

GOVERNMENT REGULATION OF PRIVATE ENTERPRISE— A CONSPECTUS*

M. HIDAYATULLAH**

Ever since we have attained our independence we have been trying to put our house in order and one of the most important tasks before us is to better our economy. While our population has grown steadily our national income has not shown the same rate of growth. We must examine the reasons for this unfortunate state of affairs. While the Japanese national income has shown during the last year an increase of over eight per cent our own has registered only an increase of two per cent. This is so in spite of a great industrial revolution in our country. There is growth both in the private as well as public sectors but the growth has not been able to keep pace with the growth in our population or to cope with it. The question, therefore, is: do we really need to control private enterprise and, if so, to what extent? Some will say, what does it matter in what direction our industrial effort makes headway so long as our industrial potential goes up and up and so long as we get along. This is a wrong notion, for planned economy is not a case of natural growth but of a nurtured growth.

We live in a world of great competition. To exist, we have to stand up against tremendous odds. We have to take stock of what we are doing and also what others are doing. Perhaps we suffer from a lack of clear perception of our objectives in this field. The old doctrine of *laissez faire* no longer holds good in the world of today and ours must be an organised effort and a well-planned economy. There are only two planes on which growth is possible and they are private and public enterprise to which both must contribute their optimum share. The world is decidedly moving against the Benthamite principles and the jealousy of interference by the state which those principles connoted is giving place to controls which means extension of the authority of the state. Our country has given ample evidence of such state regulation. The fixing of minimum wages, hours of work, quality control and fair distribution of wealth are all measures intended to better our economy. They do mean interference with freedom of contract and freedom of action. But it is necessary that this should be so. It would not be good for us to bring into existence a small body of rich persons while the rest of us remain poor. Therefore a certain measure of control of industry and private enterprise is absolutely necessary.

*Based on the welcome address delivered at the Seminar on Government Regulation of Private Enterprise held in March 27-30, 1969

**Chief Justice, Supreme Court of India.

The trouble is that we do not yet know clearly whether it will be more profitable for us to aim at autarky or to enter foreign market to earn money. Whether it is more profitable to make ourselves self-sufficient and thus to conserve our wealth or whether it is more profitable to compete in trade with others is a question which we have not solved clearly for ourselves. We should focus our attention on this fundamental question. To my mind, what we need is self-sufficiency on a much larger scale than we have so far planned or achieved and this is of even greater priority than of attempting to get a share of foreign trade with all its gambles. If we are to achieve autarky of a substantial kind, we must be quite clear as to the fields in which autarky can be achieved. Private enterprise should, therefore, be canalised to achieve autarky in several directions while public enterprise should attempt foreign trade. There need not be a clear cut decision but if profit from foreign trade is made it should go to the coffers of the state.

We talk of recession, our production, falling balance of trade, and rightly, because all these things are happening. These subjects are discussed in houses, in market places and also in Parliament and Legislatures. If there was less talk and more thinking, we would perhaps be a little better. Today what we need to do is to chalk out a programme in which we clearly visualise our goals as to self-sufficiency and foreign trade. This is not a case of trial and error. What self-sufficiency is within our reach must be clearly grasped and private enterprise (subject to control or over production) must be invited to achieve it and should be left free to achieve it. Foreign trade on the other hand, should pass more and more into public sector and we should enter foreign markets not sporadically or haphazardly but in a systematic and calculated manner.

The present Seminar will highlight what is being done, what controls there exist, and what effect those controls have on our growing economy. But I should have liked a paper on the problem I am posing, namely, how much control is needed to create self-sufficiency in these spheres where we are getting into debt of others and what we can do to avoid it. The other aspect of it, namely, how much control is needed to attain a fair share of foreign trade is also a topic which I find significantly absent. I hope the further deliberations will serve to bring out these points. After all a rupee saved is a rupee gained and business on these lines alone is profitable. It is easier to save a rupee than to earn it and in a nation which is combating with falling economic balance due mainly to growing numbers, control of private enterprise to achieve the right balance is necessary.