

WINDS OF CHANGE

Y.B. CHAVAN

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THIS collection of selected writings and speeches of Chavan unfolds a very rich contemporary mind—the mind that has delved deep into social, political and economic problems of India. The contents reveal a broad spectrum of sensitive and constructive thinking which has been constantly enriched by an active participation in the solutions of national problems. The common thread in these pages is the personality of the author who is a rare combination of pragmatic outlook and idealism. The author has been described as “a man of vision and balanced judgement”, as a champion of socialism and secularism and as a person who, by disposition and action, is beyond petty loyalties. The book bears ample testimony to these qualities of the author.

Y. B. Chavan was Defence-Minister of India from 1962 to 1966, Home Minister from 1966 to 1970, and has been the Finance Minister since 1970. His intimate involvement in the formulation and implementation of economic policies of the government and the important roles he has played in many national crises, make the book an important document of current history.

The readers will find here a searching analysis of the persistent national problems such as disparities in

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Y. B. CHAVAN



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Introduction

THIS IS A book of great importance and will be read with interest by all those who have a stake in the public life of India and also by those who would like to know the direction in which the winds of change blow in India.

Y. B. Chavan, the Finance Minister of India, has played an important role on the Indian political scene for the last two decades. He was Defence Minister of India from 1962 to 1966, Home Minister from 1966 to 1970, and the Finance Minister since 1970. He has been intimately involved in the formulation of socio-economic policies of the government and in their implementation.

Chavan has been an enigma to many observers of the Indian political scene. This book, which is a collection of his selected writings and speeches, gives an insight into his mind and enables the reader to understand his role as a leader, as an administrator, and as a man. In a few swift and broad strokes, he places before the reader a macro-analysis of the strategy to be adopted during the 1970s for achieving the basic goal of economic growth with social justice. He examines not only the economic issues which require solutions, but also the social and political ills that have to be remedied.

He touches upon almost every aspect of life in India — on the disparities in economic growth, on the unevenness of distribution of wealth and opportunities, on the drastic changes necessary in industry and agriculture, on the right type of political leadership, on the communal, regional and sectarian forces that have to be eliminated, on violence in society, on student unrest, on the pros-

pects before youth, and on the role of administrators. Indeed, there is hardly any issue of public importance that he has not discussed.

A common thread running through his speeches and writings is his impatience at the slow pace of change. He is candid enough to acknowledge failures and alert enough to take note of the dangers of communalism, regionalism, growing violence, disparities in the standard of living of the people, and the continued exclusion of large masses from the mainstream of the socio-economic life.

Since the topics he discusses have many common points, there are inevitable repetitions of ideas; but he places emphasis on the same issues from different angles. He gives a clear picture of the problems that India faces and sets out solutions to many of the ills that beset the nation.

— PUBLISHERS.

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WINDS OF CHANGE

PART I

GROWTH AND SOCIAL
JUSTICE



PART I

**GROWTH AND SOCIAL
JUSTICE**



The Economic Strategy for the Seventies

THE PROCESS OF achieving economic development is indeed similar to that of fighting a war in more aspects than one. The war we are waging against poverty, disease, illiteracy and misery is no less arduous and hard than a war in the conventional sense of the term. In fact, it is much more complex and will require an even greater degree of perseverance, hard work, toil and sweat. There is also another real and meaningful similarity between the two. The war against poverty will call for sustained effort, mass participation and a popular fervour. To be successful in this war, there must be a sense of national honour and pride and a bold and imaginative approach.

It is necessary to think in terms of strategies for the various facets of the national life. In the ultimate analysis, there is a real, close and intimate inter-dependence between them. It is my firm belief that these strategies have to be inter-related so as to be effective and we have to recognise their essential inter-dependence. In economic theory there is a concept of "economic man" to whom questions can be asked as to how he would behave in any given situation. The concept implies that the reactions of such an economic man would necessarily be purely rational and based entirely on economic motivations. I do not know if some one would like to think in terms of the concept of a "political man" who would answer all questions from the political angle alone. When we talk of a strategy for a decade for a whole nation with intricate and complex problems of development and poverty, we have to think in a more integrated manner. One cannot, therefore,

lose sight of this real inter-dependence between the economic, social and political life of the country. In economic planning, we often talk of inter-industry and inter-sectoral analysis and there is always an effort to maintain a balance to ensure that there is no lopsided development of one sector or industry at the cost of the other. I think the same concept can be extended when we think of the human problems in the life of a nation. To be effective, the strategy will have to be continuously reviewed, re-modelled and reshaped in the light of what is happening in the economic as well as the political and social life of the country. Just as one cannot spell out a strategy for a war at its outset and stick to it at any cost, similarly one cannot spell out a strategy for the war on poverty and refuse to see what is happening around. If we do not take an integrated view, we might win a battle in one sector of the economy but are certain to lose the war on poverty.

When we think of the strategy for the seventies, the question naturally arises as to what is so special about the seventies. Some may also ask whether we did not have any strategy for the fifties or for the sixties. To answer these questions, it is necessary to review the achievements of the last two decades. When we fought for independence, it was not merely a struggle for political freedom; it was also a struggle for economic emancipation. A concerted and well-conceived effort in this direction began with the setting up of the planning agency in the country and with the formulation of the First Five Year Plan. We laid varying emphasis on the different facets of our economy during the last three Five Year Plans. Thus, in the First Plan, our accent was on major irrigation projects and the reconstruction of our transport system; in the Second Plan we emphasised basic or heavy industries realising the urgent need for developing a capital goods base; it was also felt that rapid industrialisation and a total transformation of the country would require suitable investment on infrastructure and mother industries. As a result, inevitably, our reliance on foreign aid increased during the Second Plan and we, therefore, emphasised self-reliance, i.e. import substitution in the Third Plan. However, the weakness of agriculture and of exports and the basic need for family planning came sharply into focus in the mid-sixties and we then talked of a strategy of development with accent on agriculture, exports and family planning. In view of the rapid rise in prices in 1966 and 1967,

the draft Fourth Plan talked of growth with stability as the main objective — the term stability relating to price stability.

The progress achieved so far in the various sectors of our economy can be understood fully only when we relate it to the conditions which obtained in the country on the eve of independence. What we inherited from our erstwhile rulers was an economy which had been used up for war production and which, therefore, stood in urgent need of repair and reconstruction. All the major industries like cotton textiles, jute, sugar, and cement were in need of substantial reconstruction. The partition of the country further accentuated the problems, since some of the areas which produced substantial quantities of food and commercial crops went over to Pakistan. The food situation was none too comfortable and we required food under an assistance programme for the first time in 1950. As a result of the austerity which was imposed on the people during the war, there was a tremendous demand for imports of all kinds of consumer goods. At the same time, for want of any basic industry, all types of machinery had to be imported on a large scale. The transport system, particularly the railways, was in need of large-scale rehabilitation.

It is essentially against this background that we must appraise the results achieved during the last two decades. The food production has nearly doubled during this period and the green revolution is gradually changing the very face of thousands of villages. The age-old belief that the Indian farmer is ignorant and unreceptive to the new techniques and modes and methods of production has been proved to be erroneous. The recent report of the FAO has forecast that India will soon be surplus in her requirements of food. Once we understand the role of agriculture sector in our economy, the tremendous significance and impact of this development can be realised fully. The substantial decline in food imports has enabled us to reduce our reliance on foreign aid, and we are now in a position to divert the available foreign exchange to the more urgent need of increasing the pace of industrialisation of the economy. Over the last three Five Year Plans, industry has grown substantially both in range and sophistication. From the level of production of less than a million tonnes of steel at the beginning of the fifties, the steel production has now increased to nearly 5 million tonnes. A large number of new industries have been set up so that our dependence on

imports for industrial goods has been reduced considerably. Basic metals like aluminium are now being produced in the country in substantial quantities. Basic chemicals are also being produced on a large scale. Machine tools and a wide range of electrical and non-electrical machinery are also being manufactured. New consumer goods like synthetic textiles, radios, sewing machines, and electric fans are being manufactured in ever-increasing quantities. To support this rapid pace of industrialisation, substantial advances have been made in the infrastructure facilities in the country. The amount of power utilised has increased eight times from the level of 4,000 million Kwh. Nearly three times as much freight is being carried by the railways today as compared to 20 years ago. The area irrigated has increased from about 20 million hectares to about 34 million hectares. The facilities for education including higher and technical education have kept pace with the requirements of trained man-power in the various sectors of the economy. The proportion of school-going children in the age group of 6-11 has increased from 43 per cent in 1950-51 to about 77 per cent. At the end of 1967-68, there were 138 engineering and technical colleges in the whole of India with facilities sufficient to take in every year 25,000 students. There are 181 medical colleges which provide educational facilities to 61,000 students annually.

These are significant and impressive achievements and we should legitimately be proud of them. The fact, however, remains that with all this progress, there was growing dissatisfaction among the large mass of our people both about the growth being inadequate and about its fruits being unevenly distributed. Consequently, a number of new initiatives had to be taken during the last year or so, and these are vitally important in the perspective of our development. I would particularly like to draw your attention to some of the important facets of this new orientation in our policy which has made a qualitative change in our approach to the problem of economic growth. The historic decision to nationalise the 14 major commercial banks in July 1969 can perhaps be said to mark the beginning of a new economic era in this country.

This step has enabled us to cater to the requirements of neglected sectors like agriculture, small-scale industries, self-employed persons, etc. The State Bank of India and the

nationalised banks have opened as many as 1610 branches during the last one year. Of the total 1873 new branches opened during the last year by all commercial banks, 1271 were at unbanked centres and of these the share of the public sector banks was 1133. The total limits sanctioned by the scheduled commercial banks to small road and water transport operators as in April 1970 showed an increase of more than three times as compared to those at the end of June 1969. All public sector banks have now formulated special schemes for providing finance to qualified entrepreneurs who have the requisite technical ability and worthwhile small-scale industrial projects but do not possess the necessary financial resources of their own.

Most of these banks have also liberalised their terms and conditions with regard to margin, security, rate of interest etc. for financing small-scale industries. Their performance in this regard has certainly been very impressive. Between the end of June 1969 and end of April 1970, the total number of units financed by these banks recorded an increase of 13,145 against a rise of 6,787 in the corresponding period of 1968-69. The increase in the amount of outstanding advances by these banks to such small-scale units during the 10 months ended April 1970 was Rs. 52.2 crores as against Rs. 38.7 crores in the corresponding period of 1968-69. To adequately cover the risk of default, the Credit Guarantee Scheme for small-scale industries was modified, and it has now been made applicable to all eligible advances on an automatic basis in terms of an agreement executed by each credit institution with a guarantee organisation. So far, 17 approved credit institutions, including all the major commercial banks and State Financial Corporations, have joined the modified scheme. As a result of this modification, the scheme has made rapid progress over the years. The amount of outstanding guarantees at the end of March 1970 stood at Rs. 567 crores as against Rs. 241 crores on June 30, 1969. The nationalised banks have also taken a variety of steps to extend credit facilities to the agricultural sector so far kept outside the purview of commercial banks. To enable the public sector banks to go forth more readily to extend credit to the rural sector, a credit guarantee scheme for small farmers has recently been approved by the Government. Under this scheme the risks in lending small amounts for fixed investment and crop loans to the agriculturists will be covered at a nominal

charge. This will give a further impetus to the programme of lending to the vital agricultural sector of the economy. The Government has also recently taken a decision to adopt the scheme of differential rates of interests, so that loans and advances can be made available to the small cultivators at lower rates of interest and progressively higher rates will be charged from the well-to-do cultivators. A Committee has also been appointed by the Reserve Bank of India to review the credit requirements of self-employed persons and to rationalise and liberalise the terms and conditions of such lending.

The acute regional imbalance in the development and industrialisation of the various areas of the country has come sharply into focus during the last year or two. Various measures have, therefore, been taken to provide direct assistance on softer terms for the setting up of projects in the less developed areas. Under the scheme announced in July 1970, the Industrial Development Bank of India has decided to extend direct loans to industrial units in specified backward districts at a concessional rate of 7 per cent instead of the normal rate of 8 per cent. Certain other concessions regarding the period of repayment, lower commitment charge on the undrawn balance of the loan, liberal under-writing facilities have also been announced to enable faster growth of the neglected regions of the country. Under the new licencing policy, various measures have been announced to liberalise the licencing of the new entrepreneurs and those entrepreneurs in the lower and middle range and to put further restrictions on the big and dominant monopoly houses. The Government has also announced its decision that the public financial institutions will retain the option of conversion of loans into equity so as to have a more positive say in such industries and sectors of the economy which are of vital concern to public interest. The scope of the public sector has also been extended to the production of consumer goods. The principle of joint sector has been accepted by the Government and this may well be the pattern of new enterprises in years to come. I have outlined some of the important developments in the economic field during the last few months as they have firmly set a new direction to our approach.

It has often been said in recent months that the strategy or the orientation of the recent decisions of the Government is hardly

well-conceived and rational and there is only an attempt to find experimental and *ad hoc* solutions to meet the immediate political requirements. But as I had mentioned earlier, it is difficult to conceive of economic strategy for the whole country with its massive problems in a vacuum. The process of growth cannot merely be equated in terms of preparation of theoretical growth models. If the plan has to be successful, it must have the willing cooperation and support of the millions for whose betterment it is prepared. It must be not only rational and logical but also real and pragmatic. I firmly believe that economic development is not merely an economic concept and there can be no standard solution to the problem of growth in the developed and the developing countries. The social, political and historical setting within which planning has to be attempted and made successful is not the same in all countries or for that matter even in the same country for all the times.

The process of planning is qualitatively different in a totalitarian or autocratic kind of society and the one which aims at achieving rapid economic growth within the framework of democratic institutions. No real effort at planning is possible in an atmosphere of violence, frustration and tensions. If the seventies have to be a decade of rapid economic growth, it will also have to be a decade of peace. One has only to look around to see the manifestations of growing frustrations and tensions in the country today. I would agree to a certain extent that conflict of values and clash of interests are inevitable in any changing society. There is bound to be a certain resistance to any change, whether it is in the social life of the country or the economic life of it. We have seen that the caste prejudices and the antagonism based on religious beliefs still persist in the country. But these difficulties come up in bold relief when there is a clash of economic interests. Thus, there is bound to be resistance from those who have to lose a portion of their land under the land ceiling legislation. There was understandable resistance and anger at the time when an effort was made to implement the principle of land for the tiller and to do away with the concept of absentee landlordism. But unless efforts are made to smoothen out these conflicts in a pragmatic way and as a matter of State policy, it will be difficult to pursue the effort at planning for any length of time.

When we make an assessment of the present situation, it should

not be difficult to pinpoint the areas which would require our concerted attention. As I stated earlier, the educational facilities in the country have gone up by leaps and bounds, and we have a large reservoir of trained man-power for which it is difficult to find suitable employment opportunities. There is considerable unemployment among the engineers. There are large numbers of other technically qualified persons who are finding it difficult to get suitable employment opportunities. This has inevitably created considerable frustration and anger in the younger generation. This is not merely a short term problem of providing jobs for these educated youths, but it is also a national and long term problem of getting adequate returns on the investment which has been made on the education of these persons. In addition to this large mass of educated unemployed, there are millions in the countryside who have been unemployed and under-employed for decades. In the long run a solution to the problem of unemployment can be found only by increasing the rate of growth of industrialisation of the economy. It is also evident that it will not be possible to provide employment to all such persons in the Government sphere alone. But a purposeful and concerted effort will have to be made to give first priority to the massive problem of unemployment in the country. I have no doubt that jobs for the millions must be the corner stone of our strategy for the seventies. This gigantic problem is not merely one of economic logic but has also a very real and compelling human connotation. Needless to say, there can be no easy solution to it, and it would call for a considerable degree of resourcefulness and imaginativeness in tackling the same.

This problem will have to be looked at from the point of view of the factor of proportions and relative prices, utilisation of more labour-intensive techniques of production, adaptation of imported technology to suit the conditions in the country, a greater degree of emphasis on small-scale, cottage and agro-based industries, as also reorientation of the educational policy to suit job requirements not only in the government sector but also in the commercial, agricultural and other sectors. The urgency of this task can be seen in the recent acceptance by the Government of a massive employment programme to provide at least half a million jobs by the end of 1971. This is only a beginning of an all-out effort to solve the problem of unemployment

and under-employment in the coming decade.

The other equally important area of action will be the glaring disparities between the incomes and wealth of various classes in the society. It cannot be denied that inequalities have got aggravated over the years and are being felt sharply. This was perhaps inevitable, since those holding initial advantage in the ownership of assets including land were able to march ahead of others. The process of growth by its very nature is uneven, but we can hardly take a complacent view of this phenomenon. I am aware that this is a complex and intricate question and has far-reaching implications in terms of motivation to work, save and invest. I am also aware that these are the basic factors which govern and condition and momentum in the economy, and to take a rigid view on a purely ideological or doctrinaire basis will not be in the interest of the country in the long run. But, at the same time, it will have to be realised that in an era of rising expectations, islands or pockets of prosperity cannot co-exist with widespread and abject poverty for long. It will also have to be realised that the process of modernisation and economic growth in a huge country like ours will call for concerted efforts spread over several years, and prosperity of a few at the cost of hundreds of starving persons will not create popular fervour and enthusiasm as also a willingness to undergo sufferings and privations. The question of disparity in incomes and wealth has become acute not in urban areas alone. The green revolution and the resultant prosperity of a section of rural population has brought in its wake gigantic problems which have very real social and political connotations. The history of industrialisation of several advanced countries has shown that a technological revolution in the means and methods of production cannot be looked at purely as an economic phenomenon. It also has very compelling social, political and cultural connotations. To emphasise only one at the cost of the other will, therefore, be inevitably suicidal. It is in this context that the various facets of urbanisation, industrialisation and the green revolution will have to be clearly understood. To tackle the question of disparity in incomes and wealth in the rural areas, it is necessary to lay immediate emphasis on the question of land reforms and land ceilings. In view of the variety of tenurial practices which have persisted over generations in the various states and the difficulties in the agro-climatic factors, it will be

difficult to think in terms of laying down uniform standards for the purposes of land ceilings. But it must be realised that a time has come when a fresh look must be taken at the question of land ceilings. Wherever the zamindari system has got entrenched for long periods and the land ceilings are pitched at an unduly high level, socio-political compulsions will call for reduction of ceiling on the land holdings. In view of the large mass of landless population in the rural areas and the tremendous hunger for land, it will be impossible to meet the requirements of any sizeable section of the population, unless the ceiling is imposed on the basis of family as a unit. To give an incentive for higher production and for assimilation of new techniques of cultivation, it will also be necessary to realise the ideal of land for the tiller. It will also have to be accepted that the benefits of a large number of developmental schemes in the rural areas has primarily gone to the well-to-do sections of the cultivators, and no perceptible impact has so far been made on the lives of the small cultivators and the landless labour. It is frustrating and demoralizing to see the promise of the Green Revolution and the advances in technology but not share in it, to see and hear about it all around but not to be able to participate in it. And this has been the lot of small cultivators all over the country. If this situation is not rectified, the disparities in levels of incomes and production are bound to get further accentuated and sharpened as years go by. This can be a potentially explosive area and must get our urgent attention.

The problem of disparities in incomes and wealth is equally and perhaps more acute in the urban areas. If the psychological barrier between the haves and the have-nots is to be removed, it is essential that sacrifices in the process of development are shared by all according to their capacity. There can, therefore, be no justification for permitting large unearned incomes and unconscionable profits by only a section of the population. There can also be no justification for permitting vulgar display of prosperity and affluence. The impact of any measure like ceiling on urban property must be assessed not merely in terms of resources for development but also in terms of efficacy and value for creating a mass appeal and a fervour for the success of the development plans. It was for this purpose that the Government accepted the principle of ceiling on urban property. There can be differences over the limit of ceiling and the ways of achieving it.

But the logic of such a measure is indisputable. The economic policies and programmes for the seventies will have to accept and take note of these socio-political compulsions.

Another area which will require serious thought is that of maintaining price stability. Increase in prices leading to increase in wages and incomes which in turn accentuates the pressure on prices is a phenomenon which is not uncommon in a developing country. In an economy in which agriculture is a dominant sector, any substantial variation in the production of food and commercial crops can have wide ranging effects on the other sectors of the economy. We have certainly achieved a breakthrough in respect of food production and can legitimately be proud of the achievements in this field. However, the same cannot be said in respect of production of commercial crops. Some concerted action will be necessary to achieve a rapid increase in the yield per acre of commercial crops. Coming back to the question of price increase, it will have to be realised that a certain degree of rise in prices is inevitable in any process of growth. In fact, a small increase in prices can constitute an incentive for further production and investment. But any persistent and large rise in prices is bound to cause considerable hardship and misery, especially to the low income and fixed income groups. Inflation also accentuates inequalities in the society and results in doing away with the motivation to work, save and invest. The plan priorities get distorted. The competitiveness in the international market is seriously retarded and exports are badly affected. The disparities in income are further sharpened and new tensions and restlessness come to the surface. Any inflationary rise in prices thus impairs the whole climate for a planned effort. Growth with stability will have, therefore, to be an important objective in the coming years.

It is sometimes asked whether it is not dangerous to stir up consciously the question of social justice or of distribution of income and wealth. There are people who think that if only politicians did not talk of distributional justice and concentrated instead on problems of growth, all would be well, as ordinary people are only interested in bettering their lot and not in some abstract concept of social justice. I am afraid this is wishful thinking, because ordinary people everywhere and at all times are concerned about their absolute well-being as well as their

relative position in society. Even in advanced industrial countries today there is the persistent problem of inflation, and we hear talk of an appropriate prices, wages and incomes policy to hold inflation in check. What causes inflation in the advanced industrial countries is not so much shortages of goods but a sort of struggle between different classes and groups to shift the distribution of income in their favour. When workers try to increase wages beyond what may be justified in terms of the increase in their productivity, when farmers or manufacturers try to improve the terms of trade in their favour, or even when the Government tries to increase its share of total national income, the other sectors or groups retaliate, and we get a struggle which results in rise in prices. The prices, incomes and wages policy is nothing more and nothing less than a policy whereby the Government arbitrates between the various claimants for a larger share in the national cake. A conscious distribution policy has thus become a vital necessity even in industrially advanced countries.

In the short-run, our policy must aim at holding the scales even between different sections of the community and at the same time emphasise the need for a more rational and egalitarian distribution of income in the country. But we must go beyond a prices, wages and incomes policy. With our extreme poverty and the inequalities reinforced by a variety of historical and cultural factors, we have also to aim at basic or fundamental changes in the social and economic structure. Opportunities for education and employment for all, ceilings on urban and rural land and on incomes and wealth in general, reduction in barriers of caste and creed, alterations in laws relating to inheritance or property, the part played by the State in industrial and trading activity are all aspects of long-term changes we have to bring about to achieve that distribution of income and wealth over a time which would correspond to the notions of social justice our people have and which is, therefore, essential for bringing forth the best contribution that all citizens can make for the economic advance of the country. That is why in India we often refer now-a-days to an incomes and wealth policy which emphasises these long-term aspects of social justice, social solidarity and peaceful progress rather than merely of a prices, incomes and wages policy which has only short-term connotations.

There is often a temptation to consider the distribution of

income merely in terms of the minimum and the maximum. A simplistic solution is often suggested in terms of the maximum being a certain multiple of the minimum. This might be a rough and ready way of explaining one's thinking on the subject, but it would be an unreal way of seriously approaching the problem of distribution of income. Unless we know what is the minimum income that we are planning to ensure to every individual, to talk in terms of maximum as merely a multiple of the minimum would be meaningless. If, for example, at the lower end there are a large number of unemployed persons or persons with extremely low incomes, it would be little satisfaction to ensure that the highest incomes are also small. What should, therefore, be of more relevance is to define the minimum level of income, wealth and standard of living for which we will have to strive. Again the multiple and the expectations in regard to minimum requirements would themselves undergo changes over a period. This then brings us back to the question of a proper framework for rapid economic growth. The fact of the matter is that whether we start with growth or with social justice, we have to end up with policies which encompass both, for neither is possible without the other.

While thinking of larger goals of economic policy, our immediate concern will have to be growth and production. Unless the size of national income itself increases, the effort to ensure a minimum standard of living to every individual will necessarily be frustrated. It is in this sense that mere talk of levelling of incomes would be futile and infructuous. The concern for rapid growth and higher production itself would imply that adequate incentives for work, saving and investment are ensured. But it will be wrong to think in terms of incentives for the well-to-do and the affluent only. In a country like ours, with its gigantic and intricate problems of development, the process of planning will have to be spread over several years — may be decades — and, therefore, incentive for millions of poor people to work, save, invest and undergo sacrifices and sufferings are as much relevant — and indeed more relevant — than those for a few well-to-do persons in the society. Resource mobilisation will remain our prime concern for several years and this will be increasingly difficult if glaring disparities in the society continue. It is, therefore, imperative that incentives for all sections of society

are given due weightage. The large section of middle classes will also have to be called upon to share in the privations and difficulties in the period of growth. No amount of sacrifices by only the lowest and highest range of society can enable us to break the vicious circle of low incomes, low savings, low investment and low productivity.

I mentioned earlier the clash of interests between the workers and the owners and the pressures and counterpressures to get a higher share of the total income. However, the other important entity, the Government, which embodies the hopes and aspirations of the people and which has to discharge its responsibility towards the neglected sections of society, also has to be given its share of the national income. This would imply that a certain portion of the increased incomes and wealth in the country must be assigned to the public exchequer by way of higher levies, savings, taxation, etc. The Government cannot discharge its obligation to the society unless its position is strengthened by way of larger assignment of the national revenue to it.

These are the short term and the long term implications of the basic goal of combining economic development with social justice. What I have placed before you is essentially a macro-analysis. Micro-implications of it have to be spelt out in terms of specific targets. In the Fourth Plan we have decided to place major emphasis on reducing the rate of growth of population, since developmental efforts are bound to be frustrated if the number of people for whom the minimum standard of housing, education, nutrition, health, etc. are to be provided continues to increase. It will also be impossible to make any perceptible impact on the lives of the millions of the poorer sections of society if there is a sizeable addition to their numbers year after year. The remarkable results achieved in the agricultural sector during the last few years have given a new momentum to our efforts, and our anxiety during the Fourth Plan is to ensure that no constraints for over-all growth of the economy would lie within the agricultural sector. With this end in view, we have laid considerable emphasis on extension of irrigation facilities, rural electrification and the spread of green revolution to the farthest corners of the country. In fact, the green revolution has so far touched only a fringe of our rural population and its real potential is yet to be realised. We have also been conscious of the need for increasing

our exports. As the range and sophistication of industries expand, our requirements for imports of components, spares, raw materials and new technology are bound to increase. It will be fallacious to aim at maintaining a comfortable balance of payments position merely by reduction of imports and continuing the various foreign exchange restrictions. In the long run, the more lasting solution can be only in terms of continuous expansion of the export sector. The various ways in which this goal is to be achieved have been spelt out in the Fourth Plan. I have not dwelt at great length on these micro-implications, since what is of more basic relevance is to provide an acceptable framework for sustained economic growth over scores of years. The economic development will have to strengthen the forces of democratic socialism in the country. The basic democratic values which have been enshrined in the Constitution must get reinforced by economic planning and each must draw its strength and vitality from the other. This is the first time that the biggest democracy in the world is making a sincere effort to break the shackles of poverty and stagnation. What is at stake is not merely economic emancipation but survival of democracy and liberal thought in the country.

If I have not coined my own short-term expression for the economic strategy for the seventies, it is because I believe that in the seventies, as indeed in the eighties, we will need for our economic development all the things we have emphasised in each of our plans. At the same time, we will have to possess sympathetic understanding and a sensitivity to the sufferings and privations of the neglected and the poor. There is no strategy which can provide an escape from these and from hard work and united endeavour for many decades to come.

Self-Reliance

EVEN BEFORE 1947 it was widely realised that political independence should lead to economic independence which would provide the minimum needs of the vast masses of our country to enable to live a fuller life. Soon after we achieved political independence, the Congress Party got down to the task of realising economic independence for the common man through planned economic development. During the First Plan and the early years of the Second Plan, our dependence on foreign credits was very small. But from about 1958 onwards, we began to borrow heavily from a number of countries and international institutions. We also had to import substantial quantities of foodgrains and other agricultural commodities on credit or on rupee payment terms. As the grant element in foreign assistance was rather small and the burden of foreign debt began to rise, it was realised that in order to achieve economic independence for the present generation, we cannot afford to jeopardise the future of succeeding generations or the independence of the nation itself. If the threat to our national independence, inherent in excessive reliance on "concessional" borrowings from abroad, became apparent during 1965 when, despite our being a victim of Pakistani aggression, aid from most quarters was suspended, events in 1971 brought out even more forcefully that for some countries at any rate aid is still an instrument of interference in the policies of others rather than a means of promoting worldwide development.

The Congress Party can legitimately claim credit for launching on the largest experiment in planned economic development in

a truly democratic set up. The path has not been an easy one, but without being immodest we can certainly claim a substantial measure of success in our experiment. While our goal is clear and our resolve firm, we can look forward with confidence to a more rapid strengthening of the various forces of economic growth. We have made undoubted progress not only in the field of economic development but also in the technique of moving towards self-reliance without sacrificing any of our major objectives of growth. This long-standing commitment of the Congress Party to self-reliance found a prominent place in the recent Election Manifesto of the Party for the 1972 elections. The massive mandate given by the people of India to our Party is therefore not only for 'garibi hatao' and other objectives but also for achieving speedy self-reliance. Much, however, remains to be done if we have to continue this progress towards greater self-reliance. Recent events on the political and economic fronts have only underscored the misgiving that economic aid more often than not is sought to be tied with political strings of one kind or another. Consistent with our stand all these years, we have set our face firmly against any attempt to use economic assistance as a lever of political influence.

Our dependence on external assistance has been steadily going down. What is more, as time goes on and the total external debt increases, much the larger part of what we receive is given back to the creditor countries and agencies by way of debt service payments. If allowance is made for this reverse flow, the net assistance likely to be received in 1972-73 will be only Rs. 145 crores as against Rs. 863 crores in 1967-68. This is a situation that we have ourselves worked for, and indeed we want to continue working towards the further reduction of our dependence on such assistance. However, at the present stage of economic development we cannot accept a situation where we are called upon to pay very large amounts in foreign exchange by way of debt service payments to the rich creditor countries. These large payments have arisen in part because of the hard terms on which such assistance was given by most of the countries in the early years of our development. Even where the rate of interest was comparatively low or maturities reasonably long, the terms were hard in other respects. For example, when loans are tied to purchases in the loan-giving countries and to specific commodities,

the prices paid are often much higher than in international markets. Again, large debt payments mean that even if we achieve a state of no net resource transfer to India from abroad, it would imply fresh borrowing equal to the debt payments each year. Since fresh borrowing is subject to uncertainty and exposes us to the danger of external interference, it is necessary to reduce further, and eliminate soon, any net inflow of resources from abroad. It is equally necessary to reduce the need to borrow fresh amounts year after year. It is for these reasons that we should strive for an equitable settlement of the debt question which would in turn enable us to reach our goal of doing without substantial external assistance in the next few years. It will be recalled that one of the objectives of the Fourth Five Year Plan was to reduce net aid to half the level that obtained during the Third Five Year Plan. This objective has already been achieved mainly as a result of the fact that we have been able to eliminate all concessional imports of foodgrains. In the Fifth Plan we should bring about further reduction in our dependence on external assistance combined with an equitable solution of our debt problem. By this combined process we should ensure that by the end of the Fifth Five Year Plan, or even before if possible, we would have eliminated the need for any net external assistance and greatly reduced the need for fresh borrowing from year to year. Within this over-all strategy, relations with individual countries and institutions will naturally vary, depending on our over-all bilateral relations and our general experience of aid from them.

It is perhaps necessary to restate and clarify what we mean by self-reliance and what steps are necessary to achieve it. The commitment of the Congress Party to promote economic emancipation of the large numbers of less privileged people in our country has been steadily strengthened over the years. The abolition of poverty and a more equitable dispersal of economic power and wealth continue to be among our prime goals. It is in this context that one should understand the objective, meaning and implications of self-reliance.

The objective of self-reliance is to remove dependence on external sources of economic assistance as a crucial determinant of our economic growth and planning. This would not, however, mean that we would shut ourselves away from the rest of the

world in terms of knowledge, technology, trade and commerce or even borrowing on suitable terms. It would mean essentially that we shall deal with other countries as equals and be free to pursue our own independent policies for promoting peace and stability in the world without being influenced by other countries on the basis of an unequal economic relationship.

The meaning of self-reliance in strictly economic terms is that the resources required for investment in the economy and the technical skills required for rapid growth in various fields are generated within the country. The external resources required for meeting our import needs for investment in and maintenance of the economy should be provided by our own export earnings and not by grants or loans given by outside agencies. What self-reliance does not mean is a reconciliation to low levels of growth and continuing poverty for the mere satisfaction of not accepting external assistance. Growth, social justice and self-reliance have all to go together. That is why complete independence from external borrowing cannot be achieved with immediate effect. Where assistance is available on honourable terms without any political strings and without onerous or unequal repayment terms, we will use it for some time; but even here, we shall have to be extremely selective and not too ready to assume a need for imports or borrowing just because someone is anxious to lend.

The path towards self-reliance is a hard but rewarding one. In order to reduce and eliminate the need for external resources to supplement our own investible or foreign exchange funds, we should strive hard on several fronts.

First, a concerted effort should be made to increase over-all production and reduce conspicuous consumption in order to maximise savings. This calls for higher levels of productivity and all round efficiency in various sectors of our economy. It also calls for improved managerial competence and industrial discipline.

Second, even greater efforts are called for to step up our export earning. Not only should we consolidate our position in the export markets for our traditional goods but even more we should build up new and expanding markets for a whole range of engineering and other non-traditional exports. The time has come for us seriously to think of promoting the exports of various items which are not required by the common man even if this means

a curb on the domestic consumption of these items by the more affluent sections of our society.

Third, our dependence on a whole range of imported goods and services should be rapidly diminished. We have the necessary potential for developing skills and the technology for the manufacture of a whole range of sophisticated products. In regard to import substitution, our programme should have a three pronged approach. (a) There are a number of products which are now not being made in the country but are being imported for meeting our priority needs. We should develop the domestic manufacture of these items. (b) There are certain other commodities like crude petroleum, steel and fertilisers where domestic production is inadequate to meet demand, and therefore we are compelled to import additional quantities of these items. A concerted effort is called for a better utilisation of indigenous capacity in these fields and for setting up additional capacity in as short time as possible. (c) It is a matter of regret that we have to continue to import agricultural commodities like cotton and vegetable oils. The programmes for developing new varieties of cotton and for stepping up over-all production have to be pursued with greater vigour. Our research efforts in the field of developing improved varieties of oil seeds should be stepped up. An integrated set of measures should be taken to encourage greater utilisation of the potential existing in the country for producing cotton seed oil, rice bran oil and other non-edible oils.

Fourth, serious attention should be given for setting up compact, feasible and effective technical and administrative arrangements by drawing upon the vast range of skills available in the country. We cannot countenance any longer the situation where technocrats and bureaucrats waste their energies in running each other down. A cooperative multi-disciplinary approach is essential for undertaking the difficult and complex tasks ahead.

It is the conviction of the Congress Party that economic growth, social justice and self-reliance are mutually reinforcing factors in the country's progress towards genuine economic independence not only for the common man but for the country as a whole. In this 25th anniversary year of our independence, the Congress Party renews and reaffirms its faith that it will lead the country to this goal of economic independence as surely as it did to political independence a quarter of a century ago. The effort and

sacrifice and cooperation needed from all sections of society and all parts of the country would be no less than what was called for during the struggle for independence. But we have no doubt that the Indian people will never flinch from the struggle when the goal is clear.

Self-Employment and Rural Industrialisation

THE ALL-INDIA MANUFACTURERS' ORGANISATION has taken the initiative to arrange this seminar on self-employment and rural industrialisation. The subject chosen for the seminar covers perhaps the most important aspect of national endeavour. While the rate of economic growth in the country has recovered from the slump of the middle 1960's, there is a lacuna in this recovery which causes considerable concern. The rate of overall growth registered in recent years is still unable to provide adequate work to the entirety of the large number of engineers and technicians — and to other skilled young men and women — coming out of our schools and colleges. Even in agriculture, despite the remarkable progress achieved over the past few years, the pressure on land continues. While the population, including the rural population, continues to grow, the area sown under different crops expand only marginally even if there are more of irrigation and reclamation possibilities. The pressure on land thus keeps going up. Moreover, there is a certain regional pattern in which this pressure manifests itself.

In those parts of the country where the annual rate of agricultural growth is around 8 to 10 per cent or more, the pressure on land can be, to some extent, absorbed in the sense that there is a higher level of income and earnings to be shared out amongst larger number of people. In other parts of the country, say the eastern region or parts of the south, where the rate of agricultural progress has been around 2 per cent or less per annum, the problem assumes a more acute form.

We know from past examples that when the land-man ratio turns unfavourable, there is a tendency for masses to migrate to the urban areas. So long as agriculture, on its own, is unable to provide satisfactory outlets for employment to the masses in the countryside, there will be this push factor. If facilities for receiving this ever-widening flow lag behind, social tension becomes inevitable, as we have seen in several cases in recent years.

Obviously, there is a twin challenge here. First, some way has to be found whereby more gainful employment could be provided in the countryside itself and the flow of migration slowed down. Second, steps have to be taken simultaneously to enlarge the scope of job opportunities for the urban masses.

Several official and non-official committees have in the past dilated on the nature and magnitude of unemployment and under-employment in the country. The need is to put into action policies and programmes which would reduce the intensity of the problem. Society owes it to the unemployed and under-employed that schemes be put in operation whereby there is at least some relief in the short period. There is no doubt that in the long run the solution lies in raising the level of investment across-the-board in the economy. As capital formation goes up, there are bound to be growing opportunities for jobs in agriculture as well as outside. But capital formation—and productive endeavour—would themselves depend upon the maintenance of a basic social stability in the initial stages, which would be impossible to have if large numbers are denied opportunities of employment and advancement. We will not be given the time and the leisure to plan for a prosperous economy in the future, if for the present young men and women, pining for jobs and a decent living, are left out in the cold.

The problem and the solutions to it deserve to be thought out together by the Government and representatives of industry and trade. The Government can certainly create the infrastructure and perhaps some additional jobs in the units directly set up by it. The recent decision of the Government to create half a million additional jobs in the country before the end of the current year is an indicator of its earnestness and sincerity in tackling this major national problem. In fact, creation of jobs for the millions will have to be the corner-stone of our development effort in the

present decade. But in view of the magnitude of the task, if the goals of self-employment and rural industrialisation are not to be confined to the realm of slogans and are to be translated into operational reality, industry and trade have to be intimately involved in the process. The Government — including the banks and the other public financial institutions — would certainly provide the necessary facilities. The Committee which was set up by the Reserve Bank of India to review the special credit schemes of banks with particular reference to their employment potential has made a number of very interesting suggestions in this connection. These suggestions will be examined very quickly both by the Reserve Bank of India and the Government. But the concrete task of availing of the facilities provided by the financial institutions and utilising them for the creation of additional work and jobs is particularly a responsibility which essentially belongs to bodies like the All-India Manufacturers' Organisation and their affiliates.

Till recently, industrialists — and the units run by them — have had an inherent urban bias. This was inevitable in a milieu where access to the market was the primary factor for deciding on industrial location. The fact that transport and communications had been deficient also inhibited the spread of industry in the rural regions. There were also notions that economies of scale could more easily be reaped in larger units which, by the nature of things, were more convenient to locate in urban tracts. Recent developments would seem to belie some of these notions. As agricultural prosperity grows, the rural market is becoming increasingly important. Transport and communications too have improved considerably over the past two decades. It is not certain whether it makes much sense to transport raw materials to the urban areas, process them there, and transport back the finished goods for consumption in the villages. From the purely economic point of view the nation would gain if this cross-haul is avoided and raw materials are processed in the countryside itself. The environment cost of locating industries in exclusively urban surroundings should also be taken into account.

Over the last two decades, the regional dispersal of industries and more particularly development of agro-based and small-scale industries in the rural areas did not receive adequate attention. Unfortunately, a school of thought also advocated that small-scale

industries were essentially uneconomic and resulted in waste of resources. But even pure economic logic should convince one of the irrationality of this approach. Undue emphasis on capital intensive techniques in an economy with abundant supply of labour can hardly be justified. But in addition to these purely economic arguments, the other aspects of rural industrialisation are of no less significance. As we have seen in several areas, even a unit like a sugar factory brings about a qualitative change in the countryside. In several ways it acts as a catalytic agent to break the age old barriers of caste, creed, custom and religion. All the best that is there in the process of industrialisation is taken to the countryside without the hazardous ills of urbanisation and concentrated industrialisation. This is no less important than pure economic gains for a country poised for total transformation.

I would urge upon the manufacturers and industrialists that the task of creating more employment in the countryside is as much theirs as anybody else's. For, if lack of adequate opportunities for jobs leads to mass migration and, as a consequence, to the swelling of the number of urban unemployed, the consequences will be felt in several areas of productive endeavours. This in turn is bound to create several points of tension in the social fabric. Certainly, a close analysis will have to be done before we can decide on the general pattern of rural industrialisation. This pattern cannot be identical for the country as a whole. From region to region, the sources and availability of raw materials vary, the quality of rural unemployment and under-employment changes, and communications and transport pose different kinds of issues. The availability of funds and entrepreneurship too is not the same everywhere; the latent skills of the population are also different. I would assume that these are some of the problems which will be discussed in the course of your seminar today. I hope the proceedings at the seminar would lead to a number of practical suggestions about what can be done by the industrialists on their own and what can be done additionally by the Government and the financial institutions in fostering rural units, in promoting market surveys and providing technical assistance and credit.

A subject in particular on which you should devote some time is marketing. Very often small-scale units find it difficult to obtain a market for their products for the simple reason that they

have no central organisation to take charge of the operations. The same factor also impedes adequate quality control arrangements, so crucial for enlarging sales. Whatever ideas you may have for developing a skilled and efficient marketing organisation to cater to rural industries will be of immense value.

Generating self-employment in the urban areas is of equally crucial significance. It is a great national tragedy that first rate human material, technically proficient, cannot be provided with a gainful living. The resulting frustration can lead to—and in parts of the country, has already led to—dangerous explosions. I am not disowning the Government's responsibilities in the matter, but it simply will not do if, on their part, the industrialists merely watch from the sideline. In recent years, financial institutions, including the banks, have been encouraged to develop schemes to foster self-employment. Despite all that, I would admit that we have till now been skimming only the surface of the problem. Much more needs to be done, as much by the public institutions as by industrialists and manufacturers on their own initiative.

Another area where industry could help in fostering self-employment is a purposeful and planned policy of sub-contracting and development of ancillary industries. There are many industrial ventures, in the engineering industries in particular, where small-scale units are not by themselves less competitive in relation to bigger units. In fact, where individual skills fetch a premium, a smaller scale of activity may confer certain special advantages. Young entrepreneurs engaged in activities on a modest scale, could develop profitably in the ancillary lines, provided they had custom from the bigger units. It is market imperfection which is holding them back. It could well be that one reason inhibiting industry from entering into contractual arrangements with small entrepreneurs is fear of default on orders or lack of confidence about quality. But this is a matter where guidance is necessary and will be rewarding. A little risk has to be accepted if social stability is to be ensured. Placing faith in the country's young men and women—making an initial outlay on them—is bound to offer dividends in the long run. Past experience indicates that where appraisal is carefully done at all stages and proper contact is maintained with the parties, there is little default on orders placed. Quality control too is a matter

of continuous communication between the party contracting and the party delivering. What is called for is a certain breadth of vision on the part of the bigger units. In many instances, they will have to go out of the way to encourage young people to set up on their own, to advise them with technical expertise on marketing and on the methodology of financial appraisal. Devoid of this approach, mere dispersal of industries or location of a few big industries in the backward areas to meet the aspirations of the people will hardly serve any worthwhile purpose. As I mentioned earlier, I would look at rural industrialisation more as a catalytic agent to bring about a total transformation of the socio-economic climate in the rural areas. The generation of employment opportunities is only one facet of this change. Thus there is a large area of give and take between organised and large scale industry and the small scale and self-employed sector which needs to be explored and encouraged.

Self-employment can be generated not just in industry but in several other spheres too. One can also think of the service occupations, including, for example, small scale trade or, for that matter, even journalism. It could be that our financial institutions have till now maintained a bias towards small industrial and transport operations while thinking of problems related to the creation of self-employment. In part, this reflects the predilections currently prevailing. It is however quite clear that if the programme of self-employment is to make a substantial impact, it has to encompass not merely industry but various other occupations depending upon the nature of regional dispersion of young talents. In each of these spheres, industry, either as a supplier of raw material or as a buyer of what is produced, could offer a helping hand. Its sympathy and understanding could help to set up in life thousands of young men and women all over the country.

As I said earlier, the promotion of self-employment and rural industrialisation is a task which truly ought to be a common endeavour of industry and the Government. If industry would come up with suggestions and ideas for meaningful cooperation in the matter, the Government is anxious to listen to, and to act together with it.

A New Commitment

AS THE CHIEF EXECUTIVES and Chairmen of the Boards of the Banks, you have on your shoulders the difficult burden of leadership in a changing society in which there is a growing gap between economic aspirations and achievements.

I am aware that each of the nationalised banks is a living entity, having its own historical roots. Nonetheless, the structure and functioning of many of the banks need to be reshaped in the new context to serve the objectives of nationalisation. Now that a year is over, I think it is an opportune moment to pause and have a look towards the future with a sense of direction which does not appear either to you or to millions of your clients as vague and which the country too accepts as purposeful and clear.

It is very important that in planning the operative policies and implementing them, we have a deep and informed understanding of the social and economic compulsions of the time. The society wants that a rapid rate of economic growth should be attained quickly and social justice and fair opportunities should be secured for all. If the growing problem of unemployment is to be dealt with successfully, if a steady growth of the economy and perceptible rise in living standards is to be maintained and glaring disparities in wellbeing as between class and class and region and region are to be continually reduced, the rates of both savings and investment have to be stepped up considerably. This is of supreme importance and lies in a field which is very much your own. At the same time, we have to ensure that the fruits of development are not frittered away by

inflationary rise in prices. The role of banks in helping to achieve these aims should be more consciously spelt out and clearly understood. Public sector banks are not mere intermediaries collecting people's savings and disbursing credit only to make profits. The quality and dynamism of your efforts in inducing and channelising savings through mobilisation of deposits and utilising them in viable, productive endeavours will be the measure of the success of your banks in subserving our basic social and economic objectives. This will call for a new sense of urgency in your task.

Mobilisation of bank deposits on a massive scale is crucial for the development of the country. As I see it, this will have to be our first strategy in the war on poverty. Unless the deposits rise at a much faster pace, we will not be able to meet the growing needs of the economy. Dependence on the Reserve Bank in one form or another for refinance for long periods of the year is a habit which I think the banks have carried too far. Each bank will have to frame its own annual and regional plans and relate deposit collection to credit disbursement in a forward-looking way. Deposits not only provide the resources for investment and increasing employment but also serve as a means of easing inflationary pressures by fostering the saving habit among the people. It is a matter for grave concern to the Government that the over-all growth of bank deposits has been sluggish in recent months. I notice that deposit increase during the 11 months since the nationalisation has been lower than in the corresponding period of 1968-69 in the case of 8 or 10 large banks out of the 15 that you represent. I like to hear from you not only what in your opinion are the external and internal factors inhibiting the deposit growth, but also, and particularly, in what manner your banks propose to remove them. What adds to the anxiety is that while during the last year or so the branch expansion programmes of several public sector banks have been considerably intensified and a large number of branches have been opened in rural and semi-urban areas, the impact of this rate of branch expansion on deposit growth still remains to be felt appreciably. Let there be no feeling of complacency that our task ends with the opening of branches in rural areas and that deposits will be coming into the banks on their own. The results have been encouraging in isolated pockets, but, by and large, the experience so far has been far from satisfactory. For instance, in the Punjab, the rural

areas which are enjoying greater prosperity than before and, possibly, than most other areas in the country, the rate of growth of deposits in the first nine months of 1969 was barely 7 per cent, which was lower than the all-India average. I would suggest that a case study be made of the efforts for deposit mobilisation which have been made in Punjab by all banks during the last one year. A study in depth of this subject should be interesting not only for the banks operating in the Punjab, but also for those in the other parts of the country. If we take a wider conspectus, the experience of the State Bank should be a pointer. As of June 1969, the contribution of new branches of the State Bank, after its nationalisation, to its additional deposits has been only 33 per cent. In other words, the older branches of the State Bank, which were mostly in metropolitan and urban areas, continued to account for nearly 67 per cent of the additional new deposits. The fact has to be squarely faced that higher rural incomes have not been finding their way into the banking system to any significant extent.

New strategies of deposit mobilisation will have to be evolved without delay and these will have to be qualitatively different for rural and semi-urban areas as against urban and metropolitan cities. The strategies will also have to be varied to suit the habits, aptitudes, needs and social preferences of people in different parts of the country. Traditionally, banks have built up their image to suit the urban, literate and well-to-do client, and their operating methods and procedures are tailored mostly to fit his needs. This image must change quickly. We will have to admit that the change in our approach has not been adequate. 'Customer service' and its re-orientation has to be understood in this context. Improvement of customer service does not mean imitation of techniques which are current in the Western countries. Proper research and survey in different parts of the country will have to be conducted for objective assessments as to why the vast majority of our people do not go to the banks and what new range of services and techniques should be introduced to encourage the banking habit in different income-groups, among people of different aptitudes and with different social motivations. Our primary aim will have to be to reach the areas which have so far remained unbanked or underbanked. You will agree that the drive for deposit mobilisation and opening of new accounts in

the rural areas can naturally not go on for the whole year. Concerted and concentrated efforts will, therefore, be necessary to approach the cultivators during the time of the harvesting of the crops when ready cash will be available in their hands. Secondly, our propaganda and advertising for deposit mobilisation in the rural areas will have to be considerably different from those in the urban areas. This would call for a great deal of imagination and understanding of the psychology and attitudes of the farmer. Thirdly, the orientation and approach of the development or extension staff of the banks who work in the rural areas, will have to be radically different from those who are assigned this work in the urban and metropolitan areas. To what extent this requirement is being fulfilled by the present staff will call for a detailed review and remedial steps will have to be taken to give adequate training and orientation to the staff of banks working in the rural areas. Fourthly, it will be necessary to involve the local revenue and developmental agencies of the State Governments in this gigantic effort for concerted campaign to open new accounts and to increase the deposits in the nationalised banks. At present, the revenue and Zilla Parishad authorities in the States are doing commendable work for mobilisation of small savings and sale of debentures for the cooperative banks. Since the nationalised banks would now be the instruments of change all over the rural areas in the country, we must make a conscious effort to involve the State and Local Government agencies in this campaign. We must have an innovative approach and should have the courage to experiment with new ideas and methods. Let there be more pooling of ideas and experiences. I would urge upon you to suggest how we can achieve an early breakthrough in deposit mobilisation.

There is another related matter which has been causing me some anxiety. We have been placing considerable emphasis on removal of regional imbalances in industrial growth and banks are being looked upon as instruments for correcting this imbalance. Unfortunately, growth and development of banking itself seem to show increasing regional imbalance. The performance in the eastern parts of the country has been particularly disappointing. It will be necessary to analyse closely the factors underlying the disparate performance of branch expansion, deposit mobilisation and bank transactions in the various States and to devise ways and

means for correcting the imbalance speedily.

Lending activities too have to take on a new orientation. Many of you have drawn up schemes to help the weaker sections of society which have had little access so far to banking facilities. Advances to some of these sections such as agriculture, small-scale industry, road transport operators, and self-employed persons have continued to rise both in volume of outstandings and number of accounts. When we talk of priority sectors, the emphasis is on the needs of the common man, the man who is engaged, or is willing to be engaged, in a productive endeavour which is socially useful and economically viable, but is handicapped for lack of finance on reasonable terms. It is also an emphasis on the needs of the backward regions which are stagnating for lack of enterprise and finance. It also brings into focus the needs, often inarticulate, of sharecroppers in agriculture, of Adivasis in hills and forests, and those communities, spread all over the country, which have suffered long from the injustices of a caste-ridden society. In a sense, this is a question of attunement to a new concept of banking. One question which we must ask ourselves is whether we are mentally prepared to accept banks as instruments of social and economic change. It is my firm conviction that the banks have to perform a very basic task of giving a new orientation, a new social content and meaning to our programmes and policies. I am not inclined to accept that this necessarily involves undue risks or that all such financing is essentially un-economic.

In formulating his credit policy a banker has, no doubt, to ask himself certain important questions. For instance, does the lending help to generate more productive and viable employment? Does it help to rectify regional imbalances? Does it help to give a sense of participation in development to the members of the classes which have so long been outside the pale of banking? In framing the terms and conditions of a loan, is the best mean being struck between the bank's conventional interests and the borrower's ability to comply? It is also very relevant to enquire whether the loan envisaged goes to further speculation in goods, commodities or shares, or help conspicuous consumption and add to inflationary pressures. The other relevant question is whether the loan is going to help a few in empire-building and their unscrupulous use of economic power for exploitation. I

trust you would be able to evolve proper guidelines for lending which will be operationally workable and economically and socially justifiable.

There have been accusations in some quarters, not all of them well-informed, that the banks are lending money heavily for purposes of consumption and for purchase of durable consumer goods. I do not see any harm in banks helping their clients of middle class and lower middle class to buy some selected articles for daily use, but it will have to be ensured that easy loans are not made available for luxury goods consumption and unproductive expenditure. It will be necessary for the banks to so formulate their schemes for diversified small lending as not to create an impression that the affluent classes are being helped to have more conspicuous consumption, while many socially and economically productive needs of the poorer people remain unsatisfied.

In regard to your lending programmes, I would like to invite your pointed attention to an important area of action. One of the major problems we are facing today is growing unemployment. The unemployment of educated and technically qualified youth is not only a human problem but also an economic problem. The investment on education of these youths has not been able to give adequate returns to the country. I would, therefore, urge all of you to treat this as a priority area of action. I am aware that there is no ready-made and short term solution to the problem. But the social, economic and human compulsions would call for a sympathetic understanding and keen awareness on the part of all those who are connected with the banking industry. A more imaginative and constructive approach will be necessary in helping the young technicians and educated youth to enable them to set themselves up in life. I understand that some banks are making loans available to the self-employed persons on reasonable terms but some others have taken somewhat rigid attitudes. Today I propose to put before you a proposal which has considerable significance in terms of social objectives which I mentioned earlier. As you are aware, poorer and backward sections of our society have been suffering at the hands of usurious money-lenders who charge interest at rates as high as 3 to 5 per cent per month. Private money-lenders have their own old roots in society, they know their customers very well and their attitudes to questions like security against loans are subjective and flexible and not

bound by any rules. Though banks may take time in evolving methods to surmount the obstacles traditionally associated with institutional lending, purposeful consideration will have to be given to this problem.

In the aggregate, banking should be essentially a profitable and commercial proposition and it would not be appropriate to expect banking activity to subsidise any other activities in the economy. At the same time, a certain degree of flexibility in banking operations is necessary. Even traditionally, banks do show greater accommodation to the bigger parties with substantial investments. With the nationalisation of banks, it would now be essential to consider if some flexibility can be shown in respect of lending activities to the so far neglected and poor sections of society. Thus the people who deserve financial assistance for productive endeavour but cannot easily negotiate with bankers can be usefully offered a relatively low rate of interest and a flexible system of repayment. In other words, can we not consider introducing a differential interest rate structure? Can we not think of a scheme whereby lower rates are charged from carefully selected low-income groups and progressively stiffer ones from the affluent sections? I like to hear your views on this proposal.

While on this topic, I would like to share my anxiety with you on a related matter. There are disconcerting reports of abuses and corruption in lending to small borrowers. Such abuses have to be checked at the inception, otherwise all our efforts to widen access to bank credit will be frustrated and the ordinary man will turn hostile to the banking system. Exhortation alone will not help. We will have to provide deterrent punishment for all those who exploit in one way or another, people who approach banks. I understand that you are considering steps to set up vigilance cells in your organisation. But I shall be glad to learn of the detailed steps you have taken to put down corruption. Government on its part would be happy to extend any reasonable help which you might require to fight this evil.

One hears often about clash of interest between commercial and cooperative banks. Each sector has its own role to fulfil and their roles should be complementary to each other. But as the tempo of advances to agriculture and small-scale sector expands there may be a certain criss-crossing of jurisdiction between

the two. Although there are guidelines for demarcation of areas of operation for the two sets of institutions, an overlapping of jurisdiction may occur in a period of rapid growth. I would like to hear from you about the overlapping occurring at present or which is apprehended and what would be the most workable means of coordination between commercial and cooperative banks that would bring about a unified approach to the problems of deposit mobilisation and credit disbursement. The precise manner in which coordination between various banks and State agencies, cooperative bodies and the long-term financial institutions can be effected at the district level will have to be given urgent attention.

Banking has to play a continuous and active part in the development of the country and, therefore, inevitably both the extensive and intensive coverage of banking activities has to be planned in a systematic and coordinated manner. The concept of lead bank scheme in this context is of vital significance. This concept is new and it will acquire a special emphasis as time passes. However, unfortunately, there seem to be some misconceptions about its scope and utility. In some quarters the idea has gone round that the main task of the lead bank in a district is only to open new branches. Some banks appear to treat the surveys, which are now in progress, as a thing to be done only to comply with the Reserve Bank's directive. I think it should be clear by now that the lead bank scheme was not intended merely to identify centres for opening branches — this could be done without an elaborate survey of the district as a whole. District surveys are intended to form the basis for chalking out future programmes for development. The identification of the growth centres and assessment of deposit potential and credit gaps will have to be followed up by formulation of concrete proposals for action.

I am happy to learn that you have been receiving good co-operation from the State Governments for the preliminary work of the lead banks. With the experience gained and the contacts built up with the State authorities, it will not be difficult to prepare the ground for the next phases of the operation. Here, too, I like to hear what you propose to do to put the lead bank scheme to really purposeful and progressive uses. Whatever you do, your success will be judged in the country by your ability to command the respect, trust and affection of the people of the district or

taluka where your branches function. And when I talk of people, I have in mind the people as a whole and not a few rich and privileged among them.

The success of the nationalised banks would depend a great deal on the cooperation of all the staff of the banks. They have already pledged their full support to make this gigantic task a success. Nationalisation of banks evoked enthusiastic response from the employees of the banks all over the country and I am sure there should be no difficulty in enlisting the cooperation of the officers and staff. In any of the major areas of banking activity, whether it is deposit mobilisation, better customer service, or extension of banking services in the remote villages, no progress can be made unless the employees participate actively with a new fervour and dedication. The fund of goodwill generated has to be jealously maintained and quickly transformed into action for the good of the society.

Before I conclude, I would like to say a few words about recruitment and training of staff. The success of deposit mobilisation programme and extension of banking services, whether in urban or rural areas, will depend very largely on the extent to which banks are able to recruit the right type of people and give them proper training and orientation. The process of recruitment should be such that it attracts the most suitable talent to the industry. The policy and procedure of recruitment will have to be tailored for this purpose. It would be in the interest of the nationalised banks to devise some common arrangements for recruitment and training. The clerical staff can be recruited on a regional basis, as distinguished from a centralised basis, through a body set up jointly by the banks functioning in each region and the recruitment of Class IV staff can be left to the local units. In the matter of training also, some common arrangements will have to be thought of as the programme for branch expansion proceeds at a fast pace. There are apprehensions that man-power limitations might make it difficult to keep up the tempo of expansion in the coming months. The existing arrangements in some of the banks are not designed for large-scale training of employees in the offices or for building cadres of field staff to ensure timely recovery of loans and it may not be practicable for each individual bank to expand the facilities they have in a reasonably economical way. Some of you have the requisite facilities to increase the turn-out

of trainees to meet your own needs, but you should also lend a helping hand to the other banks. Some coordinated efforts in this direction are necessary, and I am sure you will give this matter your urgent consideration.

Young Entrepreneurs: A Call for Dynamism

THE WORD 'young entrepreneurs' appealed to me and I thought I should avail of this opportunity to share my thoughts with the enterprising and enlightened young men of the challenging industrial world.

The National Alliance of Young Entrepreneurs has been addressing itself to the task of providing technical know-how, market information and other services to new entrepreneurs, particularly those entering the small and medium scale sectors. These efforts, I earnestly hope, will bear fruit and be of help in bringing about a wider diffusion of entrepreneurship and a greater degree of competition in the industrial field.

I would like to share with you today some thoughts on the problems that have emerged in the course of industrial development during the past two decades and the way in which they can be overcome so as to ensure rapid and balanced industrial growth in the future. Although, as we know, the course of industrial growth has not always been quite smooth, remarkable progress has been achieved since the inception of planning. There has been a substantial expansion of industrial activity—industrial production increased more than four-fold between 1951 and 1970. What is even more important, industrial growth has been accompanied by profound structural changes. Thanks to the diversification of industrial capacity over the last twenty years, India now produces a wide range of industrial products ranging from basic intermediates to a variety of sophisticated industrial equipment. Along with the widening and deepening of the industrial structure

there has been a substantial development of technical know-how. Design and engineering capabilities have been expanded and process technology developed in a number of fields. This accumulation of knowledge and skills in step with the growth of material investment, though not always easily identifiable, is already becoming an important source of technical dynamism of our industrial sector.

These strides in industrial development were not, and indeed could not have been, achieved through haphazard investment in a *laissez-faire* environment. The creation of a strong and diversified industrial base was made possible largely by the planned deployment of investible resources in the desired directions through public sector investments and the various systems of licensing and control. Such direct regulation of activity may have appeared to be irksome and inconvenient; it sometimes worked imperfectly; but the fact remains that regulation played a vital role in fostering industrial growth in a situation of overall scarcity of resources.

In the domain of industrial development our achievement so far has been substantial. All the same, the process of industrial growth in the past developed some disturbing features. There has often been, for instance, scant regard for efficiency. The highly attractive opportunities thrown up by import substitution for a large and hungry domestic market has bred a certain disregard for productivity and costs. Energies have been concentrated very largely on expanding capacities and stepping up the output of high cost goods of indifferent quality. At the present stage of our development, therefore, it has been imperative to devote greater attention to a more efficient handling of our productive apparatus and material supplies. For, poor productivity and high costs essentially involve a waste of scarce resources, a waste which may not always be visible but is, nevertheless, quite real.

In stressing the need for efficiency I would like to emphasise also the crucial aspects of quality consciousness. There is little satisfaction to be gained from higher output, or lower unit costs, if the end products are sub-standard with regard to performance or durability. Low costs (and prices) in such cases may be achieved by imposing a higher ultimate cost on the consumer who has to make do with shoddy goods. And, in so far as durable products—equipment or consumer durables—have an unusually uncertain or short life, there is an avoidable waste of scarce sources. Worst

still, poor quality makes it more difficult for us to compete in the international market. In view of the strict constraints imposed on development spending by our limited resources and the need to face the rigorous standards of international competition, efficient production has now become an essential pre-condition for sustained and rapid growth of industrial capacity and output in the future. It is not enough just to produce; production must be efficient and competitive. Only by eliminating the hidden waste through inefficiency shall we be able to overcome the resource constraint without imposing an impossible burden on the common man and without endangering our external payments position. I am sure the younger entrepreneurs share my concern for industrial efficiency and will strive to reduce costs and to improve quality.

Another unwelcome feature of industrial development in the past has been the concentration of economic power and the concentration of new industrial investment around some existing industrial agglomerations. Certain large business groups, later identified by the Industrial Policy Enquiry Committee, expanded their operations faster than others and so acquired a position of dominance in different industrial fields. The enormous expansion of the large business groups often took place at the cost of the growth of small and medium scale enterprises. And, along with growing concentration, strong monopolistic tendencies came to the fore in a number of product lines. An important factor which made it possible for the larger groups to expand, at the cost of potential new entrants, was easy access to short-term credit as well as longer-term finance. In fact, the development rebates also perpetuated the dominant hold of established and large business houses.

While the expansion of larger business houses came in the way of a wider diffusion of entrepreneurship, the concentration of new units in the already developed areas aggravated the problem of regional imbalances. The major factor underlying the geographical concentration of industrial investment is that private profitability calculus governing the location of industry, like in other countries, has been overwhelmingly in favour of the existing industrial areas. The social and economic costs of regional imbalances are high; but they do not always get reflected in the actual costs and profitability of an individual industrial firm. The problem of the development of backward regions has now become formidable;

and a sustained and long drawn out effort will be essential to exploit fully the development potential of the industrially under-developed regions. It is indeed heartening to see that the young entrepreneurs are conscious of the dangers inherent in regional and entrepreneurial concentration and feel the need for a wider diffusion of industrial development.

The dispersal of industry and entrepreneurship will also go a long way to help us in tackling the mammoth problem posed by growing unemployment. Small or medium scale industries have a considerable employment potential. Even now small-scale industries provide employment to about as many as are employed in what is called the organised sector. It is my belief that considerable new employment opportunities can be created without uneconomic production and high costs through the growth of well managed small and medium scale industrial units.

The size and diversity of the industrial structure are beginning to be reflected in the volume and pattern of our export trade. There has been over the past few years a substantial rise in the exports of new manufactures. We have been able to find outlets for a variety of equipment and other durable goods in sophisticated and exacting markets abroad. And yet, the fact remains that exporting, in the case of a number of non-traditional industries, is still a marginal activity and an overwhelming part of production is destined for the internal market. Our industrial structure, despite its growing diversity and size, thus, continues to be largely inward-looking. One cannot over-emphasise the crucial importance of a rapid and sustained growth of exports for ensuring the success of our industrial development efforts in the future and indeed for the very viability of the economy. Exports must increase at an accelerated pace not merely to balance our external payments position but also to provide for a large inflow of imports of materials and intermediates to activate idle capacity and to inject a greater degree of competition into the industrial environment. But this requires a radical change in entrepreneurial outlook. The development of export markets and the adaptation of products to the requirements of potential foreign buyers must constitute an integral part of the long-term entrepreneurial plans. Entrepreneurs should not turn away from venturing farther into the export field because of the lure of the short-run security offered by the domestic market. It is perhaps not always realised that in the

longer run the vigour and vitality of our industries will depend largely on their export performance. An industry oriented towards the export market is the best guarantee against import shortages, inefficiency and technological stagnation—in short, the best guarantee against industrial rigidities and stagnation. I am sure that the young and progressive entrepreneurs realise that exporting should no longer be treated as an activity ancillary to internal sales.

Such, then, are the problems we face today. However, the Government has not been an idle spectator of the unhealthy trends that I have just mentioned. Instead of adhering to a rigid set of policies it has adapted and wielded policy instruments to correct the undesirable aspects of industrial progress and development. I need mention only the corrective steps of a far-reaching character it has taken in the recent past. Last year the industrial licensing policy underwent a major overhaul to facilitate new entrants into the industrial field in the small and medium scale sectors and to regulate the expansion and diversification of large industrial houses, undertakings dominating particular product lines and foreign controlled companies and groups to prevent excessive concentration of economic power in a few hands. Availability of credit, which in the past used to be another causative factor for entrepreneurial concentration, is sought to be ensured for small entrepreneurs through nationalised banks. During the past two years a great deal has been achieved in channeling financial resources to small entrepreneurs and self-employed persons. To correct the regional imbalances a series of steps have been taken to offset through specific subsidies and credit facilities on softer terms the disadvantages and the unattractiveness of investment in backward areas. Series of measures have been taken to give an incentive to the export industries. Last month the Government decided to subsidise half the cost of transporting raw materials and finished products incurred by new industries to be started in Jammu & Kashmir, Assam, Meghalaya, Nagaland, Manipur, Tripura and NEFA. In order to strengthen marketing and promotional activity, assistance to recognised export houses for promotion and market research was liberalised and a Trade Development Authority was set up to provide a comprehensive range of services to exporters, particularly those in the small scale sector.

Far-reaching policy changes have thus already been initiated to check and correct the undesirable features of industrial development and to ensure a smoother, faster and more balanced industrial growth in the future. However, policy, whether permissive or constraining, can be fully effective only if the guidelines and incentives offered by it evoke an adequate response from entrepreneurs, workers and industrial managers. The task of industrial development is the joint responsibility of policy makers, industrial interests and the labour force and our efforts will be successful if we approach this task in a spirit of constructive cooperation.

This brings me to the crucial question of labour-management relations on which depends the future course of industrial development. In my view it would be easier to foster the right climate of industrial relations, if the industrial working force acquires the confidence that a greater effort on its part would lead to a betterment of its earnings and working conditions. I am sure that the young and progressive entrepreneurs are already giving some thought to this problem. After all, to ensure industrial harmony is also an entrepreneurial function.

Development: No Alternative to Hard Work

ANY ATTEMPT TO put our tasks and objectives in a clearer focus must be preceded by an assessment of our achievements, our failures, our strength and our weakness in their correct perspective. A heart-searching of this kind alone can be of critical value to us in tackling the challenges that we must face up to, if India of our dream is to become a reality within the foreseeable future. I propose to take this opportunity to undertake such an exercise to the extent possible within the short time at my disposal.

During the two decades or so that have elapsed since the inception of planned programmes of development, national income has doubled. We have been able to greatly expand, diversify and modernise our industry. There has been a substantial rise in agricultural production; in recent years agricultural growth has gathered momentum, thanks to the success of the "green" revolution. As a consequence, we are now entering the era of self-sufficiency in food. Despite the fact that there are 220 million more Indians today than at the time of independence, the output of goods and services per person has increased significantly. Yet, we are a long way off from adequately solving the massive problems of poverty and unemployment. The absolute number of those living below the poverty line has scarcely diminished. Unemployment is threatening to become a serious and chronic problem. The concentration of new industries around some of the existing industrial agglomerations has aggravated the problem of regional imbalances. The distribution of goods and services

has often turned out to be much less egalitarian than was intended; and economic disparities appear to have widened. Growing concentration of economic power, often accompanied by strong monopolistic tendencies, has come to the fore in a number of areas. Progress in the past has, thus, been inadequate to solve some of the basic problems and has given rise to a number of new ones.

It is not my intention to belittle our success so far in developing and modernising our economy. In the domain of industrial development our achievements have been both solid and substantial. Since the beginning of the First Five Year Plan there has been a more than three-fold increase in industrial output. Thanks to the diversification of the industrial capacity, we now produce a wide gamut of industrial products ranging from basic intermediates to a variety of sophisticated types of industrial equipment. We have become virtually self-sufficient in the matter of meeting the equipment needs of railways, road transportation and communications. Plant and equipment for some of the major traditional industries like textiles and sugar are being produced internally. Over the last two decades the production of metals, electric power, industrial machinery, industrial chemicals and petroleum products — sinews of modern industry so to speak — has increased several fold. Instead of the traditional industries processing agricultural materials, new industries embodying a higher level of technology now dominate the industrial scene. The greatly increased capability of our industrial sector now needs to be exploited more fully for attaining faster growth and for providing a rapid and effective solution to our basic problems.

To provide for the basic minimum needs of the masses through the development of our own resources and capabilities is the over-riding aim of our development strategy. In the long run, sustained and rapid growth is the only effective way to solve the basic problem of underdevelopment. However, economic growth by itself does not automatically ensure a wider diffusion of the benefits of progress and cannot be relied upon to achieve speedy elimination of poverty. Even today pockets of poverty exist in the U.S.A. which has the most affluent society of our times. The problem of integrating the socially handicapped and the unemployed into the mainstream of economic life and of achieving greater social justice has, therefore, to be tackled directly. The

resources and capabilities of the economy have now to be deployed for launching a direct and frontal assault on poverty and unemployment. These imperatives are fully reflected in the approach to the Fifth Plan as indeed in the annual budgets in recent years. The new approach to planning envisages the eradication of poverty through rapid expansion of employment opportunities so as to provide a basic minimum level of income from work to all. It also calls for a specific, phased programme for public provision of certain goods and services — such as elementary education, public health facilities, rural water supply and home sites for landless labour — to meet some of the essential needs of the unemployed. Thus, while rapid economic growth continues to be one of our prime concerns, direct measures to alleviate poverty and to ensure employment opportunities to our citizens seeking work will be an integral part of the planning blueprints.

The emphasis on faster growth with greater social justice calls for a massive resource mobilisation effort. More rapid industrial growth, for instance, would be possible only if there is an adequate expansion of power and transportation infrastructure and of capacities in the basic and machine building industries. These are difficult areas and setting up of new capacity involves the tying up of sizeable investment resources over fairly long gestation periods. Clearly, vast public investment outlays would be needed in these fields. Indeed, in considering the magnitude of the fiscal effort required for rapid industrial growth, we sometimes tend to forget that were it not for State initiative in establishing industrial capacity for steel making, heavy industrial and electrical equipment, machine building, production of crude petroleum and refined products and mining, our industry would have been scarcely more modern now than it was decades ago. Nor would we have had an adequate industrial base for national defence.

Larger public outlays would be necessary not only for executing the programmes for removing poverty and unemployment but also for meeting our defence requirements. I would be only too happy if our efforts for lasting peace and harmony in the sub-continent bear fruit so that we are able to set aside more resources for productive investment.

Clearly, the stepping up of the pace of growth and development in the coming years will involve a much more intensive fiscal effort than at present. Perhaps no one is as aware as I am

of the inadequacies and the shortcomings of our fiscal system. It needs to be streamlined and rationalised for ensuring successful execution of our development plans. The Wanchoo Committee which submitted its report last December has suggested a whole set of measures to check tax evasion and avoidance, to cleanse the economy of the scourge of black money and to make taxation generally a more effective instrument of development. These suggestions are being carefully examined and the Government intends to introduce legislation for improving the system of taxation. It is now recognised that the expanding agricultural sector should also make an adequate contribution to resources needed for national development. The Government has appointed a Committee headed by Dr. K. N. Raj, one of our distinguished economists, to critically examine the present structure of direct taxation in agriculture and to suggest specific measures for the mobilisation of fiscal resources through taxation of income and wealth in this sector.

Planning involves not merely the mobilisation of resources but also their allocation in accordance with a rational scheme of priorities between different sectors of activity, including the different segments of industry. Needless to say, both size of investment outlays and their allocation are crucially dependent on the final objectives of our development programmes. One cannot hasten the pace of progress without raising the overall rates of saving and investment; nor can a high rate of growth of industrial production be sustained for long without a commensurate expansion in the output of basic and machine building industries or without adequate power and transportation infrastructure. We cannot realistically envisage industrial growth in the coming years in terms of emphasis on movement along any one direction — growth of consumer goods industries or growth of capital goods and basic industries. Unless growth is balanced, capacity bottlenecks, inadequate infrastructure and shortage of key intermediates would very soon begin to act as a drag on industrial growth.

Domestic savings and investment outlays financed by them have, as a proportion of national income, more than doubled since the early fifties. The growth of domestic savings enabled us throughout to minimise our dependence on external assistance; and we have now reached a stage where the net inflow of external resources for development is beginning to acquire a

marginal character. However, sizeable as this rise in domestic savings appears to be, it remains quite inadequate to fuel a faster rate of growth of national income than the one we have been able to achieve so far. Manifestly, every effort has to be made now to set aside a larger part of our annual output of goods and services for the purposes of productive investment. Wasteful use of resources has to be avoided and the more affluent among us should curtail spending on conspicuous or inessential consumption. What I have in mind here is not merely personal consumption but also what may be termed 'institutional consumption', that is to say, conspicuous or luxury consumption financed by corporate income rather than by individual earnings. Our way of life must now be guided by a certain sense of austerity.

Tightening our belts is only one of the ways in which we can overcome the resource constraint without imposing an impossible burden on the common man. Another and equally effective way is to ensure a more efficient handling of our productive apparatus and material supplies. Poor productivity and high costs involve a waste of scarce resources, a waste which may not always be visible but is, nevertheless, quite real. So far the process of industrial development does not appear to have generated any great regard for efficiency. The highly attractive opportunities thrown up by import substitution for a large and hungry domestic market has even bred a certain unconcern for productivity and costs. In stressing the need for greater efficiency I would also like to emphasise the crucial quality aspect of productivity. Sub-standard end-products impose an additional cost on the consumer. And, whenever consumer durables or equipment have an uncertain or short life there is an avoidable waste of scarce resources. We are no longer in the initial phases of industrialisation; and it is just not enough to produce. Production must also be efficient and competitive. Indeed, I will even go so far as to say that profitability ceases to be an index of efficiency if it is largely a by-product of scarcity conditions in a sheltered economic environment.

High costs, poor quality and a domestic market which often has no other choice but to tolerate them — all these prevent us from successfully competing in the more exacting international market. There has, no doubt, been a substantial rise in exports of a variety of new manufactures over the past few years; and we have been able to find export outlets for various kinds of

equipment and other durables. Nevertheless, exporting, in the case of a number of non-traditional industries, is still only a marginal activity and their output is destined mainly for the domestic market. The conclusion is inescapable that our industry, notwithstanding its size and diversity, has largely remained inward looking.

No doubt exports face various types of tariff and non-tariff restrictions in the developed countries. In various international forums we have emphatically called for the dismantling of such barriers against the exports of developing countries. Our efforts, however, have met with little success and the industrialised countries continue to maintain a rigid stance in the matter. We cannot, therefore, slacken our export drive in the hope that trade restrictions will soon disappear or that the Indian economy before long will have become so prosperous that there will be a surfeit of all types of equipment and materials. As a matter of fact, our share of the world market in many lines is so small that we should be able to greatly increase our export earnings if we resolutely decide to enter the export market in a big way.

One cannot over-emphasise the crucial importance of rapid growth of exports for the success of our programmes of industrial development and, indeed, for the very viability of the economy. Exports must increase at an accelerated rate to provide for a larger inflow of imports of materials, intermediates and specialised equipment which will sustain a higher rate of growth of industrial output. However, faster growth of exports will materialise only if we radically change our attitudes and outlook. The development of export markets and the adaptation of products to the requirements of potential foreign buyers must constitute an integral part of the long-term plans of well-endowed and experienced industrial firms and units. We should not be lured away from venturing farther into the export field by the flabby security offered by a cosy home market. For, in the longer run only a healthy export performance can ensure the vigour and dynamism of our industrial structure; and an outward looking industry will be our best guarantee against import shortages, inefficiency and technological stagnation.

The process of industrial growth and development in the past was accompanied not only by the concentration of economic power which prevented a wider diffusion of entrepreneurship,

but also the concentration of new industrial units in and around the already developed areas which aggravated the problem of regional imbalances. The Government in the recent years has attempted to check and to reverse such unhealthy trends through a series of policy measures. The industrial licensing policy has undergone a major overhaul: it has been liberalised to facilitate new entry in the small and medium scale sectors; the expansion and diversification of large industrial houses have been brought under regulation to prevent excessive concentration of economic power in private hands; the product area reserved for small scale industry has been significantly enlarged. The flow of working capital loans and term credit is also being channelled towards the smaller entrepreneurs and relatively less developed regions. Incentives have been provided to make industrial investment in relatively backward areas more attractive.

The problem of regional concentration of industry is admittedly a complex one. Specialists have suggested various solutions to this problem; while some advocate special incentives for setting up industries in relatively backward regions others favour a levy on investment in already crowded areas so as to bring private costs in line with social costs. The Government has, of course, relied on special incentives and facilities to promote investment in less developed regions. But in view of the magnitude of the complexity of the problem, success in bringing about a more balanced regional growth pattern would require an intimate involvement of private industry in this task.

We are today confronted with the mammoth task of accelerating the pace of progress, eliminating poverty and unemployment, removing economic disparities and achieving a greater degree of social justice. The problem is too massive and complex to admit a simple magical solution. The world we live in is no never-never land. We cannot expect to hasten the pace of growth and development if adequate resources are not generated and mobilised for private and public investment. We cannot hope for a sound balance of payments position unless we raise our export earnings. Price stability will elude us if, as a nation, we make it a habit to live beyond our means. Fortunately, the task we face is by no means beyond our capacity to accomplish it. Today the Indian economy is well endowed enough for us to think in terms of faster growth and complete eradication of poverty and un-

employment within the foreseeable future. The way the nation withstood the challenge of events in 1971 has instilled in us a new sense of confidence and determination. With concerted and well orchestrated action on the part of us all — the Government, the entrepreneurs, the workers and the public at large — there is no reason why we should not triumph in the war we are waging against poverty and backwardness.

Partners in Development

THE FIRST YEAR of the Second Development Decade is already virtually behind us; and even in this world of change, the year that is now coming to a close has been truly remarkable for the sweep and character of the changes it has witnessed. The United Nations is now able to claim for the first time the most populous country in the world as its legitimate and full-fledged member. In Europe, the community of six seems set on a course when it would soon be a community of nine or ten and even more. The Soviet Union and the other socialist countries, the United States of America and Japan are all in their individual way engaged in a new search for normalising their relations with the rest of the world and for strengthening friendly ties where such ties have already existed over a number of years. In the developing world, our own elections and the political developments in many other countries have shown that there has been a dramatic upsurge in popular sentiment for greater equality and social justice. The tragic events on our eastern borders have their real roots in the desire of 75 million people to carve out a new destiny for themselves based on democracy, social and religious harmony, friendship and cooperation with neighbouring countries and an end to the social and economic neglect of the past few decades.

Events have moved so rapidly over the past few months almost everywhere in the world that we cannot but stop and wonder whether our efforts for creating a world partnership since the end of the Second World War have been really adequate and

whether we do not need to build anew in many directions. Indeed, if the past few months have witnessed dramatic changes all over the world, they have also shown how inadequate the international machinery that we have set up has been to deal with the most pressing problems of the day. One has only to remember the recent international monetary crisis, the present uncertainties surrounding foreign aid and liberalisation of international trade, the helplessness of our international institutions in resolving the basic issues underlying the present political crisis in the Middle-East or East Bengal, to appreciate that the present is indeed the time for a thorough stock-taking of the international development which ultimately will affect international cooperation for economic development.

It is not the purpose of an inaugural address to suggest or anticipate the kind of conclusions that a conference or a seminar ought to arrive at. Nor do I propose to remind you of the objectives enshrined in the International Development Strategy for the Second Development Decade which was adopted by the United Nations General Assembly in October 1970. But I hope you will forgive me if I outline before you a few basic considerations which must be kept in mind if your deliberations are to produce results and conclusions which are in consonance with what millions of people in the developing world are feeling and thinking about today. A politician is expected to know the pulse of the people; and it is what ordinary people everywhere feel and desire that I can, perhaps, best put across to this distinguished gathering. I know that the major preoccupation of the Seminar will be with matters concerning economic cooperation and, accordingly, I shall eschew all political issues in my remarks, although I am sure you would not be surprised if I say that it is some of these political issues which are uppermost in our mind in India at the present stage.

First and foremost, there is a feeling among millions of people in the developing world that the kind of partnership that we have so far secured through our international economic institutions is a grossly unequal one. I am not referring to the differences in the levels of living or the growing distance between the rich and the poor. I am referring to the fact that the international institutions we created in the wake of the Second World War, such as the World Bank and the International Monetary Fund, reflected a

philosophy which appears totally out of date today to most countries which had very little say in the shaping of those institutions. The developing world of today was the colonial world then and had little say in deciding how our international economic institutions should function. The big powers who won the war, not without the suffering and sacrifices of the people of the then colonial world, reserved for themselves a predominant position in the governing body of the international institutions. Even those institutions which came into being at a later date and on a regional scale are run by and large on the principle that those who pay the piper must be allowed to call the tune. I am not one of those romantics who feel that power, whether economic, political or military, will not speak in some way or the other no matter what the form of organisations we seek to create. But the time has come when we can no longer take for granted the present distribution of power and responsibility in the management of our international institutions. If there is to be a genuine world partnership, it has to be reflected first and foremost in a greater willingness to share in the process of taking decisions regarding how this partnership is to be actually brought about in practice. Without that, the words, "world partnership" will ring a little hollow in millions of ears.

If the developing countries desire a greater share in the responsibility for creating genuine world partnership, they desire equally that there should be a greater degree of equity in international economic policies. There are many aspects to this urge for an equitable treatment. But let me mention only a few examples. It is somehow taken for granted that agricultural protection in the developed countries is desirable and understandable. But protection to industries in the developing world is frowned upon; and even international institutions make a fetish of international competitive bidding. Despite general awareness that primary producing countries suffer greatly from instability and deterioration in terms of trade, there has been no real progress or effective action to ensure that primary producers in the poorer countries get a square deal in international markets. Is it really equitable that while steel prices continue to rise, the price of iron ore should fall? Or that tea, jute, rubber or cocoa should buy less and less of manufactured products as time goes on? Or take the question of aid and repayments. Practically, all bilateral aid has been tied

to procurement within the aid-giving country and that too for prescribed purposes. To the extent that this is done frankly for supporting local industry, it has been justified on the ground of balance of payments difficulties. On the other hand, repayment of past loans and interest thereon has to be made in freely convertible currencies and not in tied exports irrespective of the extent of the debt burden or the balance of payments difficulties of the developing countries. Is it at all equitable that aid-giving countries should have a right to tie aid and prescribe several other conditions whereas debt-repayments must be made unconditionally and in an united manner without any conventions or generally acceptable rules about when and to what extent automatic debt-relief should be provided if the process of development in country after country is not to be impaired seriously?

Take yet another example where the present arrangements for international economic cooperation appear inequitable to most developing countries. The policies and performance of the developing countries are subjected to continuous scrutiny merely because these countries are in need of external assistance. On the other hand, the policies and procedures of the developed countries are not subject to a similar effective scrutiny or influence. If we genuinely believe in creating a sense of world partnership, we will have to create first of all a greater sense of equality and a greater degree of equity in present international economic relations.

I think the developing world would also like a greater degree of continuity in regard to international economic policy. Resolutions like the U.N. Resolution for one per cent of GNP as aid are of little use if individual donor countries can make far-reaching changes in their aid policies from year to year and without any notice. This question of continuity over time is often more important than the level of capital transfers. How exactly this is to be ensured is the kind of question which this Seminar may well address itself to. But even in areas other than foreign aid the question of some continuity in policy is of vital importance. Is it really fair, for example, that even the developing countries should not be excluded from the scope of restrictive trade policies however justifiable they may be in relation to other developed countries? Is it fair, for example, that the policy towards the import of cotton textiles and other labour intensive products should be the most restrictive and subject to sudden changes in

import duties, quotas and the like which are seldom applied to other products? It is for these reasons that developing countries have been advocating at the UNCTAD and at other forums for some rules and conventions which would impart a greater degree of continuity or stability in policies that affect them widely. It is not enough to talk generally of the need for debt-relief. Conventions must be laid down whereby this happens automatically in an appropriate amount. It is not enough to talk of a General Scheme of Preferences. It has to be concretised at least in its essential features, so that there is an obligation on the part of all developed countries to observe certain minimum conventions. I am well aware that there is such a thing as national sovereignty. But unless we find some way of getting around the absolute sovereignty of nation states in an equitable manner, there is little prospect of creating a genuine world partnership.

There is one area where the quest for a genuine world partnership has hardly even begun. I am referring to the whole question of the transfer of technology from the developed to the developing countries. Somehow, technical assistance so far has been interpreted in a somewhat narrow context, particularly when it relates to industrial technology or technology in relation to the development of power, transport and other basic facilities. It seems to be taken for granted that whereas the technology for agriculture or family planning should be transferred freely from one country to the other, the technology for industry, transport, mining and the like is the preserve of private business which can be transferred only on the basis of commercial collaboration with such business. Collaboration with private foreign business has certainly a role to play. But I cannot help feeling that on this basis alone the transfer of technology to the developing world would be so slow and expensive as to be of little avail in satisfying the legitimate aspirations of the people. I have no ready-made solutions to offer in this area. But I think the time has come when our international agencies like the UNDP and the World Bank will have to show greater imagination and boldness in chalking out new paths for the transfer of technology to the developing world.

Finally, I would like to make one observation which takes me back to what I said at the beginning of my remarks. There is no question that rapid economic progress in the developing world

can only be achieved primarily by the efforts and sacrifices of the people in the developing countries themselves. But poor as they are, the people in the developing world have aspirations for a higher standard of living. They desire also a life of freedom and dignity, a greater sense of equality between groups and classes and an opportunity to enlarge their general cultural and other horizons for a full and varied life. Economic progress has not only to be reconciled with but made an integral part of this general progress towards social justice and individual freedom and dignity. This harmony between economic and social objectives, between growth and freedom is not easy to achieve and cannot be achieved in most developing countries without fundamental institutional changes. It will not do to think that the developing world can progress along any pre-determined course merely because some other countries have been able to progress along that course in the past. The problems and the situation in most developing countries today are far more complex. The response in terms of effort not only of saving and investment but also of imagination and boldness in evolving new institutional and organisational pattern has also got to be much greater. Whether we like it or not, the world partnership that we seek will have to be a partnership based on diversity and indeed of a rapidly changing pattern of diversity. Those of us who are in charge of affairs, whether national or international, whether in private business or otherwise, will have to answer this call of change not merely passively by adjusting to it but even more actively by anticipating institutional and other changes that come in an orderly and constructive manner. I emphasise this point because I sometimes feel that in our anxiety to create one world and a better world, we often tend to forget that in an enterprise of this magnitude the only unity that is possible is that of diversity.

The Developing Nations and International Scene

WE ARE MEETING this year at a time when the machinery for international economic cooperation that we have built up so patiently over the past 25 years or so is under considerable stress and strain. There is talk of revising the IMF Charter and even of holding another Bretton Woods Conference. The third replenishment of IDA is heading for the same fate as the second one. The third UNCTAD conference will take place soon without any tangible evidence that the objectives of the second UNCTAD have been achieved to any significant extent. In the field of trade, recent events have cast a shadow on the effectiveness of the GATT and on the prospects for the general scheme of preferences. Within our own family of the Commonwealth, the United Kingdom seems to be all but set for membership of the European Economy Community.

If ever there was any purpose in a meeting of the Commonwealth Finance Ministers, it is on this occasion when so many decisions in the international economic field are imminent. I would like, therefore, to devote my remarks even at this stage to some aspects of the machinery for international economic cooperation about which we, in India, and I am sure in most other developing countries, feel seriously concerned. I will add towards the end a few remarks on the current economic situation in India. We have before us excellent reviews of the world economic situation as it affects the developed and the developing countries respectively, and I do not wish to comment on what is admirably stated in these papers. But there are overriding issues concerning the rela-

tionship between the two groups of countries which deserve to be noted at the outset.

There has been a great deal of questioning of late of the emphasis in the IMF Charter on stability of exchange rates and orderly changes in them. We in India are not averse to a greater degree of flexibility being introduced in the system and to any extensive realignment of exchange rates in the present situation. Indeed, we are not averse to the whole IMF Charter being subjected to a detailed review with a view to radical reform. But we do feel that if there is to be a change whether in the present alignment of currencies or in the basic tenets of the IMF Charter, these changes must be made within the four corners of the Fund and not for all practical purposes in a group of 6 or 10 or 16, however wealthy and powerful it may be. You cannot have a spectacle of the wealthy and the powerful deciding things on their own without impairing the image and effectiveness of the institution we have nourished and nurtured over so many years.

As far as we are concerned, we favour a solution in terms of stable exchange rates and orderly changes in monetary system. A regime of floating rates creates additional problems and uncertainties for our overstretched economies and administrative machinery. We have said it on more than one occasion that going beyond any immediate realignment of exchange rates that may be necessary, we are prepared to agree that somewhat wider margins around parities may be necessary to discourage speculative capital flows. At the same time, we cannot help wondering whether in the name of freedom we have not disregarded the sound principle adumbrated at Bretton Woods, namely, freedom of capital movements can often be an enemy of freedom on the current account. We also feel that the sound emphasis on appropriate discrimination at Bretton Woods has somehow been replaced by indiscriminate non-discrimination whereby for the sins of the developed countries, the less developed countries are also punished by imposition of duties and reduction in aid. Cannot the Commonwealth countries at least agree that they are not in favour of such meaningless and even harmful non-discrimination?

If the IMF Charter is to be amended, the amendment cannot be with reference only to the issues thrown up by the recent difficulties of the industrial countries. We in the developing world

also find the present Charter unsatisfactory in many ways. Most important, we feel that the system of weighted voting and representation with weightage given in terms essentially of wealth and prosperity is an anachronism as it gives to more than 100 developing Members hardly one-third share in the total. The inequity of the situation has been aggravated in recent years when the same formula of weightage reflected in the voting structure has been made the basis for the distribution of Special Drawing Rights.

We also feel that in the present preoccupation with major currencies, the central issues of the creation of SDRs beyond the present three years period is likely to be obscured. We regard the creation of SDRs as the greatest achievements under the auspices of the International Monetary Fund. We consider that there should be a continuing and regular creation of SDRs, and action for the period beyond 1972 should be initiated immediately and decisions taken well before the end of 1972. In this connection, I would also mention that we are dissatisfied with the progress made in the Fund on the consideration of the proposal to link SDRs and Development Finance.

Coming to the World Bank, it is well-known that the establishment of that institution was more or less an afterthought. The British who were the brain behind Bretton Woods were mainly interested in the Fund, and the Bank was added on more as a temptation held out to the Soviet Union and other East European countries to join in the interest of reconstruction of their war-ravaged economies. There was hardly any thought given at that time to what might be entailed in a process of development for two-thirds of mankind.

The developing world was the colonial world at that time and had little say in drawing up the Charter of the World Bank. And yet even today, after 25 years when the vast majority of the Membership of the Bank consists of countries which were never represented at Bretton Woods, vital and important issues are decided in the Bank Board by a reference to some ill-considered provisions in the Bank Charter. Thus we are told, as if it is part of some holy writ, that only project financing is proper and that non-project financing is to be undertaken only in exceptional circumstances. What is even worse, international tendering even extending to civil works and construction jobs in building roads

or dams or irrigation canals is considered the corner stone of the Bank philosophy. The absurd length to which this doctrine is carried was illustrated recently when, I believe in the case of one Commonwealth country, even the construction of primary school building had to be submitted for international tendering.

Sir, I feel rather strongly on this because there is a danger that our multilateral institution will become the instrument for the pursuit of the commercial and political interests of their richer members. There is now a growing feeling that aid from multilateral agencies is better than bilateral aid, but if multilateralisation of aid results only in the pursuit of the same bilateral policies by the richer countries with the added authority of an international institution, I am not sure that we could have succeeded in doing anything more than replacing King Log by King Stork.

We are grateful once again to Canada and the U.K. for making advance contributions to IDA to make up for the delay in the U.S. contribution. But the fact that the third replenishment has faced the same difficulties as the second one leads us to the conclusion that something needs to be done to remove the present uncertainty and put the funding of IDA on a firmer and continuing basis. That is why we favour the link between SDRs and development finance. Some scheme should be devised to lower the rates of interest on bank loans. UNCTAD III would be in vain if it cannot settle some of these issues, including some definite code of conduct on the level and terms of bilateral aid and some definite norms for genuine debt relief by bringing the terms of all past loans on par with the norms now accepted or with the present practice if it happens to be better.

On the future role of sterling, I will make only one comment. As long as countries have to hold reserves, these reserves have to be held in sterling or in something else, and if the U.K. does not wish the sterling to perform the same role as at present, we are quite prepared to consider alternative arrangements.

There is also another very important point. If national currencies are no longer to be used as reserves, let us not create the same problems over again by talking of some other currency or cocktail of currencies acting as reserves in the future. 'Exit sterling' should not be a prelude to 'enter Europa'. Since sterling or dollar cannot be replaced by gold, the only other alternative

is SDRs. But the SDRs earn a low rate of interest. If the present obligations of the U.K. or the U.S. which are both highly liquid and high interest-bearing are to be replaced, the countries concerned deserve adequate compensation both in terms of liquidity and return. As far as the return is concerned, perhaps some mechanism can be devised whereby it is provided not by the international monetary system but by the countries which are enabled to pass on what they regard as a burden to the international community.

Finally, if I may make a few remarks on economic conditions in India, I am happy to say that we have had yet another good agricultural year with foodgrain output reaching some 108 million tonnes. There are today some 9 million tonnes of wheat and rice in stock in India and we are now able, as we had hoped for earlier, to dispense with food aid altogether from next year onwards. This is, therefore, a good occasion for me to thank our Commonwealth partners, notably Canada and Australia, who have given us valuable food aid in the past. I hope they feel now relieved that we too share with them, at least for the present, the burden of carrying abundant stocks of grain.

Industrial production has been sluggish, but there are no acute shortages except in the case of steel. Of late, prices have been under pressure because of the heavy burdens on the budget. But the foreign exchange position is satisfactory, although imports are increasing rapidly. What causes us the greatest concern, however, is the mounting burden of refugees which in financial terms alone already amounts to some 20 per cent of our development budget in the current year and threatens to grow month by month.

In recent months, we have had to receive in India some 9 million citizens of another country. The responsibility for looking after these refugees is an international responsibility. I wish to say that barring a few countries the response of the international community has been anywhere near commensurate with need. While we have accepted for the present the burden of supporting the hapless people who have had to seek shelter on our soil, I hope my colleagues will not misunderstand me if I say that we expect these people to return soon to their homes and hearths in safety and honour and that we regard the cost of maintaining them as a responsibility of the international commu-

nity which must legitimately bear it. I am grateful to all those countries who have responded to the call of the United Nations High Commissioner for Refugees. But a great deal more needs to be done and done urgently; otherwise the very real and substantial prospects for rapid economic growth that the Indian economy otherwise faces are likely to be seriously jeopardised.

I should not fail to convey to the Government and the people of Bahama Islands our gratitude for the gracious hospitality and excellent arrangements made for this conference. I am grateful to you for giving us a frank and clear account of the discussions in the group of ten which will assist us in assessing the situation and considering future action.

International Cooperation in Development

I AM VERY happy to note that the Swedish Association for Development Issues truly constitutes one more expression of the wider sympathies of the people and the government of Sweden for human development and of their genuine interest in the several experiments that are in the making all over the world in that regard.

My main purpose today is to refer briefly to our own experiment in economic development in India over the past two decades and to share the main lessons from our experience as I see them. I know that the Indian experiment is of interest to you also not only because India is one of the largest countries — with 1/6th of the world's population — but also because we are seeking to implement programmes for economic growth and social justice through democratic process.

Although planning for economic development began in India some twenty years ago, in 1951, an altogether new and radical departure in our programmes and policies took place some two years ago when Prime Minister Indira Gandhi decided to revitalise not only the Congress Party she leads but the entire political and economic life in the country. For most outside observers, perhaps the most significant events that have taken place in India in the last two years are the general elections, the unprecedented mandate for the Government led by Mrs. Gandhi and the role that India has played in caring for the refugees from Bangladesh and in assisting the heroic people of Bangladesh in their struggle for freedom. These are momentous developments by any

standard. The election results and the massive mandate for the ruling party have belied the gloomy prophesies regarding the fragile or tenuous nature of democracy and unity in India. But significant and even momentous as these developments are, they should not obscure the underlying shift in economic programmes and policies or strategy, if you like, which lies at the core of Mrs. Gandhi's efforts and which is indeed the main source of her appeal to the vast masses of our people.

India had many significant achievements to its credit in the economic field during the decades of the fifties and the sixties. During the First Plan (1951-56), for example, a country-wide network of community development programmes was established which became an example for many developing countries. India was also the first country to adopt an officially sponsored programme for promoting family planning. In the second and the third plans, we diversified considerably our industrial structure and developed many basic and sophisticated industries in the country. Today, many visitors to India are surprised to find that India has a vast network of modern industry, a large number of very advanced scientific and research establishments and an impressive array of skills and talents. After the disastrous famine years, Indian agriculture witnessed a revolutionary change in technology which has already made us more than self-sufficient in foodgrains.

But despite these impressive changes and achievements, there was an under-current of dissatisfaction in India at the beginning of the Second Development Decade. In part, this was due to the tendency towards political polarisation. But this tendency was only an outward manifestation of the dissatisfaction in the economic field. There was a widespread feeling that while there had been growth, it had made little difference to mass poverty in the country. Even if the poor had not become poorer, they had certainly remained very poor; and in absolute terms, their number had increased. The rich at any rate had become richer; and there was a tendency for wealth and economic power to be concentrated in a few large industrial houses. Production today and distribution tomorrow was not a proposition which was acceptable to the people because they could not understand why giving employment to the unemployed or increasing the productivity of the small farmers and small artisans could be inimical to the

overall growth of the country. To some extent, the growing dependence of the country on foreign aid, the growing burden of foreign debt and the use of aid for political and economic pressure in the mid-sixties had also left the people with a distinct sense of dissatisfaction with existing economic policies.

It is against this background that Mrs. Gandhi shifted the emphasis and content of economic policy from mere economic growth to one of growth to subserve social justice. The vast masses of the people had to be convinced that they were getting an opportunity to participate in the process of economic development. This participation is hardly meaningful without the common man getting the minimum basic essentials of life, namely, food, clothing and housing, education and employment. It is man, the ordinary man, indeed the poorest man, who should be the starting point of our plans — what are his most essential needs? How can they be satisfied? What are the institutions or vested interests that come in his way? There should be no hesitation in adopting bold and radical measures of social, economic or institutional reform; but these must not be defined *a priori* in terms of some theory or model or ideology or even historical parallel, but in terms of the concrete needs of what is required to eliminate the poverty of the masses in the shortest possible time.

The spirit behind this new policy is best described in the words of Mahatma Gandhi, and I quote: "I will give you a talisman. Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and the weakest man whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to *him*. Will he gain anything by it? Will it restore him to a control over his own life and destiny? In other words, will it lead to Swaraj for the hungry and spiritually starving millions? Then you will find your doubts and your self melting away."

The objective I have outlined is not merely a humanitarian need, but a necessary pre-requisite for any democratic society built up on human dignity and values and on the equality of man and man. It is only logical in this context to assert that the growth of the gross national product alone is no answer to this challenge. A maximisation of the gross national product in itself does not even meet the basic economic requisite of adequate

levels of employment, as the current experience in some of the developed countries would only confirm. It may even be dangerous in developing countries, particularly as it results in social and political tensions and unrest. The fallacy of an increase in GNP being treated as a panacea has become more and more exposed. A quick-growing, high-cost luxury goods sector in industry can often push up growth rates, but it cannot make any perceptible dent on poverty. Excessive concentration on a few key sectors of major industry may lead to spectacular results in some limited fields; but it can also tend to contribute to a more unequal income distribution and the accentuation of the gap between those who are better-placed and those who are not.

We in India are anxious to avoid these latent short-comings in an approach based on 'pure' economic growth. We have consciously adopted a policy of a more equitable distribution of the fruits of development alongside increasing industrialisation and production in a manner that will at once provide a higher level of employment and avoid imbalances. We seek to make economic progress, therefore, an integral part of this general progress towards social justice and freedom and individual dignity. We realise that this synthesis is not easy to achieve and will call for fundamental institutional or structural changes. But we are trying to find answers in our own way.

Whatever justification Prof. Myrdal may have in referring to India as a "soft State" some years ago — and he had some — there is no softness today in the sense of avoiding hard but necessary decisions even if they hurt some entrenched vested interests. There is, of course, softness in the sense of an acute concern for the weak and the underprivileged as also for our age-old values of tolerance and freedom. But I am sure Prof. Myrdal was not speaking of such softness.

To give you only a few examples of the kind of new initiatives we have taken to combine growth with social justice, I may refer to a number of new programmes which have been taken up over the past two years and which we propose to expand greatly over the coming years. Many areas in India suffer from drought for three or four out of five years. Special programmes for these areas have been taken up to provide security of livelihood. In each district, a crash programme of rural works on a limited

scale has been started to provide employment for at least one person from each family which has no employed member. In selected districts, special programmes for small farmers and marginal farmers have been taken up. A nutritional programme for children, special programmes for drinking water supply in the rural areas, homesites for landless labour, slum-improvement in congested areas and schemes for educated unemployed have been taken in hand. For Calcutta, which is our worst urban conglomeration, a greatly expanded programme of urban development has been entrusted to a newly created separate authority. In addition, ceilings on agricultural land are being lowered and land reforms more vigorously implemented where implementation in the past was tardy. Taxation of wealth, particularly urban buildings, has been greatly increased. The banks, which were nationalised two years ago, have done a remarkable job of opening branches in small rural areas so that they can give productive credit to hitherto neglected sectors like small farmers, self-employed persons and the like. Disparities between different regions are also receiving increasing attention.

One form of institutional change which we have found to be useful in overcoming concentration of economic power in a few industrial houses is the attempt to evolve a "joint sector" with a larger participation of the Government through public investment and share in management in those enterprises where economies of scale necessitate a large size and where private managerial ability need not to be altogether excluded. A second policy which we adopt is to ensure adequate dispersal of industries to provide employment opportunities also over a wider area so that the ill-effects of clustering conglomerations may be avoided. The pollution of human environment is a serious problem which has lately called for conscious remedial measures, both governmental and otherwise, in developed countries. Every country in its process of development need not necessarily pass through a repetition of the ill-effects experienced elsewhere; and with this end in view we have also set up a committee to keep under review the protection of our environment.

Our industrial structure is considerably diversified as I have mentioned already. But the rate of industrial growth needs to be stepped up with a conscious, but outward-looking approach, towards self-reliance. Here again we have taken certain conscious

measures to produce more at home to pay for what we need to buy abroad and also to enlarge upon the range of production within. We expect to achieve significant results in this sector of exports and imports as well, though our efforts have to be sustained for quite some time.

I have spoken at some length on the new emphasis that we are seeking to give at present to economic development in the country. But if I have said that mere growth in GNP is not enough and that we have to give priority to the needs of the poorest people, this does not mean that growth is not necessary. Indeed, without growth, we cannot eliminate mass poverty. But the processes of growth and distribution are so inextricably linked up that we have to choose those paths of growth which make for a greater degree of equality of incomes, wealth and consumption as well. These paths are not easy to find, much less to stick to. Nor are the age-old problems of raising enough savings in a poor country or of avoiding wasteful or prestigious investment or of efficient management and the like less relevant in India now than they were over the past twenty years. In fact, some of them like raising the rate of saving may require greater ingenuity in a more egalitarian climate. When we focus attention on small men and on improvements scattered over the vast countryside rather than concentrated in a few giant factories, we also need much greater capacity for organisation. There are extremists who say you cannot do all this unless you follow verbatim the precepts in some blue book or green book or red book. But we hope, as I said before, to work out our salvation without copying wholesale any model or theory or even historical parallel. We know and believe that mass poverty cannot be removed and greater equality with growth achieved without establishing a broadly socialist economic order. But socialism also is not a static concept or a concept which can be or need be applied in a uniform or rigid manner everywhere. While the synthesis we seek of freedom, progress, social justice and peace and harmony with all the peoples of the world may be difficult to achieve, it is certainly worth striving for.

Our recent experience has infused confidence in us that this task is not only well worth performing, but can also be adequately fulfilled. The path of development is not always smooth or straight. Our planning and its implementation were subject last

year to an un-anticipated stress and strain, due to the influx of a large number of refugees from across our eastern border, who had a commonality of aspiration — for preserving human freedom and dignity. India faced this test and came out of it acknowledgedly with success and fulfilment. This is a good augury for the future as it teaches us that every nation, however poor, has hidden reserves of strength and unity which can be drawn upon to advantage if the people at large can be inspired by a common purpose which unites them in a common endeavour with other people, whether nearer home or not.

The people of Sweden have not wanting in this spirit of the universal brotherhood of man. Your record in regard to aid — its quality even more than its quantity — has been an example which others can well follow. The initiative taken by Sweden recently to make funds available to the I.D.A. so that it can begin to help Bangladesh even before Bangladesh becomes a member of the I.D.A. is an example of the generosity and imaginativeness with which you have always approached your responsibilities in the field of international economic cooperation. My country has always looked upon Sweden's membership of the India Consortium as a very fortunate thing, because your representatives almost always say things there which we would like to say ourselves. They not only say it, and say it better, but in such matters, it is also better that some things are said by a donor rather than a recipient. I would be failing in my duty if I do not take this opportunity to thank the people and the Government of Sweden for their enlightened and sympathetic approach. On the subject of international economic cooperation — on aid, debt, trade, liquidity and the like — there is a great deal that is wrong today which needs to be rectified. But I do not want to start on yet another speech this evening. At any rate, I should not preach to the converted — and we should not steal the thunder of the speeches made at UNCTAD III. But I may perhaps refer to one or two points which are uppermost in my mind.

In the field of trade, for instance, with the extension of the "Economic Community" to envelope larger and larger number of countries, the developing countries often find themselves in a position of lesser rather than real preference. Given that developing countries deserve a special treatment over industrialised countries, the minimum to be ensured is parity with those within

the Community itself with reference to exports of the former's manufactured goods. Otherwise, what does the Generalised Scheme of Preference really mean as far as vast communities like Europe are concerned?

On the question of transfer of resources, I think the time has come when we have to focus more and more on net rather than gross transfers. Countries like mine have to spend some 30 per cent and more of our export earnings to meet debt obligations on past credits. In our case, while the new aid we have received in recent years has been of the order of some \$ 900 million per year, debt payments already amount to \$ 650 million per year. Also, while aid which in most cases means credits, is tied as far as most bilateral sources are concerned, repayments have to be made in convertible currency. This is patently unfair. At any rate, when debt payments reach high proportions, the question arises whether a certain order of net transfer of resources is not better achieved by an adjustment of the debt burden rather than by continuing increases in new gross aid commitments which would be necessary in the face of continually rising debt service payments.

May I also invite your attention to another sphere of international economic participation in which more serious efforts are yet to begin. I am referring to the question of the transfer of technology from the developed to the developing countries. Technical assistance all along has been interpreted restrictively, say in agriculture or family planning and in a narrow context. The technology for industry, transport, mining and the like is still not transferred except on the basis of commercial collaboration with foreign private business. I do not deny that foreign business has a role to play. At the same time I apprehend that merely by this mode, the transfer of technology to the developing world will take too long and will cost too much to be of avail in satisfying the legitimate aspirations of the people. The transfer of technology in the field of agriculture has led already to significant results. There is even greater prospect of similar outcome if only the transfer is hastened in other spheres as well. In this forum where you consider development issues you may like to consider how this process can be quickened, for its impact to be concretely felt in the developing world.

Finally, I may strike a note of both optimism and caution. The ultimate development objective is by and large the same every-

where and has evoked adequate appreciation in the multi-lateral forums and in bilateral programmes. However, it will be an oversimplification if we are to assume that uniform remedies can apply or that the same solution can lead to the same results in all the countries engaged in this experiment. Conditions in the different countries vary vastly, and a solution which is unrelated to such complex conditions and which is not evolved to meet the call or accent of a specific situation will not be satisfying. So then, a standard or 'tablet' solution, if adopted, may be even counter-productive. You will, therefore, agree with me that in an enterprise of this magnitude the only harmony that is possible is diversity. We in India are intent upon achieving social justice and economic growth through a democratic process with all its emphasis on human freedom and dignity in an open society in which everyone is afforded an opportunity to participate and none is too small to be left out. We would like to achieve growth without sacrificing this sense of dignity and freedom. This is the theme which I had expounded at the beginning of my address and I would like to end my address on the same note. Progress in the developing world can be achieved primarily by the efforts and sacrifice of the people themselves. A new sense of purpose and confidence now generated among them should help in activising the pace of implementation of their programmes. While past or external experience may be of some help, no "repeat" remedy can be effective.

Agriculture: New Vistas of Growth

I PROPOSE to dwell on some of the important tasks ahead in the field of agriculture. Since independence, we have made concerted efforts to improve agricultural production and can claim to have achieved spectacular results. But when we assess the contribution of modern technology so far, one does not find the position very satisfactory. Leaving aside the very promising results obtained from improved seeds and practices during the last couple of years, the contribution to increased agricultural production from increased productivity has been roughly about 33 per cent only. The remaining 67 per cent has come from extension of agricultural area and change in crop patterns. This must be regarded as not a very heartening picture, because after all there is a limit to new areas to which agriculture can be extended. The greater emphasis must, therefore, be on improved agricultural productivity. This is of crucial importance to the entire developmental effort of the country. Our strategy of development has to be based on an adequate and realistic rate of growth in agriculture. In the ultimate analysis, it will be sustained increase in agricultural production alone which can force the pace of overall development in the country. The crux of our development problem today is thus that of overcoming the agricultural productivity bottleneck. And that is an area which falls directly within your sphere of concern as the upcoming agricultural experts.

There are three distinct departments of action which should receive constant attention of agricultural experts and all those connected with the administration of agricultural and extension

services. The first relates to the growth of agricultural education and research, the second to the problem of taking the results of your research work to the fields and the third, and probably the most important, the problem of making the farmers switch-over to new techniques for improved productivity.

It is necessary to encourage our agricultural institutions to undertake coordinated production-oriented research as also applied adaptive research. These would cover among others the diverse problems faced by our farmers, whether it be in respect of improved seeds, plant diseases or the behaviour of the soil under varying conditions. Since the basic aim is "to make two blades of grass grow where one grew before", research will have to cover all the related factors like irrigation, which could include ground water exploitation, sprinkler irrigation, reducing the loss of water from canal heads to the fields. It would also have to be directed towards the evolving of improved implements which would be effective, but at the same time cheap and easy to operate. The evolving of improved high-yielding seeds of all agricultural crops that obtain in this country would also be of prime importance. This list could be multiplied to cover the various activities with a bearing on agricultural productivity. Our constant effort will have to be to evolve and adopt an intensive cultivation strategy which should facilitate double and triple cropping operations. When we simultaneously engage ourselves in research on so many fronts, it will also have to be ensured that there is proper coordination between the various wings.

Because of the vastness of the country and the variations that obtain in physical conditions, agricultural research will have to be on regional or even sub-regional basis. This should not be difficult to achieve. With the rapid growth of agricultural universities and research institutions it should be possible for each institute to constantly attend to the problems faced by farmers in the areas under its jurisdiction. The basic task will thus be of increasing the agricultural productivity of the region in which the institute is located. One important problem that we will have to keep in mind relates to the resistance by the farmers and consumers to new varieties of crops. This problem has come to the fore in the cultivation of Mexican varieties of wheat and Taichung Native variety of paddy. There has been some consumer resistance to these varieties of foodgrains. Once such a consumer attitude is

experienced by the farmer, no amount of persuasion or temptation of high yields will succeed in making him accept and try new improved varieties. Therefore, if we want the farmers to take up improved varieties of seeds enthusiastically, the seeds will have to meet the test of not only high yields but also consumer acceptability.

Another point that needs to be emphasised relates to coordination and contact between the agricultural departments and the universities. During the past twenty years we have succeeded in improving the contact and coordination between what in a way are the two wings of agricultural effort. It will have to be our constant endeavour to maintain and improve upon it. Agricultural research and agricultural policy must go hand in hand and supplement each other if they have to make any impact on agricultural development in the country. Agricultural departments are in the best position to have first hand information regarding the problems faced by agriculturists. These problems are, however, tackled mostly in the universities and research institutions. It will be only through a process of continuous interaction between these two equally important wings that we will be able to take the fruits of the research to the fields and render service of immediate practical value to the farmer. It is only through such measures that we can succeed in breaking down the barrier of apathy and lack of confidence with which an average farmer still views governmental agencies. And this will be the first vital step towards making him receptive to the ideas of modern farming.

The third part of the process, viz. of making the farmer adopt new techniques of cultivation, would probably demand more attention and effort. It involves transformation of a traditional mentality into a modern one. A change always evokes resistance, but it is more so when the changeover involves risks. It will be wrong to minimise the importance of this vital factor by merely ascribing it to the illiteracy of the farmer. Agriculture is fraught with so many uncertainties like weather, availability of fertiliser, water shortage etc. that the unwillingness of the farmer to take to new techniques or seeds can be considered as a very rational decision. To reduce such elements of risk in any changeover to new technology will have, therefore, to be treated as a vital research problem. It is only when we succeed in this effort that we can expect the rate of assimilation and acceptance of tech-

nological change to go up. To make the farmers economic-minded, it is not necessary that formal education should reach them. What would be of more relevance is an education regarding new techniques of cultivation, prices and marketing. This task will necessarily devolve on the shoulders of extension workers. They constitute the kingpins in the whole process of change. The success or otherwise of the effort will depend on their capacity to assimilate and absorb the new technological developments and transmit them to farmers in a language they understand. This makes it imperative for us to devote greater attention and effort towards raising the technical competence of the extension workers. Agricultural universities and institutions will have to share the major portion of our effort in this direction.

Having said all the above, there still remains the question of certain preconditions which alone can make any change effective. This is a much wider question which encompasses the entire social and economic environment of the country. The need for change in basic outlook and thinking is a precondition not only for bringing in a new era in agriculture but in all other walks of life as well. Institutional changes constitute an important precondition of progress. Thus, a technological change in agriculture would require a new institutional set-up without which the change is bound to be devoid of the multiplier and accelerator force which can ensure its sustenance and all-pervasiveness. We will have, therefore, to think of institutional changes in relation to tenancy, credit, storage, marketing and a host of other related fields. Considerable work has already been done in this direction during the last twenty years. But the need for a flexible institutional set-up to cater to the requirements of change needs no special emphasis.

These are some of the important aspects of the strategy of agricultural revolution that will constantly demand our attention and effort. The basic task before us is that of increasing the size of technological sector in agriculture relative to the traditional one. A growth rate of 5 per cent per annum in our agricultural production can in no way be considered unattainable. But it will certainly call for a package programme consisting of production oriented and adaptive research, efforts to modernise the farmer's mind and increasing the availability of required inputs. This is a task that will have to be viewed as a challenge which must be

accepted and met. This, in the ultimate analysis, is a challenge for survival. No country can afford to be dependent for its basic necessities on others and still aspire to be economically strong.

To bring about an agricultural revolution in the country is a gigantic task. In a way, that would be the harbinger of a social transformation of a tradition-bound society.

Consumer Resistance

WHAT WE ARE witnessing today should, in my view, be considered as the beginning of a determined and well-conceived consumer resistance movement in this country. At the present juncture, I view this movement as a manifestation of enlightened public opinion against the exploitation and plight of the common man. Over the last two decades, we have come a long way from a stagnant economy of the pre-independence period. We have built an infrastructure for a rapid economic growth. The new advances in agriculture and the widespread acceptance of new technology by millions of farmers all over the country have dispelled any doubts about our capacity to be self-sufficient in regard to our food requirements. The range and types of industrial products have multiplied and our exports are showing a remarkable pattern of diversification. The sacrifices of the millions of people over the last twenty years have thus started to bear fruits. But this is only a beginning of our long and arduous journey towards a self-reliant and socialist society.

Price increase in the recent months has justifiably given rise to considerable anxiety and concern. A variety of factors have contributed to this price increase. The substantial expenditure on refugees from Bangladesh, very heavy damage inflicted by floods and droughts in some major States, impact of budget levies and the activities of unscrupulous and anti-social elements in the society to exploit conditions of shortages for making easy money are some of the main causative factors. It will also have to be admitted that there are some basic imbalances between the

demand and supply of some major commodities. In any process of growth, however, such shortages and scarcities are inevitable. What is important is whether adequate efforts are being made to meet the shortages by increasing indigenous production of such items and by resorting to imports to meet the immediate requirements. The technological break-through in agriculture and the so-called green revolution has as yet touched only a fringe of our agricultural sector. The new frontiers are still to extend to the production of pulses, cotton and oilseeds. We have already intensified research activity in these areas and attention is being specifically concentrated on improving the strains of hybrid seeds. To meet the immediate shortages, we have resorted to substantial imports of raw cotton and ground-nut oil. Similarly, imports of steel and soda ash have been increased in the recent months.

We have also taken a series of steps to meet the challenge of price increases. On the resource mobilisation side, you will agree that a sizeable effort was made in the budget presented in May 1971. Recently, to meet the very substantial commitments on account of refugees from Bangladesh, a conference of Chief Ministers and Governors was convened to consider the whole range of problems of resource mobilisation in depth and some new measures for further raising of resources have been taken both at the Centre and in the States. We have also decided to reduce non-Plan and non-essential expenditure by 5 per cent. Similar steps for bringing about economy in expenditure are being taken by the State Governments. The overdrafts of the State Governments constitute another important factor in the money creation. This matter was also discussed recently with the State Chief Ministers and I am sure some fruitful results will follow soon.

We have been pursuing a fairly cautious and restrictive credit policy in recent months. While legitimate and reasonable requirements of funds for all productive efforts have to be met fully, the supply of credit for speculative and hoarding activities will have to be reduced drastically. The public sector banks and the Reserve Bank of India now scrutinise very carefully the requirements of funds of over Rs. one crore presented by each individual party to ensure that the funds are utilised only for genuine productive purposes. Detailed information is now asked

from all parties who solicit bank assistance of over Rs. 25 lakhs. This should have a perceptible impact in cutting off credit for speculative activities. Futures trading in gur has been banned recently with a view to ensuring adequate supplies of cane to sugar mills and bringing down sharp increase in the price of gur. Forward trading in all edible oils and oilseeds has been suspended and the Forward Contracts (Regulation) Act has been amended to remove some lacunae. In view of the rising trend in sugar prices, the availability of bank credit to sugar mills and trade has been further curtailed and the validity period of release orders has been reduced from 45 to 30 days. The sale of sugar by factories to registered dealers and stocking of sugar by traders has also been restricted. To meet the shortage of controlled cloth, the cotton textile mills have been asked to step up their production of such cloth and in order to check the malpractices in the sale of controlled varieties of cloth, the mills have been directed to stamp consumer price per metre on every metre length of the cloth. A sizeable buffer stock of foodgrains has been built up, and major foodgrains are being sold at fixed prices through a network of fair price and ration shops in the country. The States have also been advised to further strengthen the public distributive system.

As you must be aware, over 57 commodities have been brought under the purview of the Essential Commodities Act, 1955. The Commissioner of Civil Supplies also keeps under close watch prices and supplies of twenty important commodities like foodgrains, edible oils, sugar, kerosene, matches, cycle tyres and tubes, soaps, drugs, etc. A formal price control is exercised by the Government on some selected commodities, and a few other commodities are under informal price control. In some cases steps have also been taken to initiate action against profiteers, hoarders and speculators under the provisions of the Internal Security Act, 1971.

I have dwelt at some length on the measures taken so far by the Government to meet the challenge of price increases. But in any enlightened democracy, the legislative and punitive action to deal with a problem is only one, though an important, aspect. The other equally important facet is building up public opinion and creation of public sanctions against certain malpractices. We have organisations and voluntary institutions to safeguard the interests of organised labour, large-scale industry, small-scale

industry, and various categories of Government and public sector employees. There are also organisations to protect the interests of individual industries, but it is unfortunate that there are no organisations to safeguard the interests of consumers. And ultimately, everyone in the society is a consumer. And amongst the consumers it is those in lower income groups and fixed salaried groups who suffer the most by any persistent increase in prices. It is this view which prompted me to make a plea in Parliament and outside for building up a well-organised, well-conceived consumer resistance movement.

As I see it, this movement will have to be supplementary to what is being done by the Government to counter price increases. It cannot be an alternative or a substitute to Governmental action and responsibility. Only this kind of concerted attack on the problem can yield fruitful results. I would also plead that the movement should be constructive in character and non-political in approach. To be effective it will have to be organised area-wise and in some cases industry-wise. It can very well study the genuine problems faced by industries supplying important consumer and essential goods and essential raw materials. In larger towns and metropolitan cities, voluntary organisations can be set up ward-wise. The wholesalers and retailers of the area can also be usefully associated with the deliberations to make them parties to the decisions and the approach of such organisations.

As you are aware, even in countries which are not afflicted by shortages, consumer resistance movement has come to play a vital role. In several advanced countries like the U.S.A., U.K., Canada and Japan the consumer movement has struck deep roots. This brings me to the related question of the goals of a consumer movement in India.

In the present setting, to start with, the consumer movement will be largely preoccupied with putting up resistance to unwarranted price increase by educating the consumers regarding reasonable prices of commodities and bringing to the notice of the authorities cases of malpractices and exploitation. It can also usefully bring to the notice of the concerned authorities areas or regions in which shortages of any essential commodities are likely to develop by factors like transport bottlenecks or deliberate efforts at stocking and hoarding by traders. The organisation will have to particularly concentrate its attention at the retail level

since a large number of difficulties are experienced by the consumers essentially at this level. It would be a pity if the movement were to ignore many other facets of consumer-trader and consumer-manufacturer relationship which need to be watched on a permanent footing. The more successful consumers movements of the advanced countries are not concerned only with prices. That is only a part of their activities. They attend to other equally important matters like quality control, after-sales service, relative quality-price assessments of comparable products, banning of misleading advertisements, etc., to make the consumer know about what he should buy and where. This movement, if it grows along the right lines, should serve as a deterrent to those unscrupulous elements in the trading society who indulge in malpractices like adulteration, low quality or imitation products, neglect of after-sales service and the like. A consumers' movement if it assumes the role of an effective adviser of the consumers, would grow into a force of which the trading and the manufacturers community will have to sit up and take notice. Naturally to reach this level of performance and to wield this degree of authority the movement must inspire confidence among the masses. It will, in turn, demand that the members and workers of the movement view this work as a mission and not as a profession. A great deal will depend on the standards you set before yourself in the initial few years.

We have pledged ourselves to a rapid economic growth with social justice in a framework of democracy. And the strength, vitality and resilience of democracy lies in the institutions which its enlightened citizens build up and nurture over a period of time. As I see it, today we are laying a foundation of one more significant institution. It is an expression of our resolve to exert moral force to put down social exploitation. I am glad that the Citizens' Central Council which was established during the last emergency also proposes to adopt this as its major programme of action. It is my fond hope that the Indian Consumers' Union will be eminently successful in its task of educating public opinion in this vital area of welfare.

Cooperation: Tasks Ahead

THE SYSTEM OF government in any country has far-reaching implications not only for the political life of the country but also for its social and economic life. A democratic government with its responsiveness to the wishes of the people is designed to secure the fulfilment of their aspirations. Our ultimate goal in accepting a democratic form of government was to attain a socialistic pattern of society. In any scheme of reaching that objective, institutional changes in the economic sphere are inevitable. The fundamental task is to bring about a greater degree of socialisation of productive resources, to help even those with insufficient means to come forward to participate in the social and economic life of the country and to avoid all forms of exploitation. One of the major institutional changes which we have sought to bring about in this country is through the growth of cooperative movement.

The idea of cooperation is not necessarily confined to economic activity. In fact among the advanced countries of the West, it is to be found more in social spheres. In our country, however, in the context of the economic stagnation of centuries, cooperation has assumed the form of an economic organisation in different fields like agriculture, agro-based industries, financial institutions, small-scale industries, etc. This does not, however, mean that cooperatives have no implications in the social and political life of the country. In fact, to understand the aims and objectives of the movement and to assess its success, one has to take a three dimensional view covering its success as an economic entity, its

impact on social conditions and lastly its influence on the political life of the country.

Cooperation has rightly been recognised as the ideal form of organisation for agricultural and ancillary activities in a country like India where the problems like low individual capacity to undertake progressive farming, fragmentation of holdings, the exploitation of primary producers by middlemen, etc., cannot be adequately tackled by any other form of organisation. Besides, in these activities a degree of personal interest, participation and enterprise is absolutely essential. Government had, therefore, to make determined efforts for sowing the seeds of the movement and nurturing it in its early days. After sustained efforts for over two decades, it could be said that cooperatives, as a form of economic organisation, have come to stay in certain fields of economic activity. That is not to say that the story of cooperation in India is a story of success everywhere. The impact of the movement varies from State to State as also in different fields. Tamil Nadu State, for example, leads in respect of linkage of cooperative credit and marketing, while the Punjab leads in cooperative farming societies and transport workers societies. Sugar factories have been taken up on a cooperative basis on a large-scale in Maharashtra, Andhra Pradesh and Mysore. Gujarat leads in cooperative dairy farming and cooperative processing of cotton crop. These are instances of what cooperation, when conceived and implemented with a willing acceptance of the principle of consensus, can achieve. In these States, cooperation has certainly succeeded in drawing more and more people into the developmental effort of the country.

There is, however, great scope for improving the working of the cooperatives to make them succeed as economic entities. The first pre-requisite is, of course, that the unit must be viable. But after it becomes viable, it should look for backward and forward linkage of its activities. This is particularly true of cooperatives working in agricultural sphere. Cooperative farming can lead to the cooperative processing and then to cooperative marketing. This chain can be extended to obtaining agricultural services on a cooperative basis as also to the credit needed for agricultural operations. Although some progress has been achieved in this direction, greater effort is needed to make it a normal phenomenon of the movement. Another direction in which further effort is

called for is the diversification of activities by cooperative units. For example, a cooperative farming society can easily take up poultry farming as an ancilliary activity. The basic idea should be that cooperative complexes grow and ultimately cover all the activities which are in one line and such other activities as can be considered complementary to their main activities. It is a basic requirement that the cooperatives must be economically viable. Unless the economics of the movement is proved to the people, unless people became alive to the possibilities of better return from this form of organisation, it would be difficult to sustain and promote the movement. The cooperatives, in the very nature of things, should be voluntary and should spring from the desire of the people to join hands for economic betterment. This is a vital condition, because although governmental effort is necessary to nurture the movement in its early days, it cannot be permanently sustained by governmental leadership without becoming devoid of the content of cooperation. Similarly, although cooperation cannot be divorced from its ideal of public welfare, that alone will not be able to infuse people with the requisite enthusiasm. In the ultimate analysis it must have an economic appeal for the people which alone will ensure that the movement will take firm roots in the country and become self-reliant for growth.

Success as an economic venture cannot, however, be the end-result of a cooperative venture. This is so because even when restricted to economic activity, cooperation cannot be divorced of its far-reaching social and political implications. In the truest form it should be viewed as the prime vehicle of social change, because we seek to give a meaningful significance to our political democracy by ushering in an economic democracy. One important goal that we seek to achieve is to assure everyone a place in the society. Without cooperative effort and development, with its capacity to take the benefits to the primary producers, the social barriers which we are breaking down today are likely to be replaced by economic barriers of an economically developed society of tomorrow. Without cooperative effort, the people who suffer on account of the social barriers today will continue to suffer tomorrow from economic barriers. It is, therefore, a matter of vital concern to us that the cooperative movement grows and flourishes till it becomes all pervasive and assumes the role of a major forum

for organising our activities. Then alone can we achieve the stage where social and economic eminence will not be a matter of inheritance.

It is for this reason that we cannot afford to be complacent about the movement with the success of a few cooperative ventures here and there. No doubt a successful venture means that its participants would be economically better-off. But if these persons, the successful cooperators, forsake the path of cooperation and take to capitalistic organisations for greater personal profit, the very idea of cooperation will die. Possibly their success might inspire others to undertake joint ventures. But if the all-important emotional attachment to this form of organisation is wanting among the cooperators, cooperation instead of taking us towards greater socialisation of productive resources may take us backward to a capitalistic order. This is a danger against which we shall have to be constantly on our guard. It would be necessary for the State to intervene effectively to ensure that resources arising out of cooperative ventures are channelled into various other cooperative organisations.

The social implications of cooperative movement relate to its capability to bring about greater equality, first economic and then social, among the people. A really successful movement should hasten our pace towards bringing about a more egalitarian social structure where ideas of hereditary privileges and discrimination would have no relevance. This will not be possible if the cooperatives are constituted on either caste basis or on the basis of social status. They may succeed as economic ventures but will fail to destroy the age-old social barriers. All of us who feel intimately involved in the cooperative movement must fight this tendency of restricting the cooperatives to certain groups. We cannot afford to be complacent about this merely because the Rules of Association provide that the membership of cooperatives is open to all. If the origin of the society either lies in the caste system or is restricted to a particular strata of society, we can be quite certain that the future membership of such societies will also remain so restricted. It, therefore, becomes a matter of our prime concern that through education, enlightenment, guidance, encouragement and if necessary through corrective action only such cooperatives are promoted which transcend all social barriers. Cooperation divorced of its egalitarian impact on

the society would not be of great significance to us.

Another question that needs to be viewed in proper perspective is the problem of leadership of the movement. For the last two decades a large measure of this had to come from the Government. While such governmental leadership may be advantageous to the movement in its early days, the movement cannot continue to depend on it for ever. As the idea of cooperation grows and gathers momentum, the degree of governmental leadership would decline. A successful cooperative movement must be in a position to throw up natural leadership from amongst successful cooperators. This is as it should be in any voluntary movement, be it economic or social. The governmental effort in the ultimate analysis will be restricted only to making institutional arrangements and establishing check points, so that the trust and confidence of the cooperators is not abused by those in whom it is reposed. This process of change of leadership needs to be brought about as early as possible. On one particular point a greater degree of alertness will have to be shown, and this is to see that in the changed context this leadership does not itself become a hereditary privilege. Normally, the action to prevent such a possibility lies in greater education and enlightenment of the people. However, the Government cannot and should not remain passive spectators when the leadership becomes a question of inheritance. It should be our constant effort to see that the leadership of the movement does not remain restricted to a group of people for whom social status was a passport to leadership in the bygone days of tradition-bound society.

The third facet of the cooperative movement is its impact on the political life of the country. Ideally speaking, the movement should generate a feeling of more and more equality among the people and draw them into the mainstream of nation's political and social life. Even today, the movement, wherever its impact has been powerful, has become a parallel power centre in addition to the two centres of political power, namely, the State Government and Panchayati Raj. The reconciliation of these three power centres so that all of them work towards public welfare is one of the problems that will increasingly demand our attention. The cooperators cannot exploit this power position for their exclusive benefit, because as participants in a movement which is based on the ideal of public welfare, they cannot ignore their social res-

possibility. In the ideal form, a cooperative movement must ultimately succeed in breaking the monopoly of those in whom economic and social power is concentrated. But there is also a live danger that, divorced of true democratic ideals and principles, the cooperatives themselves would become the points of concentration of economic and social power which will give them tremendous potential for interfering in the political life in the area under their jurisdiction. Such a state of affairs would simply mean the replacement of individual concentration of power by concentration in the cooperatives. The cooperatives, in such an eventuality, would themselves become vested interests, hot beds of intrigue and politics. Instead of subserving the cause of public welfare and economic democracy, they would thwart our efforts in that direction.

These are some of the problems that will demand our constant attention in the years to come. These problems are by no means insoluble. Success always creates new problems. These are problems of growth and must be viewed as such. Cooperative movement has taken firm roots in the Indian soil and its success in States like Maharashtra, Gujarat, Tamil Nadu and Andhra Pradesh should be a beacon light for others to emulate. The present attitude of apathy and reserve exhibited by some of the intellectuals of the country is bound to undergo a change as the movement grows, which would inject into the movement a new outlook and a greater degree of enlightened idealism. With such a feeling of involvement, I have no doubt the movement will achieve breakthrough in new directions.

Cooperatives and Rural Development

AS I STAND here, there come to my mind the memory of three stalwarts of the Cooperative Movement—Vaikunth Mehta, Prof. Gadgil and Prof. Karve. They are no longer with us; but their spirit and inspiration pervade this college campus. Vaikunthbhai Mehta gave great service to the cooperative movement. It is but fitting that the cooperative management training institute started by the National Cooperative Union of India and accommodated by the Reserve Bank within its Cooperative Bankers' Training College premises, should be named after him. Prof. Karve was steeped in the problems of rural economics and brought his great knowledge and experience to bear on the consideration of agricultural credit policies. It was under Prof. Karve's inspiration that the Reserve Bank's Cooperative Bankers' Training College was founded. And finally, it was to Prof. Gadgil, the doyen of cooperators during the last two or three decades, that the Chairmanship of the Committee of Direction of the Vaikunth Mehta Institute was entrusted during the last years of his life. I consider this campus as a monument to these three giants of the cooperative world.

I am glad to find both cooperative bank executives as also the Project Officers of Small Farmers Development Agencies amongst the trainees at this Institution. I am particularly happy that the Reserve Bank of India is using this college as a means of spreading among the banks and SFDA project officers knowledge of special lending techniques evolved to meet the requirements of small farmers. It is important that small farmers, constituting as

they do a large portion of India's cultivating population and having at the same time for so many years been the most neglected section of it, should now have the closest possible attention focussed on their credit needs.

Agriculture in India has come a long way from the days of subsistence farming, helplessly dependent on the vagaries of nature. There are today visible signs of a break-through in this area brought about by adoption of modern techniques of cultivation, use of high-yielding varieties of seeds, fertilizers and pesticides and assured availability of water. I am aware that we have still miles to go before we succeed in making surplus farming a reality for the millions of small farmers, particularly in the dry farming areas, but the encouraging signs of our progress are definitely discernible. Modern farming, however, presumes larger and costlier inputs and unless we encourage and assist the farmers to make these heavy investments we will not be able to force the pace of change in agriculture. Thus, the key to a break-through in agriculture, which is an essential part of the programme of *Garibi Hatao*, is an assured and ample supply of credit for production and investment for farmers who, until fairly recently, were in this matter amongst the relatively under-privileged sections of the public.

Till the recent entry of commercial banks into agricultural financing, the only organised credit agencies for farmers were their cooperatives. There are today over one lakh and sixty thousand primary credit societies of farmers, but their total membership, not all of which is of actual borrowers, is only 30 million. Besides, in many cases, even the actual borrowers receive only a fraction of their actual credit needs. Also, the spread of effective cooperative coverage is very uneven, and there are some States which have large areas quite neglected or only inadequately covered. Even in areas where cooperative coverage is good, weaknesses are developing, especially by reason of overdues. The need for accelerated rehabilitation and development of cooperative banks and other societies in almost all parts of the country has, therefore, assumed critical urgency. Viewed against the background of the increased cost of modernised farming, the low figure of average cooperative loaning, which reflects the general weakness of the cooperative movement, must cause us grave concern. The lending techniques of the primary cooperatives were originally centered on security, and a more develop-

ment-oriented outlook is still, in many cases, called for. What is worse, the financial strength of many of the cooperatives has in the last few years been seriously eroded because of the non-recovery of their dues. It is distressing that as at the end of 1970 a sum equal to almost the entire paid-up share capital of the primary agricultural credit societies was locked up in overdues. While commercial banks have been making rapid strides in deposit mobilisation in rural areas, the central cooperative banks have not been able to do much in that direction.

A massive effort is called for, in these circumstances, for the reform and rehabilitation of the cooperative system, if it is to adequately support agricultural development. Even where it is working well, there is scope to develop its activities and spread its benefits to the smallest of the small cultivators. It is on the permanent executives of the cooperatives that the responsibility for such organisational and operational improvements rests. And it is because of this that I so gladly accepted the invitation to be here today to meet some of the executives who have come here for training.

I am glad to note that the Reserve Bank has been doing a great deal to force the pace of the rehabilitation of cooperative institutions by the State Governments concerned. The sooner these institutions are set right, the sooner will their capacity to fill the credit gap be built up. Fortunately, the Reserve Bank is not only in a position to assist with advice but, in suitable cases, where the State Government agrees to supervise the rehabilitation programme and materially to help in the recovery of overdues, it can also give the State Government substantial financial assistance from the Bank's Long-Term Operations Fund. With all these facilities available from the Reserve Bank of India, it is disappointing that the revitalisation of the cooperative credit structure, which is a task resting partly on the shoulders of the State Governments and partly on the cooperatives themselves, is going slowly.

It is against this setting that I stress the value of training programmes such as the ones being carried out at this institution. It is no use talking of extension of increased credit to cooperative banks if their executives are not guided as to the proper management of credit assistance from Reserve Bank of India and other resources. "Proper management" includes not only the planning of lending programmes but also the proper economic and technical

evaluation of the purpose for which credit is being asked and finally methods of supervising its proper utilisation. I understand that several of the courses at the Reserve Bank's College deal with the methods of evaluation of individual farmer's credit needs and of securing the optimum returns to the economy from agricultural credit dispensed by the cooperatives. I hope that what the trainees have learnt and will learn at courses at this college will be put into practice, and the knowledge acquired here will in turn be disseminated amongst their junior colleagues in their parent institutions.

There is another aspect of agricultural financing that I would like to refer to. It relates to the entry of the nationalised banks into this sphere. I have heard many anxious comments as to whether this will not threaten the cooperative structure that already exists. My answer is no. Firstly, it is almost impossible for the cooperatives to meet the credit-gap that I have just indicated. Secondly, the commercial banks are entering the field of agricultural finance not in competition for a highly lucrative avenue for investment but only in the spirit of fulfilling a long felt need. There is, therefore, no doubt whatsoever that agricultural credit extension by the commercial banks should prove in effect to be complementary to cooperative lending. It should, to that extent, relieve the cooperative structure of excess demand pressure to which it has been subjected for too long. With close coordination and collaboration between the cooperative and commercial banks, I am sure we will be able to achieve a better coverage of farmers both area-wise and need-wise. Close coordination between cooperative and commercial banks is a vital necessity if wasteful overlap is to be avoided and neglected areas are to be covered. Joint participation in courses such as the one at this College will greatly assist them to move hand in hand towards the common national objectives of improving the lot of the farmers generally and especially that of the smaller cultivators. The presence of the Project Officers of the Small Farmers Development Agencies here today is in my view a happy symbol of coordination. I have for some time been seriously concerned to find a way of bringing the small farmers who may not be enjoying the facilities available from cooperatives into contact with the commercial banks. I hope that the Project Officers of the Small Farmers Development Agencies will find a suitable answer to

this problem and will guide the commercial banks into areas in which small farmers are today neither being adequately served by cooperatives nor by commercial banks. Full coordination between the SFDA authorities, the commercial banks and the cooperatives is necessary, and it must be on a continuing basis. We do not want just the illusory satisfaction of identifying a few thousand small farmers and leaving them to their own devices. We have to ensure purposeful coordination by the SFDA's with the cooperative and commercial banking sectors. Not just the small farmers but their actual credit needs must be identified and finance made available for them and to the suppliers of inputs. Marketing facilities must be provided to them so that they are not exploited by middlemen.

One last word again on the credit-gap I have mentioned: I am not now speaking of the gap between the demand for and supply of agricultural credit, but of the huge number of farmers who are not yet in touch with credit institutions. I appreciate the efforts made by the commercial banks to open new branches and secure fresh accounts. The village adoption scheme of the State Bank and other forms of integrated approach adopted by other banks are viewed with the closest attention by me. The scheme for financing by commercial banks of primary cooperative societies devised by the Reserve Bank — which, I am happy to see, is not afraid of innovation — has also produced satisfactory results in some areas. All these are steps in the right direction. But they will have to be increased if the majority of farmers is to be relieved of entire or almost entire dependence on non-regulated sources of credit. So specifically, I say to the trainees at the two cooperative courses of this College concluding today — and I hope this message will reach the other executives in the cooperatives all over the country — “devote far more energy to the spread of membership of the cooperatives under your control, giving the maximum possible attention to the smaller and less influential cultivators.” If cooperative societies have become so bad that they must be liquidated, take the needful steps in this matter without delay, so that useless institutions are no longer allowed to clog the channels of credit. In their place create new societies by which genuine need — and not influence or privilege — will be served. I can safely say that in these efforts you will receive all the support you need from us.

Research and Policy Development in Social Defence

CRIME IS A universal problem and is not new. It concerns each one of us, since it represents an enormous and continuing waste of human energy and resources and introduces an element of insecurity in society. It has existed from time immemorial and will remain with us despite the thrilling advances we may make in diverse fields. Its significance lies not merely in its increased incidence but also in its changing patterns from time to time. Another disconcerting feature of crime is its spread and heterogeneity. These are, perhaps, some of the reasons why our attempts to understand the phenomenon of crime in the past had to be based, to some extent, on an element of speculation. It is only recently that the systematic study of criminal behaviour has secured a recognised place in human sciences and opened up new avenues of approach for finding solutions to some of the most vexing problems of crime.

A study of the criminal mentality and behavioural patterns can assist us in the development of an efficient system of administration of criminal justice. This task is certainly not an easy one. Theories which are not only scientifically acceptable but which are also capable of practical application in the prevailing social situation cannot emerge in a sudden flash of inspiration but only through painstaking exploration, collection of reliable and factual information and laborious verification. This work can be done only through systematic research. I do not, however, propose nor would I aspire to advise the specialists who are gathered here on the lines they should adopt. But as one who is

intimately concerned with and deeply interested in the problems of crime and delinquency in this country, I would like to point out that research in the social defence field has to be oriented to the needs of the users. They include the police whose role continues to undergo a remarkable change in the midst of changing times and vastly complicated social and economic relationship between man and man; the correctional workers whose task becomes increasingly difficult in an area where the individual interests and the demands of social protection stand in unresolved conflict; and finally, the judicial authorities who function within the framework of criminal law which, by its very nature, is inclined to be conservative. It would be wrong to view punishment only in the context of what it means to the individual offender. It is equally necessary to consider the role of punishment in terms of what it should mean to the society. Since we have not yet reached a stage where we can totally eliminate the concept of punishment it is necessary to recognise that the social purpose of punishment is to create social solidarity. I am aware that this view may not find general acceptance, but I am sure many of you will agree that any act which violates the social code has to be punished not as a measure of retribution but in order to restore order, because it is the only way in which group solidarity can be maintained.

In emphasising the need for social solidarity and reinforcement of social norms it is far from my intention to ignore the concept of reformation of the criminal or discourage the growth of healthy interest in him. The difficulty arises because although we are able to identify some of the criminogenic factors in society we are still apparently groping in the dark as to why of two persons similarly placed, one would take to crime and the other would shun it. Since formulation of social defence programmes cannot wait indefinitely for the perfection of our knowledge, we are forced to make theoretical assumptions on the basis of which our present policies and programmes in the field of social defence are founded. In the circumstances, there arises the need for a proper understanding of the meaning of crime in terms of criminal law, social structure and social change, and it is from this plank that research programmes have to be designed and executed. Confronted as we are with rapid increases in crime and emergence of new forms of anti-social behaviour, social defence research can serve a useful purpose only if it can provide a practical basis for

formulation of policy. I am, therefore, particularly happy to know that evaluation of the practical measures forms an important objective of this Workshop and attempts will be made to devise the mechanics of research utilisation.

In the simple societies of the past, there were various elements of social control which prevented the development of delinquent behaviour. Now the traditional structure is breaking down. In many instances the Government itself wishes to break down the old order where the measures of social control are repressive and lack respect for human rights, equality between man and man and where they represent a way of life in which the weaker sections of the society get less than fair treatment. In this process, the important problem before us is what kind of acceptable controls can take the place of the traditional norms of behaviour in the society, and how we can remodel the pattern of social control rather than abolish it completely. We have to seek such methods and encourage such social influences as do not retard the process of social evolution but yet are effective in checking the development of delinquency.

To the criminologist, the problems of anti-social behaviour in the Indian setting provide a variegated field of study. The problem of social defence that we have to face here is qualitatively and quantitatively different from that in the more advanced countries of the West. Our problems are typical of a developing country with a changing society. The technological and industrial progress and the resultant urbanisation have created new stresses and strains in the society. The change from a placid, secure life to a hectic insecure one has evoked different reactions from different people. The growing aspirations resulting from political awakening have added a new dimension to the tensions in the society. We thus have to simultaneously devote attention to a number of areas of action. I would, however, like to mention a few of them in which immediate and concerted efforts seem to be called for. A noticeable change relates to the diminution of respect for authority. This is a new factor which affects all those on whom the responsibility for upholding authority rests—the police, teachers, parents and for that matter all responsible sections of society. It has had also a significant effect upon industrial discipline. In the past, discipline was nurtured by religion and tradition. The new thinking and the spread of education have

diminished the power of both, but they have not yet provided any effective substitute. The growth of violence and the pervasive unrest among the youth are attributable partially to this erosion of respect for authority and old values. In a world of rising expectations, dissatisfaction and frustration are also not uncommon. These aspects of a changing society which is in a process of rapid economic and social transformation would call for systematic study. Another area of criminal behaviour which is relatively new to underdeveloped countries pertains to the crimes in the field of commerce and industry. Here the shortages, controls and restraints contribute to the emergence of new forms of crime in which the offender is not the unfortunate victim of circumstances of his environment and breeding, but the respectable citizen of social status whose upbringing and economic situation would ordinarily make it difficult for one to associate him with anti-social behaviour. And yet, the white collar criminal poses a forbidding challenge to the criminologist in modern society. So long as criminologists confine their attention to the traditional forms of criminal behaviour and that too in the socially and economically backward classes, this relatively new dimension to the criminology will not receive the attention it deserves.

We in India have been engaged in the task of economic development for the last two decades. No doubt, our attention has been primarily focussed on the question of economic development and to that extent it has not been possible for us to accord a very high priority to the fields of social welfare and social defence. However, there has always been an appreciation of the inter-relationship of social and economic aspects of development. That is why even with a severe constraint of resources, we have been attempting to achieve a coordinated development not only in terms of big productive machines but also in terms of improving the health, sanitation and education of the poor and creating conditions for a vigorous social advance. There is no doubt that as the constraint on resources grows less severe, greater attention will be paid towards strengthening our social defence, to lessen the stresses and strains of economic development and change in the social fabric.

The first step towards accelerating our pace in the field of social defence will be to conduct and encourage scientific research in all the problems relating to social defence. The Government of

India are fully alive to this need and would do everything in their power to meet it. Some significant beginnings have already been made in this direction. It is quite appropriate that we should discuss and fix the priorities in research, since the area that needs to be covered is vast and the resources — both human and financial — are limited. It is for this reason that I would urge for a pragmatic and coordinated approach. We should aim not at the abstract and fundamental kind of research at this stage. Our highest need is of applied research which can be put to use immediately. In all these matters the techniques, methodology and approach must be suited to the local environment and local conditions.

Development and Social Justice

IN A DEMOCRACY, for effective implementation of Government policies it is not enough that these policies are soundly conceived. It is no less essential that their rationale is understood and appreciated by the common people whose lives may be profoundly influenced by these policies. The economic journalists have a very important role to play both in articulating public opinion on vital matters of economic policy as well as in promoting among the public a proper awareness and appreciation of the background in which public policies are formulated. I am convinced that unless people share our goals and are prepared to work with the Government for the achievement of these goals, it will not be possible for us to translate many of our dreams of economic reconstruction and development into a living reality. Journalists have important social responsibilities in educating public opinion.

'Development and Social Justice' which is the main theme of this seminar neatly sums up the greatest challenge that all developing countries, including India, will have to meet effectively in the seventies in order to survive as free, democratic societies. You are all aware of the progress that we have made in the last twenty-five years in building up a diversified industrial structure, in imparting a scientific temper to our agriculture, in creating and expanding reservoir of technical and managerial skills, which have brought us on the threshold of industrial culture. We can take legitimate pride in our achievements. And yet it has to be frankly admitted that we have not so far succeeded in eliminating mass poverty which has been the inevitable lot of a great majo-

rity of our people for centuries. While academicians may dispute the exact percentage, there seems to be little doubt that a substantial part of our population continues to live below what may be called the poverty line. There is also evidence that disparities in income and wealth have been accentuated rather than reduced in the process of development. Some sections of the people which have been strategically placed in relation to the development process have taken full advantage of their position to press aggressively their claims for higher share in the country's national income. As a result, while the rich have certainly become richer, the poor have largely remained poor and their number is increasing in absolute terms. Despite sustained efforts in the past to remedy this highly explosive situation, actual results have greatly fallen short of expectations. There is no doubt in my mind that in the interest of both a stable federal polity and vigorously functioning democratic institutions, the decade of 1970s must witness a frontal attack on mass poverty and the associated inequalities in income, wealth and opportunity.

It goes without saying that meaningful solutions to the problem of mass poverty can be found only in the framework of a rapidly expanding economy. An expanding economy provides a more favourable environment than a stagnant society for a peaceful resolution of conflicts over income distribution. However, we must guard against the complacent view that growth by itself will provide satisfactory solutions to the problem of ensuring an equitable distribution of the fruits of progress. We have, therefore, to make deliberate conscious efforts to ensure that growth subserves the cause of social justice. I am convinced that it is both bad economics as well as bad politics to ask the poor to wait till the challenge of growth is adequately met. They simply will not. It is, therefore, no use asking if social justice is compatible with growth. The really challenging task is to find effective solutions which would ensure that accelerated growth and greater social justice will in fact go hand in hand. I recognise that the mass poverty that prevails in this country cannot be removed over-night. At the same time, the rapid advances in science and technology of recent years convince me that it is possible today, as never before in human history, to launch a successful attack on mass poverty. What is needed is a firm resolve and a commitment to refashion our social and economic institutions in tune with the

requirements of a fast-changing dynamic economy.

In devising a strategy of growth with social justice, it is necessary to understand the factors which make for increased inequalities in income and wealth. As I mentioned earlier, certain sections of our population which have been strategically placed in relation to the development process have derived excessively large benefits. Because of the social and economic inequalities of the pre-independence era, growth capabilities in our society were unfortunately very unevenly distributed. During the last 25 years of independence, we have tried to reduce these inequalities by various measures. However, a large segment of our population has derived virtually no benefit from the development that has taken place and, therefore, the inequalities have not been reduced. So, in devising an effective strategy for accelerated growth with social justice, we must lay maximum possible stress on enlarging the growth capabilities of the weaker sections of the population. The solution has to be such that it does not create an economic problem in the sense of retarding development or a social problem in the sense of creating new tensions and conflicts within the body politic.

In a society where there is large scale unemployment and under-employment, the creation of new employment opportunities on a large enough scale can make a major contribution in both accelerating the pace of development as well as in promoting greater social justice. Here again, one has to guard against the complacent view that higher growth rates by themselves will be able to resolve the problem of unemployment and under-employment. Experience shows that a high rate of economic growth, although often a necessary condition, is not a sufficient condition for generating new job opportunities on large enough scale. Although the development of basic industries — steel, fertilisers, petro-chemicals, machine-building capacity — is essential for our future growth as well as for greater self-reliance, one has to recognise that modern large-scale industry is often highly capital-intensive, and as such does not offer adequate scope for speedy absorption of available surplus labour. In part, this reflects the fact that our development so far has largely been based on imported technology, a technology evolved in developed countries with an eye on their factor endowments. Unlike developing countries, developed countries are characterised by a relative shortage

of labour and plentiful supplies of capital. As a result, technological development in Western countries has a strong bias in favour of labour-saving and capital using techniques. When this technology is transplanted to developing countries, it is not surprising that it makes very small contribution to the solution of the chronic problem of unemployment. It, therefore, appears that in the interest of both greater efficiency in resource use as well as generation of greater employment opportunities, the development of a suitable intermediate technology which would be more responsive to the needs of developing countries must receive a high priority in planning our programmes for scientific and industrial research. At the same time, the potential offered by small-scale and village industries must be fully exploited. Moreover, one has to recognise that for quite some time to come, the employment potential offered by the urban industrial sector is likely to remain limited. As such, every effort must be made to find new productive job opportunities within agriculture. In the last few years, we have launched a number of employment-oriented programmes for creating new job opportunities in rural areas. I must confess, our past experience with the rural works programme is not entirely satisfactory. There have been important gaps in organisation and implementation. In part, this is due to deficiencies in our administrative structure. The administrator in his new capacity has to act as a planner, promoter, organiser, coordinator and evaluator — all in one. Despite major efforts to bring our administrative structure in line with new developmental responsibilities of the State, there is obviously need for further improvement. At the same time, we need to enlarge the scope for mass participation in development activity, to encourage through democratic decentralisation new levels of initiative among the people and to reduce public dependence on bureaucracy as a source of impetus for social change.

In recent years, the adoption of new technology in agriculture has led to important gains in production. However, the green revolution is still a phenomenon confined to a small part of Indian agriculture and it has yet to include within its sweep crops other than wheat. It has been noticed that despite its many beneficial and welcome features, the green revolution may have accentuated regional inequalities. Even in the same region, the largest benefits of new technology seem to have been reaped by

large rather than small farmers. Fortunately, the new technology is basically neutral as to the size of the farm. Thus if small and marginal farmers can be provided with physical and financial resources as well as technical assistance, there is no reason why they should also not derive equitable benefit from the new technology. This is the principal objective of the Small Farmers Development Agencies which are now functioning in 46 districts and of the Marginal Farmers and Agricultural Labourers Programme now operating in 41 selected areas in the country. Simultaneously, through systematic research and development, we have to extend the benefit of the green revolution to more and more crops. This will not only increase agricultural output but will also contribute to a reduction in inequalities of income and wealth. Special attention will have to be paid to devise suitable techniques of dry farming in order to raise productivity of agriculture in those 128 districts of India which receive less than 125 mm of rainfall and have also no assured supply of irrigated water. High priority has also to be given to speedy implementation of land reforms, to reduce the gap between the poor and the rich in rural areas.

Institutional reforms are an essential element of growth process which subserves social justice. In capitalist societies, profits have been the biggest source of accumulation of capital as well as of inequalities in income and wealth. Profits cannot be abolished in any society which wants to grow. At the same time, if profits are not to accentuate inequalities in income and wealth, it is essential that they ought to be increasingly socialised. This is the basic justification for the expanding role of the public sector in our development strategy. The expansion of the public sector has made a major contribution in diversifying our industrial structure, and in strengthening our domestic capabilities. It is true that in a number of cases, the performance of the public sector enterprises has not been in conformity with our original expectations. However, in a society committed to growth with social justice, the real issue is not whether we need an expanding public sector or not. There clearly can be no going back on our previous commitments in this matter. The challenging task is to devise ways and means to ensure that the public sector enterprises in fact effectively discharge their functions in the framework of an overall strategy of accelerated growth with social justice. There is

clearly a need for some fresh thinking about the management of the public sector enterprises.

It has also to be recognised that in societies where the bulk of national savings continue to originate in the private sector, there are limits to which one can plan for a reduction in inequalities in income and wealth. It is for this reason that our plans lay considerable emphasis on raising the rate of public savings. Because of unexpected increases in non-developmental outlays — and these include outlays for such essential purposes as refugee relief in 1971 and relief for drought affected areas — the savings potential latent in the massive tax effort of recent years has unfortunately not been fully realised. Fiscal policy has an important role to play in raising resources for development as well as in promoting greater social justice. In the past, its contribution has been limited, partly by the fact that the existence of a large number of loopholes in our tax laws and administrative laxities led to a considerable amount of tax evasion and avoidance. These loopholes are now being plugged so as to ensure that our tax structure becomes an effective instrument for mobilising resources for development as well as in promoting greater social justice. I am aware of the criticism that our tax rates are having an adverse effect on incentive to work, save and to bear risks. To the extent possible, every effort is being made to preserve a reasonable degree of incentive for enabling citizens to undertake socially useful activities. However, I would like to point out that the desirability of any given set of incentives cannot be assessed in isolation of the basic harsh fact that nearly 40 per cent of the population in this country continues to live below the poverty line. Those who are always clamouring for incentives for the few must not forget the unfortunate many who do not get even two square meals a day.

In the course of this analysis, I have tried to share with you some of my thoughts on how growth and social justice can be combined in a development strategy. It was not my intention to suggest that we have readymade solutions for all our problems. That clearly is not the case. While the overall direction is clear, there is still need to work out a more effective policy framework. We would need to have a fresh look at many of our existing policies and programmes. In the affairs of individuals as well as of nations, there is often a temptation to continue along

well trodden paths. The status quo has no doubt the advantage of reality while the future is full of uncertainties. Nevertheless, considering the vast dimensions of poverty in India, we must think and plan boldly.

Role of Public Sector Banks

AS ONE LOOKS at the various patterns and models of development that the low-income developing economies have been experimenting with over the last two decades, one finds that almost in each and every case the need for developing financial institutions, particularly commercial banks, and the role that they can play in supplementing the efforts of other institutions to bring about a social and economic transformation of the economy have been duly emphasised. In the development strategy that we are currently pursuing we have also done so. What is it then that distinguishes our approach from the approach usually followed elsewhere? To my mind the main distinction lies in the fact that whereas the traditional approach emphasises the importance of the banking industry in terms of its contribution as a 'facilitating service industry', in our way of thinking its real significance emanates from the fact that it can and should be used as an important engine of growth and social change, and herein lies a world of difference. We might appear to be saying the same things but frankly that is not so. Also the difference is not in terms of degrees of emphasis; it is much more basic than that.

The usual line is that banks act as an important repository of community's savings. They collect saving from those in the community who voluntarily part with their surpluses for a monetary reward. In turn, the banks use these funds for providing support to those elements of the productive apparatus of the community who are prepared to come forward to them and are willing to pay the price asked for by them for the use of funds.

Banks should use their resources, so runs the usual reasoning, in such a manner that what they collect as charges for loaning out of funds is somewhat higher than what it costs them to raise and administer those funds. The pricing policy for the use of funds would possibly in its turn ensure an efficient utilisation of funds by the community and thus the banks would be performing an useful allocative service to the community by funneling funds into relatively more efficient channels. An inevitable corollary of this type of reasoning would appear to be that it would be in the best interests of the community at large and of the banks in particular, if the latter keep on following the footsteps of development. They should move in into areas and sectors of the community where already some growth of directly productive activities has taken place and provide the necessary supporting finance. In sharp contrast to this, when we in our development strategy refer to the crucial role of banks in social transformation, we have something quite different in mind. In the strategy that we have chosen for ourselves we do not regard the banks as a passive infrastructure facility. We should like them to serve as an important prime mover in the development process. Their function is not that of following in the wake of development but preceding it. They are important to us not merely because of the usefulness of their repository and allocative functions vis-a-vis investible resources, but because of their much more basic role as a 'leading sector' and a catalyst in the social and economic development of our country.

What precisely does one expect the banks to do then? I would attempt an answer, in simple language. There are certain traditional functions of the banks; every endeavour should be made to ensure that in performing them we keep the objective of maximising the social benefits in mind. Banks have to undertake certain development functions and work out precise programmes of action that will go to activate the latent energy of the community and impart it a sense of creative dynamism.

The dichotomy between traditional and developmental functions is not to be taken too literally. Traditional functions usually refer to such activities as deposit mobilisation, loaning out of funds and a host of other customary services provided by the banks to their clients. In performing these functions, one can adopt a traditional attitude or the one infused with innovative

and developmental fervour. What is important for our banks is to perform these services with a zeal. Whether it is the task of branch expansion, deposit mobilisation or credit extension, the banks should increasingly evaluate these activities in terms of the contribution that they are likely to make towards achieving a desirable pattern of social and economic development. So far as developmental functions as such are concerned, they call for a radical change in the attitude of a traditional banker. In order to promote development of a given region, a bank has to make a detailed survey of the natural and human resources of that region. In the light of this survey, it must work out some broad plans and programmes of development. This may necessitate the taking up of feasibility reports of projects in certain lines. A wide dissemination of this knowledge may prompt the various elements in the community to work out precise action programmes. These may call for bank finance and from this point onward come in the usual or traditional functions of a bank. It is possible that it may not always be necessary for a bank itself to undertake all this detailed survey work, for already some other developmental agency may be doing it, but what is still important for a bank is to understand the precise language of development and coordinate its activities with other developmental agencies. For this a banker has to get out of his traditional shell. A developmental task undertaken without a change in spirit and in the usual cold manner of a traditional banker with a calculating bent of mind may end up producing fat epitomes of survey reports with no precise action programmes. This will produce no development but only paper reports.

What role our banks have so far been playing in the task of social reconstruction? Let me attempt an assessment largely based on the bricks and bouquets that I keep on getting from the ultimate judges, viz. the public.

Three years back we took the momentous decision of bringing under public ownership a major portion of the banking industry with a view to enabling this vital industry to play an adequate role in the developmental task. We discussed with the industry the steps that they ought to take with a view to discharging their social responsibility more effectively. There emerged on the scene such programmes as the lead bank scheme, the branch expansion programme, lending schemes for hitherto neglected sectors, a pro-

gramme of effective coordination between the banks and other development agencies etc.

It appears to me that in some respects we have achieved a fair measure of success while in others no more than a beginning has been made. In the first category fall the programmes of branch expansion and deposit mobilisation. Both these are fairly important aspects of banking development; in a sense they constitute the base for further work. However, it should not be imagined that they have been altogether flawless operations. They have their positive and negative sides. To the extent the branch expansion has laid stress on taking banking to those States of the country and within each State to those districts and areas that had been looked upon by the banking industry as unattractive in the past, it has been a positive gain. But merely opening of new branches in the hitherto unbanked areas is not enough. One would judge the success of these branches in terms of business that they do in those areas, particularly the business of credit extension. It is difficult to say categorically whether we have succeeded in making any significant dent on the problem of regional disparities in the matter of banking services. The advance made so far in this respect is no more than a mere scratch on the surface.

Banks record in the matter of deposit mobilisation has been fairly impressive. A number of innovative schemes for attracting deposits has been introduced. Banks personnel have caught the message correctly in this respect. All this is very well, but is certainly not adequate. If the banks have to discharge their social responsibility adequately, they should be as aggressive towards credit extension as towards deposit mobilisation. And it is not indiscriminate lending that is called for but lending with a social purpose — to enable all productive endeavours to get going and become viable.

It is possible to have more than one interpretation of the term social responsibility of banks. Let me first refer to one interpretation which seems to be quite fashionable with the traditional bankers. It is said that "the paramount social objective of banks is to protect the interests of the depositor". To my mind this is a very narrow way of looking at such a comprehensive concept as the social responsibility of banks. Of course, the banks are the trustees of the depositors' savings and they have to do everyth-

ing to justify the trust reposed in them, but there ought to be some difference between cold iron safe and a banking institution charged with social responsibility. A strong iron safe is a useful piece in the sense that the contents inside it are well protected against fire and burglary, but that is not certainly the concept of a bank. It must make sure that the deposits entrusted to it are used more productively than would have been the case if they were still with the saver. A bank is thus a bridge between the saver and the investor and to be a useful bridge it must be easily accessible to both.

The "social responsibility" of banks can only be defined in terms of the tasks that the banks are assigned to do in relation to national programmes and priorities. Currently, we are passing through a challenging phase of development. The main accent of our economic policy is on developing the economy along lines that will make the life richer and better not only for a few but for all. Unless we can show positive results in terms of the upliftment of a vast majority of the poor in this country, the word 'development' would begin to lose its meaning. In this national endeavour, the banks have been assigned a definite role and one would judge their performance not in terms of the profitability rate but the terms of the positive contribution that they may make by providing funds and other advice to the unemployed for starting a small business, to the struggling farmer badly in need of fertilizers or improved quality seeds, to the young, brilliant electronic engineer bubbling with ideas but lacking in funds and to several others whom the lack of funds constitutes the thin line between success and ruin.

Institutions and instruments have exactly the same relationship with the social order as embankments of a river with the running stream. The embankments determine the course of the stream and in turn the stream goes on changing the embankments themselves. Sometimes when embankments do not yield to the force of the stream, violent floods follow. Institutions and instruments should keep on changing with the social order. They cannot afford to take a static view. Banking institutions have started looking afresh at their social responsibilities; what is important is to ensure a proper implementation of the scheme, forming the core of the action programme assigned to banks.

During the last three years banks have introduced a number of

schemes to provide funds to the hitherto neglected sectors. Lending to these sectors calls for nothing short of a small revolution in the attitude of the bankers towards such time-honoured concepts as security, safety and conventional credit-rating criteria. There is general agreement on the part of all concerned that ultimate viability and soundness of a project should be the main criteria for the decision as to whether a party should or should not be provided with funds rather than security and connections that a party may or may not be able to muster together. At the actual operational level, one is not quite sure if these new concepts having percolated to the man behind the counter. In this connection I might mention that I was quite intrigued to notice in one of your discussion papers a passage reading as follows:

“There is much that the banks can do; there is much more that they cannot do, without weakening themselves and the economy. There is already evidence that in the absence of clear guidelines as to what constitutes financially ‘social goals’, banks are being urged to finance projects whose commercial viability, over-all priority and temporal suitability have not been established.”

I do not know what sort of discussion a remark of this type attracted in your earlier sessions. I would only say that it would be too narrow a view to plead that the commercial viability tests for a scheme involving small investments should be the same as the elaborate D.C.F. analysis and the internal rate of return tests prescribed for an industrial project involving an outlay of hundreds of lakhs. Also, one has to make a conscious attempt to move from the commercial viability criteria to social benefits criteria, keeping of course in mind the need to ensure a minimum financial return on the project in a reasonable period of time so that a reasonable repayment schedule does materialise.

It is not enough that a banker sits coolly in his office and waits for a customer to walk in with a proposal seeking funds from the bank. A real development banker will have to go and search for a prospective borrower. The Branch Agent will have to assume dynamic role in rural areas, as people in these areas have built-in inhibitions in approaching banks, because for a long

time they were denied any access to banks. He has to be a friend, philosopher and financier to the local community within his reach. Let me tell you that in such a rural setting, the Branch Agent will be able to score more significant achievements only if he makes a determined effort to make the local society accept him as one among them who by virtue of his position and authority, his knowledge and profession, is to be listened to with respect and followed. This implicit faith in his leadership will not be there if he maintains the distance which exists between rural and urban people.

Every day I get a sizeable mail from persons from all walks of life. In many letters adverse comments are made about the operation of banks. Even conceding that some of these letters emanate from aggrieved parties and lack objectivity, the fact remains that one cannot ignore them altogether. The most usual complaint is in respect of the unhelpful attitude of the man behind the counter. I can well imagine the frustration and awkwardness a prospective borrower from the rural area must be suffering when the man behind the counter exhibits lukewarm attitude. There may or may not be substance in these complaints, but what is important is to ensure that the operational man has got our message correctly so that there is no obstruction in the implementation of the policies that we frame. Nothing can be so damaging as a hiatus between policies and implementation.

It is necessary for the banks to go in for a capsule reorientation programme so that in a reasonably short period they are able to convey to each of their employees the correct message about his developmental role. What should be the precise contents of this programme is a matter which has to be considered very carefully. It should be a time-bound and well planned action programme. To enthuse the field staff in the priority sector lending work, it may also be necessary to create some sort of non-monetary incentives, say, in the form of the award of merit certificates to the staff of those branches which show excellent performance in development lending.

The main objective of fixing the lead responsibility on a given bank for a given district was to ensure that in that area the said bank would assume the role of a nucleus of development. It would survey the development of the area, identify regions and sections of the community that should be helped by way of bank

finance in their productive endeavours, work in close cooperation with other development agencies and in several other ways ensure that the region develops. Many of the responsibilities that the lead bank concept visualises were quite alien to traditional bankers. Things are changing and we are all getting used to new ideas. All one would urge to the banks is that they move somewhat faster and without complacency. The commercial banks were nationalised in order to enable them to serve as tools of changing social order and meet the needs of hitherto neglected sections of the society. The steps taken by the government to fulfil its promise of anti-poverty schemes has increased the expectations of the people about the role of banks. The experience of the last three years is a mixed one. While we have certainly made a good beginning, we have yet to make a massive impact so that the expectations are not belied. The society has placed a great trust in banks. I hope that banks will rise to the occasion and justify the trust reposed in them.

PART II

IDEOLOGY & COMMITMENT

The Congress: Its Ideology, Objectives and Tasks

THE EDITOR HAS asked me to write about the "New Congress". I think it is better to understand what is meant by that term. In fact, I would not call it a New Congress. It is the same time-honoured Congress which was in the forefront of freedom struggle for several decades. It is the same Congress which, after independence, became an instrument of change and tried to bring about freedom from economic and social bondage. It is the same Congress which has been the single stabilising factor in our young democracy and has firmly set in the soil the grass roots of democratic governments and institutions at various levels.

This Congress is the real Congress. Its basic and unswerving faith lies in the three precepts of secularism, democracy and socialism. There is the same commitment, zeal, impatience, youthful energy and dedication as were characteristic of the Congress during the freedom struggle. Some of these values got eroded during the period after independence. It will have to be admitted that some inertia and complacency had set in. The rebirth of the Congress captured these lost values. And that is the new significant factor. There is a new awareness and realism in both the leadership and the rank and file of the Congress. There is new youthfulness, a fresh breeze of new thinking, new dynamism and a new dedication. There is also a keen consciousness that there are promises to keep and unfinished tasks to be taken in hand. A new pragmatism, self-introspection, emergence of programmatic thinking and emphasis on implementation are the distinguishing features of the new Congress.

After saying this, it is necessary to analyse some of the pressing tasks before the party in the new setting. The split in the Congress and the inevitable process of radicalisation which has set in would be meaningless and futile if the New Congress fails to give a lead and achieve something concrete in terms of the well-being of the common man, small farmer, landless labourer and industrial worker. A step was taken in this direction at the Bombay Session of AICC by giving a time-bound programme of action to the party and the country.

The Bombay Resolution has disappointed many. It has been criticised as a bundle of compromises, watering-down of slogans, planning for the galleries, and a modest start. Some critics have found nothing revolutionary in it. But I would call this itself a significant break with the past and a substantial achievement. It is, no doubt, a modest beginning, but it is a precise, time-bound programme with concrete guidelines. It shows a new urgency as also a sense of responsibility and caution in dealing with complex economic problems. I would assert with all emphasis that it is a balanced and a mature approach to the problem. It signifies emergence of a new political will to solve some of the basic issues with renewed vigour.

This Congress, in its policies and programmes, has shown its sensitivity to the basic problems of the people. An important plank in this programme is land reforms. A great deal of legislation was enacted on this subject during the last two decades. But large and significant gaps have been left in its implementation. The land ceilings have been fixed at a much higher level and even the ceilings, as have been fixed, have not been implemented. The result in terms of distribution of surplus land to landless labourers and small farmers has been insignificant. There is thus an urgent need to revise the ceiling itself. The ceiling on land holding must be imposed in terms of family as the unit and not on per capita basis. This will be the only way to get some sizeable land for redistribution. The two basic precepts of security of tenure and fixity of rent are yet to be assured to the farmers in several regions of the country. The ownership of lands on which the houses of the landless agricultural labour stand, has yet to be conferred on them in several States. The resultant feeling of insecurity in the minds and hearts of the landless labourers and small farmers must be removed without any

further loss of time to ensure their involvement in national endeavour.

This is an area where we have failed to make any significant dent. The increasing tensions and unrest in the rural areas are a proof of the neglect, if any proof is required at all. It will be wholly unreal to treat these manifestations of frustration, insecurity, anger and impatience of a sizeable section of masses as a pure law and order problem. The glaring disparities in the rural areas as a result of green revolution and technological advances in modes and methods of cultivation have posed problems of staggering magnitude with serious social connotations. It will have to be admitted that the Bombay Session of the Congress showed a keen and acute awareness of this potentially explosive area of tension by laying down a precise time-limit for implementation of land reforms. It also addressed itself to the problem of growing disparities in rural areas by analysing the neglect of smaller cultivators, especially in the dry farming areas.

The other equally important plank in the programme of the Congress will have to be the removal of disparities in urban areas. The growing and widening gap between the rich and the poor and the substantial conspicuous consumption of a small section of society has created psychological barriers in the mind of people. There is a real danger that the commanding heights of the economy would be captured by the new rich class and a handful of monopoly empires. Any talk of socialism and well-being of the common man would be meaningless unless his five basic needs of shelter, food, health, education and clothing are provided in a reasonable period of time. The sacrifices during this long and arduous period of economic development must be shared equitably by the various sections of society. Otherwise, even stability and prosperity would become a vested interest of only a few, when millions continue to live the lives of privations and destitution. These were the basic contradictions which have arisen in the country during last two decades.

Equally important are the two other areas of action. One of them relates to tribal welfare and the other unemployment among educated youth. The problems of tribals are of varied nature. It will have to be admitted that we have not been successful so far in bringing the tribals in the mainstream of social, economic and political life of the country. Their economic backwardness

arises mainly from the problems of land holdings and lack of credit. The transfer of land from tribals to non-tribals due to economic and social compulsions and ignorance has become an acute problem. This feeling of insecurity must be removed from their minds by prohibiting transfer of land from tribals to non-tribals. Extension of cooperative credit to such areas and creation of new employment opportunities are the other steps which will have to be taken immediately.

Unemployment of educated youth is another problem of serious concern. This has been the inevitable result of the spread of education in the country during the last two decades. It will be unrealistic to think in terms of providing jobs to all the unemployed and under-employed in the governmental sphere alone. Accelerated growth of the economy, massive mobilisation of resources in both rural and urban areas and faster rate of industrialisation alone can remedy the situation. But the growing discontent and frustration in a large section of the society can strike at the root of stability and progress. Creation of more avenues of self-employment both in rural and urban areas can be one way of attacking this problem. Establishing agro-based industries and small-scale and cottage industries will have to be given a new impetus in our strategy.

This brings me to the next important aspect in the strategy of the Congress party. There will have to be a purposeful effort to realise the ideal of social and economic justice in the next few years. This will call for sharing of hardships and increasing the range of public services which benefit all. The area of private affluence will have to be restricted drastically. This will inevitably imply a sound incomes policy related to the social objective of justice to those who have suffered long and without hope.

The foremost task before the party and the entire country, however, is to maintain the integrity of the country and foster the feeling of communal harmony. Throughout the freedom struggle and the troubled and distressing days of partition, we fervently adhered to our commitment to the cause of secularism. The recent happenings in Ahmedabad have dealt a blow to any complacency in this behalf. India as a nation cannot survive if communal virus is not stemmed out for ever and the idea of secularism is not translated into reality. The Congress will have to drive home the idea that the concept of the Indian nation is

not linked with any religion. Its whole basis is common citizenship, common rights and common obligations. There are no preferred citizens of any class, any religion or any group. Communalism is one of the most serious problems we face. This grim reality will have to be understood in all its dimensions by the rank and file of the party, and concerted, purposeful and dedicated efforts will have to be made to strengthen the forces of secularism.

The other disturbing factor in the public life of the country is the increasing violence. Sadly enough, violence is being claimed to be a legitimate form of protest in various fields. Here the question is not merely of law enforcement; it is in reality one that touches the fundamentals of our political order. In our society, violence can have no place as an instrument of social, economic or political change. As in the case of communal attitudes and values, a determined effort has to be made to change the ideas that people believe in. Violence, whether in the pursuit of ideology or for redressal of grievances, arises first in the minds of men, and it is here that the superiority of the democratic system will have to be established firmly.

The changes which are necessary in the style and functioning of the Congress party must be understood against the background of these pressing problems. The events of the last few months have compelled us to search for a new identity, greater ideological clarity and greater programmatic cohesion. It is the need of the hour that we shed the kind of ideological amorphousness which has come to characterise Congress over the decades. There has to be a much closer and real connection between the social and economic tasks before the country and their political expression in the ideology and programme of the Congress.

The commitment of the Congress to the welfare of the masses will have to be in terms of these concrete time-bound programmes and policies. We are on the threshold of seventies which should symbolise the new politics of commitment and emergence of programmatic leadership. No party can hope to have the loyalty, faith and devotion of the people if it gets removed from the realities of the changing situation. These are the challenges of the seventies. It is upto the Congress to convert these challenges into orderly changes. Our success will be dependent on the involvement of the common men in this gigantic process of trans-

formation. Unless a new social content is given to freedom, unless the people see a reflection of their hopes and aspirations in the programmes and policies of the party, the Congress will fail to be a stabilising force in the seventies. These manifold tasks will call for a rededication on our part to the ideals of secularism, democratic socialism and the well-being of the weaker and neglected sections of the society.

Politics of Commitment

THE MOST IMPORTANT event that took place in the last 2 years after 1967 elections was the mid-term elections that were held in 1969. Now, so much has been said and written about these mid-term elections both on the platform and in the Press that it is necessary that we ourselves try to take a stock of what happened in 1969 and its political significance.

It is true that out of the five mid-term elections that took place, we lost in Bengal and Punjab: we decidedly won in Haryana; we significantly earned some new gains in U.P.; and in Bihar, though we have not won, we have succeeded in forming a Government. But we find a tendency of interpreting the 67-69 elections as a debacle for the Congress. I do not want to statistically interpret that these were a gain for the Congress, but at the same time we must take a balanced view of what happened in 1969. I find a tendency to so interpret the 1969 elections as to project further defeats, series of defeats for the Congress; and this has created a feeling of despondency in the rank and file of the Congress. This reaction will ultimately result in creating a feeling of despondency in the minds of the people as a whole. Therefore, I have said that in fact in the mid-term elections, the position of the party in Uttar Pradesh and Haryana showed improvement. In several other States also, the position has improved since the Fourth General Elections.

Let us go into the details of these elections. As I said, in Bengal we have lost. Yes, we must accept that it is a failure. But at the same time let us try to see the political significance of what has

happened in Bengal. We know that in Bengal more than 5 million people have voted for us. May be that in terms of seats, we have lost. But 55 lakhs of people, even in difficult times, have stood by the Congress. Are we going to desert these people and say that because we have been defeated, we want to go in the wilderness. It will be our duty to stand by these millions of people and take the responsibility of giving them a lead in future. This is our political responsibility. We cannot forget we have improved the situation in Uttar Pradesh to a certain extent. Despite the debacle of defections in Haryana, we have won. I do not want to convert defeat into victory. But I do not want to create a feeling that nothing is there to save, that we have lost everything. This, I personally feel, is a suicide-complex. A political party with a great history and, I am sure, with a great future, should take a balanced view of things, take realities into consideration and then try to go forward. We can say that possibly some of the men have been rejected. We can say some of the leaders also have been rejected. But certainly the meaning of the election results is not that the Congress policies or programmes have been rejected. To interpret this mid-term election in any other sense would be completely negating the existence of the Congress in the minds of the people.

This analysis of the mid-term election leads further to other factors that have started taking shape in the political thinking of the country.

There is a talk of polarisation — polarisation in the sense that there should be two ideologically different groups based on the split. I can understand a sort of a polarisation and thinking going on in the country. But when we think in terms of polarisation in the Congress, it means that the idea is to ideologically split the Congress into the extreme right and the extreme left. Is it the right thing to do? I have come to the conclusion that this is a totally wrong assessment of the situation. This will be a completely wrong approach to remedy the situation. Congress has stood historically for democratic socialism. It has accepted programmes and won its place of honour in the hearts of the people. Nobody has proved that the policies of the Congress have failed us. Possibly we may have failed ourselves; but we cannot say that the Congress policies have been failures. We see that at the present moment different types of people are coming

forward and saying that let us try to convert ourselves into rightist groups. Some try to prove that there is not much of distinction between us and the Swatantra Party. Some say, well, we are very much nearer the Jan Sangh. On the other side, there are others who urge that let us go and try to have some sort of alliance with the leftists. What this leftism means, I do not really know. There are certain prophets of doom who are spreading the thought that in 1972 the Congress is going to lose the majority at the Centre and, therefore, start thinking in terms of coalition from now on. Coalitions with whom and for what purpose?

Let us try to take a realistic view of the political picture or political scene of the country today. With whom we want to go and coalesce and for what purpose? I see the political scene like this: on the left side there are two parties, or more than two parties perhaps, the Communist Party and Democratic Socialist Party as they call themselves. On the right side there is the Jan Sangh and the Swatantra. With whom do you want to coalesce? Have we anything common with Jan Sangh? Have we anything common with the Swatantraites? One is a non-secular party; the other is the party for status quo. On the other side are the Communist Rightists and Communist Marxists. I find that communism and Communist parties in India are suffering from their own self-contradictions. We know this Communist rightists party. I do not want to criticise any political party as such, but it is much better that everyone of us analyses the political scene to find out whether we have got anything in common with them. The Communist rightists party functioned for 20 years before it split. It split, because the leadership was taking their instructions from somewhere outside the country, from Moscow. Some of them felt that it was not enough to take instructions from Moscow. Possibly they wanted them to be mixed up with some instructions from Peking and they split. The Communist rightists are pursued by the Communist Marxists and now we find a third Communist bloc is emerging, the wolf of the Naxalites, on the tail of the Communist Marxist. They themselves are suffering from their own contradictions. You want to go and join with them? Can we try to take an extremist line of that type? The Communist rightist party, really speaking, has lost all its popular support. If you see the general trend of the

results of the last two elections, this should be abundantly clear. They are depending more on the split in the Congress and on the general global political developments that take place under the leadership of Soviet Russia. That is their politics. The Communist Marxists are talking in terms of the theory of armed revolution, but they feel that present is not the time to resort to any armed revolution. Therefore, tactically they want to use the present situation to intensify the class struggles and then see that it develops into a sort of armed struggle in days to come. Naxalites are honest enough to say that this is the right time for an armed revolution and they are talking in terms of adventurism. Now this is the picture on the left side. The picture on the right side, I have mentioned. The people who argue — I know, honestly argue about it — say that the one reason why we lost in General Elections and in mid-term elections is the new strategy of united front that is being developed by the opposition parties into some sort of a political gherao of Congress by all the other political parties. Well, it is a political gherao. If the Indian democratic socialism has to be saved, I think it will be our duty to break this political gherao, with determination, with plan and with confidence in ourselves. But how can we break this political gherao? Some people have started saying that, "If you want to break this political gherao, better go and join the political gherao yourself". This is a very wonderful argument. There are other two parties; they say — "don't join the left and don't join the right but we have two socialist political parties, one is the PSP, the other is the SSP. I know these parties do not want to have anything to do with the Congress. I do not know why we are talking in terms of having something to do with them. We know what PSP is: we know what SSP is. As a matter of fact they are protestants. Their only philosophy is to find the fault with the Congress and prove that Congress is wrong. This is a sort of negative Congressism and that is their philosophy. What can you do with such people? Even these two political parties are suffering and cracking under this negative philosophy of anti-Congressism in their own field. Do you want to suggest that we can go with them and strengthen ourselves, strengthen the people and strengthen the political life or democracy in this country? I have never seen anywhere more tragic self-deception than this. So this talk of polarisation,

this talk of coalition is something very unrealistic, something which I personally consider to be very unwise. Now then, what is the way out? We cannot go and join this political gherao of our own. We cannot have anything with those national parties which are divided on the left-right and other types. What do we do? I think the only thing that we can do is to decide to go all the way all alone depending not on men, but on the ideology, the programmes and the policies of the Congress. This is the only way to save the Congress and the only way to save the nation. Please don't suppose that I am trying to glorify what we are doing. Please don't think that we are being complacent. I do understand the necessity of self-criticism. That party which does not have the capacity for self-criticism has not much of a future. But at the same time we have to take a balanced view of self-criticism also. The self-criticism, in order that it remains a criticism, has to be constructive; it has to be objective. But what do we find today? Self-criticism is degenerating into self-denigration, self-condemnation. In our criticism, we have to be objective. We can discuss policies, analyse policies, find out the facts, find out the deficiencies in the implementation and try to improve it. But at the present moment, I find that it has become a fashion to say that everything is wrong with the Congress — Congress programme is wrong: Congress leadership is wrong: Congress organisation is wrong. I do admit that there is something wrong. But can we say that everything is wrong? There are crores of people who are still supporting the Congress. Are they supporting it because they are fools, or they are blind? There is something historically dynamic in the Congress programme and in the Congress organisation even today. In order to realise our faults, in order to undertake self-criticism, it is not necessary to condemn ourselves. Sometimes this attitude of self-denigration and self-condemnation has gone to such absurd length that it becomes clownish. I do not want to criticise any individual person, because I believe that everybody is honest about his view. But we find that yesterday some person moved two resolutions; one was for the dissolution of the Congress and the other was to create a cadre of the Congress Party. Do they want to have a cadre of the Congress to dissolve the Congress? I mentioned about the clownish posture that is adopted these days. A gentleman decided to shave his head as a protest against the non-dissolution of the

Congress. I know this country has fundamental rights. There are fundamental rights pertaining to speeches, organizations, personal liberties. He has certainly his own fundamental right to shave his head. But, what are we doing? To what lengths have we degenerated? The time has come now to certainly have self-criticism, an objective self-criticism, constructive self-criticism. But what is taking place is a complex of suicide. I call it a complex of suicide. We will have to save the country, we will have to save the party from this complex of suicide. Let us realise that there is something dynamic in the party; there is something historically great in this party. May be, we are faltering today. But let us try to find out the way we can overcome this faltering and try to follow the future programme with confidence and faith.

Let us also take into consideration the problem of Centre-State relations. The question of Centre-State relations has a history in India. Not only after the independence but even before independence, there was the problem of Centre-State relations. In a country of continental size, and particularly with a Constitution wherein we have accepted a sort of federal set up, there is bound to be problem of Centre-State relations.

A dialogue between the Centre and the States is an inevitability. Nobody wants to deny that. But after some States have become non-Congress, as it is popularly called, this dialogue has taken a different form. It has been raised as a political issue. I think in order to understand it in the correct perspective, it is much better to analyse that problem threadbare. There are two ways of looking at the problem of Centre-State relations. One is that every State and the people of the State have every right to make progress, and towards that end they certainly have every right to ask for their shares of resources/assistance from the Centre. There is nothing wrong about it. In order to keep the Centre strong, it is very necessary that the States are themselves strong within the limits of the Constitution. There is no denying of the fact. But it is not this that matters. What matters is the other theory. The other theory is — and some of the Communist parties particularly, I do not say about the Governments, for sometimes these Communist governments talk a different language, but Communist parties and their theoreticians are explaining it loudest — that the Centre-State relationship also is a sort of a class struggle. They think the Centre represents a different class

and these new States represent a different class. Therefore, they advocate that the State Governments' power must be used as the instrument of struggle. Their ultimate theory is that every State is a nationality by itself. According to them the Centre should have only Defence, communications and the right of deciding external affairs—i.e. foreign affairs, defence and communications should be the only responsibilities of the Centre, and other things should be given to States.

The only result of such a process would be to weaken the Centre. I sometimes wonder how this theory is advocated by the Communists, because communist philosophy believes in democratic centralism. When they rule they believe in centralism. When they do not have power at the Centre they do not want centralism; they want States to be stronger. We have to take a balanced view of the problems of Centre-State relationship. We do see that there is the necessity of a dialogue between the representatives of the States and the Centre about removing regional imbalances. There are problems in Telangana and Purbi-UP. There are problems in Vidarbha and there may be problems in North Bengal, parts of Madhya Pradesh or any other State, Jharkhand and so forth. But to solve these problems possibly the State Governments will have to discuss among themselves. Possibly they will be required to discuss with the Centre also. To facilitate such discussions we can certainly use the informal institutional arrangements that have emerged like Planning Commission, the National Development Council or Finance Commission. If these do not meet the requirements, we can think of some other forum also where we can meet and discuss and solve these problems and this can be continuously done. Nobody refuses to discuss solutions. But is it necessary to redistribute the powers and functions, legislative and executive, which are given under the Constitution? I am convinced that the constructive approach for carrying on the dialogue between the Centre and the State should be there, but there is no necessity of reconsideration of the fundamental distribution of the executive and legislative powers that is provided in the Constitution; I do believe that Centre will have to be strong. If in this process we weaken the Centre, we will not only weaken the unity of this nation, we will weaken the democracy in this nation also.

At the present moment, some people are worried about what

the Naxalites are likely to do in the different parts of the country. It is not merely enough that we criticise the Communists and say there is a danger of Naxalites, because such ideology prospers only in the fertile ground of injustice. They want to organise the peasantry; the small peasants. They seek to exploit the grievances of the tenants arising out of the existing inequalities in the landlord-tenant relationship. They want to build up struggles in Bengal, in Bihar, in Andhra and other States also. What is the answer for it? It does not lay in police force; the answer is not suppression. It lies in our going to these people, organising them and in removing inequalities and redressing their grievances. That is the only answer to such problems. They think it their duty to organise struggle, but it will be our duty to remove the causes for struggle. Unless we take this line, no permanent solution is likely to be found. It cannot be treated as merely a law and order problem. I know the responsibility of law and order and if there are any failures, I am prepared to own them up. But while dealing with law and order problems we will have to go into the fundamental causes of the problem also. We will have to find solutions for them. If necessary, police must be used. However, police force cannot provide all solutions.

Reference has also to be made to other challenges. These challenges are the challenges of communalism, the challenges of regionalism and the challenges of obscurantism, if I may put it that way. Communalism is also an expression of obscurantism. In the last two years, we have seen the worst types of communal incidents occurring in this country. For a party and a country which take the names of Mahatma Gandhi and Pandit Jawaharlal Nehru, it is a matter of shame that we have not been able to put a stop to it yet. Even I as the Home Minister of this country must take my own share of the blame in it. But it is not only one Minister or one Government who can solve the problem. Unless we succeed in creating the necessary atmosphere in the country, in creating certain values among the minds of the people, there is no hope. There are not going to be any short-cut solutions to these problems. Therefore, it is necessary that we understand these problems. Since we are discussing the problem of communalism I would like to make a mention of the problem of minorities as well. We have made a mention that the minorities, Muslims, Christians and other people, certainly have a sense

of grievance. It is no use denying the existence of the sense of grievance, and we will have to again undertake that programme of mass contact with these minorities and give these people a sense of confidence so that they can be with us as equal partners in the programme of social and political development of the country that we have on our hands. We see that unfortunately the danger of obscurantism is again rising in this country. We never thought that after 20 years of freedom there would come somebody to say that untouchability is a sacred thing. At least I never dreamt that anybody would have the courage to say so. But unfortunately we have seen that some people — I do not want to mention any individuals as such and unnecessarily give importance to anybody, because in these cases, matters are likely to go before the courts etc.—have come forward to justify untouchability. I am surprised that even in times like this the idea of untouchability should find support, that somebody should come forward to justify the *chaturvarna*. I would like to make one point here. In this country the problem is not merely of economic development, it is not merely of having the economic content of socialism, but it is of fighting this obscurantism. In this country we have yet to fight the divisionist tendencies based on language and regional criteria. In this country we have yet to win our battle against the communalism. The Congress is dedicated to fight these battles and that, really speaking, is the historical role of the Congress. It is not one fight. It is not a fight on one front. It is a war on hundred fronts that we have to wage. As ours is an ancient country it has ancient and chronic diseases also. We have to fight those diseases and fight them with balanced mind, with courage and with confidence. This alone can help us to come out successful in this fight. It is not merely a political struggle. Really speaking, what the Congress represents is not just the political urge of the people. What it represents today in the country — not only today but for the last 80/100 years — is our urge to modernise ourselves, to become modern members of a modern world, to create a new society based on the principles of equality, democracy and socialism. These are our ideals. But these ideals cannot be achieved by merely making pronouncements; I am quite aware of it. Towards that end we will have ultimately to think in terms of politics of dedication. I have always believed in one principle. It is said that at the present

moment there is a crisis of confidence. Some people describe the situation and say that we are at cross-roads. Certainly we are passing through a period of political crisis in this country and the Congress has to think in terms of the future. What should we do? I have always followed a very interesting rule in the game of bridge. There is, in the game of bridge, a rule that whenever you are in doubt, play trump. I think that rule very well applies to the game of politics also. Because this is a game of fundamental politics. When you feel that you are in a crisis, think of fundamentals. And what is the fundamental thing for the Congress? The fundamental thing for the Congressmen has been to go and identify with the people at large. Theories aside, stand where the people are, identify yourself with the people — that is the important criteria. We will have to think in terms of programmes by which we will have to identify ourselves with the urges and aspirations of the large mass of have-nots, of the small tenants, of industrial labour and the youngmen in this country. If we do as we did in the twenties and thirties and forties, if we go back to the fundamental rule of identifying ourselves with the people and try to strengthen and revive the mass base of the party, I do not think the Congress will have any fear of the future.

Another area which deserves our special attention is the capacity of the Congress to inspire the youth and to attract them to work for the objectives which we aim at. It is needless to emphasize that without a sustained and rejuvenating inflow of youth into its rank and file no political party can be assured of a future. The Congress which has a crucial role to play in shaping the future of this nation, cannot afford to overlook this area of action. There is need to lay a special emphasis on the necessity for the organisation to think in terms of providing the youth with constructive programmes and with inspiring and tangible objectives so that they are attracted to share with us the tasks of nation-building. To whom else, if not to the youth of the country, can the party or the nation make an appeal? Without youth there is no future for the country; there is no future for the party. And this is one of the basic lessons that we have to learn from our past experience, that there must be a continuity of recruitment, continuity of support from generation to generation. In the twenties, thirties and forties, there were series of movements/struggles etc. and there was naturally a flow of youngmen in the

rank and file of the Congress organisation. From fifties onwards, there are no movements, no struggles inspired by nationalistic sentiments. Now there are agitations on communal considerations; there are agitations on linguistic considerations and there are agitations for parochial objectives. You can't recruit people from these. We have certainly got some other youth movements from which we can recruit new elements in the Congress rank and file. I think if you make a right appeal to the younger people and if you give them a feeling that they are wanted, that they will get every opportunity for participating in whatever we are doing towards building up of the nation, then the Congress will have no fear for its future. I think it is much better that we see the change that has occurred in the circumstances. The new generation of the post-independence period has now come into its own. A new adult generation has come into its own in our country and do not exactly know what we did 20 years ago. And even if we want to tell them that this was our struggle and these are the sacrifices that we made during the independence struggle, that does not make any impact on their minds. They take our contribution for granted and it is very natural that they should take it for granted. Every new generation stands on the shoulders of the previous generation. We shall have to tell them not only that we have done so much for them but also what is going to be done for them in future. I always tell the younger people whenever I meet them that, "We belong to that proud generation which fought for the independence struggle; we have made our contribution. We are happy that we are the soldiers who fought for freedom. Now it is your duty to come forward, accept the challenge and consolidate the freedom and take the fight further and further and further." If you approach them in a proper way I have no doubt the younger people will come to us. If we adopt this attitude towards our youth, I do not think that there is any fear about the Congress being rejected.

Therefore, the last appeal that I would like to make is, let us not think in terms of politics of split, denigration, personal attacks and character assassination. Let us try to think in terms of politics of commitment and dedication to the people. If we do that I have no doubt that the country and democratic socialism will take care of themselves.

An Introspection

DURING THE LAST two days there has been considerable debate and discussion on the various aspects of our economic situation, with particular reference to the stray thoughts set out by the Prime Minister in her note. I do not propose to cover the same ground again. What I propose to do today is to make some general observations on the political aspects of economic problems. We are a political party, we are not a body of economic experts and scientists thinking in terms of pure economics. We are a body of politicians thinking of economic problems in political terms. And I think this is what we are expected to do. Now as a member of the CWC and an active worker on the Indian political scene, when I try to look back and see what is it that we have been thinking for the last nearly 6 to 7 years, I find that there is a continuous, unending dialogue, discussion and debate on the economic problems. Every now and then, we meet, we deliberate—come to a certain conclusion, pass certain resolutions and we feel that we have got the solution. We go back and when we try to think in terms of making it work, we realise that we have not found anything. Again the dialogue starts. But this is nothing unnatural. I often ask myself whether we are deceiving ourselves, or is it a very eluding problem? I do not think so. Because this problem is a continuing problem, there will have to be a continuous search for the solution of the economic problems. Therefore, I think, as a party, we should not have any static view about our economic problems. In the process of solving the problem we give birth to new problems; that is the pattern of growth of society.

When we deal with economic problems we deal with human beings and naturally solutions to such problems have to take this factor into account. It is not necessary that the solution must be found by scientists and experts alone. For example take this note wherein the Prime Minister has set out her thinking on some of the urgent problems that we face. I do not think even she claims this to be a very scientifically processed document. It is an expression of a restless mind trying to tackle certain urgent problems which are eluding not only the administration, not only the party, but the people as a whole. This is an honest appraisal of the economic situation obtaining in the country today.

We also recognise that it is not enough to talk in terms of merely principles and doctrines. It is very necessary to go into the details of the problems. If you see the series of points that the Prime Minister's note makes mention of, it is not merely trying to state a doctrine. It is an enumeration of certain basic problems and their facets that administration and the country faces in different phases. For example, take the administration of corporate organisation—the unproductive expenditure and the conspicuous consumption that goes with its growth. It is a recognition of certain realities of the administration and the policies of the corporate organisation. My main argument is that this note recognises certain detailed aspects of the problems and it calls upon the State Governments and the Central Government to view the entire field of economic administration to see whether we are giving a fair trial to the powers that are placed or vested in us to regulate the corporate organisations. It also makes a fervent plea for giving more incentive for production and emphasises the principle of just distribution too. Another very important step that we are contemplating here relates to the enlargement of the Public Sector in the field of consumer industries. We find that at the present moment the most profit-making industry is the consumer industry. In basic industries, there is a very prolonged period of gestation as we call it—a period coming to a mature stage when that project can start production and give you profit, etc. But consumer industry is one sector where I think there is an unconscionable rate of profit. We find that by the very nature of things, these industries have gone to the private sector. Now we have reached a stage where we have to

realise that it is not enough merely to have a faster rate of industrialisation. We have also to see that the faster rate of industrialisation opens up prospects to larger sections of the smaller people for self-employment, for their own participation in the process of industrialisation. That is, the main problem before the country. I am aware that ours is a very limited objective. We all know that we cannot try to bring in the field of operation, all the consumer industries, but wherever possible, we have to leave the field of consumer industry either to the cooperatives or to the small-scale sector. This is a recognition of an important objective that we will have to follow as a conscious policy. I come from a State where we have taken the very deliberate step of introducing cooperative in certain consumer industries like textiles and sugar. This is not something very revolutionary. It has been done not only in Maharashtra but in Andhra and Mysore also. But the qualitative change that we see in the areas where these industries have been cooperativised is something one must go and see to believe. Establishment of a sugar factory by itself is not a very revolutionary step. Sugar industry is functioning in the country for the last 40 to 50 years. But if you go in the rural areas where you see large number of agriculturists themselves planning an industry, running it, and participating in it, there is a liberation of new social force. That is why I believe that there are certainly some political aspects of the economic problem. It is not enough to merely have a good government; people must feel that it is a good government. Similarly it is not enough to have economic solutions, people in the country must feel that the solutions are being worked out. The major problem in the country today is of giving the people a feeling that their problems are being solved. It is not a criticism; I know problems are being solved. I don't find there is any defect in the economic policy as such. But ultimately as a politician and administrator, you do not deal with dead objects. You deal with dynamic social situations. You have to deal with human beings. Therefore, I would like to restate what I was saying. There are two ways of dealing with the economic problems. One is the scientific way of taking a series of statistics, putting the scientific priorities of investments, working out the rate of growth and telling your conscience that you have found a solution. There is another way of dealing with the economic problem, and that is

to take a survey of the problems around us and see whether we have solved any one of them.

As the Home Minister can I tell you how I look at the economic problems? Take for example the question of the talk of breaking the Constitution. Naturally we have to take very serious note of it and make these people aware of the serious mistake that they are making. But that is not enough. Thinking of this problem merely in terms of law and order is not enough. If we go to the rural areas, we find that there is discontent in the rural areas. What is the reason for it? We have been talking in terms of socialism. What is ultimately the basic aim of socialism? It is not merely nationalisation or socialisation. If I understand it, socialism, pre-supposes structural change in the economic relationship of the different classes. Can we say that such a structural change has been brought about in the economic relationship of different classes in the rural areas? I fear not. There are landless labourers, there are harijans, there are tribals, and these classes are seething with discontent and unless we find a solution to their problems we cannot claim to have found solution to the basic economic ills of the society.

I see a large number of discontented young people. During the last 20 years so much progress was made in the field of education. We have satisfied the popular urge for education, but we have given birth to hundreds of new problems out of this educational system. Now there is an army of educated youngmen in the rural and urban areas. The young son of a farmer who gets educated is an object of pride to the parents, because for generations there was no education in the family and they are proud that their son is a graduate, a double graduate. But when the young man thinks in terms of employment, he finds ultimately that he is a loss to the parents, a loss to the farming society. At the same time he has not found his own feet in terms of the economic betterment of his family. Now young people are going without employment, and without hope of employment. What are we going to tell them? Are we going to tell them, "Look here friends, you are educated, you must be reasonable, rational, you know our country is making progress; our rate of growth is rather slow; wait for some time, starve for some time till we reach the stage of take-off, and have a little patience"? It is a very rational argument, but not a human argument. So these are the very

definite challenges before us. There is a restlessness. This is the main reason for a continuous dialogue for solution of economic problems. The main question is whether we are making any impact on the social problems that are around us. That is the main concern of this continuous dialogue in the country, and I must say that this dialogue will have to continue. This party, which historically speaking, is a reflection of the people's aspirations, is not just a political party in the modern sense of the term—I have always believed that the Congress party is one of the political miracles. It never was founded as other political parties are founded. This party has grown over the years in response to the people's anger, people's reactions, people's despair, their hopes, their emotions. This is how our party has grown. Even in the days to come, it will have to continuously go on thinking about problems and the challenges that are around us.

The question of nationalisation of banks has been discussed in this country for the last five years in a pointed manner, and possibly academically it might have been discussed for many decades. But as far as I remember, this problem came to be discussed in a very serious manner in the days of Shri Jawaharlal Nehru. That was perhaps before Bhubaneswar Congress in 1963. I had the privilege of participating in these discussions. It was in the last month of 1963, when the Working Committee asked a group of its members to go into the problem, that the view emerged that socially nationalisation of banking was acceptable. But the then Finance Minister said that it was not the right time. It eluded us at that time, and then the debate went on. I think before the general elections in 1967, the question again came up for debate as to how we should look at the problem of nationalisation of banks in terms of the election manifesto of the Congress. The term 'social control' was accepted. Well, I do not want to go into academic discussions or terms etc. I have just made a mention of the genesis. But let me tell you, at that time none of us who supported the idea of social control thought that it could be something separate from nationalisation. Social control without nationalisation has no meaning and nationalisation without any social control is a great fraud. Merely taking over a bank without any social policy has no meaning. It would merely degenerate into some sort of a bureaucratisation of the institution.

So I think this controversy should not be given an academic turn which is sought to be given to it. Now the direction is set. We have accepted this direction and it is very difficult to retrace the steps now. Whether it would happen today, tomorrow, or next year, I do not want to anticipate because that is a matter of political wisdom. But my young friends, I would like to tell you, political wisdom also has great value in this matter. I would like to tell you that this great body of Congress Working Committee, whatever its other defects may be, has always been dominated by the feeling of sheer patriotism and ultimate wisdom of remaining together. That is its great quality. I know some people criticise and ask "remain together for what"? But "divide also for what?" I would like to put a counter question like this. I know that mere unity has no meaning unless it is purposeful. But I would also like to tell you that mere radical economic programmes do not keep people together. Take a review of what is happening in the so-called left parties today. They talk of very unified radical programmes, but the way they are going at each other's throat shows that radical programme alone does not help. There is also another aspect to it and that aspect is the need for a political vehicle, a political instrument to implement the political thoughts. These two have to go hand in hand. It is like a body and a soul. Soul by itself possibly may have some existence, but it does not have perception. Without soul the body also has no meaning. Therefore, what is important is that we have to have political thought, but at the same time we must have this powerful organisation called Congress — united and set in a very purposeful direction to implement that political thought. That is more important.

The New Perspectives

THIS ALL INDIA CONVENTION of the Forum for Socialist Action has a special significance, because it comes at a time when the socio-economic compulsions of a changing society are being appreciated and accepted on a wider scale and there is a much sharper and more vocal reaction to the persisting inequities which hinder the processes of transformation. The Convention is also of some significance because it is the first to be held after the political turmoil that the country went through during the last one year. Out of it emerged a clearer understanding of the ideological loyalties and commitments of the people which contributed to the strengthening of the socialistic forces in the country.

The last year has been an agonising year in the life of the Congress Party. This great party which led the nation through a mass struggle for freedom had to split and this in its turn gave rise to a rethinking and self-introspection in all political parties. These are, therefore, unusual times in more senses than one. In retrospect the parting of ways from our erstwhile colleagues, however painful, has proved to be a blessing. The split when it occurred had overtones of personal loyalties which completely obscured and overshadowed the strong and fundamental under-currents of ideological differences and variations in the degree of commitment to the accepted programmes and policies of the party. Several people felt that the split was based on clash of personalities and the struggle for supremacy over the party. It was also argued by some that the split was unreal

since the package of programmes offered at the Bombay Session of the Congress was far less radical than that offered earlier at the Ahmedabad Session of the other Congress faction. There were widespread comments that both factions of Congress had the 10-point programme as their starting point. But over the year it is amply clear in the light of alignment of forces on a number of crucial issues, that the split in the Congress was based on important differences on major issues in the life of the country. How does one otherwise explain the alignment of the faction that has gone out of the Congress with patently reactionary, status-quo minded and communal parties not only as part of mere tactics to oppose us for the sake of opposition, but as a political strategy for grand alliance. A further decisive and demonstrable ideological cleavage in the two groups of Congress was evident from the stand taken by Congress (O) on the question of abolition of privy purses and privileges. The split was, therefore, a surgical operation which was inevitable, sooner than later, if the Congress was not to become completely immobilised, a prisoner of its own internal contradictions.

The break-up of Congress party was thus more than a mere passing realignment of political forces. It, in fact, constituted a water-shed in the life of the country. The Congress party could not have continued, as an amorphous mass of people with varying commitments, to retain the confidence of the people. In fact the stresses and strains had begun to show immediately after the 1967 elections. The Congress was fast losing its pre-eminent position in the political life of the country. Its mass-base was being rapidly eroded in several States. The rank and file of this great party had become disillusioned and confused. The party lacked coherence and purposiveness. It lacked ideological fervour and mass appeal. With a far too massive majority in States and at the Centre for a long period of time, a typical inertia and lethargy had set in both in the leadership and the workers. The great divide that came about last year was, therefore, inevitable and inescapable. The Congress went through a crisis unparalleled in its history and emerged from it with greater strength and ideological commitment to the cause of the poor and the down-trodden and to the concept of secularism.

As I mentioned earlier, the period of last eighteen months gave a traumatic experience to the political life of the country, but

unless correct lessons are drawn from it and acted upon, it would become totally irrelevant to the national perspective. In fact history will hold us responsible for missing so great an opportunity to bring together all the progressive, democratic and secular forces in the country to accelerate the pace of change towards a new socialistic order.

The basic lessons obviously relate to the question of honouring the socio-economic commitments that we made to people not only during the last year or two, but over the last two decades. Over these years, the gap between what the Congress promised and what it achieved had been widening. The Congress has always been in the vanguard of struggle, whether it related to national freedom or emancipation of the socially and economically backward or suppressed masses. When we won independence, we incorporated in the Preamble to the Constitution the dream that we had of a resurgent India. We promised to all citizens: justice—social, economic and political; liberty of thought, expression, belief, faith and worship; and equality of status and of opportunity. We had reiterated that we shall strive to secure a social order in which justice—social, economic and political—shall inform all the institutions of national life. We had also promised ourselves that the operation of economic system will not be allowed to result in the concentration of economic power to the common detriment. Successive election manifestoes of the Congress had spelt out the detailed phasing of the programmes and held out a promise of their implementation. In the light of this it would be worthwhile to examine as to what extent we tried and how far we succeeded in achieving our objectives.

Planning as a means of accelerated economic growth and reshaping of economic order was adopted early in the post-independence era. In drawing up these plans and in formulating the priorities of the successive Five Year Plans, these national objectives were kept in view. Certain safeguards were provided to ensure that at the end of each plan period, social justice would permeate all facets of national activity in an increasing measure. Complementary socio-economic legislative framework was built up to prevent exploitation and concentration of economic power and to preserve and uphold the dignity of the individual. But one must accept that despite all these steps, the strategy for the fifties and the sixties emphasised growth at the expense of

social justice. After two decades of developmental effort we have to face the truth that the concentration of economic power has increased, that there is greater measure of wasteful expenditure and ostentatious living by a few, and that the Five Year Plans have made no or little impact on the conditions of the backward and the traditionally poverty stricken masses, particularly the scheduled castes and the scheduled tribes. Everyone has not shared in the prosperity that the country has witnessed. Take even the much talked of Green Revolution; the affluence in the rural areas is not shared by all. There is a growing feeling, and justified too, that the benefits of the technological advancement achieved in the wake of planned progress have accrued mainly to the well-to-do people, both in the field of organised industry and agriculture. The disparities in incomes and wealth have got more accentuated. The same degree of failure attaches to our strategy of the last two decades to evolve an egalitarian society, free of social discriminations and inequities. Despite our efforts and the legislative framework that we had evolved to bring this about, we have not been able to give to the underprivileged and the traditionally neglected sections of the society a sense of participation in the national life. Their efforts at asserting their dignity as human beings are even now met with arrogant and time-worn claims of superior status based on caste and creed and often backed by violence. The socio-economic exploitation of the tribals has alienated them further, and they are far away from the mainstream of national life. We witness today an increasing degree of frustration and restlessness all around which has in it seeds of disruptive violence that could cut at the very roots of the ideals that we cherish.

It is, therefore, imperative that there is a change in our strategy for the coming years which must witness a more sincere and purposeful effort to realise the ideal of social and economic justice incorporated in the Constitution. There must be a perceptible sense of urgency permeating at all levels of the party. There has to be an ostensible effort to see that a greater degree of social justice informs all the institutions of the society. It is true that the process of development implies a certain amount of sacrifice and self-denial. It is also true that levelling of incomes and wealth without achieving an adequate level of development would lead us nowhere. But a stage has come when the hardships

involved in the developmental effort have to be demonstrably shared by all sections of the society. Postponement of current consumption for those whose consumption standards are lowest in the world cannot exist by the side of vulgarly ostentatious and wasteful expenditure by a few. A great deal is still possible to enlarge the content of public services which serve as a means to restrict the area of private affluence and to effect a transfer of wealth to the poorer strata of society. Thus services like education, health, transport etc. could be increased many fold to reach the neglected humanity. In a country where the majority subsists in appalling poverty, there can be no place for unearned incomes and disproportionate returns on investments. The economic strategy for the seventies must, therefore, include sound incomes and wealth policy related to the socio-economic compulsions of a society undergoing total transformation. It will have to be clearly understood that growth or development is not merely an economic concept but that it also has an important social and a human connotation. Even in advanced capitalist countries the importance of social justice is being increasingly realised. Unless accelerated economic growth is accompanied by social justice and well-being of the neglected and weaker sections of the society, the affluence of a small section would be difficult to sustain and would crumble under its own weight.

In the split of the Congress and the consequent redefinition of ideological commitments, the people have seen a ray of hope. In the bold and historic moves to nationalise banks and to abolish privy purses and privileges of rulers, there is a new sense of urgency and sincerity of purpose. But this could, at best, be only a beginning of a new economic advance. These and such other measures will, by themselves, create only a temporary and illusory impact on the people unless they lead to a positive improvement in the well-being of the vast masses in the shortest possible time. With the dispersal of economic and political power, process of planning itself has become diversified. The implementation of programmes has become further complicated by multiplicity of agencies which execute the programmes. For a developing country like ours, we have a remarkably sophisticated administrative machinery but the procedures and practices have not often been conducive to speedy decision-making and their implementation. It is not enough that bold decisions are taken on paper. The

fruits of such decisions will have to be made available to the common man speedily.

This naturally leads to the question of the extent of popular base that the Congress enjoys as a political party. In the heyday of the freedom struggle and immediately after the attainment of independence, the Congress had a very close and living contact with the masses. In fact, we prided ourselves as belonging to an organisation which reflected the hopes and aspirations of the people, which understood and responded with a remarkable degree of spontaneity to their anguish and frustrations. Over a period of time this got eroded. Let me put it bluntly; in the pursuit of power we came to overlook the fact that power was only a means to achieve well-being of the masses. Power became an objective by itself, unrelated to any concomitant responsibilities towards the underfed, and the underclad millions of our country. It is not surprising, when one considers the evergrowing section of alert and discriminating voters, that the undivided Congress, just before the split, was in its last throes. But the split will lose its relevance if the Congress fails to show a greater awareness of the acute hardships of the masses that are seething with discontent. The workers of the Congress have to be alive to these realities of the situation. From them upward must get transmitted a new sense of urgency in meeting our commitments in terms of concrete programmes related to the aspirations of the people.

The changes necessary in the style and functioning of the Congress party must be understood in this new context. The events of the last few months have compelled us to search for a new identity based on greater ideological clarity and greater programmatic cohesion. It is the need of the hour that we shed the kind of amorphousness that has come to characterise the Congress over the decades. This will call for a rededication to the politics of commitment. This will require strengthening the forces of programmatic leadership. In the ultimate analysis, a truly national political party must be a vehicle of progressive thought and action and must act as a cementing force. The Congress party played the historic role of winning independence for the country and achieving integration of the country. It has now to accomplish the still more challenging task of economic and social transformation of the country, giving a real meaning and content to our freedom.

Today we find an all-pervasive atmosphere of violence in the country. While individual situations of law and order will have to be tackled as such, we cannot be blind to the fact that basically this attitude of violence is a direct manifestation of the frustrations of a growing section of the society. The younger generation has been the most exposed to the acuteness with which hardships are being felt by the people and that is primarily relatable to our inability to uphold their right to work. This huge mass of people who are unemployed and underemployed and unable to meet their basic needs of food, housing, education, etc. can have no stake in stability and progress. Providing gainful employment to the unemployed should, therefore, be the first charge on our imaginativeness and resources. The unemployment amongst educated youth is a problem of serious concern. Accelerated growth of the economy, massive mobilisation of resources in both rural and urban areas and faster rate of industrialisation alone can remedy the present situation. Creation of more avenues of self-employment, both in rural and urban areas, can be one way of attacking this problem. The setting up of agro-based industries, small-scale and cottage industries will have to be given a new impetus. The unemployment problem will thus call for a truly massive effort, and this programme will now have to be given the highest priority. We have promised in the Election Manifesto in Kerala that our immediate goal will be to provide gainful employment to at least one person in each family which would fetch him a minimum sum of one hundred rupees per month. This would be the first step towards providing the people with at least a minimum level of food, shelter, clothing, education and health. The election results in Kerala have vindicated the stand of the Congress party. The people of Kerala have demonstrated their faith in democracy and their support to the progressive forces dedicated to the cause of the common man.

The other important task which awaits us is that of land reforms. A wide variety of tenurial practices obtain in the thousands of villages in the country. In some States, ownership of land has been given to the tenants and absentee landlords are not recognised any longer. The principle of land for the tiller has been substantially implemented in some parts of the country. But in some others, Zamindari system is still firmly entrenched. The quality of land and the quantum of rainfall differ not only from

State to State but within a State and district as well. It would not, therefore, be feasible to lay down any uniform norms or scales for the whole country. But the guiding principle will have to be that of giving a fair deal to the small cultivators, tenants and landless labour. A great deal of legislation was enacted on this subject during the last two decades. But large and significant gaps have been left in its implementation. The land ceilings in some States have been fixed at a high level and even the ceilings, as have been fixed, have not been implemented. The result in terms of distribution of surplus land to landless labourers and small farmers has been insignificant. There is thus an urgent need to consider the problem of ceiling afresh. The ceiling on land holding must be imposed in terms of family as a unit and not on per capita basis. This will be the only way to get some sizeable land for redistribution. The two basic precepts of security of tenure and fixity of rent are yet to be assured to the farmers in several regions of the country. The ownership of lands on which the houses of the landless agricultural labour stand, has yet to be conferred on them in several States. The resultant feeling of insecurity in the minds of the landless labour and small farmers must be removed without any further loss of time.

This is one area of action where we have failed to make any significant dent. The increasing tensions and unrest in the rural areas are a proof of the neglect, if any proof is required at all. It will be wholly unreal to treat these manifestations of frustration, insecurity, anger and impatience on the part of a sizeable section of masses as a pure law and order problem. The glaring disparities in the rural areas as a result of the Green Revolution and technological advances in modes and methods of cultivation have posed problems of staggering magnitude with serious social connotations. It will have to be admitted that the Bombay Session of Congress showed a keen and acute awareness of this potentially explosive area of tension by laying down a precise time-limit for implementation of land reforms programme.

The other problem to which we addressed ourselves in the Bombay Session pertained to the neglect of small cultivators, especially in the dry farming area.

These problems of unemployment, land reforms and small farmers must be accorded the highest priority in our programme

of action. Our success or failure will be judged by the vast and alert masses on the basis of concrete results we produce on these three fronts.

Our country faces formidable and intractable economic problems to which it is impossible to find easy and ready-made answers. A doctrinaire and pedestrian approach to these living and urgent problems of millions of people will not suffice any longer. In these changing times, our approach will have to be equally unconventional and innovative. There must be a desire to experiment with new kinds of solutions.

On the political side also several urgent tasks await us. We have a number of obstacles in the way of nation building. In some ways they are a product of our long history. But the very process of social and economic development has also created new focal points of tension. Communalism is one of the most difficult problems we face. Manifestations of communalism, particularly in the form of violent conflicts resulting in the tragic loss of many innocent lives and property, are a daily reminder of the unfinished task of building the nation on modern secular lines. We have to remember that the concept of the Indian nation is not linked with any religion. Its whole basis is common citizenship, common rights and common obligations. There are no preferred citizens. This citizenship is, in substance, a recognition of the diversity of India. It has been our firm commitment, both during the freedom movement and after attaining independence, that the principle of nationalism in modern times is incompatible with the exclusive claims of a particular religion or a particular culture. A section of our people thought otherwise and equated religion with nation. You are aware of the outcome of the conflict of these two principles, but even the partition of the country did not make our leaders give up their staunch and unswerving loyalty to the fundamental ideal of secularism. This cardinal principle was built into our Constitution in the shape of equality of citizenship and of freedom for all religions. This faith has been put to test many times since independence. There have been provocations from Pakistan, but sadly enough it is a section of our own people who have repeatedly betrayed this faith by their violence against people who do not belong to their religion.

The other equally important aspect relates to our commitment to a free democratic society. Here again there are two dangers. One

arises from the increasing tendency to resort to violence for the redressal of grievances, and is totally opposed to the democratic parliamentary institutions. Both these aspects need serious attention in the context of the problems that are likely to arise in the next few years. Any attempt at forcing the pace of growth and at bringing about a radical transformation of the economic structure will inevitably entail hard work and sacrifice. The economic transformation of the society and its modernisation will inevitably create tensions at various points.

The second kind of danger, however, is more basic and this arises where violence is not spontaneous, nor is it a gesture of the angry mob. In this case, violence arises from deeply held convictions as to the methods of bringing about social and political changes. The danger is not sufficiently realised because at present the groups that believe in the total repudiation of parliamentary democracy are small and fragmented. Let us not, however, underestimate the potential of these groups for creating disturbances over large areas. A great responsibility lies on political parties, especially on those that are committed to the objectives of a democratic socialist order. Any political party that relies exclusively on the use of the armed strength of the State for putting down such groups will be making a serious mistake. As in the case of communal attitudes and values, a determined effort has to be made to change the ideas that people believe in. Violence in the pursuit of an ideology arises first in the minds of men, and it is in the minds of men that the superiority of the democratic system will have to be established.

I have tried to sketch the perspective that should encompass our thoughts and actions. I firmly believe that all those who believe in progressivism are fighting a battle to establish the supremacy of the values of democracy, socialism and secularism. The surest guarantee for sustenance of these values is to promote an alert and discriminating discussion of public policy which would not only mould public will but also make the public policy more responsive to the will of the people. It is needless to say that there is a close and real interaction between politics and economics. An effective economic leadership will be necessary to solve the complex and formidable problems that face us. The national tasks can be easier only if there is a purposive political consolidation and cohesiveness in the approach to these problems.

Socialism : A Point of View

SOCIALISM IS BASICALLY an economic doctrine evolved and propagated to ensure that the ills of a capitalistic society — concentration of economic power in the hands of a few and exploitation of labour by capital — are avoided. Broadly speaking, the basic faith of socialism lies in an order aimed at making the interests of the individual subservient to the welfare of the largest number. Its exact form and content, as also the mode of bringing it about, vary from country to country, often dictated by the context of historical events obtaining in a country. Thus, while it is true that the socialist order was brought about by revolution in certain countries of Eastern Europe, we in India have adopted it as our goal by deliberate choice. This is as it should be, because a political democracy with adult franchise would have little meaning unless it is translated into an economic democracy aimed at achieving the welfare of the masses, and making individual welfare or individual interests subservient to the social welfare.

We seek to achieve socialism through evolution rather than a revolution, through use of social compulsions reflected in the policy of the State rather than through the use of force. In seeking to achieve a socialist order, we would be guided by the directive principles of State policy laid down by our Constitution which enjoins us to secure a social order for the promotion of welfare of the people, and to ensure that the ownership and control of the material resources of the community are so distributed as to subserve the common good, that operation of the economic system does not result in the concentration of wealth

and means of production to common detriment. It also speaks of citizens' right to work and to education and provision of just and humane conditions of work, enforcement of a living wage for the workers, etc. The Constitution also guarantees some basic fundamental rights to every citizen of the country, and these are something precious which we do not want to trample upon. It is within the four corners of the constitutional framework that we have to strive to build an economic order in which the primacy of social welfare is recognised.

When we attained Independence in 1947, we inherited from the Britishers an economy which was impoverished due to neglect and over-exploitation during the Second World War. The urgent task that befell us was that of reconstruction and rejuvenation of our economy so that it could develop and sustain itself on a continuing basis without any assistance from foreign countries. The task is so gigantic that even after twenty years of devoted effort, much remains to be done. Under such circumstances there can be no scope for a rigid doctrinaire approach if we are to succeed. It is, therefore, natural that the Government has attempted to achieve maximum results through adoption of a mixed economy.

The Industrial Policy Resolution of 1956 was on these lines, and it envisaged that in vital sectors where in the interest of the country it was not proper to allow individuals to function, the State alone will operate. In a large number of other branches of industry, the State allowed the existing private organisations to continue but has taken upon itself the responsibility of future development and growth. There is still a large number of industries which have been and will continue to be left to private initiative, subject, of course, to supervision and social control by the State. The corner stone of the State policy in this regard will have to be constant vigilance to see that industrial order promotes welfare of the people and there would have to be a willingness to step in where there is a danger of either exploitation or mismanagement which can be detrimental to the national interests.

The second sphere in which we want to bring about a marked change from the capitalistic order is in the sphere of disparity of incomes and concentration of economic power. Various ways and means have been devised and will have to be devised to see

that the economic concentration in the hands of a few does not take place and that even the present degree of concentration is reduced. The State supervision and control through various bodies like Company Law Board and similar organisations in other fields will have to continue and, if necessary, further tightened to achieve this goal. Since we foresee that we will allow private initiative and enterprise to play a significant role in the economic development of the country, the setting up of an effective machinery to keep a constant vigil to prevent this concentration of economic power assumes importance.

In the matter of reducing disparities of income, we have been mainly operating through tax machinery to slice off large portions of high incomes. When the economy is fully developed, it would be possible for us to work out and enforce a minimum wage consistent with a certain minimum level of living standards for everyone. The efforts to reduce the disparities in terms of real incomes by incurring large scale expenditure on education, health, social welfare and welfare of backward classes, etc. will have to continue and be intensified.

Another important step towards the creation of a Socialist Order would be ensuring equality of opportunity for all. This is one of the fundamental rights of every citizen guaranteed by the Constitution. To translate this into practice we would have to continue and expand our efforts at providing special facilities to the relatively poor and backward classes of people. We will have to be watchful that economic or social disparities do not, in any manner, adversely affect the opportunity of backward people in matters of gainful employment.

Besides the changes brought about by the operation of the State policy in the sphere of economic relations, the most important change that we seek to achieve in establishing a socialistic order is a revolutionary change in the society itself. The social structure which we inherited has ideas of privileges and discriminatory practices embeded in it. The society that we seek would be at once modern, rational, egalitarian and more humane. It would be progressive and forward-looking. There would be, on the part of all, a willing acceptance of the primacy of social good over personal gain. It is only then that everyone will function with the understanding that he is at once the participant and beneficiary of the economic effort of the nation.

The most important and unique facet of our effort is that we seek to achieve the establishment of a socialistic pattern of society by democratic means. This presupposes eschewing methods which are arbitrary and high-handed. We shall take recourse to discussion and dialogue and seek to carry all the sections of the people with us. If we accept and faithfully work the political democracy, we would ensure that our socialist economic democracy does not degenerate into a dogma and that it remains constantly responsive to the ideals and aspirations of the people.

It is possible that some of us may get an impression that the method adopted by us for bringing about socialism is not fast enough. Evolution is always slower than a revolution. But achieved through a change of heart of the people concerned, it is more lasting and does not have to be sustained by extraneous forces. The task of transforming a backward and tradition-bound society into a modern, egalitarian and progressive society cannot be brought about overnight. Use of force in bringing about such a transformation would mean untold miseries for the masses which in itself would defeat the basic tenet of socialism, viz., the welfare of the masses. Perhaps decades may elapse before we achieve our dreams of an ideal socialist society. But one thing is certain, that events of social change and the awakening of the people are going to push us inexorably towards this goal.

Why Do I Believe in Socialism ?

WHEN ONE TALKS of his faith in socialism, I think, it is better to define what one means by that term. Basically, socialism is a socio-economic doctrine. It was evolved and propagated to build up an economic system to avoid the ills of a capitalistic structure viz. concentration of economic power in the hands of a few and the accompanying exploitation of labour by capital. Broadly speaking, socialism implies making the interest of the individual subservient to the common good of the society. It puts more faith in human values, human dignity and welfare than in mere economic growth. Thus socialism aims at achieving a synthesis between the economics based on social justice and the economics of growth. But socialism also implies a more fundamental and revolutionary change within the society itself. A socialistic society has to be at once modern, rational, egalitarian and humane. It has to be progressive and forward-looking, free from the fetters of rigid customs, beliefs and rituals. The artificial barriers of religion, caste and creed can have no place in the integrated life of a socialist society. To many, this may sound utopian. But it is not so. Sustained and purposive direction of State policy, spread of education and rational thought, and efforts to promote human values should succeed in taking us towards this goal.

Having defined my conception of socialism, I think the question 'why I believe in Socialism' is easier to answer. As I try to recapitulate the development of my political thinking, it takes me to my childhood. I was born in a peasant family in a typical Indian village. Ever since my childhood I saw the poverty and

the sufferings of the people, their ignorance, privations and exploitation by big landlords and money-lenders. My early association with the peasant movement brought me face to face with the insurmountable difficulties of the toiling masses in rural areas. I was fortunate to have had a formal education and this gave me a capacity to think rationally of the problems of land hunger, poverty and illiteracy. The amazing spectacle of islands of prosperity and luxury in the midst of an ocean of poverty and misery of millions made a tremendous impact on me and moulded my thinking from the very early days of my political life. Even during the struggle for independence, the basic problem of the content of freedom troubled me. In the beginning, it was only a vague and elusive emotion which stirred me to the very depths. As years went by, I did considerable reading and my young mind found a great appeal in the doctrine of Marxism. I became a confirmed socialist. For a time, I came under the powerful influence of the writings of M. N. Roy. During imprisonment, I read widely and benefited by discussions with some of the foremost thinkers and intellectuals who were taking a leading part in the freedom struggle. As years went by, I became firmly convinced that unless economic and social relations in the society are changed, freedom will be meaningless. The ideas of social justice, equality and freedom from exploitation became a matter of conviction and a passion with me. The teaching of Gandhiji that good means are as important as good ends further contributed to the shaping of my thoughts. I was attracted by the philosophy that one cannot build for a stable social order free from exploitation by bringing in the social and economic changes through violent means. Over the years, denial of individual liberty and regimentation of thought in the communist states also made me a firm believer in the democratic form of life. That was the time when I came under the spell of the forceful personality of Jawaharlal Nehru. As I heard him, read his writings and thought about the concept of democratic socialism, the conviction grew on me that only a political philosophy which combined democracy and socialism could meet the challenges thrown up by the rapid development of science and technology as also by the appalling backwardness of the countries that had thrown off the yoke of foreign domination after the end of the second world war. My firm commitment to the cause of socialism is thus a product

of thinking and reading over a period of last two decades. My active association with the political life of the country during this period added a new dimension to my views on socialism. My thoughts have been moulded and shaped by the writings and works of Marx and Lenin, M. N. Roy, Bertrand Russel, Gandhiji and Jawaharlal Nehru. But my living faith in socialism arises from the poverty and misery of millions of our countrymen in rural India amongst whom I was born and brought up and whom only a socialist order can liberate.

Over the last two decades since independence, a great deal has been done to lay the foundations of a self-reliant growth. It will be wrong to say that nothing has been achieved at all. But a stage has reached when we will have to undertake purposeful and considered programmes and policies which would provide real equality of opportunity in economic and social life to the people. It will be meaningless to talk of social injustice unless every individual is given equal opportunity to rise in life, develop his full personality and to contribute to the well-being of the society. With this purpose in view, I would emphasise the programme of providing maximum educational facilities for the children. They will be able to take their rightful place in society only if they are given the necessary education to equip themselves for the responsibilities of the new world.

The other major plank of our work will have to be removal of economic disparities in the society. This is as important in urban areas as it is in rural areas. Concentration of economic power in a few hands and the resultant concentration of decision-making in a small section of society would be the very negation of a socialist order. There are already noticeable and explosive tensions and frustrations in the various sections of the society. The technological revolution in farming and the Green Revolution in far flung rural areas has given rise to new problems of much bigger dimensions. Any revolution in the methods of production has to be accompanied by well thought-out social objectives. There must be a social content to each such technological revolution. Or else, the revolution in technology and means and methods of production can beget social tensions of such a magnitude that the very base of prosperity can be swept off. These are the lessons of history. That is why I said the other day that if the problem of land reforms and other inevitable changes in the

economic and social relationships in the rural areas are not undertaken expeditiously and if we become oblivious to the growing feeling of frustration in the society, the Green Revolution may not remain green for ever.

This leads me to another related but equally important aspect of a socialist order. The basic motivations in production or distribution will have to change in the new social order. Prosperity of an individual or a small group at the cost of the society must be made subservient to the well-being of the society and the social good. It was with this end in view that I had said in my speech at the Bangalore Session of AICC that social control without nationalisation will be meaningless while nationalisation without any social control will be a fraud. This is a very real and a genuine problem. Mere acquisition or taking over of the means of production is not an end in itself. The basic idea is not merely to socialise the means of production or to replace individual ownership by State ownership over all the means of production. The main question is of the social objectives for which these means of production are to be used. The well-being of the half-clad, half-starved individual should be the pre-eminent objective in this matter. What we can do to raise his standard of living and provide housing, educational and health facilities should be the motivating factor in the new socialist order. These should be the guide-posts in our march towards a new world.

I would also like to mention one other aspect of the concept of socialism. This relates to our special responsibility to the development of Scheduled Castes and Scheduled Tribes — the weaker and the neglected sections of the society. As I see it, the concept of socialism is not merely an economic doctrine but is based on certain moral and ethical values. The development of the full personality of each constituent of a society should be the corner stone of all our thoughts and actions. For generations, indignities have been heaped upon this large section of our society, inequalities and injustices have been perpetuated, and they have been exploited economically and socially. They have been segregated from the mainstream of our national life. How speedily we remedy this failing in our national life will decide the true content of socialism. It will be futile to talk of socialist goals and objectives so long as this major task remains unfinished. This is by no means an easy task. It is a task of reconstruction of the fabric of the

whole society and will require a new dedication and a crusading spirit.

These are some of my basic thoughts on socialism. We must realistically survey the socio-political and economic setting of our country and analyse it in the light of these urgent and pressing problems. The one question which then remains is of the means by which we propose to achieve these objectives. There are those who believe that the only way to achieve this would be by violent means and a bloody revolution. I, however, believe that the whole ethos of our society goes against such precepts and thinking. We have given ourselves a Constitution which emphasises the democratic way of life. At the same time, the founding fathers had the vision of a new social and economic order. The Constitution did not give us merely a liberal democratic State. It also linked it to the dream that has inspired man through the ages, the dream of a better life for all. The Constitution, therefore, promised to all citizens justice — social, economic and political. But these noble principles were not confined to the preamble as a decorative piece. The Constitution has also given us the Directive Principles which should guide the State policy. These include among others the right of the citizens to an adequate means of livelihood, equitable distribution of material resources, prevention of concentration of economic power in a few hands and the importance of education and health. The detailed provisions of the Constitution also invested the government with the authority to bring into existence a new social order free from inequalities and exploitation. What was accomplished here has been accomplished in many other countries in modern times only at the cost of much bloodshed and suffering. That is why, I would like to urge that the magnitude of change should not be evaluated only in terms of violence that accompanies it.

We thus have a framework within which a socialist order can be brought about by democratic means. Over a period of 22 years, the democratic parliamentary system has shown remarkable flexibility in adjusting itself to the changes. This was more so after the fourth General Elections. I would make the confident claim that the policies of the present crucial phase has been more or less successfully accommodated within the framework of the parliamentary institutions. We have also seen during this period a vigorous growth of associations, voluntary organi-

sations and a well-informed and a responsible press in the country. These are the signs of a growing and a mature democracy.

In this context, it will be futile to talk of the use of violence and revolution to achieve socialism. We must pledge ourselves to bring in the new social order with a firm commitment to the democratic way of life. There can be no place for regimentation of thought and oppression of liberty and freedom of an individual in the name of well-being of the society. We achieved our independence by peaceful and non-violent means. This was an amazing phenomenon which continues to inspire the struggles waged by the underprivileged and the oppressed throughout the world. I am confident that the larger and more complex task of giving a real content and meaning to that freedom will also be brought about through peaceful and democratic means.

The seventies offer to us a historical opportunity to wage successfully the battle for a free and socialist society, and demand of us unflinching faith in our ideals and courage and determination to overcome all obstacles. The outcome of the battle is crucial for the future of this great and ancient land. We cannot afford to fail.

The Commitment by the Youth

FOR MANY OF our youth, graduation marks the watershed in life marking the completion of one phase in the growth of their personality. It is a turning point in the life of most of our young men. It places them in the social milieu with a status and qualifies them for further pursuit of specialised knowledge. It also qualifies them for a professional career of their choice. They thus become active participants in the social and economic life of the community with tremendous potential for good. I am aware that the most powerful motivational force behind a man's actions and reactions is his own welfare and the welfare of those near and dear to him. But, as you are all aware, no individual, much less an educated and enlightened one, can afford to be self-centred. His individual prosperity is inextricably linked with the prosperity of the community. For however self-made a man may be, he owes to the society a debt for providing him with the required environment and opportunity. The personal ambitions and aspirations of such an enlightened person should subserve the objectives which make for the political and social changes in the contemporary period.

We in India today are deeply involved in a national process of economic development and social transformation. This process, by its very nature, presupposes an active participation by every citizen. Then again we have a democratic form of Government which enables every citizen to vote for a Government of his choice. He has that powerful weapon of vote in his hand which can bring about any social or economic change he may desire.

Thus the role of a citizen is two-fold — he is an instrument of production and an instrument of economic social and political change.

India has accepted democracy with an abiding faith in the judgment of the people and a deep sense of commitment to subserving their well-being. The pioneers of modern India have introduced certain progressive political and social ideas. The political mind of India, therefore, is most modern. This is reflected in the Constitution we adopted twenty years ago. The acceptance of such progressive ideas is in itself a revolution. I may illustrate this by two examples. We gave the right of vote to women, and, as you all know, in many countries women had to struggle for generations to acquire this political right. Secondly, we have adopted the principle of adult franchise, which has released tremendous, hitherto unknown social forces. These two new political ideas have stirred the social soil of India and brought about a marked degree of social awakening and have led to activation of social forces which had been stifled in the framework of the traditional society. Democracy knows no barriers, and the governments do not belong to any particular class or community. This itself gives a mass base for power, and diverse ideologies often clash for the allegiance of the people. All these processes have resulted in a constantly changing political canvas of the country. They have created new tensions in society and it appears to some that there is confusion within and without. I personally feel that this is the formative period of Indian democracy and its emergent new society, and we need not be bewildered by these tensions and conflicts. It is only through this state of flux that a mature stability in the political field and conscious social attitudes among the people will emerge.

In these times of shifting political, economic and social balances younger generation has a special responsibility. One often hears talk of despair about the generation gap. The older generation which has deeper roots in the past always feels concerned about the changing values of the youth. But to my mind this is nothing new. There is bound to be some gap between one generation and another. It relates to both the expectations and aspirations as well as capabilities. After all a civilisation and a nation can grow only through the endless process of one generation handing over its tasks to a better generation. The fulfilment of one generation

lies in creating a new generation better equipped to meet the more challenging tasks of tomorrow. This generation gap does not and should not mean a breakdown of the dialogue between the two generations. The attitudes, values and aspirations of the youth are necessarily the product of the environment provided and the ideas planted in their minds by the older generation. Non-conformism of the young also alarms many people. But non-conformism itself cannot be decried. When that attitude of mind is directed towards removing the meaningless restraints on the growth of individuals or towards liberating the society from the morass of rigidity, it is always stimulating.

In this context the role of an intellectual becomes very significant. In a modern society, the intellectuals are placed in key positions which offer them ample opportunity to guide and direct the affairs of the society. If you become an administrator, you have tremendous power of decision-making which affects the community. If you are a technologist or a scientist, you can shape the pattern and content of production and ultimately bring about a change in the socio-economic structure of the country. Thus the power of intellect is a great social force. In a democracy, therefore, intellectuals have to be more careful and selective about the social objectives that they choose to subserve. Democracy offers them an opportunity to stir the social conscience by their ideas and actions. It is, therefore, necessary for the intellectuals of new India to look around and study in depth the conflicting ideologies.

I see two main dangers ahead which we will have to guard against. First is the possibility that our young intellectuals may be influenced by some of the outdated ideas of our tradition. India at present is living in a paradox. It has the most modern political and social institutions in the setting of social backwardness. The possibility of backward-looking people seizing these modern institutions and thwarting social progress cannot be altogether ruled out. If society is to benefit from the use of these institutions in a progressive way, the leadership must remain with men of progressive ideas. The problem of modernisation in India is, to my mind, the problem of having modern leadership. Leadership does not only mean political leadership. That, no doubt, is important, but what will be of greater relevance is the leadership in other walks of life — like education, administration, commerce,

and business etc., where there is greater and more intimate involvement of the people. The society expects you to take control of these diverse walks of life. The other danger which I see is of unrestrained impatience coupled with an emotional approach to problems. This can give rise to anti-democratic forces and strengthen divisive tendencies. The recent regional agitations have had their origin in such a setting. Let us try to understand and appreciate that every change in the political institutions has to pay its social cost. In India we have pledged to surrender our regional and caste loyalties to the national interests. This demands a readjustment of our loyalties. The greatest handicap that the country faces today is that our aspirations have lost the national character they had during the days of our independence struggle. We look upon national problems from a parochial point of view. It is for the young intellectuals to see the problem in their proper national perspective before seeking their solution.

The political stability of a democratic state presupposes the development of a political culture and a commitment to it by the people. On it depends the political behaviour of the people. Equality, individual freedom, secularism and uncompromising faith in the rule of law are the constituent principles of our political philosophy. This is a big responsibility on your young shoulders. But unless you have an abiding faith in these values, you cannot have a feeling of commitment to the democratic way of life.

The Indian youth today has to carry on the long trek for social and political change that began decades ago. You would have a better start than the generation before, because our dream of improving the living standards in the four corners of the country has been realised, though only partially. Now it is your turn to work devotedly, with a passion and in unison to realise this dream in its fulness for your millions of brethren. It will be with full faith in your ability that the older generation shall leave the destiny of the country in your hands.

Jawaharlal Nehru : What He Symbolised

TODAY, WE ARE meeting to commemorate a great man. Greatness is not an abstract concept. In most cases, one can define it quite categorically, in terms of a number of identifiable attributes, vision, idealism, intellect, imagination, generosity and compassion. Panditji was a man of several dimensions. Many amongst us, who were his followers in the struggle for freedom were more acquainted with that aspect of his personality which concerned statecraft; we came to know directly Nehru, the great political leader and statesman. But that revealed only a part of his being. Other facets of his personality were equally striking. He was an idealist, a historian and a scientist, an administrator and the friend of children, a free thinker and a socialist. It is the thrill of discovering the immense diversities of this great man that kept us enthralled. The nobility was his, the pride was — and is — ours, the pride of knowing the man, the pride of having the fortune of belonging to the generation which was inspired and led by Nehru.

In his restless endeavours toward building the nation in the post-independence phase, the multiple facets of his personality used to shine in splendour. He was a socialist, a radical economic planner; and his radicalism had its roots in both intellectual conviction and a deep sensitivity of mind. But he was no ordinary partisan. Socialist beliefs notwithstanding, his predilection for independence of thought and mode of action, he could not and would not forsake. It was the growing encroachment on the free expression of ideas in the so-called free world in the immediate post-war period which aroused his passion and shaped his

views on how India should face the world. There was a certain closing of windows following the war; the shutters came down, mutual suspicion multiplied, impatience supplanted all urge for understanding other people's point of view. This was a most unfortunate development which in its train led to a large number of sad and tragic events. Even today, we are more or less recovering from the consequences of some of these events. The raising of barriers — artificial, crude barriers, often reinforced by irrational prejudices — repulsed Nehru. His own personal philosophy — which largely shaped our foreign policy — emerged as an attempt to raise the banner of protest against the growing manifestation of pride and prejudice in international relations. The fear of one's neighbour, the fear of being exposed to other ideas, the fear of unfettered communications represented the very negation of liberal political and economic thought. What worried Panditji was a particular type of fetishism — in the name of maintaining the sanctity of cultural as well as political freedom, the closing of one's mind to developments taking place elsewhere in the world. Those who were supposed to believe in free political institutions became the leading exponents of witch-hunt; those who swore by *laissez faire* in economics became the most vociferous in demanding the severance of economic relations with countries having a different economic and political base.

Panditji considered all this not only wrong but dangerous. He saw things in a different manner. And his vision became our foreign policy. Naturally enough, our international economic relations too came to be shaped and guided by his vision. As far as I can assess at this distance, broadly two separate sets of considerations influenced his judgment in this matter. First, he had little doubt in his mind that in order to telescope the process of development and hasten the rate of growth, we have to borrow freely, wherever relevant, from the economic doctrines which the socialist countries have tried to put into practice. He was convinced that while we must nurture jealously our distinct political entity, preserve with care our precious values and free institutions, the democratic structure must not be allowed to be undermined. But he had visualised that in the sphere of economic planning, the models of growth which the centrally-planned economies had experimented with were of great didactic significance for us and that it would be folly not to study and analyse those models, and

adapt whatever was adaptable to our institutions. At the source of development was capital formation; basic to capital formation was the endeavour to lay the base of a wide range of capital goods industries. An acceleration of the process of growth initially hinged upon enlarging the stock of capital goods. This could only be done by pushing up the rate of investment which in turn depended upon an improvement in the rate of domestic savings and the earmarking of a relatively large part of such savings for the capital goods sector. Panditji's emphasis on the importance of attaining self-sufficiency in the output of capital goods and on the importance of a sophisticated industrial sector could be linked to his overriding anxiety to eliminate avoidable hitches and obstacles from the path of growth. He had no hesitation at all in acknowledging the lessons he had learnt from the Soviet experience in this matter. He had, on several occasions, made his position quite explicit. We may not accept many of the things which the socialist nations consider dear to their heart, but for a poor economy, starting from an inordinately low base of per capita incomes, there is no escape from drawing largely on the models of growth which the East Europeans had developed, in case you want to close the gap in economic standards vis-a-vis the advanced countries.

It is the love for the common man which was the biggest consideration for Panditji. Planning was much more than an ordinary economic programme to him. Planning embodies the quintessence of his dream, his dream of a prosperous, socialist India. But time was a big constraint; somehow the time between the present and the future of his dream had to be cut short. It was his sympathy for the people which made him sift and analyse the essentials of the economic experimentation undertaken in the socialist economies. Not to accept the proven doctrines from East Europe on grounds of ideology would have been akin to denying the poor of the country the means and the opportunity to enter into a faster trajectory of growth.

The other reason for his taking a sustained interest in promoting economic relations with the socialist countries was even more fundamental. During the post World War II period, by and large, the basic attitude of the advanced countries was to lay stress on a programme of rising exports of primary commodities from the developing countries and, in return, to continue exporting to them

sophisticated industrial goods. In this kind of arrangement, the dice is permanently loaded against the developing countries, in terms of trade moving against them. The result is lop-sided development, and the point of self-sufficiency becomes a will-o'-the-wisp. The era of imperialism had formally ended, but old ideas and attitudes obviously persisted. Jawaharlalji saw through all this. His keenness to develop trade and economic relationships with socialist countries was thus as much influenced by a desire to reap to the full the advantages of international division of labour, as by the realisation that India and the other poorer countries must earn for themselves a place in the sun and must be helped to take their rightful place as equal partners in the world community. Without for one moment belittling the values basic to the free economic system of the West, he perceived the gains that could accrue in the wake of the enlargement of activities with all nations irrespective of ideology. There was here a fusion of the predilections of Nehru the socialist and those of Nehru the practical nationalist. National interest, which in this particular instance was to optimise the country's economic benefits coincided with his basic socialist convictions: first we must learn from the socialist countries the tenets of efficient national planning, and, second, in order to get the maximum advantage out of foreign trade, we must enter into the closest possible trade and economic relationships with them.

In this seminar, in the course of today and tomorrow, you will be reviewing and analysing the fruits born as a result of Nehru's imagination and visions. You will, I am sure, also be discussing some of the outstanding problems in expanding further the kind of economic relationships Jawaharlalji had in mind. As we take stock of the economic progress which has occurred during the past two decades, a sense of achievement inevitably dominates the emotions. We are proud that Jawaharlalji's vision in fostering economic relationships with East Europe has contributed so significantly to the development of a self-sufficient industrial structure. I would not for a moment say that we have been able to solve all our trade and industrial problems, or that there is no further scope for improvement. There are problems of cost and efficiency, problems of management and organisation, problems of removing kinks and difficulties here and there. But there is no question of the enduring gains which Jawaharlalji's

initiative twenty-odd years ago has brought about for us. If today we talk with a sense of pride and self-assurance, if we can talk of dispensing with external aid, it is because of the industrial base which Nehru had planned for and ushered in in cooperation with the various countries the world over. One has merely to refer to our steel and heavy engineering complex, of the strides we have made in the oil industry, of the sustained demand in East Europe for our traditional export items such as tea, jute and cotton textiles, of our new engineering exports, of our ventures in mining and fishing, to realise how much we owe to Nehru, how great has been the pay-off of his ideas.

Let me now refer briefly to our trade and payments position. We now find that, in the course of a swift twenty years, Eastern Europe has become our leading trade partner. We have evolved this growing trade relationship on the basis of complete equality and mutual self-interest. We have maximised our own economic gains even as the socialist countries have ensured the fullest satisfaction of their own economic interests. In this endeavour, therefore, there has been a reassertion of the principles governing free international economic relationships, namely, that if each nation seeks to maximise her own economic interest through trade, the culmination is the maximum good for everyone. Panditji had the perspicacity to gauge that you cannot preach liberal economic philosophy and yet refuse to enlarge the scope and volume of international trade. The solution of this country's economic problems, he had no doubt in his mind, lay in universalising international relationships. While leaders of men in other countries were hesitant, Panditji became the bridgebuilder. He forged the opening to East Europe and the socialist countries. Today, there is no dearth of followers whether in West Europe or further beyond.

The socialist countries have made their contribution to our moving nearer to the ultimate objective of a faster, equitable, self-reliant growth, I would hope that in your discussions you will have the opportunity to analyse in some depth the outstanding problems and issues in the evolving relationships between us and them. In the course of your analysis, it is inevitable that you will, time and again, come back to reviewing and reinterpreting many of Nehru's messages and thoughts. That is as it should be. And that, according to me, would also be the best way of commemorating this great man's anniversary.

PART III

DOMESTIC STRATEGY AND DEVELOPMENT

Inviolable Frontiers

DURING THE LAST two years or so a great change has taken place within our country. It has some meaning for the future also. In my opinion, the period of the next few years in the political life of the country would prove to be an anxious one. I am not using the word 'political life' in the limited sense of the term in relation to political questions or the politics of different political parties. I am using it in the wider sense to mean the totality of conditions obtaining in our country. Naturally, it would not be enough to leave the task of handling these developments to a few leaders. Every one of us will have to undertake a serious analysis of the situation. We will have to explain to the people the background of different questions and problems that may arise during this period. I attach importance to educating the public about the historical perspective because in the ultimate analysis the people will have to take the responsibility of meeting these challenges. If they lose sight of the historical perspective, they will not be able to see the problems in their true light. I see among the people a certain degree of keenness to understand the defence situation as it obtains today and also to have an idea of the likely developments in future.

When the country was invaded by China, we considered it necessary to declare an emergency in the country and the emergency laws were made applicable. Today, the main debate centres around the problem as to whether it is necessary to have emergency laws now. If you do not want to have the emergency laws or if you remove them, I do not think that it is going to be a

terrible loss or a big handicap. This is basically a question for debate and decision. But at the same time, I would like to ask a question as to whether we consider ourselves free from the external threat from our hostile neighbours. To consider that there is no such danger either today or tomorrow or ever, would be to delude ourselves. At the same time, to exaggerate the danger would also be inappropriate. So the attitude in the days to come will be abundant caution. In this regard one must have an idea of the situation developing in different countries as also on our borders, so that we come to definite conclusions about the factors which we should be cautious of.

In the context of the conflict between China and India, certain things are happening on the northern and particularly the north-eastern border of the country which deserve our special attention. The situation developing in the valley of Brahmaputra, in Nagaland and NEFA demands a close watch. Along with it, we also have to keep in view the fact of the existence of the Chinese Army all along the northern border of about 2000 miles stretching from NEFA to Ladakh. If you combine this with the Chinese overtures of friendship to Pakistan and her tendency to interfere in our internal affairs in regard to Jammu & Kashmir, you get the overall picture of the tension that exists between us and the neighbouring countries. In the light of all this, I as the Defence Minister cannot give advice to the Government that there is no danger of external aggression. I would not like to mislead the nation with any such assurance. We will have to act with the valid presumption that the external threat still exists.

I am not saying this with the idea of merely maintaining permanent enmity with any particular nation. I am also not saying this because China is a communist country and India is not. There are so many communist countries in the world with whom we have friendly relations. We have never taken the position that all communist countries will be our enemies. This has never been our position; it is not so today, and I think it should never be so. The system of government and the political ideology is an internal affair of a country, to be decided by its people. Even after the 1962 conflict we have not taken the position that China is our permanent enemy. A statesman had said long ago, 'a nation does not have permanent friends as it does not have permanent enemies'. It would be inadvisable to treat any parti-

cular country as a permanent enemy or to maintain permanent tensions.

An exceptional event took place in the form of Tashkent Agreement. During August-September 1965 we had a clash with Pakistan. Immediately thereafter both these countries came together and discussed the issues at stake. This itself was an unprecedented occurrence from the point of view of international peace; but what was almost a revolutionary occurrence was the fact that a powerful communist country took the initiative to bring about a *rapprochement* between two of its neighbouring non-communist countries. I think this was the first instance of its kind since the rise of communism as an international power. Uptil now our experience was that Russia intervened in the disputes between communist countries alone. To take the initiative for bringing about peace and understanding between two non-communist nations was an unheard of thing in the history of the communist world. This must be regarded as an extremely important event in the sphere of international politics.

What does the Tashkent Agreement stand for? It exists even today. We accept and honour it; we will continue to do so in future and it would be our earnest desire that Pakistan should also accept and honour that Agreement. We will, no doubt, be watchful about the policy adopted by Pakistan towards the Tashkent Agreement, but to say that Pakistan is bent upon dishonouring the Tashkent Agreement and, therefore, we should also not honour it, is not correct. I would say that those who advocate this kind of approach understand neither politics nor defence strategy. Let us see what is the historical background of the Tashkent Agreement. A reference to the question of Jammu & Kashmir was inevitable when we were discussing an agreement at Tashkent. India and Pakistan forcefully stated their cases. The only understanding we had after these discussions was that these two countries, on the question of Jammu & Kashmir, can never see eye to eye. But the main achievement was that in spite of this area of disagreement, the Tashkent talks were not a failure. The discussions succeeded in so far as there was an agreement about the renunciation of force against one another, and about non-interference in each other's internal affairs. The basic principle of the Tashkent Agreement was that the ceasefire line will be honoured. The true meaning of this

Agreement is the code that was evolved to govern relations between two nations even when serious differences of opinion exist on important matters.

In this context one must analyse the stand taken by China. A communist nation had taken the initiative in restoring peace on this sub-continent and had succeeded in attaining that objective. Another communist nation has viewed this as its failure and has done its very best to break this Agreement. China today claims that it stands for self-determination for Kashmir. If they are really serious about the principle of self-determination, they should have thought of acting upon it in respect of the people of Tibet, long before talking about the people of Jammu & Kashmir. The fact is that in respect of Tibet, they are not willing to even consider it as a problem, but for the people of another country they are willing to interfere and create trouble. The main reason behind this is that China is keen on maintaining a state of tension between India and Pakistan. In fact the same thought encourages their present-day friendship with Pakistan. Their sole objective is that India should always remain harassed. Why do they want it to be so? To understand this attitude properly one must analyse the reasons which prompt China to react in this manner.

If you want to understand the problems of defence, it is not enough to be aware of the performance of our armed forces. We must try to understand why the nations pursue particular policies. Why do they sometimes speak of peace? Why do they make preparations for war and sometimes make war also? What is their political reasoning behind these stances? What are the benefits that they get out of these policies? Such are the questions to which one must seek an answer to understand the problem in its true perspective. Till the year 1962, when China invaded India, we were considering the Chinese as our brothers. The people of India lustily cheered the Chinese leaders with the slogans of "Hindi-Chini Bhai Bhai". Some people now say we did it because of our credulity. That may be so. But whatever we did, there was a national purpose behind it, and that purpose was that when we were busy in reconstructing the economy of the country and enforcing the pace of social and economic change, we could not and did not want to have inimical relations with a powerful neighbour. Even in our private life we

do not start building a new home by quarrelling with neighbours. India was also similarly placed. Therefore, our attitude was that not only China but all the countries in the world should be our friends. That was the deal we sought to achieve. We had presumed that there is a genuine response from China to our attitude of friendship. But that was not true as was proved by the Chinese invasion of 1962. One must try to understand what China wanted to achieve by this invasion.

The day after I went to Delhi to take over as the Defence Minister, the Chinese forces went back. The question was what was the meaning of that? They came and they went back, and we had to study the political objectives behind this exercise of theirs. In 1962, the timing of the invasion coincided with the period when tension between Russia and America was increasing over the question of Cuba. There was a possibility of a nuclear war between the two super powers. If you keep this background in view, you can distinctly see three motives behind the Chinese adventure.

The first motive is related to the question of leadership of the continents of Asia and Africa. China and India are both thickly populated land masses. When such land masses are neighbours, knowingly or unknowingly, there develops a clash of interests. In a way there was a competition between our country and China over who should be the leader of the group of independent nations of the two continents of Asia and Africa. China could only think of having an armed clash with our country as the means to establish its supremacy. The basic objectives of China in this regard were to establish its military, political, economic supremacy over our country and if possible also wrest the leadership of international communism from the hands of Russia. They sought and took the opportunity of demonstrating their military supremacy in the Himalayas.

The other motive of China was to disrupt the sustained developmental activity which had been continuing in India since independence. We had given a prime position to our economic progress and consequently had given a secondary position to the question of defence. When the problem of security materialised before the nation, it had, perforce, to divert a large part of the resources towards defence expenditure. China was aware that this was bound to create economic difficulties for our country

and it wanted to go on making the defence problem more and more serious, so that correspondingly our difficulties in the economic sphere would become insurmountable. To arrest the smooth progress that India was achieving through planned economic effort was therefore the second motive behind the 1962 invasion.

The third objective which China sought to achieve was to force India to compromise its policy of non-alignment. We had decided to keep aloof from the two power blocs and consequently we remained aloof from military pacts. This was a wise policy then as it is today also. China expected that under real military pressure, India would either surrender to it or align itself with capitalist countries like the UK and the USA and join military pacts. This would certainly have detracted from the stature of this country in international politics.

But China has been disappointed in all these respects. It has not given up its efforts. The only change that has taken place is that its tactics have undergone a change. Their efforts now are concentrated on keeping the tensions between India and Pakistan alive. If Pakistan tries to understand the politics that China wants to play in terms of these tensions, it would be good for Pakistan as also for India. These two countries cannot think in terms of clashing with each other. It would be a distinct loss for both of them. Pakistan must realise from the experience of others as to what is the end result of a friendship with China. Unfortunately, they refuse to learn from history. Countries like Indonesia and India have had very bitter experiences of their friendship with China. Pakistan must understand this. If the present flirtation of Pakistan with China continues, I have no doubt that the same situation will come about in Pakistan as had come about in Indonesia. But unfortunately, conditions prevailing in that country are such as to cloud these lessons. Pakistan obviously is not in a mood to learn. Naturally, therefore, we cannot take any chances in the matter of our defence.

If you try to discover what common ideal or objective brings Pakistan, a Muslim theocratic state, and China, an atheistic Communist state, together, you will find that their antipathy to India is the sole meeting ground for these countries. They have not realised that politics of hatred does not succeed. Whatever it may be, we will have to be vigilant and alert, we will

have to view the attitudes of our neighbours in proper perspective and also assess their foreign policy in a realistic manner. One conclusion that emerges from such a study is that the level of defence burden that we accepted during the emergency will have to continue. It will have to be so, as long as China continues its politics of military expansionsm. Any complacency in this respect will cost us dearly.

One of the immediate consequences of sustained build-up of our defence effort would be that the annual maintenance expenditure of the defence machine will stabilise at a high level. Once you raise our armed forces to a particular level, it would not be possible nor advisable to bring them down in terms of maintenance cost. This only means that we should be prepared to carry both the burdens on our shoulders; the burden of economic development which we have been carrying since independence and the burden of defence effort which has been thrust upon us by hostile neighbours. It means a lone journey along a difficult path under trying conditions and with excessive burdens. But there is no escape from this.

Another point that we must try to understand and which is more important in the context of the developments in the recent past, is about what our hostile neighbours think about us as a nation. It is necessary that we understand their viewpoint so that the tendencies which are viewed by them as our weakness could be curbed. From the statements that the leading personalities of Pakistan and China have made in the recent past, only one conclusion emerges, and it is that in their opinion India is rent with divisive tendencies and that they do not expect it to continue as one nation in the face of serious problems that confront it. Their adventurism naturally arises out of this assessment about our country. Therefore even while we remain alert and maintain our defence machine in high order, the prime task will be to increase the inner strength of the nation, to bring about the integration of the country in the real sense of the term. It is only when we achieve this goal that we would be able to move forward as one nation.

Last year, during the short conflict with Pakistan, we experienced an unprecedented degree of national unity. But that was achieved under abnormal conditions. What is the picture that one sees when the country is not threatened by an aggressor? I would

urge you to recall the situation that was obtaining immediately before the Pakistani aggression in August 1965. We were indulging in slogan-shouting, agitational activities, organising Bandhs and so on. It gave us cause for anxiety because even though the nation was preparing for its defence on one hand, it was weakened by internal dissensions on the other. I know that when the armed forces started their march to meet the aggressor, we buried our differences and stood unitedly. I would have been happy if that achievement had lasted. Unfortunately, immediately after the Tashkent Agreement, we reverted to our position; we started our quarrels and the slogans of 'Bandhs' were again raised. I am not mentioning this to apportion blame to this or that leader. Possibly, their motive in highlighting the grievances of the people was unquestionable. But the reality is that it is not the motive behind an action that is important but the consequences which flow from it. Our hostile neighbours do not decide their foreign policies on the basis of our motives. Their reactions are based on the reality of conditions which are created here as a consequence of certain actions that are taken by us. By law, by Constitution, we became one nation twenty years ago. But have we attained the stage where we can say that by emotion and by thought we act as one nation? Have we attained the mental make-up where we consider national problems as of the highest priority and our personal problems as of secondary importance? These are questions which have to be answered by every one of us individually. I am not asking for a public answer. But I must say that by and large the reply to these questions is not satisfactory. That is why I wanted to make a special mention of the fact that the security of the country is not solely dependent on the size and the efficiency of the defence machinery alone. To a large extent, it will also be determined by the unity in the country that we achieve through emotional oneness and identity of purpose. All of us must come forward to promote this feeling of oneness. If as an individual, as a society, as a State and as a nation, we could work towards this goal, our hostile neighbours will also realise that India is one nation. Then even if they have allies in powerful countries, they will have to think ten times before committing aggression against our country. If India is to rise as one nation, then the process of creating this sense of oneness will have to be accelerated.

The younger generation of this country has a special responsibility in this regard. This generation is being brought up in a new atmosphere. They have their pride and prejudice; but I must say that they are a patriotic lot. I am not one who claims that the generation of freedom fighters alone was patriotic. That generation did what was essential. Nothing can be more shameful than to live under foreign domination. Naturally, that generation struggled to overthrow that yoke. But the courage and bravery displayed by the younger generation during the crisis, the total abandon with which they sacrificed their lives for the sake of the country, speak volumes of their sense of patriotism. There must also be the realisation that the problems before the younger generation are more serious and more complicated. The task of assigning priorities has become more complex over the years. I am explaining this background only to make it slightly easy for you to draw your own conclusions. The first and the foremost requirement would be to promote national unity and integrity. This is to be accepted by all the citizens of the country, particularly the youth. Our neighbours must also realise that we have become one nation in the truest sense of the word. One way would be to experience integration in our day-to-day life. Another would be to show that however serious may be an economic problem or a crisis, we are determined to tackle it unitedly. I am aware that this is an extremely difficult task and that in the years to come our patriotism will be on test in achieving this goal.

During the last four years this country experienced a series of crises. We lost the leadership under which the country had grown in the post-independence period. We lost Jawaharlalji. After that we had another leader who rose to great heights — I am speaking about Shastriji. Unfortunately, we lost him also within a short period of 18 months. Many countries in the world — not only China and Pakistan — had thought that after Jawaharlalji India will not remain as a nation or at least democracy will not survive here. These people did not realise that the people of India are creating a new history and that they are resolved to build up a new India. I was in the USA at the time of Jawaharlalji's fatal illness. I remember that in all the private discussions with different leaders, the end question would inevitably be "After Nehru Who?" They were not so much concerned about the reply

in terms of personalities. Their main concern was about the survival of democracy in this country. They were under the impression that democracy is surviving here solely due to Jawaharlalji. I have had the greatest regard for Nehruji. You are also aware what torment I had to experience at the time of formation of Maharashtra for supporting his leadership. But I never believed, and I do not believe it today also, that democracy is alive in this country merely due to one particular leader, however great he may have been. The democracy has survived after Nehru. Even after the death of our second Prime Minister, there was never any threat to the democracy. This, in a way, is a great victory for the people of India.

This, we must admit, constitutes the inherent strength of India. Naturally it has helped us to gain greater self-confidence. At the same time, however, we must admit that the problem of economic development has been causing us a certain amount of anxiety. We have not been able to meet the rising expectations of the people. It is true that the problems become more complicated as the expectations of the people rise; but at the same time we must also not lose sight of the fact that we have not been able to achieve that pace of economic progress which was necessary and possible. It would not be proper to blame the Government or certain individuals for this slow progress. There were certain factors responsible for this. Along with our effort in attaining growth we were also trying to build up a new economic order. We have had to face international problems and actual aggression on our soil. Naturally when the country is trying to force the pace of progress in the face of these trying conditions, there are bound to be economic difficulties which would put a certain degree of strain on all of us. Let us accept it as a reality. But the fundamental question is whether we shall subordinate national unity and national security merely to escape from these strains and stresses.

We must remember that in the complex and harsh world of today, none is ready to fight others wars for the sake of friendship. The definition of friendship today does not go beyond helping you to prepare yourself. So ultimately we will have to be self-reliant. We have to move in this harsh world and face all the challenges with courage and conviction. We cannot leave these problems to the wisdom of one leader or even to the wisdom of a

political party. All of us individually and collectively as citizens of this country will have to understand the problems and contribute our part towards their solution.

In the end I would once again like to repeat what I said before. Never think that defence preparedness is a periodical question related only to emergency situations. It has now come to be a problem we will have to live with every day. Appreciating this reality, we will have to devote our attention to devising ways and means of promoting national unity and achieving economic growth. Although India is the home of different religions and different languages, we must train ourselves to give the highest priority to the questions that concern the whole of the nation. If we face our problems with faith in our ability to overcome them, India could occupy a place of pride among the top-ranking nations of the world. This is my faith. We must consider ourselves fortunate that the task of realising this dream has fallen on us. This is a challenge to our ability. I pray that God may give us the necessary strength to meet these challenges.

Domestic Political Strategy for the Seventies

AS CITIZENS OF our young republic, everyone of us is very much involved in the sustenance of the broader values that govern our political system. Not to be so involved is to retreat from responsibility. Only a small section of people can at any time take part in active politics, but in order that there may be a lively interplay of political forces, there has to be a wider audience of well-informed and discriminating citizens who are committed to the upholding of the basic principles and institutions of the political system. Where such citizenry is absent or is indifferent to the crucial issues of the body politic, democracy is in danger of being supplanted by authoritarian values. Among the many tasks of a politician in a democracy perhaps none is so important as to keep alive and to strengthen this alert, discriminating and well-informed discussion of issues of public policy.

When we think of the kind of broad policies we should follow in the seventies, we have immediately before us a number of questions. The most important of these questions is: strategy for what, and for whom? There are many related questions. What are the factors that govern such a strategy? What is the social and economic environment in which this strategy will have to operate? What kind of conflicts will the strategy seek to resolve? And what will be the appropriate tactics?

The same thing can be put in another way to focus attention on these problems. Why has it become necessary at all to think of a strategy for the seventies? Is it merely because the sixties are ending and another decade, with its quota of problems, will

be upon us soon? In other words, is it a mere chronological exercise? Or is it because we think, or at least have a vague feeling, that the seventies should be, while keeping a fundamental continuity with the post-independence developments, a period of decisive change? Is it basically a question of emphasis on certain selected areas of effort, or are the seventies going to witness fundamentally different kind of changes?

From one point of view, it may appear that the question of the political strategy to be pursued in the seventies is largely irrelevant. After all the basic goals of the polity are firmly set. We are, in the words of the Preamble to the Indian Constitution, pledged to uphold the sovereignty of the republic and to secure to all its citizens justice, liberty and equality. The Preamble is indeed a revolutionary departure in Indian history. Let us think about it a little. While civilization and culture have had a remarkable continuity in India stretching back into hoary antiquity, the idea of a single political order embracing the whole country and a political order being based on equality of all citizens is something new in the historical experience of this country. It was only during the freedom movement that the concept of a democratic political order for the whole country based on equality of citizens and on the fundamental principles of individual liberty grew and took concrete shape in the Constitution framed by the Constituent Assembly.

The Assembly gave to the country a political system based on universal adult franchise. It further provided political institutions which would at all times reflect the principle of the accountability of Government to the elected representatives of the people. Recognising that liberty flourishes only when the principle of legitimate authority is respected, the Constituent Assembly opted for a form of Government which would ensure for the people of India effective governance. If the Constituent Assembly had done no more, its contribution to the unfolding of modern India would still have been great. But what entitles the Assembly to the special gratitude of the succeeding generations is the vision it had of a new social and economic order. It was not enough to build a liberal democratic State. It had to be linked to the dream that has inspired man throughout the ages, the dream of better life for all. The Constitution, therefore, promised to all citizens justice — social, economic and political.

The recognition of this noble principle was not confined to the Preamble as a decorative piece. The detailed provisions of the Constitution invested the Government with authority to bring into existence a new social order free from the glaring inequalities and from exploitation. What was accomplished here has been accomplished in many other countries in modern times only at the cost of much bloodshed and suffering which have left their own stamp on the history of the European nations. The magnitude of change should not be evaluated only in terms of violence that accompanies it.

I have dwelt at length over the Constitution with a view to placing our analysis within definite boundaries. What we should and can do in the seventies will inevitably be coloured by what we did in the fifties and sixties. If I may formulate in political terms the goals of the republic to which our strategy has to be related, I would say they are first to maintain inviolate the territorial and political unity of the country, secondly to preserve and to strengthen the free democratic society and its political institutions and lastly to revolutionise the social and economic relations in order that justice does not remain an abstract concept but becomes a living reality.

At this stage it seems necessary to inquire whether the strategy that we adopted in the fifties and in the sixties to achieve these goals was adequate. Only then will it be possible to speak meaningfully of something like a strategy for the seventies. This examination is also necessary for connecting our thinking about the future with the broad theme of political continuity which I have sketched while discussing the Constitution. Briefly, during the first two decades, we concentrated on reshaping our economy through the instrument of the Five Year Plans, and subsequently on building up our armed strength to meet the danger of aggression from our two hostile neighbours. The strategy of planned development in the rural areas was also linked with the establishment of self-governing democratic institutions under the experiment of democratic decentralisation. Throughout this period we upheld the principle of free elections, with the result that the political system remained open to the interplay of diverse political forces and supported the institutions of free press and an independent judiciary.

The results of this strategy on the three fronts mentioned by me

may also be briefly reviewed. The first three Five Year Plans have provided, despite many difficulties, the basic infrastructure of a modern economy. Industrial production has been greatly expanded and diversified; agriculture, after a sluggish start, is poised for a big technological breakthrough; educational facilities have increased at all levels; and though a self-reliant and a self-generating economy is still to come, our dependence on foreign imports in many vital fields has been appreciably reduced. Politically, the democratic parliamentary system has shown remarkable flexibility in adjusting itself to the changes produced by the fourth General Elections. Although the party system in the country has not yet crystallized so as to provide the people with clear alternatives in many cases, the politics of the present crucial transitional phase have been more or less successfully accommodated within the framework of the parliamentary institutions. This is an important achievement of which we can be rightly proud. Also during this period we have seen a vigorous growth of associations and voluntary organizations of all kinds. The existence of such associations and organisations is a necessary safeguard for the freedom of opinion.

Immediately after independence, we did not anticipate any armed conflict with our neighbours. There was no doubt tension between us and Pakistan, following the latter's attack on Kashmir. But consistent with our policy of avoiding involvement in the cold war between the two power blocs, we hoped for a peaceful settlement of the problems between the two countries. Our differences with Pakistan had to be viewed in the wider perspective of the newly opened possibilities of economic and political cooperation between the nations of Asia and Africa. Therefore, while we did not underestimate the importance of strengthening our defence potential, the over-riding priority before us was socio-economic development. This basic assumption of our political strategy had to be substantially modified by the policies adopted by China. It became clear, as the fifties drew to a close, that the Chinese attached the highest importance to their object of becoming a super power in Asia, and were even prepared to go to war to achieve this aim. As India posed a political challenge on account of her institutions of an open society, China's policy in Asia increasingly centred around the objective of weakening India politically and economically. I need not go into the 1962 episode

except to point out that it forced on us a revision of our assumptions about the nature of the Chinese challenge. From then onwards, the different facets of the Chinese policy, including her friendship with Pakistan, have had a single aim in view, namely the reduction of India's potential as an economically strong nation. Fortunately the over-all economic strategy of building a self-reliant economy helped us in strengthening our defence potential. Nonetheless a substantial stepping-up of defence effort, including the acquisition of modern armaments, became inevitable, reducing, to a great extent, the resources available for economic development. Investment in defence was worthwhile, as was shown in the performance of our forces during the 1965 conflict with Pakistan.

The debit side of the first two decades has also to be analysed. The fruits of economic development have, by and large, been gathered by a very small section of the people; economic inequalities have sharpened, leading to serious tensions at many points in our social fabric. The socially and economically depressed sections of our population, particularly the Scheduled Castes, are yet to receive the new deal that freedom promised them. Their efforts at asserting their dignity as human beings are even now met with the arrogant claims of superior status of the so-called higher caste; and these claims are often backed by brutal violence. The economic exploitation of the tribals has produced an explosive situation in many areas. The landless labour and the small farmer have not yet participated in the prosperity that improved agriculture has brought to a small section of the rural population. A large number of educated young men, even those with high technical education, are unemployed. The cities lack adequate housing, and the pressure on civic amenities is growing all the time. In many ways, these are the problems of a growing economy, but the acuteness with which the hardships are felt by the vast masses of our people leaves no room for a simple consolation of this kind.

Politically too, not all the high hopes we had, have been fulfilled. We still face in the eastern part of our country a most difficult problem of nation building. A section of the Nagas have taken to arms in pursuit of an independent State for themselves. Similarly a section of the Mizos chose to defy the Indian Government in support of the demand for an independent Mizo State. The Naga and the Mizo rebels pose basically a political problem

of integration. There cannot be, in the long run, a military solution for this problem. Again in Kashmir there is a secessionist movement which questions the present status of Jammu & Kashmir as part of the Union. The developments over the years have settled once and for all the questions of the accession of the State to India. However, there are several political, economic and social problems of the State which will have to be solved with understanding and patience.

Alongside there have been some disturbing developments in the rest of the country. One would have expected that with increasing economic development, and with the spread of education among a much wider section of the people, outdated attitudes based on religions or caste or regional animosities and prejudice will give way to new attitudes based on modern political values. Instead, we have seen a regression into tribalism. Communal and caste hatreds have flared up time and again. They are a daily reminder of the persistence of much that is irrational in our society. As if these hatreds were not enough to poison the body politic, regional conflicts break out now and then. In a fundamental sense the values of parochialism have gained ascendancy.

This intolerance has bred violence. No society can be totally free from violence, but the effort of all sane and rational societies is to regulate political and economic conflict within the bounds of law. When violence takes place and is suppressed by the counter-violence of the State, the result is a diminution in the stature of the political institutions where opinions are offered and decisions are taken on the basis of rational debate. In the last 19 years, the graph of violence has shown a steady rise. Protest and dissent have become synonymous with violence. This is not the kind of soil in which the political institutions of a liberal democratic system can take firm root. I wish above all to point out the connection between violence and the erosion of democratic values.

This is then the sketch, in rather swift and broad strokes, of the political strategy and its achievements and failures in the fifties and the sixties. Some of the failures flowed from the strategy we adopted but many of which were due to an insufficient appreciation of the social and economic environment we had to deal with. Thus, although we had started by saying that from many points of view the question of a strategy for the

seventies would appear irrelevant because we do not visualise any change in the goals of the republic, rapid survey of the fifties and the sixties shows that, far from being irrelevant, the question of a new strategy for the seventies needs to be squarely faced if we are not to depart substantially from the goals we have set before ourselves. The reason is simple. The strategy for the last two decades was geared to the necessity of providing a firm base for rapid industrial and technological advance and to that of the growth of an open competitive political system which would combine effective governance with the freedom of dissent. The infrastructure for rapid economic growth is now available and only a new strategy can combine rapid growth with a more even distribution of its benefits. Similarly, a new political strategy is necessary to articulate more effectively the aspirations of the under-privileged and the neglected sections of the national community. Not only is it necessary to give them a sense of participation in the shaping of national policies, but it is also important that politics of the seventies give them dignity, individually and collectively. We have sought to raise them from their low social and economic condition; we should seek to create a sense of pride among them as part of the national community which they did not have throughout these centuries of their existence. In other words, economic betterment without real social equality and social dignity, will not succeed in giving to the political system the strength and the stability which it needs to cope with the manifold and challenging tasks of the closing decades of the twentieth century. Similarly, a new strategy is called for to deal with the divisive forces in our society, whether such forces base themselves on caste or religion or region. In this case too, the hope that steadily increasing material goods will of themselves produce situation in which different communities live in peace and harmony with each other has been shown to be illusory. We need a much closer analysis of the functioning of our political and social organisations to diagnose who and what puts up the barricades of misunderstanding and distrust across which only blind violence speaks. And lastly, looking ahead into the seventies, one cannot visualise any trends which will render the task of guarding national security less onerous than it is today. However, in this field too, a certain flexibility of approach has to be combined with unceasing preparations to build up our armed strength so

that we can take advantage of the new configuration of forces in world politics. Let us now try a brief analysis of each of these three propositions.

Before we do so, it would be better to understand that even though the areas of the new strategy may be for the sake of clearer analysis divided broadly into economic, political and defence spheres, in reality they are so intimately related that to think of them in isolation is not only not possible but can lead to harmful results. A great deal of our thinking is in compartments. And because it is in separate compartments, we miss the connections which are so vital for the goals of the republic that I outlined at the beginning. To miss these connections, for example between the kind of strategy we should have for economic development and the need to uphold individual liberty and democratic parliamentary institutions, is to fall into serious error. The history of modern world, particularly since the beginning of the first world war, is, from one point of view, a manifestation of such errors, of which the rise of the so-called National Socialism in Germany was the most monstrous. It is for this reason that we should deal with the economic and the defence aspects as essential parts of the over-all political strategy.

Let us first talk of our defence preparedness, because the territorial integrity of the country should obviously be the first concern of any one who thinks about the future. For a variety of reasons, there is a recognition by the two great powers in the world today of the need for peace and security in West Asia and South East Asia. There is also some understanding that at least in South East Asia, China, with her ambitions of expansion and hegemony, poses a threat to the political stability of this part of the world. The great powers have been canvassing a number of solutions, like the Asian security plan and the like. This thinking is a belated recognition of futility and the irrelevance of military pacts for safeguarding the security of the nations of the region. All this is common-place in international diplomacy today, although when it was pointed out in the early fifties by Nehru, he was dubbed as a communist. The military pacts may go. In fact, both SEATO and CENTO have today become mere caricatures of their former selves. But what will take their place?

This is the question that is now engaging the attention of the

political and military strategists of different nations. A complex situation has been made more so by the internal changes in China which have only hardened the outlook of the Chinese leaders. China, therefore, remains a big question mark in the seventies. She may only bark at and not bite the big powers, but one cannot be sure of what she will do in relation to India. It seems that so long as China is not sure of the viability of the social and economic system that she is building, her leaders would continue to look at India with suspicion and hostility and would not be averse to encouraging Pakistan to keep up the tension in the sub-continent. It is difficult to see any change in the Chinese attitude even if Chinese communism heals the great schism between it and the Russian communism, which indeed is highly problematical. Although the commitment of the super powers to maintain stability and peace in West Asia and in South East Asia would appear to reduce the danger of a nuclear war, there are serious limitations as far as prevention of conventional armed conflicts between nations in this region is concerned. The reason is simple. Some nations are not satisfied with the status-quo, for whatever reasons.

In this situation there can be no escape for India from a continuous building up of her armed strength. No security plan will ever deter Pakistan from adventurous action if such action seems to promise the realisation of her ambition in Jammu & Kashmir. Our defence preparedness has to take into account the rapid technological changes in the production of modern sophisticated weapons. A great deal has been done in reorienting our armed forces to the changing requirements. However, much remains to be done. Even more needs to be done to develop indigenous skills so that our dependence on great Powers is reduced as quickly as possible. What we really need is a massive application of indigenous science and technology to our defence. With all this, the concept of a large land army is not obsolete. It must not be forgotten that for a long time to come the pattern of conventional warfare in areas of the world will not undergo any basic qualitative change. Therefore, any defence thinking, which would emphasise mere technology at the expense of numbers and morale will prove inadequate.

But should we be satisfied with greater refinement of conventional weapons, however sophisticated they may be? Is there

a case for equipping our armed forces with atomic warheads? I think the demand for nuclear capability for the armed forces is misconceived. Fundamentally it is misconceived because India, as a nation, has no aggressive designs. Our aim is to keep intact the territorial integrity of India. This sets the framework of the strategy. In this field then we need no new strategy but a vigorous emphasis on armaments and equipment. Also a certain long range policy orientation to take advantage of the developing situation in Asia in our relationship with China. I have no doubt that any progress towards a solution of the problems between China and India, consistent with our self-respect and national interest, would be to the advantage of both the countries where such a great deal needs to be done for the social and economic betterment of the people.

This brings us to the second element in our over-all political strategy. The seventies must witness a purposeful effort to realise the ideal of social and economic justice incorporated in the Constitution. In this field a new strategy is called for. We have seen that even though the Five Year Plans and the social and economic legislation during the fifties and the sixties contained certain safeguards against unchecked concentration of economic power in the hands of a very small minority and a certain degree of protection to the vulnerable sections of the national community, in practice the legislation as also the process of development have, in fact, emphasised growth at the expense of social justice. It is true that economic growth implies, in an underdeveloped country, a postponement of current satisfactions for future prosperity. It is also true that the effort for national economic development needs a massive mobilisation of internal resources from all sections of the people. Any attempt to maximise a more even distribution of income without tapping the maximum possible saving level of the community will lead us nowhere. But a stage has come when the hardships involved in the process of development have to be shared, as far as possible, by all sections of the community. If current consumption has to be postponed, then it must not only be for those whose consumption levels are already the lowest in the world. A great deal is still possible to increase the area and the range of public services which benefit all and to restrict the area of private affluence. For example, education, health, transport and cultural services can be increased

manifold so as to reach the neglected humanity in India, even if this means a drastic reduction in the luxury consumption of the economically better off classes. In other words, a sound incomes policy related to social objectives is imperative, if we want to combine rapid growth with a new deal for those who have suffered long and without hope.

The elements of the new strategy are already visible in the bold move to nationalise the banks. This, however, can only be a beginning towards a faster march in the right direction. It has to be followed up by increasing attention to the development of the industrially backward areas, to the needs of millions of under-protected tenants in agriculture, to the encouragement of small industry with a modern technological bias, preferably in the co-operative sector, and to the effort to tackle the problem of unemployment and disguised unemployment. Productivity in agriculture has to be increased by bringing the vast majority of tenants and small land holders into the technological revolution which has so far touched only a small fraction of the village population. It is possible to rally the nation for a supreme effort to break the vicious circle of low savings, low productivity and low income if we can put into action the bold strategy of socialist reconstruction.

The people at large have eagerly seen in the move to nationalise the banks the beginning of a new economic advance. However, the logic of nationalisation is basically the logic of large scale mobilisation of resources. Unless this is grasped, we will falter and dissipate the enthusiasm that has been generated. Only if this is grasped shall we be in a position to provide a national minimum to all sections of our population. Without providing the national minimum in the matter of food, clothing, shelter and education, we cannot hope to harness the boundless potential for growth that exists in this country. We have to do these things quickly or else we may not be in a position to do them at all.

Let us turn now to the specifics of the development of political ideas, institutions and parties in the seventies. It is clear that they will have to be in tune with the broad design of defence effort. On this at least there will have to be a national consensus without which it is not possible to make the heavy investment required for safeguarding national security against external aggression. There are also two other areas in which it is desirable to secure

maximum agreement between all the political parties in the country.

The first is the whole range of political and administrative policies for preserving and strengthening our hard-won unity. We have a number of obstacles in the way of nation building. In some ways they are a product of our long history. But the very process of social and economic development has also created new focal points of tension. Communalism is one of the most difficult problems we face. Manifestations of communalism, particularly in the form of violent conflicts resulting in the tragic loss of many innocent lives and property, are a daily reminder of the unfinished task of building the nation on modern secular lines. We have to remember that unless religion is accepted by the people as a matter of individual's personal faith and belief, not affecting his social, economic or political status in the country, the very foundations of our Constitution viz. common citizenship, common rights and common obligations, will be undermined. The country paid a terrible price, in the aftermath of the partition, when a section of our people equated religion with nation. One would have thought that we would have learnt our lessons from that catastrophe. The continuing eruptions of the rash of communal violence across the country is, however, a sad reminder to the fact that it is not so.

There cannot be any doubt that India as a nation cannot survive if the communal virus is not rooted out for ever, and the idea of secularism is not translated into reality. In 1947, we gave to ourselves a new idea of the State which did not patronise this or that religion, which was not associated with the religious values of a particular community, but which conferred equal rights, and imposed equal obligation on all, irrespective of their religious convictions. Though the ground for acceptance of this idea had been prepared carefully by our great leaders during the freedom struggle, traces of older attitudes and values survive and make it difficult to establish a truly secular approach to problems of society and of Government.

In the seventies, a determined effort has to be made in two directions. There is the vital task of preventing communal violence. All political parties have to make a joint effort to help the administration to put down with a firm hand elements which fan communal hatred and incite people to kill and to injure each

other. The administration itself has to be streamlined so that it can deal effectively with communal forces. But there is the other and even more important task from the long term point of view. This is a battle on the plane of ideas. The Gandhi Centenary celebrations, which will go on into 1970, have tremendous relevance as an educative force in the cause of spreading the gospel of secularism. We have to mobilise all the creative resources of our people, through literature, films, theatre, and through our tens of hundreds of schools and universities to combat the false ideas of nationalism of a bygone era. The doctrine of the Hindu Rashtra, as also that of Huqumat-e-Ilahiya, have to be fought intellectually and the minds of men have to be won over to the rational and the scientific conception of the secular Indian State. Unfortunately this aspect has not had the attention it deserved. Unless we join the battle squarely with those whose thinking is anchored in the past, we will not succeed in building a future free from senseless strife on account of religion. The strategy for the seventies should be related to this creative challenge.

The second area in which maximum agreement is required lies in our commitment to a free democratic society. Here again there are two dangers, one arising from the increasing tendency to resort to violence for the satisfaction of grievances, and the second from the growth of movements and ideologies which are totally opposed to democratic parliamentary institutions. Both these aspects need serious attention in the context of the problems that are likely to arise in the seventies.

If we embark, as we must, on a well-conceived programme of radical transformation of the social and economic structure in the seventies, it is inevitable that people will be required to work hard and in a disciplined manner. They will also be required to bear with courage and with hope, the hardships that a swifter rate of development will impose. For let us not delude ourselves into thinking we can achieve faster rates of industrial and agricultural growth without pain. In a democratic set up various groups will inevitably articulate their interests and aspirations. There will also be clash of ideas. That is how it should be. It is only through such a process that a whole range of options can be set out before the people who, in the ultimate analysis, must make their decisions. That is the way to make our democracy a living reality. But this process presupposes that the clash of

interests and ideas will be in conference halls, public platforms and ultimately in the minds of the people, and that there will be no attempt to resort to violence, to forcibly enforce acceptance of any idea or dogma. Ascendancy of the language of violence in the streets will inevitably endanger political institutions of the free society that we have built up and so jealously preserved over the last two decades. Lest this whole problem is shrugged off as falling squarely within the realm of administration's responsibility, let me make it clear that violence met by counter-violence does not lead to peace. It only serves in alienating the administration from the people. What is required, therefore, is an administrative machinery more sensitive to its responsibilities in the complex and fast changing situation, and a national consensus on the methods and techniques of protest and dissent. Protest is an essential, indeed, a sacred element of a free society. But peace is no less vital if the poor millions of India have to have a reasonably hopeful future, in not too distant a time.

The second danger is more difficult to meet, because in this case violence is not a manifestation of a momentary loss of balance or a spontaneous reaction of a baffled and angry mind to a difficult situation. In this case violence owes its birth to deeply held convictions about ways and means of bringing about social, economic and political changes. Fortunately for us, the groups who believe in this ideology are small and fragmented. But it is also because of this that there is the danger of their potential for mischief being underestimated. The political parties in India will be making a serious mistake if they were to rely exclusively on the armed strength of the State for putting down such groups. As in the case of communal attitudes and values, a determined effort has to be made to change the ideas that people believe in. Violence in the pursuit of an ideology arises first in the minds of men and it is in the minds of men that the superiority of the democratic system will have to be established.

I have not dealt advisedly with the kind of changes that should occur in the political parties. For one thing, it is difficult to speak about political parties other than the one to which one belongs. However, it may be better to indicate in very broad outline the changes that are necessary in the style of functioning of political parties, and in the ideas and programmes which govern their behaviour. It has been said that the Fourth General Elections

brought to an end the era of one party dominance. There is little doubt that the elections in 1967 brought about a qualitative change in the Indian politics. Nevertheless, questions like coalitions in a multi-party system appear secondary to the central tasks before the political parties in the seventies.

I look upon the period since 1967 essentially as a period of transition, in which the emergence of new social and economic forces in the last two decades has compelled parties to search for new identities based upon a greater ideological clarity and a greater programmatic cohesion. It is because this process is taking place swiftly in some parties and not so swiftly in others, that we are witnessing a certain loosening of the norms of internal party behaviour. Defections from political parties were a facet of the same phenomenon. In my view political parties in the seventies will have to shed the kind of ideological amorphousness which had come to characterise them in the last two decades. There has to be a closer connection between the social and economic tasks of the seventies and their political expression in the ideologies and programmes of the political parties. This may happen deliberately or by the interplay of factors among which it is some times not easy to distinguish the essential from the extraneous. One can, however, have no doubt that unless clearer outlines of party ideologies and programmes are presented before the people, the party system may suffer. I see encouraging trends in the party system despite the confusion that appears to prevail today. A process of analysis and introspection is going on in all parties. As a result of this I think the politics of the seventies will be more closely related to the urgent questions of social and economic policy, not only in thought but also in action.

There are people who wonder whether our democratic system will be able to perform the complex and challenging tasks of the seventies. Some are openly sceptical in view of the trends of violence and of the growth of ideologies repudiating parliamentary system. The happenings of the last two and a half years, particularly the large scale defections and disorders in our legislatures seem to have aroused a great deal of pessimism. While I do not wish to minimise the significance of these factors for our still young democracy, I do feel that the critics have not given due credit to the fact that despite serious social and economic tensions following the successive droughts, the country held the

General Elections in 1967 more or less peacefully, and with a large voter turn out. Similarly the mid-term elections in four large States were conducted in 1969 in a largely peaceful manner. These elections demonstrate the deep-rooted commitment of the Indian people to the processes of democratic government. Again, even though there were serious differences between political parties on some constitutional decisions taken in 1967, the great political debates on issues like Centre-State relations, the powers of the Governor, and the political defections were carried on in terms of the Constitution. I think if we consider the situation in this perspective, there is no cause for undue pessimism. In fact there are some signs that some political parties which initially started with a great deal of hostility towards the constitutional system are gradually adjusting themselves to the requirements of the parliamentary government. Of course such adjustment is not easy owing to the nature of their ideology, but the point is that efforts are being made. Therefore, I am not unduly worried by the pronouncements of the death of Indian democracy which indeed appears to me to be a young but virile plant, and it shall not be uprooted by every passing wind.

These, in brief, are some answers to the questions that I posed in the beginning. It is the nature of politics of a democratic society that no final answers can be given. In any case, final solutions have a very odious ring. What all of us can reasonably work for is to try and to resolve the conflicts inevitable in a free society with the help of reason and to preserve always our faith in the values of rational debate and persuasion. For these are the conditions of freedom.

The Tasks Before Youth

WHEN I SPEAK about youth, naturally I am reminded of my young days, and when we talk about the frustration of the present generation I again think of the old days. I knew the thinking of youth of my generation. That generation was inspired by certain ideals. The atmosphere was then surcharged with feelings of patriotism, sacrifice and many such noble thoughts. But when I look back, I remember that even then, there were only a few among young men who were fired with an urge to work and to make sacrifices for the country. I felt gloomy when I thought that, when the whole country was seized of a patriotic urge, the generation for whom we were struggling and fighting for was thinking of routine affairs. The gloom, however, never lasted long because I used to realise that such was the nature of young people. I found out that young men while interested in their day to day affairs, had equally strong feelings about the national affairs too. I personally, therefore, do not think there is anything basically wrong with the present generation. They may talk about certain things and move about in a particular way, but that does not mean that there is anything basically wrong with the younger people. What is necessary is that we must reach to them, talk to them, make an appeal to them, find out the best elements in them and give them programmes which can channelise their energies in a positive way. It is only then that we can lead them to achieve the goals that the nation has set before itself.

I am asked about the tasks before the younger generation. These tasks can be thought of in terms of challenges of the pre-

sent day. What are these challenges? In a general way, these could be classified into four categories:

- (i) economic challenges;
- (ii) sociological challenges;
- (iii) external challenges; and
- (iv) political challenges.

When I say political challenges, I am not talking in terms of political parties, but the general challenges in the political field of the country.

What are the economic challenges? The basic economic challenge before our country is the challenge of growth. We fought the British rule not merely to change the form of government but really to seize an opportunity to change ourselves. The British rulers came here because they were stronger and more disciplined people, and what counted most was that they had a superior technology. So, really speaking, when we were trying to throw out the Britishers, our idea was that, with the help of our own rule, we should change ourselves, our own life, our way of thinking, and achieve a modern and technically advanced civilization. When I say this, please do not misunderstand me. I am not making any suggestion that our civilization of the ancient times was inferior.

Naturally, the minimum that we expect to achieve is to satisfy the primary needs of the people like food, clothing, shelter, education and health. This basic task for which we fought the Britishers still remains unfulfilled. After attaining independence and forming a National Government, we seem to have succeeded in evolving a formula for ourselves, which is to leave everything to the Government and to believe that this agency would do everything for us. But certainly we cannot achieve progress in this way. Even to achieve the minimum programme, the energy of the entire nation has to be channelised. It is not enough that I draw up a certain plan and put a target before myself and ask some administrative machinery to work it out. Little is going to be achieved that way. There has to be a basic change in our methods of production and in our way of thinking and approach, without which the transformation cannot come about. To achieve economic objectives, it is not enough that we run the Govern-

ment in a particular way, wedded to a certain type of programme. What is urgently needed is a change in the attitude of our entire people. Whether our younger people are aware of this is really the major challenge in the economic field as far as I see it.

What are the challenges in the social field? I must say, we are as orthodox a country today as we were hundred years before. We are still divided on the basis of castes, sub-castes, religions, regions, languages and dialects and what not. These divisive forces, which were really responsible for keeping India depressed and suppressed for a long time in its history, are not only at work but possibly are increasing in intensity and size. This is one of the greatest challenges to the younger people.

Before 1920, in this country, all the great men that our modern history produced were young. I can mention a few names of those whom Gandhiji collected around himself; Rajendra Babu, Desh Bandhu Das, Motilal Nehru, Satyendra Nath Das, Vallabhbai Patel and Maulana Azad. They were men who were not only capable of leading their states and their country, but if I can speak in terms of capabilities, they were capable of leading continents in their own rights. They could have become anything they liked. But they decided to sacrifice their lives for the country. That was the feeling among the younger generation then. Why is it that we do not have it now? We have to create that feeling amongst ourselves and then instill it in the young men. The concept of one India, Bharat Mata, really speaking, attracted the people then and made them think above caste, language and religion. If that happened then, it can happen now also. Whenever I go to different parts of the country today, I see the younger generation still thinking in terms of narrow loyalties. It is an unfortunate thing. These are the lesser appeals that are working on us because we are yet to make an impact and challenge the conventional influences which have been working on us for generations. We are yet to take the people out of the old ruts and make them think in terms of the modern world, the modern forces and a modern India. Such a renaissance, though it has come about politically, is yet to be experienced in the social field. I am not under-estimating the modern way of living as evident in the form of better dresses, modern facilities like television, radio, film, etc. But the basic thing is that unless we bring about a revolutionary change in the outlook of our people, we are not going

to take the country out of the old ruts. This is the sociological challenge.

Then, there is the external challenge. I think this is a very well-known subject. You know the external challenges, whatever they are — the Chinese challenge, Pakistani challenge, etc. I hope our younger people will get accustomed to this feeling, because these challenges are going to remain for a considerable time. It is not something like a storm that has come and is going to blow over in a short time. Possibly, we shall have to learn to live with this challenge and to fight with it. I am not thinking of fighting in a military sense. When there is a challenge, we must learn to fight in terms of increasing our own strength, qualities, character and our overall national strength. This is another field where the challenge can be taken up only by the young people. The elder people can possibly dream about it or write about it. But if anybody can do anything about these matters, it is the younger people. I am not thinking in terms of merely asking youngmen to go and join the armed forces. What I want is that the younger people should think about these problems in all their aspects and educate themselves, so that the nation's strategy in the field of defence grows out of experience and understanding of the men, material, geography and other interests. A nation's defence strategy does not fall from the sky. It is only when the younger people think about these challenges and realise that the challenges have to be met with their own strength and imagination, that they can evolve a strategy.

The fourth type of challenge lies in the political field. There are two basic challenges today; one is to the unity of India and the second to the democratic way of life. I have no doubt in my mind that centrifugal forces are at work. People naturally start thinking about the differences in our national life. Personally, I am not afraid of them. Natural differences and geographical differences are bound to exist, because the country is so vast and so full of variety. We feel that we know India very well. I myself used to feel very proud about my own knowledge of India, but when I had an occasion to travel from one corner of the country to another, I realised how little I knew India. It is vast country full of varieties. India, on the bank of Sindhu near Leh, is quite different from India on the bank of Brahmaputra and both are quite different from what one sees on the banks of Krishna and

Kaveri. The vastness of the country creates tremendous problems. But without these problems, there would be no challenges. The problems are there and they are going to remain there. When we are living and growing — and we have to grow constantly — there will be problems. The point is whether we are in a position to see these problems in their proper perspective and accept the challenges and try to meet them. As a result of these challenges, difficulties and problems, there will be tensions. Unfortunately, these tensions are exploited by the divisive forces. There is nothing wrong if a part of a country wants its development, if it wants a new harbour or a new plant. It is a very natural aspiration. The point is that while trying to achieve them, are we going to be the instruments of the divisive forces or are we going to adopt a positive approach? We must see these problems in their proper perspective and try to find solutions for them in a practical way. These solutions will have to be thought of by us as Indians and not merely as members of a linguistic group or a regional group. The great quality of Gandhiji and Nehru was that they thought in terms of India. It is not enough to say that India is a geographical entity and is one country under one Constitution. This is, no doubt, true and we are going to preserve it, whatever may be the sacrifices. But the basic challenge is to create a feeling of oneness among the people of this country. Unless some determined group of people dedicate themselves to these ideals and the tasks, India is not going to go ahead.

The second challenge in the political field is the challenge to the democratic way of life. When we are talking of economic progress or removal of disparities, we talk of equality of individuals also. But at the same time, an individual must remain an individual. The right to think freely and act freely is a basic concept of democracy. It is enshrined in our Constitution. Every individual, as a person, has a right to aspire for higher things. This basic concept will have to be worked out with caution, care, confidence and straight-forwardness.

I have mentioned a series of challenges in different fields. The younger generation will have to think about them, perhaps in their own way, but always with a constructive and modern approach, and then possibly they can assign themselves the tasks to be tackled. The field is so vast that I do not think one individual can accept all the challenges. One can make choices. No one

need think that he is not big enough to meet the challenges. No one is born big. We were all small, but there were big challenges and big problems before us and it is only the courage to grapple with these big challenges that made us big enough to meet them. This attitude of accepting a challenge brings out the best qualities in an individual and this mental preparedness to accept the challenges is the basic decision that the younger people should take.

I define young people not merely in terms of age, but also on the basis of their capacity to accept a challenge and face it. That, really speaking, decides whether a man is young or old. Tilak was asked, after he had lost his case in the Privy Council, whether he had also lost his heart and courage. Tilak's reply was, "I cannot lose courage. I belong to a generation which, if the skies fall, will stand on those fallen skies and still go on fighting". That is the badge which the younger people should always wear. A young man should always look for challenges, keep his courage and have ideals. A young man without an ideal is not a young man. A young man without dreams is not a young man. He must have the capacity and the courage not only to dream but also to make efforts to convert those dreams into realities. If the youth does that, I am sure, the greater India of our dreams will become a reality.

National Integration

THE CONCEPT OF national integration is founded not upon the premise or apprehension of an imminent or eventual disintegration, but upon the recognition of the need of placing before the people the positive values that give quality and meaning to the rich cultural, religious and linguistic diversities that distinguish this country. These values derive from that part of our heritage which is marked by harmony and tolerance, our common citizenship, our secular ideals and principles and what I might call for want of a better word, the "Indianness" that acts as a unifying bond through the length and breadth of this subcontinent. By keeping the idea of national integration to the fore, we hope to give impetus to a psychological process that will see unity in diversity, that will harmonise differences and contribute towards the building of a modern and secular society on principles of equality and fraternity. Such a process will encompass a variety of spheres: efforts will be necessary in the fields of education, politics, administration, community living, and so on. Essentially what this process would amount to will be to prepare men's minds to receive and to adapt themselves to the elements of the new modern society, that is, rationality and science, combined with an awareness of the ethical and moral values of freedom, equality, a national conscience as well as consciousness, and to resist and combat the passions that are unleashed either by design or by ignorance in the name of the very diversity that should be properly taken as enriching and vitalising our national life.

The fundamental question before India today is the transformation of an old society marked by many cleavages into one where the disparate elements are welded into an organic whole, giving sustenance and strength to one another. In these 20 years of modernising process, we have had our share of these strains manifesting themselves in various undesirable forms — a proneness to take issues to the streets, a low flash-point of violence, group tensions, regional jealousies, etc. While I do not want to take a complacent view of what we see around us, I do not also subscribe to the view of some alarmists that the country is going to pieces and will not endure. Even in countries, more affluent and with more deeply rooted consciousness of civil and social responsibilities, lawlessness and violence — and generally the strains that occur in a fast-changing world — are not unknown. The violent race riots in England a few years ago and the summer violence and the continuing racial tension in the United States, and the recent wave of disturbances and strikes in France show how difficult are the problems posed by economic and political transition and by the challenges of modernism. A country such as ours which has to make up for the neglect and exploitation of centuries in a few short decades will certainly have its path paved with formidable challenges. These need not, and will not, frighten us. These will have to be seen in a historical perspective, and to be dealt with in the light of objectives and direction chosen by ourselves.

It is here that we note a significant fact of our national life on which people do not lay the emphasis that it deserves. And that is, whatever our differences in politics and in general approaches in other fields of activity — these differences being themselves an indication of the vitality, dynamism and ferment in the nation — the fundamental objective that is not only accepted, but taken for granted by all of us, is to keep this nation one and strong. In all my experience with different political, cultural and linguistic groups, I have never come across anyone who has questioned this fundamental objective. Therefore, we have a good foundation on which to build and would have only ourselves to blame if we fail to grasp the opportunity offered to us.

Communalism and regionalism perhaps provide an almost perfect antithesis to national integration and, therefore, in a manner of speaking, it appears to me that they became fit subjects

for examination at the recent meeting of the National Integration Council at Srinagar.

There is cause for concern at the increase of tensions between Hindus and Muslims in the last 2½ years. It is not simply that a large number of incidents have taken place in 1966, 1967 and the first six months of 1968. States, which were formerly comparatively free from communal tension, like Mysore and Kerala have been affected. In 1967 communal tension also manifested itself in Jammu & Kashmir, a State noted for harmonious and peaceful relations between the two communities. There have been some serious disturbances, the one at Ranchi last year involving heavy loss of life, and others at Meerut, Allahabad, Karimganj and Nagpur resulting in a number of deaths.

There is the other problem — regionalism — whose potentiality for harm is also great. There have been jealousies and tensions over location of industries, employment and other economic opportunities, sharing of waters, boundary disputes and reorganisation of States. In a country of the size of India in which social, economic and industrial progress is not uniform in all parts, tensions over economic opportunities may arise. But they have to be checked and removed. The participants on either side of a debate affecting two regions may advocate a cause which they consider to be right but they should never lose the national perspective and their sense of proportion.

A matter of considerable concern and anxiety is the coming into being of numerous Senas and volunteer organisations in different parts of the country in a short period of three years or so. The latest count puts them around 60. An analysis of features that they share in common is interesting. The first is that they are usually founded upon a sense of grievance resulting from imbalances in economic development or inadequacy of employment opportunities or fear of domination, real or imagined, for one-group over another. The second is an aggressive cultural or group-consciousness leading to the placing of disproportionate emphasis on the well-being and recognition of one group even to the exclusion or rejection of the interests of the other groups. The third is the remarkably short period within which they have emerged as a perceptible factor in local politics or local group programme, because they forcefully articulate existing feeling of neglect, justified or unjustified. The fourth is the emphasis

that some of them place on training, discipline and zealous propagation of their objects by deployment of their volunteers, frequent public meetings, poster campaigns, demonstrations and so on. Some of these Senas and their philosophy deserve severe condemnation, and there is urgent need for effective action to curb their activities.

The important question at this stage is not simply the quantitative increase in the number of incidents or the geographical spread of the tensions, or the causes and effects of regional animosities. The central question is how to create confidence and trust in the minority community — whether religious, linguistic or ethnic — with regard to the secular character of Indian polity and the earnestness of governmental and political institutions in making the ideals and rights enshrined in the Constitution a living reality for the common people. There has been failure to a certain extent on the part of the forces of secularism to assert themselves against communal forces. There are a number of causes and all of us, whether in political parties, or in Government or in towns and villages, will have to realise and discharge our responsibility to arrest the unhealthy trends. Particularly in the politics in a secular State, the effort should be to organise people for advancing causes, interests and ideas which are not the causes, interests and ideas of religious communities as such.

The central task which faces the leadership in the country — and by leadership I mean not merely governmental leadership but leadership in all walks of life — is the creation and sustenance of an atmosphere in which the problems, policies and issues in the country will be seen and discussed not from a Hindu or a Muslim angle or from the angles of North or South but from a common Indian angle. In other words the task is to consciously reduce and finally eliminate the distance that separates communities and regions in the endeavour to build a truly modern and secular society. It is not suggested that this should mean the disappearance of the special cultural and religious traditions of any community. This, in fact, is what lends variety and richness to Indian culture, and I for one would be sorry to see this variety and richness go from our midst. It is, however, the duty of the intelligentsia of all communities to see that they come to terms with the imperatives of change in a world where decisive events are being shaped not by theology but by science and technology.

In relation to the communal situation, the newspapers and periodicals have an exceedingly important role to play. I do not suggest that they should, by any manner or means, try to suppress anything. At the same time, they have a great responsibility to view the events objectively, once again from a common frame of reference. More than ordinary care is required to sift the facts. In times of tension and trouble, all kinds of rumours get afloat and it does not do credit to responsible journalism to give currency to such rumours by according them space in the newspapers and by writing editorial comments on that basis. At the same time, any injustice or wrong has to be exposed so that the conscience of the entire national community is roused. This can happen only if there is scrupulous regard for facts. Without sacrificing objectivity in reporting any situation and in organising opinion for redressal of genuine grievances, it should be possible not to subordinate the wider objectives of national integration to the demands of a passing local situation. In any case it is the solemn duty of every one to see that nothing is said or done which would inflame feelings between communities.

It is a matter of great satisfaction, which also holds out a promise of hope, that the recent meeting of the National Integration Council at Srinagar has given a clear lead to the people of this country on the political, social, educational and administrative measures necessary as a first step towards eradicating the divisive forces that have been plaguing our society. What is of the greatest significance is not so much the recommendations as the emergence of a broad national front cutting across party lines in dealing with the threats to national unity and solidarity. The sincerity of purpose and dedication to the cause of unity that characterised the deliberations of the Council are perhaps the greatest contribution of the Srinagar meeting to the task of reversing the unhealthy trends witnessed in recent years.

The Declaration of Objectives issued by the Council is a document that beckons to all citizens, and, in the words of the Prime Minister, to all that is decent and rational in the nation's life, to rally round the great ideals of tolerance, harmony and goodwill for which this country has unswervingly stood over the many millennia of its history; indeed if the Declaration is implemented in the spirit in which it has been conceived, it could be the starting point for a mass movement in the cause of national integration.

Administration for Public Good

AT THE OUTSET, I would like to take this opportunity to pay my homage to the memory of late Shri Harish Chandra Mathur whose name this Institute now bears. This is the most befitting memorial to Shri Mathur. He was a distinguished leader with great administrative acumen which he put to use for the welfare of the people. With his insight into the problems of development and his deep and abiding concern for the poor and the down-trodden, he had some valuable ideas on the question of administrative set-up for the country. The rich and varied experience of Shri Mathur in the field of public administration was widely drawn upon by the Government. Frequently, his services were sought on Committees and Commissions. The most important of these was the Administrative Reforms Commission. Shri Mathur contributed significantly to the work of the Commission. I hope that the association of his name with the Institute would inspire the trainees to keep the ideal of service of the people before them.

I am glad to find that you propose to discuss the personnel problem and policies in the context of the state administration. In a sense, the problems of State administration are qualitatively different from those of the Central Government. By its very nature, the state administration is more closely associated with the common masses of this huge country and as a result reflects their hopes and aspirations, their frustrations and elation much more effectively. It is also more responsive to the day to day needs of the people. And this is as it should be. In a way, the problems of the central administrative set-up are somewhat dif-

ferent. Though complex and important, the Central administration is somewhat removed from the masses for whose welfare it has to function purposefully. This aspect has to be carefully borne in mind by those concerned with decision-making at the central level. I am glad you have chosen for your discussion an important field in which so much needs to be done. I am sure other State Governments will follow your lead. There is a great deal to learn by this free and frank exchange of views among senior administrators who man a variety of posts in the state administration. I am also happy to find that you are associating with your deliberations distinguished persons from the academic field as also those from Central Government.

When we look back upon the administrative set-up and its growth during the last two decades, we find a significant shift in the emphasis from law and order administration to a welfare administration. This is as it should be in a developing country which is undergoing revolutionary social, political and economic change within a democratic frame-work. But when we look around, we find a disquieting and disturbing trend towards growing violence in the country. There is an increasing tendency to take issues to the streets. In a democracy, violent means have no place in decision-making processes. Democracy stands for a continuous dialogue, discussion and debate on various issues which face us as a nation. The increase in violence, whether due to communal, regional or economic causes, can cut at the very root of our progress and stability. I would, therefore, like to urge that though the problems of growth and welfare are important, the problems of law and order are equally important if not more important. I am sure our administrators will be able to meet this challenge of violence with firmness coupled with tact, patience and understanding. I mentioned this aspect of the problem mainly because in all our discussions of developmental administration, we tend to take law and order for granted. But no super-structure of progress and prosperity can be possible unless we have peace and stability in the society. This is more so when we are in the midst of significant social and economic changes. Any change does lead to resistance from sections of society which are affected by it. This is as true in matters like removal of untouchability and money-lending practices as in agricultural, economic, educational or industrial sectors. A deep and human

understanding of these processes of action and reaction so as to deal with them with tact and patience is an important task before the administration today. I am sure, we will meet this challenge with fortitude and courage of conviction.

I briefly referred to the problems of developmental administration earlier. As Napoleon had said, war is easy; it is waging it that is difficult. This is equally true in another but a more real context. A war against poverty, squalor and misery is easy, it is waging it that is difficult. An organised attempt to plan a country's development introduces new and unfamiliar entrepreneurial and managerial tasks on an unprecedented scale. Few developing countries can cope with these administrative problems successfully over a substantial length of time. These problems are so complex that in most of the developing countries, the limitation in implementing the plans is not the financial resources, but achieving democratic socialism.

Since independence, administration had to contend with several intricate and difficult problems and situations. We have, no doubt, been able to deal with some of them effectively. But a great deal remains to be done specially in the social and economic fields where radical changes are necessary and that too at a quick pace. Any complacency and short-sightedness in the area of administration are bound to have far-reaching repercussions on our goal of achieving democratic socialism.

One basic requirement in any good administration is an understanding of the problems of the common man. The administration has to be in tune with the larger goal of social and economic welfare. I am glad to find that over the last few years more and more of our administrators are being recruited from the middle and lower middle classes as also from the poorer sections of the society. This is a healthy change because these are the people who live the lives of privation and difficulties and they are bound to be more responsive to the hopes and aspirations of the people. The distance between an administrator and a common man must be removed if the administration has to work as an effective tool for social and economic transformation. This is as much true of administrative personnel in the field as of that at the secretariat. If realistic and pragmatic policies and programmes are to emerge, it is necessary that the administrator comes to grips with the urgent and basic problems of the people.

The concept of public services, their functioning and their role has undergone a change with the recent decision of bank nationalisation. With this measure, an important instrument of change has now become available to us. In a sense, this measure is not only economic but also administrative and social. I would call it a water-shed in the administrative history of our country. With this and other changes which would follow in years to come, the public sector or the governmental sphere will enlarge substantially. To man these posts in diverse fields — economic, social and educational — qualified and talented man-power in various walks of life will have to be harnessed. As I see it, the problem will no more be lack of opportunities but will be lack of qualified and experienced man-power. And this can be a serious bottleneck in the process of planning. I would, therefore, urge that any controversy over non-availability of opportunities will be unreal in the new context. At the same time, I would underline that the problems of administration are becoming increasingly complex and would require some deeper understanding, specialisation and expertise. This would essentially imply some serious thinking on the question of placement and career planning. There will have to be some conscious thinking on this question both in the State Governments and the Central Government. Frequent changes from one type of job to another will have to be avoided as a matter of policy. As I said earlier, we must make the best use of trained and qualified man-power available to us in the diverse fields of activity.

I would like to make a brief mention of another aspect of administration. This relates to the decentralisation of administration. As we all know, we ushered in the Panchayati Raj in various States with a great deal of enthusiasm. Unfortunately, the initial enthusiasm has subsided over a period of time. Yours was one State where the new set-up was introduced with a courage of conviction and a commitment to the cause of democracy. Maharashtra, Gujarat and some other States also introduced these new institutions of Panchayati Raj. In view of the experience of the last few years, a constant review and analysis of the results achieved so far will be necessary to improve upon the present system and to modify it. I am one of those who believe that any concentration of power, whether economic or administrative, will be against the very basic concept of democratic socialism. When I

refer to the concentration of administrative power, I have in mind the whole gamut of governmental set-up both in the field and the secretariat. There is a great deal to learn from the experience of Panchayati Raj institutions. Delegation of powers and functions and encouragement to independent decision-making by officers at various levels can go a long way in speeding up the developmental activities.

We often find that, unfortunately, the idea of democratic decentralisation is ridiculed as distribution of political patronage. I am afraid this will be an entirely wrong approach to the problem. Our war against poverty, inaction, social inequalities and economic ills is going to be a long and arduous one. There is no parallel for this gigantic effort in any country at any time in human history. This task cannot be performed by a handful of people, howsoever imaginative, gifted and talented they may be. The only way to achieve our aim speedily will be by the creation of a sense of involvement in the people at all levels and making them responsible for the tasks small and big in the nation-building effort. In a sense, this will call for a great deal of ingenuity and adaptation on our part. We should, no doubt, learn from the experiences of others. We must also be receptive to new ideas and advances made in the field of public administration. But an uncritical acceptance of the administrative practices followed in advanced countries is not likely to make our task of development any easier. In fact it may complicate it further. This is as true of imported technology and innovations in industry as in administration.

I must also refer briefly to the problem of training. The training of administrators for the variety of tasks they will be called upon to perform is very important in conditioning the minds of the young administrators. Even talented and intelligent recruits to the public services can be ineffective if not trained with a great deal of care. Comprehensive training programmes are inevitable in any scheme of sound administrative structure. However, mere initial post-entry training is not enough; programmes have to be devised for mid-career training and for training of senior administrators. A free and frank exchange of views regarding experiences and situations by administrators, not only with their colleagues but also with leading men drawn from various walks of life, can be a rewarding experience for the participants. It can also bring in a

fresh breeze of new ideas and approaches to the problems of the people.

I have briefly touched upon some major problems which face us in the administration field today. You will be discussing some other questions pertaining to promotions, career planning, performance appraisal, etc. in the next few days. These are of vital significance. I have no doubt that with your experience, knowledge and understanding, you will be able to do justice to them.

National Solidarity

WHEN WE TALK of national integration and the emergent need for creating a national consciousness about our unity and solidarity, it is not, let me make it clear, founded upon any apprehension of an imminent or eventual disintegration of the country. Basically what we aim to achieve is to make the people aware of the positive values of our cultural, religious and linguistic diversities so that these are viewed in proper perspective. Viewed thus, these diversities not only lend a richness to our heritage but constitute the fountain source of its strength.

The fundamental task that befell us after the attainment of independence was the transformation of a cleavage ridden society, with its deeply embedded ideas of discrimination and privileges, into a modern society. These cleavages had to be welded before we could redesign the social fabric on the principle of equality of every human being. The process has been going on for the last 20 years. Significant progress has also been achieved in removing these ideas of discrimination and privileges through the spread of education and through a large measure of legislative action. But a lot still more remains to be done on the side of social action. Such an action is a necessary complement of all legislative measures if we seek to achieve a fundamental change in the outlook and attitudes of the people.

Every change, whatever be its nature, always finds resistance from those who believe in the status quo. This is particularly true in respect of such a radical social transformation that we seek to achieve. The vested interests that have enjoyed privileges for

centuries are bound to react sharply and resist the forces of change with all their might. During the last 20 years we have had our share of these strains manifesting themselves in various undesirable forms leading to violence, group tensions, caste and regional jealousies, etc. These unfortunate manifestations of intolerance and narrow loyalties seem to have been gaining strength during the last few days. It was in the light of this experience that the National Integration Council was revived. It evoked a positive response from almost all the political parties in the country. It is very gratifying and heartening that in the deliberations of the Council we discovered an unanimity of views about the task ahead. The declaration of objectives issued by the Council lays down in clear and specific terms the guidelines for our struggle against obscurantism.

As I see it, the process of change will have to be carried to a variety of spheres like education, politics, administration, community living and so on. Essentially the process would involve preparing the minds of our people to receive and adapt themselves to the elements of a new modern society based on rational thought. If we succeed in this, and succeed we must, we would be able to create a feeling of oneness among the people. The intolerance and narrow loyalties which create dangerous strains in the social fabric of the country cannot be dispelled unless rational thoughts and a sense of belonging to one nation reign supreme in the minds of the people.

I would like to make a special mention of certain tendencies which constitute a growing threat to the very basic idea of our democracy. We adopted the system of democratic government because such a government alone will be responsive to wishes of the people. Governmental policies and programmes can lead to fulfillment of people's desires and aspirations only when such a government is subject to their verdict. Democracy essentially involves a dialogue between the people to arrive at a consensus. It naturally presupposes the existence of differences of opinion. With the fullest possible freedom of thought and expression, each one of us is free to expound his own ideas about different problems and policies. But at the same time it presupposes tolerance on our part to put up with differences and also a discipline to respect the supreme position of the people as the court of last resort. A democracy will be thwarted by intolerance. Our recent

experience makes us apprehensive about the growth of this undesirable element. There seems to be an increasing proneness to take the issues to the streets and express disagreements in a violent manner. Appropriate action will have to be taken on a large scale to counter this threat. We will have to go all out to reach the people, to enlighten them and to convince them of the supreme position that discussions and debates enjoy in a democracy in reconciling differences.

Another factor which causes anxiety to all of us is the growth of regional outlook and narrow loyalties. Our history bears a sad but educative testimony to the fact that internal rivalries had always sapped the strength of our nation. Our first united fight as one nation was against the Britishers. When we won, we rejoiced in our independence. But after that we seem to be drifting apart. There seems to be a growing tendency in us to think more in terms of regions, castes, language groups, etc. than as a nation. Inter-regional rivalry could be welcome if it is healthy and leads to accelerated development of the country. But inter-regional hatred, which these mushrooming Senas seem to represent, is a threat to the basic concept of national solidarity.

Another problem which has been causing anxiety to us is the growing lack of communal and religious harmony. We have given to ourselves a secular Constitution. Secularism aims at treating religion as essentially a personal affair of the citizen and thus ensuring that public policies or the policies of the Government are not based on the dictates of temporal authorities. This naturally does not suit those who would like the Government policies to be based on religious dictums rather than on rational and scientific thoughts. There has of late been a spate of communal disturbances. On the majority community devolves a special responsibility to see that the minority communities do not have to live in a state of instability and fear. All of us, irrespective of our religion, caste and creed, are Indians and Indians alone. We should not allow our private and personal ideals and ideologies to disturb the fabric of the society. Our effort will have to be to create confidence and trust in the minority communities with regard to the secular character of the Indian polity and our earnestness in making the ideals enshrined in the Constitution a living reality for the common people. The corrective effort will have to encompass almost all the facets of national life.

The central task that faces the leadership in this country — and by leadership I mean not merely governmental leadership but leadership in all walks of life — is the creation and sustenance of an atmosphere in which the problems and policies are seen and discussed not from a Hindu or a Muslim angle or from the angles of this region or that region but from a common Indian angle. In other words, the basic objective is to create a feeling of Indianness in the minds of the people. That way alone can we hope to enrich the functioning of our democracy and to make the country, with all its diversities, a united one.

I have already referred to the lead given by the National Integration Council in this regard. The declaration of objectives issued by the Council is a document which should rouse us for creative effort based on rational thought. It invites the people to rally round the great ideals of tolerance, harmony and goodwill which have been the proud heritage of this country. It is for us to implement the declaration of the National Integration Council in the spirit in which it has been conceived.

Criminal Law and Contemporary Social Change

I AM SURE there could not be two opinions about the urgent need for an unbiased and uninhibited examination of the criminal law of the country. In several countries greater discussion and reformist action has taken place about the penal methods. Considerable thought has been devoted to discover what sort of a person the offender is and why he has broken the law and decide what to do with him. But hardly have men thought of critically examining the contents of that very law the existence of which alone makes it possible for the individual to commit an offence against it.

Even in comparison with the constitutional and civil law, the criminal law continues to suffer from neglect. And yet there could be no law so basic to the orderly existence and functioning of the Society. Ever since the dawn of civilization man has striven to evolve, through a system of customs and sanctions, norms of social behaviour. Historically also the function of the criminal law, as a system of sanctions, has been not only to maintain law and order—a fundamental pre-requisite for the very existence of an orderly society—but also to promote well being and progress of the community. These functions are inter-dependent, for without order the social structure cannot be stable enough to promote progress. It is well known that when the laws break down, social groups suffer disintegration. It must be considered a significant feature of criminal law that the values it stands for are so basic that often not much thought is given to it; for the most part it is taken for granted.

The criminal law in every country is relatable to a certain ideology of the people. It is in a way an index of the set of values which the society stands for. These values, whether they relate to the very physical existence of the society or to the norms of social behaviour within the compass of contemporary morality, are bound to change with the changing times and progress. Therefore, criminal law to be of value has to be a living organism, supported by the confidence of all sections of the community. It has to develop according to the practical and ideological needs of the time, and must inevitably undergo continuous reappraisal. The main danger of a petrified, outdated criminal law is that it does not take cognisance of changing conditions and therefore exposes itself to frequent and deliberate violation. Enforcement of such a law which has become totally unrelated to the needs of a changing society would prove a serious obstacle in the way of its progress.

This raises a very basic question as to what should be the degree of change that we should aim at. Should the law strive for the ideal mode of behaviour or should it conform to what actually obtains in a contemporary society? The question assumes critical importance in a democratic set-up where the will of the majority will be reflected in all the measures and actions of the State. Obviously if a law is too far ahead of or too far behind the times it will be ineffective. It may be too permissive or too restrictive. The answer, to my mind, lies in avoiding these two extremes. While the law must not lose sight of the ideals, the ideals themselves must have practical relevance to contemporary trends of thought and action. After all a law cannot be divorced of its social context. But at the same time we must not overlook the fact that social reform movements are also relative to the legal framework. This is more so because one often finds a continuous process of action and reaction between the criminal law and social reforms. The criminal law can act as a starting point for further social reforms which in turn lead to certain changes in the criminal law and so on.

The criminal law has also to take note of the complexities and the increasingly speedy changes in human behaviour brought about by industrialisation. This process has now been tremendously accelerated by the advances made by man in the field of science and technology. The social relationships and attitudes in an

industrial society are much more complicated than in a relatively static agricultural society. The old values and ideals become increasingly less relevant with the passage of time and with successive technological advancements. The jurisdiction of criminal law also transcends the boundaries of 'law and order' requirements and seeks to cover human behaviour in diverse fields. Consequently there is an increasing possibility of various types of unlawful behaviour by the people, particularly in those areas of activity in which the norms of behaviours were previously not set down by law but by the morals of the contemporary society. This two-fold reason is mainly responsible for the increasing number of crimes. This problem has assumed considerable proportions in the affluent and developed countries of the world. After all affluence is no panacea for crime. Now a criminologist cannot analyse the crime situation adequately by merely stating the total number of crimes. He will have to seek answers to such questions as to what are the new types of crimes arising, what are the relative increases in their rate, are any particular strata of society prone to a particular type of crime and if so why and so on. It is only through such detailed analysis of social, economic and political conditions obtaining in a society and the psychological reflexes of the people that we can hope to succeed in effectively dealing with the problem. After all the object of the criminal law is not merely punishment of the law-breaker; the prevention of unlawful behaviour is an equally important function which has to be integrated in the working of our legal system.

Another development which calls for urgent attention concerns the mass element in present day criminal behaviour. So far, the criminal law has interested itself with the individual without reference to his psycho-sociological reactions as a consequence of his being a member of a group with objectives which sometimes run counter to other groups or wider interests of the community. We are confronted today not only with individual crimes which are increasing in intensity and number, but also the mass outbreaks of violence, organised criminal activities, and anti-social behaviour of groups. The study of an individual in society and his relations with other individuals is therefore as indispensable to the law as the study of individual in isolation. It is for this reason that changes in the structure of society require constant

review so that corresponding changes in the criminal law can be effected.

Sweeping changes have taken place in the country during the past three or four decades. The advent of Gandhiji on the political scene of the country in the twenties and the crusade for social reform carried on by renowned reformers like Raja Ram Mohan Roy, Agarkar, Gandhiji and others, the attainment of independence and the beginning of a technological and agricultural revolution in the country have brought about fundamental changes in our social attitudes. Social institutions of a tradition-bound society have no relevance to the modern times. The standard and conception of social morality are undergoing a rapid change the world over. Obviously, we cannot hope to be left untouched by these sweeping changes. It is time that we examine how far our legal framework is in tune with and responsive to these very basic changes.

Training for Public Services

THERE CANNOT BE two views on the importance of training for the public services. All jobs in public administration, whether high or low, involve an element of skill, and if they are to be performed at optimum efficiency, such skills have to be methodically and systematically cultivated. The employers of public personnel, no less than others, have a right to expect adequate return on the wage bill in terms of efficiency and fulfilment of public purposes.

With the proliferation of Government activity at various levels, such skills are becoming more and more diverse and complicated. To cope up with this situation, in many developed countries, a corpus of knowledge is growing on training techniques, and considerable research input is being provided to keep it abreast of the needs that are being thrown up continually by the swift pace of technological advance. We in India can ill-afford to remain unacquainted with these processes. Even if they are not useful immediately, we should not commit the historical folly of keeping our windows closed to stimulations which, if not today, would certainly be beneficial in days to come.

Apart from imparting job skills, training of public personnel in the Indian setting has another very important aspect. This is the inculcation of right attitudes among the public employees in the context of our welfare State, which functions through a constitutional and democratic process. I emphasize this point because the bulk of the administrative ethos originated in our country in the colonial period and the yardsticks with which

performance could be measured then, are, to a large extent, out of date in the present context. Public functionaries, as a tool of colonial administration, had very limited tasks to perform and if they were reasonably obedient, impartial and honest, they could meet the requirements of the situation. Today, public servants are instruments of welfare and change; they have to operate in a rapidly developing situation, and as they function in a democratic setting, they have to be responsive to public aspirations.

I do not for a moment suggest that concepts or administrative techniques evolved during the colonial era were entirely without purpose. A solicitude for precedent is essential if public decisions are to be consistent and not arbitrary; a certain detachment in behaviour is necessary to keep up an image of impartiality; detailed examination and cross-consultation generates a wide consensus and thoroughness of treatment. Yet, the cumulative upshot of these attributes has been a certain inertia and lack of momentum. You will all agree that if devotion to precedent leads to paralysis in new situations, detachment becomes remoteness, examination turns into procrastination, cross-consultation brings about abdication of responsibility, and thoroughness results in debilitating delay, the objectives of administration, howsoever laudable, are to a large extent defeated. As such, the need for fresh thinking on promoting right attitudes among public personnel is imperative, and I believe that in this task, the trainers of today and tomorrow have a very important role to play.

Whether we like it or not, there is today in the country a feeling of inadequacy so far as the public services are concerned. There exists also a widespread belief that the strength of the public personnel has grown at a pace unrelated to their functional utility. Be that as it may, the constructive approach now would be to so organize their training and education that each employee is lifted to a high pitch of functional utility and the community is compensated by a superior level of services rendered. This is the easiest way of making public servants acceptable.

Yet, in a country where large masses of people are at illiterate and semi-literate levels, mere functional efficiency cannot stir warmth. To the various virtues of civil servants enumerated by theorists from time to time, we have to add one more in our environment, that of humanity. We must realize that for a large number of our rural masses, a little glow of welcome in the eyes

of the public official spells the difference between disappointment and exhilaration.

At this place, I might emphasize the need of providing adequate training to our lowest functionaries. In our country, training arrangements for the higher echelons of public services have already attained a degree of sophistication, and considerable thought is being given to their grooming from time to time. However, it is at the lowest level that the image of the entire administration is either made or marred. The behaviour of a village accountant, a forest guard, a police constable, a gram sewak and a village school teacher does more to shape the attitudes of the masses towards government than the behavioural patterns at the Union or State headquarters.

I might illustrate this point with an example. We all know that managers of private undertakings can ill-afford to treat their financiers with indifference and rudeness. Whether at high managerial levels or at the bottom, an attitude of hostility and neglect towards the financiers of the enterprise can be built only at perilous consequences. And yet, when we turn our face to the machinery of government, it often happens that the vast bulk of citizens and taxpayers, who are the financiers of this enterprise, do not receive that respect and solicitation which their status warrants. Instances come to our notice when citizens wait for long hours in government offices, are pushed around from desk to desk and are given a very cold treatment. If there is a clear realization of their special position as government clients, perhaps, a greater warmth in the relations of the public servants and citizens could be fostered. We have to remember that in a democratic setting, the citizens possess the authority to change the tallest government functionary through the process of vote, and with such powers at their command, they cannot possibly accept that the vast infrastructure of civil service forms a group beyond the pale of their command and behest. In the days to come, it might not be enough for a public servant merely to follow the instructions and secure the approval of his superiors; if he leaves the bulk of government clientele dissatisfied and restless, his adequacy would be open to serious doubt.

I have dwelt at some length on these problems merely to state before you how gigantic and delicate are the tasks which face the trainers of public servants in India. The background papers

placed before the Conference bring out the quantitative magnitude of these tasks, and if all categories of public servants in the Union, States and public enterprises are to be adequately trained, the training resources available in the Government of India, States and in various autonomous institutions will have to be pooled. The financial implications of this venture are also staggering. Yet, in every programme, a beginning has to be made and we, in the Government of India, have created a Training Division in the Ministry of Home Affairs and have attempted to provide a nucleus from which training advice and assistance should emanate.

I am aware that the Indian Institute of Public Administration has already taken up a number of training programmes in executive development at the instance of the Training Division. A number of training programmes are also being conducted by the training institutions of various Ministries and Departments and State Governments as well as institutions like the Administrative Staff College, Hyderabad, and the Institutes of Management at Ahmedabad and Calcutta. The need for training is great, and it is necessary that training facilities at all these institutions should be utilised fully and further developed wherever necessary.

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CHAVAN AND THE TROUBLED DECADE

T. V. KUNHI KRISHNAN

A BOOK of absorbing interest, this is a closely documented study of contemporary India, centred round the life of Y. B. Chavan who was Defence Minister of India from 1962 to 1966, Home Minister from 1966 to 1970, and is Finance Minister since June 1970.

The past decade in India was marked by the wars with China and Pakistan, the death of two Prime Ministers, two battles for succession, three general elections, the great split in the Congress Party preceded by splits in the communist and socialist parties, the ascendancy of extreme rightist and leftist forces, student unrest, Hindu-Muslim riots, the naxalite movement, and the new challenges faced by the economy.

Chavan has played a crucial role in all these developments and has been in the thick of all the conflicts and controversies. His life serves as a binding thread to put together the story of the troubled decade in India. The book reveals many hitherto unknown facts and brings together in one volume a faithful picture of contemporary India. The main source material for the book is provided by the observations made by Chavan during his wide-ranging dialogues with the author.



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