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**BUSINESS ORGANIZATION AND LEADERSHIP
IN INDIA TODAY**

Helen B. Lamb

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There has been little sociological research on the development and motivation of Indian business. Even quantitative analysis of its structure and organization has been neglected, let alone a serious attempt to define its political, economic and social roles. Thus my findings are somewhat impressionistic. I intend first to describe briefly the nature and extent of business organization in India, and then to attempt an appraisal of Indian business in the larger context of India's political economy. Here the focus will be on the interactions between business and other leadership groups with respect to the paramount issue of India's planned economic development.

The Family

Any analysis of the structure of Indian business organization should start with the family¹ -- the basic unit not only in small enterprises but in large ones as well. Eventually, size can lead to a dilution of familial operation and control, and substitution of a more impersonal corporate organization on lines of functional expertise, as it has in the case of India's most outstanding industrial family -- the Tatas. This process, however, has not yet gone very far. To be sure, many enterprises have assumed the corporate form; but real

control is usually retained within the family through the medium of the so-called managing agency firm, a kind of top holding company. Along with some stock ownership, contracts between the managing agency firm and individual companies allow the family to control what are known as "public" corporations, that is, corporations financed by shares sold on Indian stock exchanges to the investing public.

It is true, of course, that some Indian managing agency firms are not family affairs, but consortiums of either families or other groups. Cement Agencies Ltd., the managing agency which dominates the Indian cement industry, is just such a mixed group, being composed of Britons, Gujaratis and Parsis. And there are some corporations run by a board of directors rather than by a managing agency firm. Business is less exclusively family-oriented than formerly. Yet of all those public companies permitted by the law to operate under managing agencies only fifteen per cent are without them.² And even where the managing agency is excluded, as in banking, several of India's most important firms are closely identified with prominent business families, for instance, the Central Bank of India with the Tatas and the United Commercial Bank with the Birlas. Certainly the kind of activity usually encountered at the apex of India's business pyramid is that of an Indian family simultaneously engaging in trade, real estate and banking, and managing industrial corporations through the device of one or more managing agency firms.

Much of India's modern industry is in the hands of a few influential business families, whose operations extend over several areas. The

Tatas, long important in Indian textiles, have concentrated even more in electric power and heavy industry, especially steel and locomotives. The Birlas, important in cotton textiles and jute, manufacture textile machinery and produce consumer goods such as bicycles and cars. The Walchands, originally identified with construction works and shipping, now have important engineering and sugar interests. Other leading business families like the Dalmias, the Jalans, Singhanias, the Sir Badridas Goenkas, the A. V. Thomases and the Thapars likewise run a miscellany of enterprises. The degree to which these families rely on funds raised from the general public varies considerably. Tata enterprises are public corporations. At the other extreme, of the forty-three companies run by the Singhanias family only twenty-four are industrial companies and of these only four are listed in Kothari's Investor's Encyclopaedia of public companies.³

In several consumer goods industries like cotton textiles and sugar there is considerable competition from small Indian enterprises not connected with the dominant families. But in some of the newer industries -- rayon, aluminum, steel, auto assembly and cement -- the position of these families often borders on monopoly, with only two, three or four principal suppliers. Sometimes the underlying corporations are quite substantial in size (as in the case of textile mills run by the Sarabhai, Wadia and Shri Ram families), but more frequently one finds a string of small units in one industry run by the same managing agency. The Thapars run seven coal mines, the Birlas five sugar companies, and the Lalbhais seven textile companies. Perhaps because

of the managing agency type of control there has not been much consolidation. Concentration takes the form of acquiring control of managing agency firms as well as of additional operating companies. Recently Indians have bought up several British managing agency houses. The degree of concentration reflects not only the established pattern of family and managing agency financial control over industry, but also the fact that it is more difficult to do business in India than in the West -- especially in the less developed areas within India and in industries which are highly technical or make producers goods. It is harder to line up a well-trained labor force, assure a flow of raw materials and parts, obtain electric power and adequate capital, and develop new markets.

Yet I am always impressed when I work on Indian materials with how familiar it all sounds. Most of the big business families are relatively new to industry, only a few Bombay and Ahmedabad families having been in modern industry for several generations. The development of these families resembles that of leading American business families like the Mellons, the DuPonts and the Rockefellers who emerged from small beginnings in a combination of trade, banking and real estate or some one service, and fanned out from there into the management and control of public utilities, mines, and a variety of industries. Concentration of economic power among Indian families, while not nearly so broad as that of their counterparts in the heyday of American capitalism, probably looms as large relative to India's less developed economy. Some of India's leading business families,

like our own, have made substantial contributions through their educational foundations to the advancement of education at all levels, including Institutes of Technology, and to research in the social and physical sciences, thus moving beyond the traditional forms of largesse -- assistance to poor members of one's own community, and the building of temples and hostels for religious pilgrims.

The Business Community

A second important unit of business organization is the "community," which means the group within which inter-marriage takes place.⁴ The leading business communities to enter modern industry thus far have been the Marwaris, with their various subdivisions originating in Rajasthan in the interior, and the Gujarati-speaking Hindu, Jain, and Parsi businessmen dwelling along the coast of Western India. The Parsis were the pioneer Indian business community to set up modern industrial corporations; then came several Gujarati-speaking Hindu and Jain business communities, and more recently the Marwaris. There are many other business communities of lesser industrial significance, such as the Punjabis, Sindhis, Muslims and Bengalis. Some of the newer entrepreneurs are members of trading and money-lending castes going way back into early Indian history, like the Chettiars of South India; others, like certain Maharasthrian and Madrasi Brahmin industrialists, have quite a different background.

What does the community structure mean for the operation of business, and how does it affect public attitudes toward business? The

significance of the business community is sometimes given formal expression, as in the case of commercial associations open only to members of a given community. But it is more apt to be an informal affair -- at least so far as its economic operations go -- without any real organization except when it comes to dispensing charity, in particular training and educational scholarships, to the poorer members of the group. However informal it may be, it appears to exercise an important influence on the choice of business personnel. It exerts great social pressure to provide opportunities for the less fortunate members of the group. The Indian business community also plays a part in the consolidation of family empires by marital ties. Strong group loyalty and nepotism are not by any means confined to the business communities, but pervade much of Indian society and in fact many other societies characterized by a shortage of job opportunities.

The core of business control is the family. The next widening circle embraces members of the same business community. Beginning to irrupt on both of these traditional forms of organization is the concept of the professionally trained man who is hired for his talents irrespective of his community. He exists in engineering, accounting, and management, and has made considerable headway in some fields such as banking. In others the professional man often complains that he has little status or prospect for advancement and that the ultimate decision-making is still the preserve of relatives of the head family or of the family's close community associates. Thus the family and community orientation of business contributes to a feeling of alienation from business on the part of many professionals.

The Trade Association

A third unit of business organization is the trade association. Industrial associations, employer associations and all-purpose chambers of commerce have been growing steadily in India during the last fifty-five years.⁵ Sometimes these associations are purely functional, such as the Employers Federation of India, located in Bombay House (Tata Headquarters), and the even older Bombay Mill Owners' Association; both of these organizations are composed of important British and Indian industrialists. Sometimes these groupings are organized on religious or individual business community lines; for example, there are Muslim and Marwari chambers of commerce in various cities. With the exception of racial divisions, which were once very strong and still persist to some extent, the trade associations on the whole are moving away from community emphasis. Like similar associations elsewhere, they are interested in creating business solidarity, raising business standards, settling disputes among businessmen, handling industrial relations, and in some instances regulating output as in the case of the powerful Indian Jute Mills Association, until recently an all-British body. They endeavor to present to society a unified business point of view on issues relating to business and industry.

The Voice of Business

India's trade and industrial associations have been integrated into a coordinated network whose top organization is the Federation of Indian Chambers of Commerce and Industry. It was launched in 1926 with 24

member associations, and has grown enormously. By 1951 it had 132 member associations and 79 associate members, the associates being the leading industrial companies run by Indians. The Federation has a broad base and claims to represent 40,000 firms.⁶ Members of India's leading Gujarati and Marwari business families with industrial as well as trading interests are heavily represented on the Federation's Working Committee and among its past presidents. It is hard to tell how effective this movement has been in integrating the interests of big and little business and in fusing the different business communities into one over-all Indian business community. Certainly the Federation's special publications dealing with important questions of economic policy and its many representatives on boards and commissions give Indian business a united voice.

Indian business has other means of communicating its point of view. The All India Manufacturers Organization, which regards itself as the opposite number to our National Association of Manufacturers but is really far more liberal, was started in 1941 and publishes a monthly, Industrial India. There is also the All India Organization of Industrial Employers established in 1933 and closely tied to the Federation of Indian Chambers of Commerce and Industry. It has a membership of 26 associations -- these are either industrial or employer associations -- and 146 individual companies. This organization has representatives on many bodies and committees dealing with questions of employment, industrial relations, technical training, housing, etc.

Indian business controls a substantial part of the press. Leading business families have bought up papers, both in English and the vernacular, and established widespread newspaper chains like those associated with the Dalmia, Birla and Ramnath Goenka families. Then there are influential business publications such as Commerce, Capital (primarily British), Indian Finance, The Eastern Economist (owned by Birla and modeled after the English Economist) and the Tata Quarterly. In addition there are magazines catering to special industries and their needs. Some of the more important chambers of commerce publish their own journals.

Indian business has an important voice in Parliament. Of six hundred and ninety-nine elected members of the two houses, eighty-three come under the classification business.⁷ This does not include those members of Parliament engaged in the legal and other professions some of whom have close business connections or hope to acquire them. Of the eighty-three businessmen in Parliament, thirty are designated as industrialists. As one would expect, many of them are Gujaratis and Marwaris. Only a few of India's important industrial families are represented directly in Parliament. Mr. Bansal, secretary of the Indian Federation of Chambers of Commerce and Industry, is a member of Parliament.

Indian Business In The Larger Context

of

Indian Society

So far this paper has read like the success story of Indian business with steady and impressive growth in power and organization. But when one asks the question -- how much real influence can Indian business exert on the Congress and on the formulation of development policy -- the answer is not at all clear. Indian business gave valuable help in financing the Independence movement, it has presumably filled Congress coffers for local campaigns against the Communist party, and it can exercise considerable pressure at the local level. But business really doesn't have any place to go other than the omnipresent Congress and in this organization it is only one of many powerful elements all seeking to prevail. The Congress Working Committee, the party's highest executive authority, has not been recruited from the ranks of business, though one finds an occasional businessman on it, but rather from highly educated intelligentsia groups with experience in law, journalism, politics and government service and very little background in business or industry.

Business has the power of money, in India as elsewhere, but it does not have the prestige and general acceptance accorded business in the West. Some people attribute this to the widespread black marketeering and tax evasion by business during the wartime inflation and since. Recently India has produced some financial tycoons on the model of America's "robber barons," and they have not yet been transformed by

public relations experts into industrial statesmen. But I think the low esteem in which Indian business is held is much more deep-seated. The goals and value system of business enterprise do not permeate Indian society as for instance they permeate our own. Indian business has had to operate in a cultural milieu which traditionally holds an organic view of society somewhat like that of feudal Europe. Individuals are members of a group to which they are subordinate, and relations between groups are harmonious and stable with each component performing its due function. This view of society rules out liquidation of any group and reserves for Indian business, along with other elements, its due niche, but it is a subordinate one. Such an attitude is antithetic to those attributes of business enterprise which are equated with virtue in the West -- competition, self-assertiveness, and the survival of the fittest, unremitting innovation and the consequent revolution in methods of production and thereby in relationships among people -- all set in motion by the profit motive. Modern Indian life has somewhat undermined the ancient view, always more of an ideal than a reality, but old conceptions linger on. The lofty disdain held by highly trained professional bureaucrats toward the humble money-lender origins of many of India's business families still persists and reflects the combined British-Indian cultural tradition in which government service constituted the greatest attraction. The conspicuous consumption of India's merchant princes seems to arouse more disapproval than that of her erstwhile titular princes among the many Indians to whom simplicity and austerity are valued for their own sake. Though there are notable

exceptions, Indian business has not been very aggressive and venture-some in pioneering new industries for India. And this may be in part because the spirit of enterprise has not been glorified.⁸

Before Independence Indian business was a minor partner in a united front of many groups organized to oust the British. In this struggle business gave more behind-the-scenes-support than outright leadership, though at least one Indian businessman, Jammalal Bajaj, held high office in the Congress.⁹ With Independence, however, there has been a shift from political to economic issues: what are the best means of developing India's resources and of raising the living standards of her people? Here Indians are not united. The viewpoint of business is only one among many and it does not have much support beyond its own ranks.

There are three main approaches to the question of economic development, that of the businessman, of intellectuals who have been influenced more or less by Fabian socialism, and of the followers of Gandhi. Many intellectuals, whether in the Congress or outside it, have long favored a gradual movement toward socialism with increasing public ownership of the means of production in order to speed development, prevent undue concentration of economic power, and bring about an economically more egalitarian society. Those in the Gandhian tradition want a more modest development program centered on the village and on village industry. They are opposed to factory-made consumer goods, especially textiles, because they deprive the village of an important means of livelihood and lead to concentration of

economic power by city mill owners. Both of these approaches emphasize social welfare and the evils of private concentration of wealth. Their bias against private enterprise, however, has somewhat different roots. Advocates of socialist economic measures charge Indian business with being unenterprising, lacking the dynamism to spur rapid economic growth. The Gandhites, on the other hand, dislike the very efficiency of Indian business in the mass produced consumer goods industries, especially textiles, which have undercut handicraft production. Indian business thus takes a beating on both sides.

The approach to economic development of Indian business -- or rather, of the articulate wing of big business -- is somewhat as follows. They favor rapid development and government aid in planning and financing over-all industrialization. One of the repeated charges against the British administration of India was that it failed to do precisely this. Perhaps the most positive and imaginative expression of business planning thus far has been the so-called Bombay Plan, proposed immediately before Independence by a small group connected with some of India's leading business houses. This plan accorded government a crucial role in accelerating industrialization and setting the stage for eventually achieving an Indian variant on the private enterprise-social welfare economy found today in developed capitalist democracies. In brief, business would like a maximum of government aid and protection of industry, with a minimum of outright government operation and control.

The three divergent conceptions have led to an uneasy compromise, the so-called socialistic pattern of society. This policy, unlike outright socialism, presupposes a continuing mixed economy -- part

private and part public enterprise with considerable flexibility of operation and emphasis on the goals of the welfare state rather than on a given ideology for ideology's sake. It raises difficult and as yet unresolved problems as to the functions and dividing line between the two sectors, their coordination, and the relation between private industry and the government. During this postwar period, when new institutions are being forged and new concepts emerging to bring the socialistic pattern into being through a series of five-year plans and other measures, there has been considerable confusion among businessmen. The pattern seems to shift from year to year (it is now the socialist instead of the socialistic pattern), and to be susceptible of many interpretations. Is it rhetoric, a political appeal to India's masses to make them proof against the blandishments of communism? Or is it real, that is, the entering wedge of socialism? Business is not sure. The government alternately admonishes business for its shortcomings and reassures it as to its future.

Respects in which India's Planning Effort

Has Strengthened Business

Despite the alarm raised by new government acts and regulations reflecting a socialist pattern, it is important to note that many steps have been taken to promote and assist Indian business. Protective tariffs against foreign goods have been extended to a number of industries. Financial aid, tax concessions and depreciation policies favoring new industrial investment in lines where expansion is desired

have been instituted. Government has assured India and Indian business a well-integrated industrial complex of many industries by assuming responsibility for tackling any bottlenecks which emerge either because private enterprise is reluctant to enter certain technically difficult or risky fields, or has entered them in insufficient quantity. The government is developing transportation facilities and electric power, thus providing the essential base for industrialization. Above all, it is committed to a rate of spending on public utilities and works in agriculture, industry and the social services which provides business with a constantly expanding home market and hence virtually guarantees profitable operations. The whole planning effort in India will almost inevitably bolster business organizations since the attempt to plan and to push economic performance necessitates the drawing up of schedules of capabilities and priorities, the licensing of new capital issues and imports, and the allocation of goods in short supply -- whether transport facilities or raw materials; all these activities presuppose some form of business organization. Planning can effectively exclude new competitors as it has in industries such as jute where no expansion in capacity is envisaged.

Business Apprehension

Yet business is up in arms over many new government regulations and measures which have been promulgated over business protest. The new Company Law, for instance, attempts to prevent undue concentration of economic power by regulating and curtailing the managing agency type

of control over industry. While it may suffer the familiar fate of trust-busting efforts elsewhere, the bill goes much too far according to Indian business opinion. The Industries Development and Regulation Act of 1951, and in particular the 1953 Amendment, grants government extensive powers to participate in the orderly development of industry, to regulate industry and even on occasion to take over the operation of firms. The nationalization of the Imperial Bank, of India's private airlines, and of the life insurance business caused dismay. The amendment to the Constitution declaring non-justiciable the question of compensation in cases of nationalization poses a question mark for the future. The new industrial policy statement enlarges the sphere for which the government has responsibility. The Second Five-Year Plan allocates projected industrial investment in accordance with this shift in emphasis, with government undertakings absorbing a far higher proportion of total industrial investment than during the First Five-Year Plan. Then too, the proposed financing of the Plan moves away from reliance on voluntary saving and investment as determinants of the pace of development and emphasizes increasingly taxation and deficit finance.

An additional cause for business anxiety is the deliberate restriction of new capacity in certain consumer goods industries, especially cotton textiles, and the promotion of cooperative handicraft production subsidized by the government to provide the planned increases. As I have already indicated, this program has the enthusiastic support of the Gandhites to whom handicraft production is a way of life. To India's planners it is a valuable expedient which not only yields the

necessary increases in consumer goods, it can also greatly increase employment opportunities and at the same time release the maximum of investment resources for heavy industries like steel and machinery, since additional handicraft production requires less capital outlay than would the expansion of capacity for factory-made consumer goods. Established textile manufacturers are vigorously resisting these limitations as they would like to expand to meet the expected increase in textile demand.

In the field of industrial relations many segments of business feel that the government's role has been detrimental to them, that the arbitration awards usually favor the workers. And it is probably true that, with unemployment so prevalent, the workers would tend to receive less without this government intervention -- an integral part of the socialist pattern. But even here, the government's strong stand against the strike as a weapon may hamper the development of a vigorous trade union movement and hence relieve business on this score. In any event, it is interesting to note that even though government regulations have multiplied, private investment has increased substantially since 1954 in response to the new expansive forces which stimulate business and release the economy from the shackles of its colonial past.

It is extremely difficult to prepare any kind of balance sheet as to the ability of business to shape India's politico-economic future. One possible measure of its effectiveness might be the substantial differences between the Second Five-Year Plan (1956) and the Draft Plan-Frame (March 17, 1955), generally considered the high point of

socialist planning. On several counts the Plan-Frame was modified on lines favoring private business. For instance, the Second Five-Year Plan provides for a higher ratio of consumer goods to producers goods and for a higher proportion of private to public enterprise than was envisaged in the Plan-Frame. But even in this instance it is possible that the planners were sufficiently politically minded to ask for more than they expected -- or even needed -- in order to get approximately what they wanted.

Though the Indian Government has taken steps that are far more socialistic than any New Deal measures in the United States, business criticism of government in India is nowhere near so rampant or uniform as it was here. It ranges all the way from Mr. G. D. Birla's enthusiastic acceptance of the socialist pattern as the only way to preserve capitalism¹⁰ to the Federation's respectful and cautious suggestion that the Planning Commission should give "further thought" to the relative roles of the public and private sectors.¹¹ Why this diversity of business response and why the muted character of business criticism? A few hypotheses suggest themselves. Indian business may feel isolated, especially since the death of its powerful friend, Sardar Vallabhbhai Patel. Though there is no precise definition of the socialist pattern, it has received widespread acceptance in India. Criticism by businessmen is therefore usually confined to taking exception to details -- especially timing and methods -- rather than to the content of the socialist pattern itself. Mr. Birla in particular attempts in his public utterances to convey to the rank and file of Indian business that

the social and intellectual climate in India has changed and that they face a new situation to which they must adjust.¹² Businessmen, or at least their more sophisticated spokesmen, realize that in accelerating India's economic development far more government assistance and direction will be required than during the leisurely pace of Western economic development. Then too, Indian business is perhaps not as united as the streamlined Federation of Indian Chambers of Commerce and Industry would suggest. Underlying all business efforts to work together are the different business communities. There tends to be a good deal of rivalry between local business communities newly engaged in modern industrial operations and the more powerful business communities who operate all over India and are felt to have established valuable government contacts.

Business Leadership

An even sharper division within Indian business is, of course, that which separates the big, successful entrepreneur from the little businessman. The socialist pattern may wear quite a different aspect to different businessmen depending on their economic power and ability, their social status, and their access to government, as well as on their previous industrial experience. Not all Indian business is equally hit by the limitations on expansion of consumer goods industries. As we have already seen, India's most important industrial families have entered new fields, even some producers goods industries. In fact, the industrial operations of some important families like the Kirloskars

and Mahindras with engineering, machinery, and aluminum interest appear to be exclusively in this sphere.

At the other end of the spectrum the innumerable small traders and money-lenders may feel that their role has dwindled in the new India, where cooperative organization among small producers in industry and agriculture is increasingly stressed. The few modern business enterprisers who have organizing experience and capacity can be used and will play an important part, according to Raja Gopalachari, India's eldest statesman today. To quote:

The days of big business may be thought to be over, on account of the Congress resolution as to the pattern of society that Congress wants to build up. But in reality it is not the case. Big organizations are still wanted and will continue. High taxation and low net profits are no doubt deterrent elements for private enterprise. But though profits do not any longer accrue on the war-period scale, and though taxation is growing heavier and heavier with each budget, big business has its attractions still. As long as talent exists, there is a vocational call for big business to which men cannot say nay, profit or no profit, taxation or no taxation. Big business in that sense has an undying future Big men will continue doing big things because they cannot help it.¹³

Government contacts, of value to business in any society, are particularly useful in India where the government is attempting minute regulation of industry. It has become necessary to obtain the permission of some government board for a new capital issue, plant expansion, opening a branch office, and so on. In such an economy the opportunities for wrangling and dissension multiply, but so do the opportunities for discreet negotiation and the winning of special privileges. In a set-up of this kind there are likely to be charges of corruption by disappointed applicants whether with or without

foundation. As government and semi-governmental institutions play an increasing role in the financing of private enterprise, the value of government contacts will increase. This premium on access to government is accentuated, furthermore, by a significant trend away from the conception of the mixed economy as one of sharply defined exclusive fields of operation for private and public enterprise (embodied in the Industry Policy Resolution of 1948) and toward a new conception of co-existence, that is, private and public enterprise existing side-by-side in the same industry where government feels this to be in the public interest (Industrial Policy Statement, 1956).¹⁴ The rationale for public enterprise seems to be shifting somewhat from an ideological emphasis to one of expediency, with the government operating plants in those industries where private enterprise has not thought it profitable to enter -- or has entered but to an insufficient degree. [This change in emphasis may even raise the hopes of some of India's most efficient and strategically placed businessmen that Indian development may follow the pattern of the Japanese, where many enterprises started by the government were subsequently sold to private interests once they had proved profitable.]

Through regulation and financial aid India is attempting to merge the goals, methods, and even the personnel of public and private enterprise. The new financial institutions bring together representatives of big business and the government. Business representatives are sitting with technical experts and government officials on development councils, which have been set up to plan expansion in certain key industries.

Prominent businessmen are also members of such tri-partite boards as the Labor Panel to the Planning Commission and the Central Advisory Council of Industries, designed to implement and to obtain acceptance for the mixed economy type of planning.¹⁵ Outstanding business leaders along with civil servants serve on the boards of the new State Bank of India (formerly the Imperial Bank with 22 per cent of the nation's banking assets), the now nationalized Reserve Bank of India, the Industrial Finance Corporation, and the new Industrial Credit and Investment Corporation to which the government as well as private industry and foreign capital have contributed. Businessmen and civil servants are directors of the new nationalized industrial corporations such as National Air Services, Sindri Fertilizer, Hindustan Cables, government shipyards, steel mills and so on. Private businessmen are a distinct minority on these boards but they are there.

In line with the traditional Indian pattern of the fourfold stages of a man's life, the Planning Minister, G. L. Nanda, has appealed to the most successful businessmen to give up their own enterprises after a certain age and to help in the conduct of the public sector. He states that his appeal has received an enthusiastic response. The well-known business journalist, Mr. S. H. Batlavala, writing in the Times of India on "The Role of Industrialists" comments on this appeal as follows:

Private industrialists' frequent pilgrimages to the ministerial gods of Delhi have resulted in many of their prayers being granted. The greater is the reason that some of them should be helpful in the conduct of the public sector.¹⁶

Of great help in the transition from competition to cooperation between government and industry which India's planning effort calls for is the small group of distinguished businessmen who have already achieved a high status and position. Since Independence, there have been several instances of such businessmen sharing in the expanded opportunities for government and public service. To name a few: John Matthai and T. T. Krishnamachari have served as cabinet members, Sir Homi Mody as governor of U. P., C. H. Bhabha, A. D. Shroff, and Sir Purshotamdas Thakurdas as heads of important government commissions, and G. L. Mehta as ambassador to the United States. There is also a reverse flow of business leaders coming from a background of governmental or professional experience. Sir Arcot Mudaliar, a man of long government service, has recently gone into industry and is chairman of the T. I. Cycle Co. He is also chairman of the Indo-Commercial Bank and the new Industrial Credit and Investment Corporation. Shri V. Ramakrishnan, a most dynamic organizer of new industrial ventures in South India, was formerly an I.C.S. man. Dr. B. C. Roy has had at least three careers -- in medicine, in politics (as a member of the Congress Working Committee and Chief Minister of West Bengal), and in industry. John Matthai, now chairman of the State Bank of India and previously director of Tata and Sons, began as a professor of economics. He has alternately served private enterprise and the government of India in important capacities.

Outstanding business leaders such as these are by no means numerous, but their example is significant in that their own experience is a

composite of different viewpoints and they thereby reduce the barriers, real and imagined, between business and other leadership groups in society. This interaction and commingling between different leadership elements may produce the profound modification in private enterprise goals which Rajaji had in mind, and may also have some impact on the elite mentality of the I.C.S. The Indian business stereotype -- that is, a person dedicated exclusively to making money -- is being attenuated from two directions. Increasingly, people are entering business from a nonbusiness background, from communities with different values and different social status. And concomitantly with this phenomenon one sees the sons and grandsons of successful businessmen turning to national service or the more honorific professions. Those businessmen who become recognized leaders in the cooperative effort may respond increasingly to the traditional concept of an Indian leader as one who is disinterested and dedicated. Given the strong political and economic pressures which are pushing in this direction, it is certainly not beyond the realm of possibility that more business leaders will forswear profits for power and prestige.

Does the socialist pattern mean that large scale industry will be in effect socialized or that government will take on some of the features of the corporate state? To paraphrase the comments made during conference discussion -- will this mystical union of business and government be consummated on a high plane of social service to India with businessmen becoming more and more like government servants, or will it merely legitimize the special privileges of the fortunate few? With

India's extraordinary ability for absorbing the new without discarding the old, the end-product may be a little of both, an eclectic amalgam of many elements, fused into something quite novel and labeled "made in India."

Footnotes

¹The Indian family has historically been an extended "joint" family with many relatives of different generations and degrees of relatedness all living in the same compound or at least owning business property in common. While the use of the legal form of joint property ownership has declined under the impact of modern life and the new graduated income tax, much of the spirit of the joint family system lives on and provides jobs and security for relatives beyond the immediate family circle.

²Andrew F. Brimmer, "Setting of Entrepreneurship in India," Quarterly Journal of Economics (November 1955) p. 564.

³M. M. Mehta, Combination Movement in Indian Industry, Allahabad: Friends Book Depot, 1952, pp. 74-76.

Kothary and Sons, Share, Stock and Exchange Brokers, Investors' Encyclopedia 1951-52, Madras: 1952, pp. 357, 399, 1147, 1327.

⁴For a more detailed discussion of the Indian business community, see:

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⁵Indian Merchants' Chamber, Directory of Chambers of Commerce and Associations, Bombay: 1953.

⁶The Federation of Indian Chambers of Commerce and Industry, Silver Jubilee A Statesman Supplement (Calcutta) March 29, 1952, and Silver Jubilee Souvenir 1927-51 (New Delhi) 1952.

⁷Trilochan Singh, Indian Parliament 1952-57, New Delhi: Arunan and Sheel.

⁸But is this not merely a transition phase and will not Indian business come to assert itself and its values even as the rise of commercial and industrial interests in Western Europe eventually broke the bonds of the old order? A conference participant raised this question but it seems to me unlikely that the European experience will be repeated in India today when the world setting is so different. Not only does India share the prevalent urge toward a welfare state with all that that implies, but also the models for effective industrial organization throughout the world no longer reflect the social composition of individualistic early capitalism. India faces on the one hand the developed capitalism of American and Western Europe, which has exhibited a marked trend away from individual enterprise and toward giant corporations, with an ever diminishing proportion of the total population playing genuine entrepreneurial roles, and on the other hand the socialist division of the world where industrial production is confined to a handful of state trusts. As the Indian sociologist, I. P. Desai, intimates, why should India adopt the ideology of a competitive, individualistic society when "it has lost the vigor of its youth and the world looks at it with growing suspicion." "Caste and Family," The Economic Weekly, February 27, 1954, p. 230.

⁹Kaka Kalelkar, ed., forward by Jawaharlal Nehru, To A Gandhian Capitalist, Correspondence Between Mahatma Gandhi and Jinnalal Bajaj and Members of His Family, Bangalore: Power Press, 1951.

For an account of Mr. G. D. Birla's political activities in behalf of Independence, see his book, In the Shadow of the Mahatma, with a forward by President Dr. Rajendra Prasad, Calcutta: Orient Longmans, Ltd., 1953.

¹⁰Hindu Weekly Review (Madras), May 7, 1956, p. 2.

¹¹Ibid., p. 3.

For a convenient summary of the Federation's position on a wide range of political and economic issues, see article by G. L. Bansal, "Leaders of Commerce and Industry in Conference," Indian Affairs Record (March 1956), pp. 1-4.

¹²See "G. D. Birla's Call to Businessmen" delivered at the annual meeting of the Federation and reported in the Hindustan Times Weekly (Delhi), March 8, 1954.

¹³Quoted in an editorial in Capital (Calcutta), August 18, 1955, p. 213.

¹⁴For an interesting analysis of these two industrial policy statements, see "India's Policy on Industrialization," Ford Foundation Program Letter, Report No. 77, June 12, 1956.

¹⁵A study of the minutes of the meetings of these bodies would throw valuable light on the extent to which they have become two-way means of communication.

¹⁶Issue of November 10, 1955.