperation to the Government in making the new

economic policy succeed.

The crucial point for our deliberations today is: shall we, the businessmen in India, be able to rise to the occasion, seize the opportunities and meet the challenges? Shall we be able to convert the present climate of optimism into an effective plan of action?

To me it seems we have no choice. If we have to survive and grow we have to meet these challenges. However, there are some basic issues and it is necessary to deal with them to prepare ourselves to meet these challenges.

What are the issues involved?

To become competitive and efficient with the rest of the world, our first attack will have to be on the 'High Cost Economy'. We will have to reduce cost and improve efficiency.

How can we do it?

Our capital-output ratio, even in the private sector, is abnormally high mainly because of low capacity utilization. With a few exceptions we have not paid adequate attention to plant maintenance and conservation of energy. By proper maintenance and installation of minor balancing equipments alone it is possible to save at least ten per cent energy which will reduce cost and contribute to additional production of Rs. 7,000 crores.

We have been equally indifferent toward Research and Development. It is time for us to resolve that

within a period of next ten years we will develop internally comparable technologies at least in the selected sectors of national importance.

Similarly, low productivity of Indian labour will also have to be significantly raised and wages linked with productivity to bring the cost down. Closely aligned with the subject is the need to modernize and upgrade our technology and to achieve economies of scale.

It is a misleading notion that employment will be adversely affected by rationalization of labour and by upgradation of technology. In fact, any effort to raise efficiency and improve production ultimately leads to adding up of a host of downstream activities all around resulting into creation of potentials for much larger employment. In a country like India maximum potential for providing employment will be available in housing construction and road development sectors.

It is also necessary to remember that the maximum potential for employment does not lie either in manufacturing or in agriculture. As economic activities go on increasing services and tertiary sectors including self-employment activities will provide maximum opportunities for employment. The scope can be estimated by the fact that in the USA services provide employment to 66% as against only 17.8% in India. Another important factor for the cost rise is constant increase in the price of basic inputs like electricity, coal, steel, transport and rates of interest etc., causing cost escalation across the board. In the course of last five years, administered prices have risen

by

76% in petroleum products

81% in steel

83% in electricity

115% in coal and

121% in railway freight

There is a good case for declaring a moratorium on any further price rise on such and similar inputs for the next two years or so. In any event determination of these prices should always be based on sound economic considerations and not for meeting the losses of the units. Coming to the point of the rates of interest charged by the commercial banks, the existing structure is thoroughly irrational under which, against an average deposit cost of about 8%, the lending rate to the commercial sector has been kept too high to compensate for the losses incurred on advancing to priority sector at low rates. It contributes to escalation in the cost of production of all industrial products and services. The recommendations made by Sukhomoy Chakravarty Committee in this respect need to be favourably considered by the Government. The second area of concern is obviously the scarcity of resources. Under the Seventh Five Year Plan, if the private corporate sector has to grow @ 10 per cent annually, it will need new investment of the order of Rs.65,000 crores. Even after accounting for a buoyant capital market and borrowings from institutions and banks, it may not be able to raise more than Rs.48,000 crores, leaving a big gap of Rs.17,000 crores yet to be filled.

Imposition of heavy excise and customs duties on capital goods adds to the cost of investment and raises cost of production. It makes the unit expensive and internationally uncompetitive. Even the purpose of revenue is not served as the earning on account of revenue is totally offset by additional requirement on investment. Such taxation has no place in a developing economy excepting where it is needed to protect indigenous units. Abolition of such taxes will immediately reduce the cost of investment.

To be able to raise more resources the private corporate sector should be permitted to enter into new areas. UTI is a successful experiment. It operates in a limited area. There should be many more UTIs operated by the private sector spread over the entire country competing with each other and penetrating deep into the rural and semi-urban pockets of India. It will succeed in raising substantial additional resources.

While we discuss about resources, it is equally necessary to ensure their proper application. Between 1972 and 1982 non-developmental expenses of the Government have steeply gone up from 9.89% to 13.34% of the total GNP. Spending spree at the Centre and in the States has to stop and a step in this direction already taken by the Finance Minister is welcome. In my view a discipline should be imposed by which non-developmental expenses should not be permitted to go beyond 10% of the GNP.

Other areas which need to be looked into relate to evasion of taxes. Multiple and multipoint sales-tax

with different rates in different states is the source of massive evasion all over the country. As recommended by various committees, it has to be replaced, selectively to start with, by additional excise duty at production point.

Friends, in the emerging economic environment, the biggest challenge that the business community will probably face is to adapt itself to an entirely new and different working culture. Having lived in a sheltered and a protected economy we have known to handle only the problems of shortages and all the time to look to the Government for finding solution to every conceivable problem. Now when the economy is opening up, the conditions will change. A new and a totally different culture will emerge. The economy of shortages will be replaced by economy of surplus. The skills of entrepreneurship will be measured by the levels of efficiency and the speed of implementation.

It would be an era of economic challenges and fierce competition where only the efficient will survive. In the words of Peter Drucker, we are at one of those turning points in history that comes once in 100 years. In this new EPIC age, the growth of economy will be dominated by entrepreneurship.

Education will have a major role to play in this historical transformation of Indian economic society and in building up a new entrepreneurship. The old concepts and norms of education, which have been mainly confined to the training for an administrative bureaucracy and which have failed to contribute anything substantial in the shaping of entrepreneurship, will have to change.

In this emerging era of opportunities and challenges the whole world is looking towards India as a nation of tomorrow. In terms of economic development, 16th century belonged to Spain, 17th to Dutch, 18th and 19th to other European counties including France and Britain and 20th to America. If we are alert, here is the opportunity when 21st century may belong to India. I am confident that the great business community of India will rise to the occasion in all its vigour and vitality and will bring our country in the front line of industrial leadership in the world.

Appendix 'D'

India Between 1969 and 2014 – Some Important Landmarks

1969 Indian National Congress splits.

1969 14 banks nationalised.

1971 Privy Purses abolished by the passage of the 26th Amendment to the Constitution.

1971 General Elections to the 5th Lok Sabha. Indira Gandhi wins with a 2/3rd majority.

1974 India conducts its first Nuclear Test in Pokharan

1975 Allahabad High Court finds Indira Gandhi guilty of poll violation. Disqualified from contesting elections for six years.

1975 Thirteen days after the Allahabad court judgement Indira Gandhi imposes Internal Emergency.

1977 Emergency lifted and the 5th Lok Sabha dissolved.

Indira Gandhi announces the holding of elections to the 6th Lok Sabha on 23 January.

1977 Jayaprakash Narayan announces the formation of the Janata Party (by merger of Bharatiya Lok Dal, Bharatiya Jan Sangh, Congress (O), Congress for Democracy and Congress (R).

1977 General Elections held and the Janata Party wins

295 seats out of 542. Indira Gandhi and Sanjay Gandhi among those defeated. Morarji Desai took over as Prime Minister.

1979 Rifts developed in the Janata Party.

1979 Morarji Desai resigns in July 1979 as Prime Minister; Charan Singh follows as PM and he too resigns 1980 (Charan Singh is known as the only Prime Minister who never faced parliament).

1979 Jayaprakash Narayan dies October 9, 1979.

1980 April – Former members of the Jana Sangh who were removed from the Janata Party formed the Bharatiya Janata Party.

1980 6th Lok Sabha dissolved and General Elections to the 7th Lok Sabha held.

1980 Indira Gandhi wins the elections winning 351 seats. The Janata Party wins 41 seats and Charan Singh's breakaway Party Janata (Secular) wins 41 seats.

1984 Army on Indira Gandhi's orders launches Operation Blue Star to ferret out Sikh secessionist leader Bhindranwale hiding in Amritsar's Golden Temple. Bhindranwale killed along with 1400 Sikhs.

1984 Indira Gandhi assassinated 31 October 1984 by a Sikh bodyguard.

1984 Elections to the 8th Lok Sabha held on 30th December 1984. Rajiv Gandhi, Indira Gandhi's son leads the Congress and wins a record 416 seats a comfortable 2/3rds majority.

1987 Bofors Scandal revealed and Finance Minister V. P. Singh resigns.

1989 Elections to the 9th Lok Sabha held under the Leadership of Rajiv Gandhi. Congress secured 197. The Janata Dal with 143 formed the first minority government since independence with the outside support of the BJP (85 seats) and the Communists parties (45). V. P. Singh becomes Prime Minister.

1990 The Government led by V. P. Singh as Prime Minister falls. He is succeeded by Chandra Shekhar of the Samajwadi Janata Dal as Prime Minister, leading a coalition with the Janata Dal (Socialist) and with the outside support of Rajiv Gandhi. Seven months later, when Rajiv Gandhi decides to seek fresh elections, he withdraws support to the Chandra Shekhar Government which falls, leading to the General Elections of 1991.

1991 Rajiv Gandhi assassinated on May 21 while campaigning in the General Elections to the 10th Lok Sabha.

1991 June 1991 General Elections concluded. INC wins 244 seats and the BJP 120 seats. Narasimha Rao is nominated Prime Minister of a minority Congress government with Manmohan Singh as his Finance Minister.

Despite being in a minority they not only completed their full terms but also introduce successful major reforms of the economy almost demolishing the licence-permit raj.

1996 General Elections to the 11th Lok Sabha. There is a split verdict – BJP 182, Congress 141. Two governments follow one another in quick succession. The first Government led by H. D. Deve Gowda as Prime Minister. The next led by I. K. Gujral as Prime Minister.

1997 L. K. Advani takes out Swarna Jayanti Rath Yatra from Somnath in Gujarat and covered a large portion of Northern India until it was stopped by the then Chief Minister of Bihar, Laloo Prasad Yadav.

1998 In the General Elections to the 12th Lok Sabha the BJP-led NDA wins 181 seats and the Congress led UPA secures 141. The NDA forms the Government with Atal Bihari Vajpayee as Prime Minister.

1998 India conducts second Nuclear Test in Pokharan.

1999 February 20 Prime Minister Atal Bihari Vajpayee undertakes the historic Bus journey to Lahore followed by the Lahore Declaration – A treaty between India and Pakistan of mutual understanding concerning the development of atomic arsenals and to avoid accidental and unauthorized operational use of nuclear weapons.

1999 May 1999 the Kargil War with Pakistan.

1999 September. General Elections to the 13th Lok Sabha. NDA wins 300 seats of which BJP wins 182. Congress wins 114.

1999 December – Military Coup in Pakistan Nawaz Sharif thrown out and General Musharraf takes over.

1999 December 13: Indian Airlines flight 184 from Kathmandu to Amritsar with 180 passengers on board hijacked by Pakistani Terrorists. In an exchange for releasing 39 imprisoned terrorists in India the plane and the passengers were freed.

2001 September 11 – Twin Towers in New York brought down by terrorists killing 3000 persons including 117 Indians.

2004 14th General Elections to the Lok Sabha. Congress led UPA comes to power with Dr. Manmohan Singh as Prime Minister.

2009 15th General Elections to the Lok Sabha. Congress led UPA returns to power with Dr. Manmohan Singh as Prime Minister.

2014 16th General Elections to the Lok Sabha. BJP led NDA comes back to power with the BJP alone winning 282 of the 336 seats won by the NDA. This was a historic win for two reasons: This is the first time after independence that a non-Congress Party was able to get an overall majority on its own in the Lok Sabha. Secondly the Congress tally of 44 seats of the 60 won by the UPA was the lowest it ever received since independence. In fact the Congress did not even qualify to the position of being the official Opposition.

Notes

Introduction

i In 1957, Milovan Dlilas then Vice President of Yugoslavia under President Tito wrote the book *The New Class: An Analysis of the Communist System*. In the book he argued that communism in the Soviet Union and Eastern Europe was not egalitarian, and that it was establishing a new class of privileged party bureaucracy, who enjoyed material benefits from their positions. The book was a great success and was translated into more than 40 languages. For *The New Class,* Dlilas was sentenced in 1957 to seven years imprisonment.

I. Inter-State Relations in a Federal Polity

Rajasthan

i The Story of the Integration of the Indian States and The Transfer of Power in India.

ii Sourced from Wikipedia : Article 356 gave wide powers to the central government to assert its authority over a state if civil unrest occurred and the state government did not have the means to end the unrest. This is one of the Articles that gave the Indian Constitution some amount of unitary character. Though the purpose of this Article is to give more powers to central government to preserve the unity and integrity of the nation, it has often been misused by the ruling parties at the center. It has been used as a pretext to dissolve state governments ruled by political opponents. Thus, it is seen by many as a threat to the federal system. Since the adoption of the Indian Constitution in 1950, the central government has used this Article several times to dissolve elected state governments and impose President's Rule.

For instance, the Article was used in UP in 1968. Earlier it has also been used in the state of Patiala and East Punjab States Union (PEPSU) and then during Vimochana samaram to dismiss the democratically elected Communist state government of Kerala on 31 July 1959. In the 1970s and 1980s it almost became common practice for the central government to dismiss state governments led by opposition parties. The Indira Gandhi regime and post-emergency Janata Party were noted for this practice. Indira Gandhi's government between 1966 and 1977 is known to have imposed President's Rule in 39 states. Similarly the Janata Party is known to have imposed President's Rule in 9 states which were ruled by Congress Party.

It was only after the landmark judgement in 1994 in the S. R. Bommai *v/s.* Union of India case that the misuse of Article 356 was curtailed. In the Bommai case, the Supreme Court established strict guidelines for imposing President's Rule. Subsequent pronouncements by the Supreme Court in Jharkhand and other states have further watered down the scope for misuse of Article 356. Hence, since the early 2000, the number of cases of imposition of President's Rule has come down drastically.

Article 356 has always been the focal point of a wider debate on the federal structure of government in Indian polity. The Sarkaria Commission on central-state relations has recommended that Article 356 must be used "very sparingly, in extreme cases, as a measure of last resort, when all the other alternatives fail to prevent or rectify a breakdown of constitutional machinery in the state".

iii Excerpted from the Wikipedia.

West Bengal

iv The Left Front was made up of Communist Party of India (Marxist), Communist Party of India, Revolutionary Socialist Party, All India Forward Bloc, Revolutionary Communist Party of India, Marxist Forward Bloc, Samajwadi Party, Democratic Socialist Party.

v In the Lok Sabha intervening during an adjournment motion on 3rd May 1968.

vi West Bengal came under President's Rule on 19th March 1970 for the third time. This debate took place on 21st August 1970.

North East India

vii These seven states came to be known as the Land of the Seven Sisters, because Jyoti Prasad Saikia, a journalist in Tripura who compiled a book on the interdependence and commonness of the Seven Sister States, and named it the Land of Seven Sisters. It has been primarily because of this publication that the nickname has caught on.

viii Recommended reading for those interested in knowing more about the 1962 war: The Himalayan Blunder by Brigadier John Dalvi who was captured by the Chinese and released in 1963; and India's China War by Neville Maxwell.

ix On 13.02.1968 when Patodia moved a calling attention motion in the Lok Sabha.

x *Ibid.*

xi *Ibid.*

xii *The Times of India*, February 14, 2014

II. Tibet – A Friendly Neighbour Betrayed

i Summarized from 'An Outline of Tibetan History', in the Commemorative Volume published on the occasion of the Festival of Tibet held in Mumbai, November 27-December 3, 1990, and published by the Reception Committee of the Festival of Tibet, Mumbai.

ii China and the Himalayan States by V. K. Sinha and R. Srinivasan published by the Citizens Defense Committee - Maharashtra, Mumbai.

IV. The Indian Economy

Missed Opportunities for Growth

i Economic Growth – Missed Opportunities and Future Prospects. *Freedom First*, No.398, July 1988.

The Planning Commission

i Cited from the Wikipedia.

Reforms – After Many False Starts

i Young readers might like to be reminded that in the first four General Elections, elections to the Lok Sabha and the State Assemblies were held simultaneously. It was when Mrs. Gandhi got the 4th Lok Sabha prorogued one year ahead of schedule and held elections in 1971, that the two got separated.

ii The term "Opposition" is used to include all non-Congress parties and independents.

iii Mr. H. M. Patel formerly of the ICS was president of the Swatantra Party, Gujarat and later succeeded Minoo Masani as the President Swatantra Party at the national level. In the general elections to the Lok Sabha in 1971, he was elected as a candidate of the Swatantra Party.

FICCI : Serving Trade and Industry

i The British Government organized three Round Table Conferences (RTCs) in London between1930-32 to discuss constitutional reforms for India. They were conducted as recommended by the Simon Commission in its Report in May 1930 on its return from India. Demands for *swaraj*, or self-rule, in India had been growing increasingly strong. By the 1930s, many British politicians believed that India needed to move towards dominion status i.e. India would be part of the British commonwealth and accept the English sovereign (king or queen) as the Head of State.

However, there were significant disagreements between the Indian and the British political parties that the Conferences could not resolve. Representatives of the British Government, representatives of the princely States, representatives of the various communities, occupations, various provinces and groups in British India including representatives of various political parties totalling 89 delegates attended the first RTC. The second RTC was attended by over 100 delegates and in the third RTC, which was boycotted by Mahatma Gandhi and the Indian National Congress, was attended by just 46 participants. Many reforms suggested at these three Conferences later came to be included in the Government of India Act of 1935. It is widely accepted that the Constituent Assembly of free India liberally copied many of the provisions of the Government of India Act of 1935. So the RTCs did fulfil a useful purpose – of providing the basis for governance in free India.

V. Seminal Essays

The Housing Problem

[i] This paper is based on a Report submitted by Patodia to Members of Parliament and the Rajasthan Legislature in 1969. It also includes nine questions he raised in Parliament on Housing that concerned him very much.

We have added a postscript to show that despite the passage of time, over 45 years from the time he submitted his Report, the Housing problem is nowhere near solution.

[ii] Cited from the Wikepedia.

Project for
economic
education

The Project for Economic Education (PEE) is a non-political, non-partisan organisation founded by Minoo Masani in 1985. It is registered u/s 25 of the Companies Act. The PEE stands for a free market economy in a free and liberal society. The primary objective of the PEE is to support and promote the process of economic liberalisation and make it both understood and accepted by the people. The PEE believes that economic growth requires a secular and liberal environment based on the rule of law and policies that enhance the freedom and dignity of the individual. Towards this end, the Project has held a large number of workshops and symposiums and has published a number of papers and reports on subjects relating to the political economy.

Also published by Project for Economic Education

- Liberal Priorities for India in the 21st Century
- Development and Human Rights
- The Indian Economic Liberalisation Story
- Towards a New Health Policy

HOW BUSINESSMEN CAN ENRICH PUBLIC LIFE

In the general elections of 1967, for the first time, a number of young businessm contested as candidates of the Swatantra Party. Nine of them including D. Patodia were elected to the Lok Sabha. Soon after his election, over 40 years ag it was the Swatantra Party that brought D.N. Patodia and S.V. Raju the author this volume together. The author was then the executive secretary of the Centr Office of the Party.

Having known Patodia as a very active participant in public life, particularly politics and in matters relating to the economy, Raju tried to persuade Patodia write his memoirs. He declined, but finally agreed to the suggestion that h author a book on Patodia's public activities covering his tenure in the Lok Sabh and other phases including FICCI of which he was the President in 198 Consequently Patodia handed over to the author all the records that he ha preserved relating to this period.

Patodia entered Parliament at a time when the churning process of India democracy had just begun and was also among the senior leaders of FICCI whe the government decided to move away from a socialist pattern of economy t market driven policies. It was a period of major political and economi challenges of great significance. His speeches and presentations covered variou aspects of these developments and their impact on the emerging trends Amongst others issues he deliberated on matters such as the Kashmir problem the nature and implications of the Naxalite / Maoist movement on the economy the factors that compelled the government to bring transformational change and their relevance in the context of global economic development. By his effective presentations and participation Patodia made a valuable contribution in the shaping of these changes.

This is how S.V. Raju came to write this volume and why this narrative o considerable historical value is woven round his persona covering a wide timeline from the late sixties to the early years of this century.

Project for

Economic