IDENTITY, MARKETS AND SOCIAL WELFARE

Nandan Nilekani

FORUM
OF FREE ENTERPRISE

"Free Enterprise was born with man
and
shall survive as long as man survives".

\- **A. D. Shroff**
1899-1965
Founder-President
Forum of Free Enterprise

Editorial Note

The Forum of Free Enterprise is, indeed, very fortunate to have organised this year's A.D. Shroff Memorial Lecture delivered by Mr. Nandan Nilekani, Chairman of Unique Identification Authority of India (UIAI) on October 27, 2009. The choice of his theme for this lecture is truly of great relevance and fascinating, reflecting the prospects of intrinsic virtuous nexus among three crucial facets, namely, "Identity, Markets and Social Welfare" in the socio-economic system of our country.

Mr. Nilekani is amongst a very few successful technocrat entrepreneurs not only in India, but perhaps in the world, who has taken a very bold and courageous decision to move away from the successful business career to work towards the national overarching goal of driving the momentum of economic growth that is truly inclusive. It may be a call of destiny for one of the key technocrat founders of Infosys to embark on the pioneering initiative of the Government of India to build and implement the system of unique identity cards for each and every citizen of India. The authorship of this very idea belongs to him – it has been set out in his own book "Imagining India - Ideas for the New Century".

Inspired by the fact that Mr. Nilekani is at its helm, we are sure that all the stakeholders will have the necessary confidence in the UIAI effectively delivering the proposed massive task in a time bound manner. He is a man with vision; he has many a path finding ideas; he has all the necessary technological expertise; he has a passion for community initiatives; and above all, he is imbued with social consciousness. In fact, we need to congratulate our Prime Minister, Dr. Manmohan Singh for making such a wonderful choice for such a challenging job. We would, therefore, like to take this opportunity in wishing him all the very best for the successful accomplishment of UIAI mission.

Like several great economists, social thinkers and policy makers of our country, Mr. Nilekani has sought to highlight in the course of his Lecture the paradox (in a sense a well-known!) of how our impressive economic progress "can not mask the landscape of its poverty", manifesting in multiple dimensions. He also expresses his concerns about the lack of effective solutions, and the over-all faulty welfare approach and strategy, based on the provisions of various subsidies to tackle the vexatious problem of poverty. The outcome of huge budgetary spending for this purpose has been far from satisfactory. How to ensure entitlement as well as empowerment of the intended beneficiaries of the welfare schemes continues to remain virtually an intractable problem for all these years.

It is in this context that Mr. Nilekani offers a new agenda of action essentially anchored by the Unique Identity project. The essence of the strategy lies in striving towards devolution of direct benefits to the intended beneficiaries of the welfare schemes be it under the framework of NREGA or under Indira Awas Yojana or any other similar programmes. Most of these programmes are besieged with corruption, fake identities and consequent massive leakages that “end up denying services to the people who are eligible for them”.

The proposed transformational reform entirely conceptualised by him - the UID system - will incorporate unique identification number to every citizen. It will also deploy the usage of biometric science. Thus, most of the welfare schemes can be brought within the framework of direct cash payments to the intended beneficiaries. Mr. Nilekani contends that “building a unique identity number would be land mark reform, but its long-term impact will come from how our government and public agencies decide to leverage it to eliminate fraud, and reform their systems”. Thus, it is clear that the success of such far-reaching systemic reform will be inevitably determined by the reform of over-all governance in the country.

But the author is confident that given the strengths of three crucial tools, namely, (a) rapidly spreading mobile phones; (b) on line banking, including core banking and ATMs; and (c) the prospective unique identity of individuals offering the vital entitlement platform, the reform that is envisioned will become successful. He has many challenging times ahead of him. The challenge is neither of organisational leadership nor of technological inadequacy, but it is about working his way through complex political and bureaucratic structure. Once again, all of us who have been wanting to see more just and equitable distribution of gains of economic progress will sincerely hope and pray that Mr. Nilekani successfully steers this transformation.

Before concluding this editorial note, the Forum would like to take this opportunity to mention that in recent months it organised a couple of debating competitions on his thought provoking book “Imagining India”. The objective has been to create greater awareness and educate the young minds of our graduate and post-graduate college students, including those that are pursuing their management education, on the series of path finding ideas that embellish his book. With similar motivation, the Forum proposes to distribute the copies of his Lecture as widely as is possible. We believe that the civic society has so much at stake in the success of his endeavour!

Sunil S. Bhandare

Editor

IDENTITY, MARKETS AND SOCIAL WELFARE

by

Nandan Nilekani *

Introduction

Looking at the list of luminaries that have spoken here over the years, I am both honoured and humbled by this opportunity to deliver the A. D. Shroff Memorial Lecture. My thanks to Minoo Shroff and the Forum of Free Enterprise for their warm invitation.

I am also glad for this opportunity because I am an admirer of Ardeshir Shroff, particularly of his prescience and thoughtfulness on the Indian economy. Often, when discussing the economic policies that emerged in the 1950s, we see that a belief in the effectiveness of a planned, government-directed economy was widespread among Indian politicians, economists and businessmen.

Ardeshir Shroff was an exception – he was an economic thinker and industrialist who was a vocal supporter of competition, liberalisation and the creation

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of intellectual capital even in the 1940s and 1950s. He recognised early on the essential weakness of a government-dominated system – that a player in an economy cannot also be its referee.

Shroff was a liberal, but not a libertarian. His faith in an open economy was accompanied by support for public investments that fostered inclusive growth. He envisioned a country which invested in education, and in developing talent and initiative that would in his words, 'remove intellectual deadness and stimulate the accumulation of capital.'

A Changing Emphasis

The issues that dominate India today echo A. D. Shroff's concerns. While the overarching emphasis in India during the 1990s was on driving economic growth, the focus in this decade has been on ensuring growth that is truly inclusive. As India surges ahead, we are recognising that the reality of its impressive expansion cannot mask the landscape of its poverty – its slums, its faltering agriculture sector, and its low achievements in literacy, education and health access. We have allotted large sums of money to pro-poor schemes and programs over the years, with limited results. In places not far from Delhi, in the worst-hit districts in East and North India, one in two people live near destitution, with poverty rates moving past 50%.

The challenge here is that poverty is never just about shortages in food, clothing or the lack of a house. Rather for the poor, poverty is a condition of their lives, caused by a lack of access to the various resources and economic systems that are available to the rest of the country. The poor lack access to skills that would earn them a higher wage, to markets that would bring them better prices for their goods, to good schools and healthcare that would give their children a chance for a better life. And they are often surrounded by the social norms of caste and class within their community that further limit their opportunities.

This is a complicated crisis, and for a long time we have lacked effective solutions for it. Our welfare approach has primarily focused on state handouts in food, fertiliser and fuel, and emphasised government-run systems in healthcare and education. While these interventions address some of the symptoms of poverty, they have been inadequate in the long-term, particularly when it comes to lifting the poor out of their situation.

In much of the developed world, a revolution in welfare occurred during the 1940s and 1950s, when social security numbers linked with individual bank accounts enabled governments to provide the poor with direct benefits such as cash transfers, and service vouchers. This gave the poor unprecedented autonomy and choice, opportunities to participate in the broader economy, and access to a variety of public and private services in healthcare and education.

This approach however, was not possible in the developing world, including India. For direct welfare benefits to work, the poor must have near-universal access to financial services and banking accounts, a rarity in developing countries. In India, banks cover less than 6% of our villages, despite the expansion of our banking networks over the last few decades, and over 32,000 bank branches in the rural country.

The existing structure of India's welfare subsidies has further constrained such expansion. Our electricity subsidies for example, which include free electricity to rural areas or tariffs that are one-tenth of the cost of supplying electricity, resulted in mounting losses to the state electricity boards since the 1980s. This ruled out the possibility of large investments to expand their capacity and access. Without electricity, expansion of basic services such as finance to rural areas has been low.

These barriers have limited India to the indirect subsidy approach. This unfortunately, tends to segregate the poor even further from markets, and into dependence on state systems. Our farmers for example, lacking access to social security and crop insurance, have long depended on the price guarantees that Indian governments offer for crops such as wheat and rice. This may provide some security to farmers, but it also puts a ceiling on their incomes, since farmers find it difficult to diversify into other produce that could bring in higher profits but are also riskier to grow. Financially as a result, they are standing still.

More often than not, such indirect subsidies also bring about quixotic outcomes. In Punjab for instance, electricity subsidies combined with subsidies for water intensive crops has resulted in large-scale over pumping of groundwater, and depleted the water table by 60%, threatening droughts in what is one of the most fertile parts of the country. In the longer-term, these anti-poverty subsidies are set to drive poverty rates up in the region.

These difficulties in market access for our poorest mean a significant loss to the entire country – the limitations that millions face in accessing the economy result in losses in human capital and talent, as well as the opportunities these groups would have presented as consumers and entrepreneurs.

However, the welfare reform we need is no longer impossible to get done. The tools that are now in India's reach have made it possible to imagine a complete transformation in our social programs.

A New Agenda

In India, we've prided ourselves on our skill in coming up with innovative solutions, and in establishing and running businesses, small shops, and tea stalls against vast odds. You'll see this can-do spirit across the country – an NREGA worker once remarked that the people gaining benefits from the NREGA 'will not only tell you what the problems with the scheme are, they will also tell you how to solve those problems'. I've long believed that if we can focus our welfare schemes on giving such entrepreneurial people more power and choice, the results would be remarkable.

In recent years, we may have gained the tools to tackle the poverty problem and effect such a transformation. Increasingly, developing countries around the world have begun implementing the direct benefit approach that transformed developed economies sixty years ago. Brazil, Mexico, Pakistan and Bangladesh have all experimented with programs that transfer direct benefits to the bank accounts of the poor.

In India as well, the notion of direct benefit schemes for the poor is gaining ground. The Unique Identity project that I now head didn't come out of the blue, but has been a sign of the changes in the government's approach to welfare, and a gradual movement towards direct benefits. The most recent flagship schemes such as NREGA for example, are direct benefit programs that provide cash payments to residents.

The government is also planning to offer direct benefits such as cash and health insurance to families in states such as Punjab, Haryana and Bihar, if they keep their daughters in school. And the Planning Commission is implementing a conditional cash program for mothers through the Janani Suraksha Yojana, where an expectant mother receives cash benefits if she accepts pre and post-natal care for her child.

How is this becoming possible? There are three tools that the Indian government can now leverage, that it didn't have before.

The first of these is the mobile phone. As access to the mobile phone nears 450 million people across the country, this unassuming device is at the forefront of efforts to connect with the poor, and provide them with services.

The second tool that is now available to us is online banking, including core banking and ATMs. Now that banks no longer have to set-up full-fledged branches in rural areas in order for people to access banking services, bringing about full financial inclusion is a real possibility.

These two tools open up massive opportunities when it comes to delivering direct welfare benefits to the poor, to their bank accounts, which they can then use as they see fit.

However, to effectively deliver such welfare benefits over a mobile and online-banking infrastructure, governments need a way to identify individuals uniquely and accurately. This is where the third tool, the unique identity number, comes in.

By establishing the identity of an individual strongly and without doubt, the UID number could be the critical piece in tackling the problems of weak service delivery and leakages, and a lack of direct benefits.

Addressing The Challenge Of Weak Identity

When I speak to officials in the public sector, one issue comes up time and again as an urgent concern: the difficulty of reaching services and subsidies to those they are meant for, and preventing their diversion to fake, duplicate and ghost identities. For example, the Indira Awaas Yojana, a housing scheme meant for BPL families, provides a Rs. 25,000 subsidy to each family to build a home. The lack of coordination between departments and weak information on residents however, means that delivery of this subsidy is far from perfect. So across villages, we find the housing subsidy being used by individuals such as Venkatanna, a farmer in rural Andhra Pradesh, who is building one house in his mother's name under the centrally-sponsored IAY, and a second house in his own name under Indiramma, the state-sponsored housing scheme. Yet, in the same village reside homeless BPL families without access to the scheme.

Similar problems in service delivery abound across our government services – in the NREGA, duplicate muster rolls across many parts of the country, and ghost beneficiaries are weakening a valuable scheme. Access to ration cards under the PDS is similarly fraught – across states such as

Maharashtra, Uttar Pradesh, Bihar and Orissa, not more than two in five BPL families have ration cards, while non-poor families in the same village are known to have one or even two.

One reason this is happening across our government programs is the weak identity systems we have in place. Thanks to the lack of coordination between government databases and unreliable identity verification, it is extremely easy today to access services multiple times, and misrepresent identity.

This is further complicated by the ease with which people can procure fraudulent identity documents in India, be it a PAN card, a ration card, a passport, or a voter ID card. It is even possible to obtain identity documents in the name of prominent public figures – one newspaper managed to procure backward caste certificates for Atal Behari Vajpayee and Arjun Singh.

The UID would be a powerful tool in helping curb such fraud and duplications, which cost public programs thousands of crores every year. The unique identity number issued to individuals would be linked to their biometrics – such as their iris scan or fingerprints. When a person applies for a UID number, the central database will run a check of the person's biometrics against its existing records, to make sure that the individual hasn't already enrolled. This effectively eliminates duplicates from the database. Government agencies across the country can then use the UID database to confirm the identity of people accessing their benefits and services, and eliminate fraud and duplicates in their systems.

Easing Identity Verification For The Poor

The systemic weaknesses that exist in confirming identity today mean that public and private agencies in India have to not just combat duplicate and fake identities, but also end up denying services to people who are eligible for them. This is a particular problem for the poor, who often lack the documentation needed, such as electricity bills, rental agreements or tax documents, to prove their identity.

These groups, as well as marginal communities such as tribals, struggle to gain access to government schemes. Few people in these communities manage to access state benefits, and those who are successful, as one tribal put it, 'have to fight a lot for it, and travel to the government office several times.'

The employment patterns of such poor communities further complicate identity verification. The poor often work in the unorganised sector, migrating to places where there is work available. Once they leave their villages, they lack both the traditional and modern means of establishing identity – they are no longer within the village community, where the village head can confirm their particulars, nor do they have the documents needed to establish who they are. Time and again, when talking to the poor across the country, this issue of identification, of 'pehchaan' arises – the complaint that they are faceless to the government, and therefore closed off from benefits and services.

The advantage that the UID number has in addressing these identity challenges comes from how it will be structured - identity records are stored in a central database, which is accessible online.

This means that the UID system would have to verify a person's identity only once, as multiple public and private agencies can confirm identity with the UID system. The verification of the identity would also be instant – biometric readers at public and private offices would be able to instantly link up online with the UID database, and confirm if the person is indeed who she says she is.

This saves the poor substantial time and effort in confirming their identity. The storing of the record in a central database would also mean that agencies can verify an individual's identity from anywhere in the country – which would be particularly valuable to migrants.

Enabling A Transformation In Service Delivery

I think that the full value of the UID however, becomes clear only when we view it alongside the rise of mobile telephony and online banking. The RBI is strongly in favour of leveraging mobile phones to bring online banking in easy reach of the poor. As the mobile phone subscriber base expands, the goal of full financial inclusion is tangible – which means that we can leverage the UID to implement national, direct benefit programs.

Such direct benefits delivered to bank accounts could come in three forms. The first kind, 'unrestricted cash' benefits, would be direct cash transfers, which the poor could spend as they like. This would give them the opportunity to buy goods and services from either the public or private sector, and build up savings.

The second kind of direct benefit offered could be 'conditional cash'. This benefit has been quite successful in developing countries such as Mexico, Brazil and Bangladesh. Here, cash to poor individuals and households come with conditions attached. They only receive these benefits if for instance, they undergo job training, keep their children in school, and take them to regular health-checkups and immunizations. This kind of benefit becomes in essence, a human capital investment.

The third form of direct benefit could be ‘restricted cash’, in the form of vouchers that entitle the poor to a certain amount of specific services and goods, such as vouchers to buy food and fertiliser; school vouchers they can use to send their child to the school of their choice, be it government or private; health vouchers that buy them basic forms of health insurance; or utility vouchers to buy electricity or water supply.

A shift to such direct delivery in our welfare programs implies their complete transformation. Our welfare schemes today require almost continuous monitoring by bureaucrats and legislators, to curb leakages and make sure that public services reach residents without being diverted.

The problem with such subsidies and funds delivered through local public agencies is that it puts disproportionate power in the hands of local officials, who get to decide who gets the benefit, and who does not. Such decisions at the local level often fall victim to caste and group politics. One prominent minister recently described to me his efforts to get some basic infrastructure in place in some extremely poor villages he visited. One village was demarcated between Dalits and non-Dalits, with the Dalit side lacking access to water supply. The minister instructed the local officials to get a water pump installed and left. When he returned a month later, he found that the pump was indeed installed – in the non-Dalit side, next to the existing water pump.

It’s clearly difficult for governments to control the delivery of subsidies at the local level. With transfers to UID-linked bank accounts however, the service would be automatic, and both the government and resident would know at once whether the benefit has been delivered or not. This would also give the poor and the disadvantaged more autonomy – he is no longer subject to the whims of his local public agencies when it comes to accessing essential services.

With the direct approach, governments would also be able to gradually tailor welfare and subsidy programs to groups such as expectant mothers, the unemployed, pensioners, the disabled, the tribals. The government could also target cash and other benefits specifically at women, which is a very effective way of improving human capital – economists note that women tend to invest far more of their incomes than men in educating and keeping their children healthy. In time, the government would also be able to pinpoint individuals who ought to get benefits and who should not, since the UID, once widespread, would make business transactions and family income details more transparent.

The cost savings that the UID could bring to our welfare schemes would not be from eliminating fraud and leakages alone. The cost of wasted subsidies is in reality, much more destructive than we perceive. Government expenditure needs to stimulate growth in order to generate tax revenues that fund future government expenditure. Fuel and food siphoned from the PDS are resources diverted away from human capital investment, and future wealth. Money spent on unproductive schools mean millions more of uneducated, illiterate children, and lost demographic opportunity. Subsidy losses thus form a vicious cycle – this is money spent without generating productivity, jobs, better human capital, and more resources. This in turn, fuels inflation, and is a long term hit to the country's finances.

Combining Economic Justice With Social Justice

We tend to underestimate the power of putting cash benefits into the hands of the poor. But particularly in rural India, cash is a powerful catalyst for both social and economic change. The social scientist Andre Beteille has noted that the feudal structures in villages across India began to break down only when money, rather than land, became the major form of wealth accumulation. Before currency made headway in these regions, powerful families retained their position by transferring land to their children, limiting economic mobility and access to wealth for the rest of the community.

Even today in rural India, access to cash is not easy to come by. In Indian villages in north and central India, the most backward castes are still paid for their work with food and clothing, and thrive on a barter economy. They are essentially chained to the places they work in, since they lack even the basic savings to migrate towards more urban areas where they might find work. It is this lack of access to cash, as the Dalit journalist Chandrabhan Prasad points out, the reason that India does not have even one major Dalit entrepreneur across the country. In these regions, the direct cash benefits that the UID could enable would help long-disadvantaged groups to migrate to cities, participate in markets, and establish businesses. The increased financial autonomy of marginal groups in rural areas would also have a long-term, cleansing effect on local politics and hierarchies.

The shift to direct benefits could potentially mean more for India's backward groups than the many laws that have been enacted to protect them. Social justice after all, means little without economic justice. Anti-discrimination laws for example, mean little if backward caste people don't have the financial wherewithal to emerge out of the circumstances they were born into. Reservations of college seats don't amount to much if the poor lack the resources to send their children to a good school.

The Potential For Change

We should recognise that the UID number will not be a skeleton key that unlocks all the barriers the poor face in accessing government services. What the UID would do is enable India's governments to view the country's residents differently, and far more clearly – not as 'the masses', but as individuals who can be uniquely and accurately identified.

But that is all that the UID is – an enabler. Building a unique identity number would be a landmark reform, but its long-term impact will come from how our governments and public agencies decide to leverage it to eliminate fraud, and reform their systems.

If governments decide to leverage the UID and the growing potential in financial access for our social programs, the impact on poverty and inclusive growth could be enormous and sustained. Not only would governments be able to implement direct benefit programs, they would be able to make large-scale investments in human capital through conditional benefits and vouchers.

And the shift from indirect to direct transfers would help us reform our government agencies – once freed from having to sell their services below costs, agencies such as electricity utilities would have the finances to expand, build efficiencies, and provide better services.

Since the 1980s, our country has witnessed several transformations. I grew up in Dharwad, and after I left for further studies and later for work, I came back to the town during vacations and family events. Each time, the town was familiar, and mostly unchanged. Since the mid-1980s however, this was no longer the case. Like cities and towns across India, it is being transformed by new industry, migrants, and investments in infrastructure. The change is happening all over the country – India is now a very different nation, fast-maturing both politically and economically. We are no longer a predominantly single party government; competition and entrepreneurship has burgeoned across our economy, and the growth of our markets and industry remains sustained and impressive, despite the recent global recession.

Till recently however, our welfare systems have remained much like what they were in 1980, existing mainly as an alternative to markets, rather than as a complement to them. As welfare reform becomes possible, this will change. By emphasising tools for the poor to access markets through increased financial resources, education and effective healthcare, our welfare programs can become a source of opportunity and economic power.

Making our welfare programs more effective will help supercharge our markets. After all, a pre-requisite for greater productivity and efficiency in an economy is a large pool of skilled and educated people. When more people access good schools and colleges, job training and healthcare, the chances of 'productivity leaps' and innovation in the economy increase.

The UID can be the beginning of a new charter to leverage our social investments to broaden access to the economy and our markets. For the poor, it can become a bridge to the middle class, and a bridge between markets and our welfare systems. It would enable us to combine the security of our social systems with the opportunities of our markets. If we do this right, we are at the cusp of reforms that could change the lives of Indians across the country in the most fundamental, transformational ways.

A. D. SHROFF (1899 – 1965)

(Founder-President, Forum of Free Enterprise)

Ardeshir Darabshaw Shroff was one of those rare gifted individuals who leave an indelible mark on their environment and an impress on the hearts and minds of those who come across them. When the history of India's industrial development, particularly industrial finance, is written, his name will figure prominently. But that was not the only area wherein he excelled. His contribution to economic thinking and public education in economic affairs was equally significant.

Shroff was a champion of free enterprise and a great leader of business and industry and an economist whose predictions have proved right over the years. Despite Shroff's open opposition to the Congress' economic policy, he was appointed by the Congress President Netaji Subhas Chandra Bose as a Member of the National Planning Committee set up in 1938, under the Chairmanship of Pandit Nehru.

After graduating from the University of Bombay and the London School of Economics, Shroff started as an apprentice at the Chase Bank, London. On return to India he joined the firm of stock brokers in Bombay, Batliwalla & Karani. As a partner of this firm, he gained increasing recognition in corporate circles and came in close contact with several Tata Directors, particularly the Chairman, Sir Nowroji Saklatwala. This eventually led to his being invited to join the House of Tatas. In 1940 he joined the Board of Tatas and became their Financial Advisor.

In 1944 Shroff, along with seven leading industrialists like J.R.D. Tata, G.D. Birla, Kasturbhai Lalbhai and Krishnaraj Thackersey authored what has come to be known as the 'Bombay Plan', setting out the fifteen year perspective plan, and with "the greatest possible role for the private enterprise and reducing controls to the very minimum so that private enterprise may operate under conditions of market economy."

Shroff was one of the two non-official delegates to the Bretton Woods Conference in 1944, which led to the formation of the World Bank and IMF. He ardently put forth the case for the status of India's sterling balances. Lord Keynes, a leading protagonist of the Conference, who initially described Shroff as a "highly articulate maverick – a snake in the grass trying to catch us (Britain) out and filled with suppressed malice", later on expressed appreciation of his moderate, friendly and realistic statement of India's problem.

Shroff was Chairman and Director of numerous companies. He was Chairman of Bank of India and of the New India Assurance Company for several years. He was greatly exercised by the growing socialist ideology of the Indian Government in the early 1950s culminating in the nationalization of Imperial Bank of India, Airlines and Life Insurance. In order to educate public opinion of the serious implications of these measures, and to project the great contribution private enterprise could make to speedy development of the economy, he founded the Forum of Free Enterprise in 1956. Having been connected with national planning earlier, he believed in planning but not to the extent that it stifled individual initiative and enterprise. He was against Soviet style comprehensive centralized planning as adopted in India which encompassed all aspects of life. Events proved Shroff right. The Liberalization of the economy in 1991 was a vindication of Shroff's vision and economic philosophy.

While Shroff propagated the message of the role of free enterprise in the development of India with fervour, he constantly urged the business community to exercise great discipline and circumspection in their conduct. He helped to evolve a Code of Conduct for businessmen in 1956. While evolving this Code of Conduct he said: "It is absolutely imperative that thinking people in the private sector should make an organized endeavour to establish amongst all sections the highest standards of integrity and efficiency. However, much as we may disagree with government in the policies and action everybody engaged in the private sector must recognize it as their elementary duty to respect the laws of the country and to pay their dues promptly without any attempt to avoid their obligations."

Shroff headed a number of important government committees. One which is particularly noteworthy was the Committee of Finance for the Private Sector appointed by the RBI in 1953. The far reaching recommendations of the Committee led to the formation of ICICI Ltd. and a number of State Developmental, Financial and Industrial Corporations. His contribution was recognized by George Woods, Past President of the World Bank. In 1960 Woods invited Shroff to tour the USA. He observed: "It was my great pleasure and privilege to be able to act as his host in a tour which took him the length and breadth of the United States. Everywhere he went he spoke of India with the love and understanding of a great patriot, and everywhere he went he left behind him new friends of India and a better understanding of her problems." In a rare tribute Woods added: "Shroff's prodigious command on facts and figures would have made him a leader among bankers and businessmen in any society."

During Shroff's birth centenary in 1999 the Government of India released a commemorative stamp in his honour. The biography of Shroff entitled "A.D. Shroff – Titan of Finance and Free Enterprise" by Sucheta Dalal was also published. The Forum of Free Enterprise has, since 1965, conducted over 3500 elocution competitions in his memory all over the country for college students with the object of encouraging the youth to think and speak on economic subjects. The Forum also arranges every year a memorial lecture delivered by an eminent person.

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\- **Eugene Black**

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