Forty-three Years of Independence
Fourteenth Lecture - by Shri Nani A. Palkhivala
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At the stroke of midnight on 14 August 1947, Jawaharlal Nehru made his famous speech wherein he referred to India keeping her tryst with destiny and awaking to life and freedom. To review the last three and forty years in an hour is like trying to see the Himalayas at night in one flash of lightning. One thing I promise you—I shall 'nothing extenuate, nor set down aught in malice'. I would be dishonouring the memory of Pandit Nehru and of his mentor, Mahatma Gandhi, if I tried to be economical with the truth.

The greatest achievement of Indian democracy is that it has survived unfractured for forty-three years. Eight hundred and forty million people—more than the combined population of Africa and South America—live together as one political entity under conditions of freedom. Never before in history, and nowhere else in the world today, has one-sixth of the human race existed as a single free nation. Professor Rostow of Texas University regards the survival of Indian democracy as the most important phenomenon of the post-war era.

The achievement is all the more creditable, since no other democracy has had such diversity in unity, such a mosaic of humanity. There are twelve great living religions in the world (incidentally, the word 'living' is tautologous, since no great religion has ever perished), and all the twelve flourish in India. We have fifteen major languages written in different alphabets and derived from different roots; and, for good measure, our people—whom you can never call taciturn—express themselves in 250 dialects. English, which is not included in the fifteen major languages listed in the Constitution, yet continues to be the only link language for the whole country; it is the only language in which the South is prepared to communicate with the North. British jurisprudence is the matrix of our non-personal laws.

Three inestimable advantages

In 1950, we started as a republic with three inestimable advantages. First, we had 5000 years of civilization behind us—a civilization which had reached 'the summit of human thought', in the words of Ralph Waldo Emerson. We inherited great skills and many-splendoured intelligence, since the genes had evolved over five luminous millennia. We had a superb entrepreneurial spirit, honed over a century of obstacles. A few years ago a World Bank report on India mentioned the two very favourable factors—an unlimited reservoir of skilled labour, and abundance of capital available for investment in new projects. The trader's instinct is innate in Indian genes. An Indian can buy from a Jew and sell to a Scot and yet make a profit!

Secondly, whereas before 1858 India was never a united political entity, in that year the accident of British rule welded us into one country, one nation; and when Independence came, we had been an unified nationality for almost a century under one head of state. Thirdly, our Founding Fathers, after two long years of laborious and painful toil, gave us a Constitution which a former Chief Justice of India rightly described as 'sublime'. It was the longest Constitution in the world till, a few years ago, Yugoslavia had the impertinence to adopt a longer one.

The substance of the Universal Declaration of Human Rights adopted by the United Nations on 10 December 1948 is embodied as fundamental rights in our Constitution. The right to equality before the law is guaranteed to citizens and non-citizens alike. In one respect our constitutional law is more secular than that of the United Kingdom— religion is no bar to the holding of any public office whatsoever in the State. In another respect, our Constitution may claim to be more progressive than that of the USA—equality of the sexes is a guaranteed right in India, whereas the recent attempt to incorporate a similar right in the US Constitution has so far been unsuccessful.

The right to carry on any occupation, trade or business is, again, a guaranteed right. The concept of 'socialism' did not figure anywhere in the Constitution as originally enacted. On the contrary, the

Constitution provided as a directive principle of state policy that the State should endeavour to secure that 'the ownership and control of the material resources of the community are so distributed as best to sub serve the common good', and that 'the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment'. These words rule out state ownership—the monolithic state—which is the hallmark of communism, euphemistically called socialism.

India is the only country in the world where, in the States which are governed by the Communist party, human rights are fully respected—and that is only because the Bill of Rights is firmly entrenched in our national Constitution. We can proudly say that our Constitution gave us a flying start and equipped us adequately to meet the challenges of the future. Unfortunately, over the years we dissipated every advantage we started with, like a compulsive gambler bent upon squandering an invaluable legacy. I am afraid India today is only a caricature of the noble democracy which Nehru strove to bring to life and freedom in 1947.

Shells of socialism and state controls

Successive governments imposed mindless socialism on the nation, which held in thrall the people's endeavour and enterprise. They respected the shells of socialism—state control and state ownership—while the kernel, the spirit of social justice, was left no chance of coming to life. We shut our eyes to the fact that socialism is to social justice what ritual is to religion and dogma to truth. The peacock is our national bird, but we could have more appropriately chosen the ostrich!

The Economist rightly remarked in January 1987 that socialism as practised in India had been a fraud. Our brand of socialism did not result in transfer of wealth from the rich to the poor, but only from the honest rich to the dishonest rich. We built up state-owned enterprises, called the public sector in India. The sleeping sickness of socialism is now universally acknowledged, but not officially in India. No fewer than 231 public sector enterprises are run by the Union Government and 636 by the State governments. These public sector enterprises are the black holes, the money guzzlers, and they have been extracting an exorbitant price for India's doctrinaire socialism. There is a tidal wave of privatization sweeping across the world from Bangladesh to Brazil, but it has turned aside in its course and passed India by.

The most persistent tendency in India has been to have too much government and too little administration; too many laws and too little justice; too many public servants and too little public service; too many controls and too little welfare. Every segment of the people's enterprise is festooned with red tape. From the very first decade of the republic the steel claws of the permit-licence-quota Raj were laid upon the national economy, and even today their grip continues with insignificant relaxation.

The administrative techniques pursued by the government are the same as were cast in a concrete mould more than a century ago. Files and minutes still go perpetually from official to official and from ministry to ministry. In the result, nothing moves except the river Ganges. 'Round and round', Lord Curzon the Viceroy noted, 'like the diurnal revolution of the earth went the file—stately, solemn, sure and slow.' Decades later, Malcolm Muggeridge observed the same phenomenon: 'It was government pure and undefiled; endlessly minuting and circulating files, which, like time itself, had neither beginning nor end, but just were.' Today the situation remains unchanged—only the number of files has increased a thousand fold. Millions of man-hours are wasted every day in coping with inane bureaucratic regulations and a torrential spate of amendments. Legal redress is time-consuming enough to make infinity intelligible. A lawsuit once started in India is the nearest thing to eternal life ever seen on this earth. Close to two million cases are pending in the eighteen High Courts alone, and more than 2,100,000 cases in the Supreme Court for admission or final hearing or miscellaneous relief.

History will record that the greatest mistake of the Indian republic in the first forty years of its

existence was to make far less investment in human resources—investment in education, family planning, nutrition and public health—than in bricks and mortar, plants and factories, We had quantitative growth without qualitative development. Our gross national products still increased, but not gross national happiness. Different parts of India still live in different centuries, so far as basic amenities and cultural awareness are concerned.

The quality of life cannot improve in India so long as the population keeps on increasing at the present alarming rate. In the time I shall take to deliver this lecture, the population of India will have increased by 2000. It has been said that development is the best contraceptive. But development itself will not be possible if the present increase in numbers continues. We have totally failed to use education as an instrument of national development. Two-thirds of our people, and four-fifths of our females, are literally illiterate after more than forty years of independence. According to the World Bank, by the turn of the century 54 per cent of all illiterates will be in India.

We keep on tackling fifty-year problems with five-year plans, staffed by two-year officials, working one-year appropriations, fondly hoping that somehow the laws of economics will be suspended because we are Indians.

Liberalisation in the Eighties

'Men will do the rational thing', said Lord Keynes, 'but only after exploring the alternatives.' After the other alternatives had failed dismally, India in the Eighties initiated a policy of liberalization and dismantling of controls. For the first time we talked of economic rationalism in place of economic theology, and we realized the imperative necessity of fruitful egalitarianism in place of sterile socialism. For years we had suffered crushing rates of income-tax and wealth tax - the highest in the world in their aggregate impact. We had a supremely ironic procession of budgets—historically retrograde, economically unprogressive, and socially stagnant. Over-taxation corrupted the national character overtly. The nation survived only because the tax system continued to breathe through loopholes and the economy used to breathe through the window of tax evasion.

The Budget of 1985 was epoch-making. It was the finest Budget free India ever had. It represented not a breath of fresh air but a blast of fresh air in the mouldy corridors of the North Block from where the Finance Ministry functions. It represented a mood—the people's new mood of optimism and self-confidence. It abolished estate duty. It slashed wealth tax to the maximum rate of 2 per cent and personal income-tax to maximum 50 per cent. Luckily, the low rates of income-tax and wealth tax by and large continue in force, though unwise increases have been made in the thinly disguised temporary form of a surcharge. The new budgetary philosophy was eminently suited lo prepare and equip India for a place in the 'Prosperity League' in the unfolding future. The new philosophy was that the Government should no longer be the power above the people, to be lobbied, petitioned and propitiated for favours.

Unfortunately, the Government's sensible new policy—the one ray of hope for fast economic growth—was never fairly implemented. It encountered formidable opposition from three quarters:

a. The top heavy bureaucracy reluctant to shed its enormous powers;
b. Influential politicians who preferred to let socialism remain the opiate of the people and of whom it can be truly said that if ignorance is bliss they should be the happiest men alive;
c. Quite a few Indian businessmen who were much more interested in their own personal prosperity than in the future of the country and who preferred to flourish in the non-competitive environment.

The result of the working of these three obscurantist forces is that India continues to remain the only significant country in the free world to hold aloft the torn and tattered flag of socialism.

Still plagued by three problems

Small wonder that after forty-three years of independence, we are still plagued by three basic problems—poverty, unemployment and foreign trade deficit. In the Second Nehru Memorial Lecture delivered here, Lord Mountbatten referred to his first interview with Nehru on 24 March 1947, when he asked Nehru what he thought was the greatest problem confronting India. Nehru replied 'the economic problem'. That problem stubbornly refuses to go away.

India has 15 per cent of the world's population, but only 1.5 per cent of the world's income. In the four decades since we became a republic, our per capita income in real terms did not even double but increased by only 91 per cent. Today we are still the twenty-first poorest nation on earth. Perceptive observers in foreign countries where Indians work and prosper are baffled by one question—how does India, with its great human potential and natural resources, manage to remain poor? The answer is that we are not poor by nature but poor by policy. You would not be far wrong if you called India the world's leading expert in the art of perpetuating poverty.

Sir William Ryrie, the Executive Vice President of the International Finance Corporation, said when he was in India in January 1989 that India has some of 'the most creative entrepreneurs ... the most dynamic business leaders . . . and the sharpest financial brains in the world.' These words give you an idea of the magnitude of the effort needed to keep India impoverished. Most of our politicians and bureaucrats, untainted by knowledge of development in the outside world, have no desire to search for genes of ideas which deserve to be called 'a high-yielding variety of economies'. We are smugly reconciled to low yield from high ideals. India is rattling—and rattling violently— with spare human capacity. More than 30 million are registered on our 840 Employment Exchanges. According to objective estimates, there must be at least 20 million other unemployed who are not registered.

In 1950 India ranked sixteenth in the list of exporting countries of the world; today it ranks forty-third! Using another yardstick, in 1950 India had 2.2 per cent of the world export market; today its share stands reduced to 0.45 per cent. As the Chancellor of the Exchequer pointed out in your House of Commons some time ago, the population of Hong Kong is less than 1 per cent of India's (0.7 per cent to be precise) and its land area is 0.03 per cent of India's, and yet it has twice the trade of India.

One of the main reasons for our failure to fulfil our export potential is the maddening instability of our fiscal and economic laws. A new stable export—import policy was announced in April 1985 and a second stable policy in April 1988. But since 1985 the enormous number of notifications which have amended the stable policy works out to one change every alternative working day. Apart from exports, another rich source of foreign exchange earnings can be tourism. Unfortunately India has less than half of 1 per cent of the world tourist traffic. We get only 1.2 million tourists a year and earn annually about Rs 18 billion in foreign exchange from tourism. This is a pathetically deplorable performance for a country which has such fantastic riches to offer tourists.

Moral decay

The picture that emerges is that of a great nation in a state of moral decay, of which corruption and indiscipline are two of the several facets. In the land of Mahatma Gandhi, violence is on the throne today. Mobocracy too often displaces democracy. The contribution of modern India to sociology has been *bandh*—the closure of an entire city by militant rowdies. Never before in our republic's history has violence marked our national life on a scale so widespread as at present. We have enough religion to hate one another but not enough to love one another.

One may apply to India the words used by the late Benigno Aquino about the Philippines: 'Here is a land in which a few are spectacularly rich while the masses remain abjectly poor ... where freedom and its blessings are a reality for a minority and an illusion for the many... a land consecrated to democracy but... a land of privilege and rank... a republic dedicated to equality but

mired in an archaic system of caste/ The greatest problem of India is that its finest men—men of calibre and vision, knowledge and character—are not in politics and stand little chance of getting elected having regard to the murky atmosphere of our political life. Caste is the football in the political game which our men in public life play.

Divisiveness - the Indian disease

Unfortunately, divisiveness has become the Indian disease. Truly, divisiveness is the AIDS of India—a disease which is spreading fast and wide, preys on the public mind and is without a cure in sight. Communal hatred, linguistic fanaticism and regional loyalty are gnawing at the vitals of the unity and integrity of the country. To the growing army of terrorists and professional hooligans, caste or clan, creed or tongue, is a sufficient ground to kill their fellow citizens.

The most crying need of India today is to undergo catharsis, a course of emotional cleansing. We must not allow the moral bedrock of our society to turn to lava. National integration is born in the hearts of the citizens. When it dies there, no army, no government, can save it. States of mind precede States. Inter-faith harmony and consciousness of the essential unity of all religions is the very heart of our national integration.

The soul of India aspires to integration and assimilation. Down the ages, Indian culture—a tremendous force of power and beauty—has been made richer and deeper as a result of absorbing what is best in outside influences and integrating those various influences to grace and enrich its own identity.

Hope for the future

But the landscape is not one of unrelieved gloom. Some measure of the innate potential of the country is afforded by its actual achievements against heavy odds. Among the industrialized nations of the world we are the tenth. The country has set its sights high. It has nuclear reactors and satellites in space. It even exploded an atomic device (1974)—our only one—and learnt the bitter lesson that one explosion activates international reaction but a series of explosions anaesthetizes it. One blast brings discredit, while a sequence brings prestige and power.

Though there is no instant solution for our multitudinous problems, and the short-term prospect may only be a shadow lengthening across the path, an objective overview would justify confidence in the long-term future of the country. In the affairs of nations, as in the world of elements, winds shift, tides ebb and flow, the ship rocks. Only let the anchor hold. History records the gloomy forebodings of some of the wisest Britishers in the first half of the nineteenth century about their country's future, but the decades which followed the pessimistic predictions saw Britain rise to the height of its glory. In the first few decades of the USA, the depressing situation led so perceptive a man as Joseph Story to talk of the possibility of the Constitution perishing 'before the grave has dosed upon the last of its illustrious founders', yet the 200-year republic lives on as the most vibrant on earth.

The vitality of India is remarkable. The country does not have a powerful economy, but has all the raw materials to build one. It would not be an exaggeration to say that the Indian economy is a sleeping giant who, if awakened, could make an impact on the global economy. There are various factors which go to make foreign investments in India very attractive. First and foremost, when you invest in India, you invest in democracy. The survival of democracy in India ought to be a matter of the most vital concern to the free world.

Further, our domestic market is itself enormous. Almost all manufacturing units in India with foreign collaboration have garnered golden grain. Generally speaking, we are a sloppy nation. But there is one surprising thing. If you insist upon nothing but the best, you often get it in India, comparable to world standards. India can and does respond to uncompromising insistence on quality. Finally, the great appreciation of most foreign currencies against the Indian rupee offers an excellent opportunity of using India as a manufacturing base.

A nation's worth is not measured merely by its gross national product, any more than an individual's worth is measured by his bank account. Ambassador John Kenneth Galbraith remarked that while he had seen poverty in many countries of the world, he found one unusual attribute among the poor of India— ‘There is richness in their poverty'. The heart of the nation is sound and the human raw material is excellent. To a Western mind, the Indian's inner strength and capacity for patient endurance are almost unbelievable.

Hundreds of millions, who have no standard of living, still have a standard of life. The nation is able to take in its stride situations which would cause a revolution in other countries. The ancient civilization has survived and will survive when the raucous and fractious voices of today are lost in the silence of centuries.

Nature has been kind to India in one respect. It has endowed the country with the gift of producing great leaders in the darkest hour— leaders with the gift of grace who could arouse the trusting millions to great heights. Look at the galaxy of character and calibre India produced at the time of the struggle for independence in the Thirties and Forties.

When the hour struck, the man was found—Mahatma Gandhi, the greatest of our leaders. He lit the imagination of the entire nation. He created men out of dust. He taught the unforgettable lesson that cynicism corrupts and absolute cynicism corrupts absolutely. He made us realize the profound truth that single-minded pursuit of money impoverishes the mind, shrivels the imagination, and desiccates the heart. 'The golden age only comes to men', said G. K. Chesterton, 'when they have, if only for a moment, forgotten gold.'

Mahatma Gandhi asked businessmen to be engaged in commerce but without a commercialized outlook. He exhorted youth to cultivate its mind, but not merely with a view to offering it as a commodity for sale in the market place. At the Gandhi Samadhi—the memorial of Mahatma Gandhi—in New Delhi, are inscribed what the Mahatma regarded as the Seven Deadly Sins:

Commerce without ethics;
Pleasure without conscience;
Politics without principle;
Knowledge without character;
Science without humanity;
Wealth without work;
Worship without sacrifice.

There is a basic lesson of Indian history. Our people have always taken their moral standards from their rulers: the people have risen to great heights when they have basked in the glow of noble kings and leaders. The present generation is waiting for a leader who will make it relearn the moral values, and who will inculcate in the people, as Gandhi did, a sense of the responsibilities which fall on every citizen of a free society.

It is true that eternal vigilance is the price of liberty. But it is true, in an even deeper sense, that eternal responsibility is also part of the price of liberty. Excessive authority, without liberty, is intolerable; but excessive liberty without authority and without responsibility soon becomes equally intolerable. De Tocqueville made the profound observation that liberty cannot stand alone but must be paired with a companion virtue: liberty and morality; liberty and law; liberty and justice; liberty and the common good; liberty and civic responsibility.

One last thought and I shall have done. Today, the unity and integrity of India seems to be at stake. But 'even this shall pass away'. Indian society will, in course of time, acquire the requisite political culture—the attitudes and habits of tolerance, mutual respect and goodwill, which alone can make

democracy workable. The day will come when the twenty-six States of India will realize that in a profound sense they are culturally akin, ethnically identical, linguistically knit and historically related. The greatest task before India today is to acquire a keener sense of national identity, to gain the wisdom to cherish its priceless heritage, and to create a cohesive society with the cement of Indian culture. We shall then celebrate the 15th day of August not as the Day of Independence but as the Day of Inter-dependence—the dependence of the States upon one another, the dependence of our numerous communities upon one another, the dependence of the many castes and clans upon one another—in the sure knowledge that we are one nation.