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Performance of Industry

AT the silver jubilee session of the Federation of Indian Chambers of Commerce and Industry, Mr C. M. Kothari began his presidential address with a reference to the general elections. It was a clever opening; for it made it possible for him to pay handsome compliments to the Prime Minister who graced the occasion, allude to the Communist successes in the southern states, and suggest, without seeming offensive, that the Congress Government should appreciate the role of private enterprise better than it had done so far, in the interests both of itself and the country. He put it to those assembled that the victory of extremist elements in the south was a measure not of the greater appeal of a particular ideology but of the ineffectiveness of past governmental policy in the matter of food, clothing and other essentials. There was, therefore, a need for bolder and more imaginative action by all those who cherished freedom and democracy; private enterprise was only too anxious to contribute its mite. It had great achievements to its credit, and it could do better in the future—if only it was given the opportunity to do so.

That was his main theme, and Mr Kothari elaborated it cogently enough. He did not waste much time in tracing the growth of Indian industry during the last fifty years or more, but confined himself to its performance in the war and post-war years. He argued that, contrary to popular opinion, private enterprise has been enterprising enough in recent years, despite the enormous burden of taxation and irksomeness of governmental control. Chemical and engineering industries, for instance, had made remarkable progress; most of the established industries had striven unceasingly to reach capacity outputs and to maintain equipment in good shape; and several new products had been put on the market by private industry. One failed to appreciate all this because one generally judged industrial performance by the criterion of successful floatations on the capital market and the establishment of spectacular new units. The latter, no doubt, indicated investment in and development of industries. But the fact that the capital market was depressed or that no giant factory had been built by private enterprise in the post-war years did not mean that not much was being invested in industry or that there had been no development. On the contrary, Mr Kothari claimed, that total investment in Indian industry during the last five years was of the order of Rs 450 crores, or Rs 90 crores per year; that was surely not something to cavil at!

Delivering as he was a presidential address, Mr Kothari could trot out this surprising figure of private industrial investment and leave the problem of explaining it to others. Paucity of data about saving and investment in this country is notorious, and it needs a bold man to assess their volume. How then does Mr Kothari arrive at this figure? He does not go by figures of capital issues and rightly, too, since the greater part of industrial investment is financed, in India as in other countries, from undistributed profits of enterprises. But no data are

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The Economic Weekly
Noble Chambers, Parti Bazar St.,
Fort, Bombay.
Phone: 23406