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Mr. M. R. Masani's Remarks from the Chair at a Meeting on March 30, 1979

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Thank you Mr. Pai. I am very happy indeed to take the Chair for my good friend, Prof. Gadgil. He and I are both frequent Forum speakers, so I think it would be an impertinence to introduce him or tell you where he was born, when he was born, what he has done ever since. Nor do I propose to follow the other practice of Chairmen who contradict everything the speaker says.

Yesterday, I spoke to the Poona University on Rajaji. There was a worthy Professor in the chair, who, at the end of the meeting, told the audience not to take anything I said seriously because he disagreed with it ! I can assure my friend Gadgil that I will not do that to him, whether I agree or disagree. So, whatever I want to say, I shall say first.

I am very glad Mr. Gadgil is here. He started as an academic of very high distinction. He has moved on to be the Economic Adviser of a big industrial group. But in both capacities he has maintained his intellectual integrity, and what is more, he is not just an intellectual like some people. He cares; he takes part in affairs; he is a do-gooder. And I know that he has done yeomen service to the cause of consumer cooperation. There must be other ways also in which he has tried to be a good citizen and make ours a better society. So we could not have anyone better.

Now to come to the subject. As I have said I shall say what I have to, now. After that Mr. Gadgil will have the last word, subject to any questions if time permits.

Now, Solzenytshin said recently that in Russia communism is a dead dog. If somebody had mentioned six months ago the topic of nationalization the comment would rightly have been made that nationalisation is a dead dog in India. We had almost forgotten about this little monster. We had been educated by a number of things. Mr. Lee Kwan Yew, the Socialist Prime Minister of Singapore, has been to India many times and told us about the follies of nationalisation. Prof. Gailbraith, the great nationaliser, has written a book called "The New Industrial Society" where he has run down the so-called "post office socialism" of India and Sri Lanka which we knew of under the Gandhi/Bandaranayke regimes. Mr. Djilas, the great Yugoslav communist, has decried nationalisation by saying that everybody's property is nobody's property. So one thought that this was a dead dog like communism in Russia. But we were too optimistic. There are people who do not live with the times, who live in the past. Two such people, Biju Patnaik and George Fernandes, have tried to put life into this dead dog. In the past few weeks they have been pumping air into this dead dog. But fortunately the baloon does not swell. It does not grow because luckily, India has matured in the last ten years since the banks were nationalised at our own cost. We know what harm that has done and how little good it has done. What that last experiment on nationalisation on Mrs. Gandhi's part, one would have assumed that Indian democracy does not want any more of this scourge.

In regard to utilisation of capacity again, the public enterprise is not a stabilising factor. The number of units utilising less than half the capacity of the factories rose last year from 17 to 27, while the number of those working above 3/4th of the capacity dropped from 76 to 72.

In regard to industrial relations also, since the Emergency was lifted, 255 million man days have been lost by strikes on the part of employees of public sector enterprises. Once again the private sector shines by comparison. And so one could go on and on.

Infact the best description of the public sector was given by no one than Mrs. Gandhi, when she was the Prime Minister. She was quoted inthe Hindustan Times of 15th June 1965. She was a prophet because she foretold what has already happened in India during the last 13 years. Now let us read her description of what a public enterprise in India amounts to. I read her words : "Faulty planning with regard to concept, size, location, raw materials, design, choice of processes, equipment, personnel, contractural agrangements, supervision, time schedules etc., have resulted in cost escalations and delay." That is a very encyclopaedic condemnation.

But she went on, "This is not all. Overcapitalisation, overstaffing incidentally adding to township cost, inadequate work-study, lack of dedication, application of secretariat codes and procedures to commercial undertakings, system of financial control and audit and the lack of a well-thought personnel policy constitute another set of problems of public enterprises." And she ended this devastating attack by saying : "Further factors to be gone into are proper programming of orders, price policies, cost control, quality, research and design and the structure of management."

Now, what is left ? Everything that one could proudly think of Mrs. Gandhi said was wrong with public enterprises. And yet Mr. Fernandes, the day before uesterday, has the presumption to tell us that they are a great stabilising factor.

The facts, therefore, is that we have a story of unadulterated failure. To add to this failure, to ask us to convert more profit-making companies into failure companies is something that Indian public opinion is not going to accept . In fact, if it was not for the tax-payers' money subsidising these enterprises they would all have gone bankrupt long time ago and shut down. But the tax payer's money is pumped in through each Five-Year Plan and each Budget to keep these enterprises alive.

My own feeling is that what is required today is denationalisation. What is required in the national interest is "privatisation," as it has been called in other countries like France, Germany, and Japan. Public enterprises which made losses were handed to shareholders. People were asked : "Will you take this over and make a profit ?" The initiative of the people showed that a loss-making company, even if it is government controlled, is able, after some time to get onits feet and make a profit. So, far from the process of nationalisation being required, what is required is denationalisation. That should be the agenda of the day. We should now be discussing whether these enterprises should not be given over to private enterprise to put them on their feet again.
