UNIT 2 EVOLUTION OF
ENTREPRENEURSHIP IN INDIA

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2.0 OBJECTIVES

In this unit, we will study the evolution of entrepreneurship in India from ancient times till the modern era. After studying this unit you should be able to:

• trace the roots of Entrepreneurship in Ancient India;
• look at the entrepreneurial pursuits in Medieval India;
• evaluate entrepreneurial efforts of Indians in Colonial Period;
• assess obstacles faced by Indians during the Colonial Period; and
• understand the enterprising activities of Indians that surmounted the obstacles.

2.1 INTRODUCTION

Entrepreneurship has been in vogue right from ancient times in India. During the medieval and early modern periods, it did not have the same vigour that was experienced in the contemporary period in the Western countries. Rather, the people who took to entrepreneurship during the British rule had to face insurmountable problems. In this unit we would look into the factors that were mainly responsible for dampening the entrepreneurial spirit in India. Certain policy decisions were made during that period, which were detrimental to any kind of enterprise by the Indian people. Yet, in certain parts of India, despite the unfavourable conditions, Indian entrepreneurship could not be curbed.

2.2 TRACES OF ENTREPRENEURSHIP IN
ANCIENT INDIA

Indian society, prior to the Muslim and British rule, was confined to villages with its base in the rural economy. A village, or at the most, a group of adjacent villages within a particular area was the primary object of focus. This was due to minimalist demands of the people. The nature of consumption, therefore, was far less diversified, in
comparison to that during the later periods. This self-sufficient characteristic of the rural society & economy, in fact, protected the artisans from external pressures of competition. In view of this situation, manufacturing activities were localized and less specialized. They continued to remain at a nascent stage for long and the situation was more or less uniform all over the subcontinent. Even though this was general situation during the period, Historians like Romila Thapar have a different perspective. They point out “building of roads opening up the subcontinent and attempting to develop a uniform system of administration” during the Mauryan period and “the occupation of north western India by non Indian people” as factors that gave rise to the Mercantile community.

2.2.1 Growth of Entrepreneurship in Ancient India: Guilds

In ancient India, Guilds became an increasingly important factor in the urban life, both in their role in “organization of production and in shaping of public opinion”. Artisans, being unable to compete with the guilds in their individual capacity, had no alternative but to join them. Besides, the Guilds offered general security and social status. Guilds, like present day companies, had to register in a particular locality and had to take prior permission from the authorities in order to shift their location. Artisans of different crafts formed different Guilds. There were Guilds of potters, metal workers, carpenters, and so on of others. To cope with the demand for certain commodities, Guilds had to, at times, hire labour and slaves.

Guilds framed rules of work, maintained quality of finished products and fixed prices to safeguard both the interests of the customer and the artisan. There were Guild courts to control the behaviour of its members. It even interfered with the private affairs of its members. The Guild, because of its association with a particular caste, had little problem in having a constant supply of members. Offspring of members belonging to a caste or a sub-caste often had no other option but to joining the same profession as did their elders. It was only during the period of transition when a caste or a sub-caste as a whole changed its occupation was there a threat to the Guild.

Manufacturing activity took place in areas where raw material was easily found, or where there was a tradition of a particular craft. Artisans migrated to these areas from the surrounding places. This was more so especially with the spinning and weaving of cotton and silk. Guilds also played the role as centres of technical education. Besides imparting knowledge related to a specific craft, it also improved upon it. The Guilds took out processions with banners and insignia on festive occasions. It was a kind of publicity. They also made their presence and concern felt by donation to charitable causes and to religious institutions. Though the Guild leaders were powerful figures in the urban life they did not cherish political ambitions. Politics was considered the prerogative of the King.

2.3 ENTREPRENEURIAL PURSUITS IN MEDIEVAL INDIA

In the Medieval period of Indian History, during the Muslim Imperial rule in most parts, Guilds became weakened. Excessive outflow of Rural surplus, unproductive usage and sustenance of urban lifestyle and engaging the resource constantly were the major factor responsible. However, the manufacturing activities of Rural India maintained their distinctive characteristic of being uniform. But they became limited in kind or scope. From this period, relationship between the townships and the rural areas became increasingly exploitative in nature. The rural produce invariably flowed to the townships without any substantive reciprocal return. This is to say that in real terms the direction of flow was one way. Village products, both agricultural and non-agricultural, went to the towns, in return for cash, which was again siphoned back to the townships in the form of land revenue.
The towns were the concentration centres for the surpluses and revenues collected from the rural areas which were primarily utilized in the wars and the aggrandizement of the Muslim rulers. Thus the resources mobilized from the rural areas were never ploughed back for the development of these areas for development of rural people to raise their per capita income.

### 2.3.1 Mal-integration of Rural and Urban Economy

Apparently manufacturing activities in the towns were quite well pronounced along with a developed system of banking and merchant capital. Urban industries unfortunately had to be oriented to aristocratic consumption and exports, which had relatively a small market. The consistent drain from the rural sector had made the vast majority of rural folks pitifully poor. Without the necessary purchasing power the rural population did not have the “capacity to stimulate the growth of organized factory type industry in the towns of Mughal India. The cash which the majority of peasants received by marketing their crops went into the payment of the heavy land revenue demand which thus checked the growth of rural consumption and the formation of a large domestic market for mass-produced industrial goods.”

Even, the export of merchandise to other countries failed to stimulate industrial activity, or for that matter any economic activity. This was because the things imported in return were mostly precious metals like gold, silver and valuable stones, which were used for non-productive purposes and hoarded. Thus they constituted enormous unproductive wealth.

Due to the virtual non-existence of any link between urban industries with the rural markets, merchants were highly dependent on extraction of the villages by the then rulers. Thus the entrepreneurs in Mughal India did not have “independent base in the production system” like their western counterparts had and consequently they were in no position to exert requisite political pressure to rectify the mal-integration between the rural and urban sectors.

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**Check Your Progress 1**

*Note: i) Space is given below for your answer.
ii) Compare your answer(s) with the text.*

1) How were the Guilds reflecting the caste system and hereditary occupations in Ancient India?

2) What differences do you find in the rural entrepreneurship activities of Ancient India and Medieval India?
during the Moghul rule, the surplus produce and resources were concentrated in the towns within the country but with the coming of the European rulers the surpluses and resources of the subcontinent were drained to other countries converting India into a colony.

After India's subjugation, the policies and the measures adopted by the British were primarily to extract maximum surplus from the hinterland of the subcontinent. It was, of course, done in a much more sophisticated way than an outright plunder. By the settlement of 1793, the land revenue in Bengal was permanently fixed. The low prices at which jute and indigo were obtained from the peasants were very calculated methods of extraction.

2.4.1 Exploitation during the British Colonial Rule

Compared to the large volumes of merchandise exported, the amount of merchandise imported was proportionately less. What was imported to counterbalance the export was detrimental to Indian economy while it was a stimulus to the British economy. Goods that were imported to India were factory made products for mass consumption. It created a market for itself also in the rural areas affecting the traditional cottage industries which resulted in more unemployment and siphoning out of money. There was hardly any import of machinery to enable the native entrepreneurs to set up industries to produce commodities for mass consumption. At least till the beginning of the World Wars, the Indian entrepreneurship was faced with insurmountable hurdles purposely erected to protect British interests.

A large part of the export had to compensate for the induced import of services and duties for the stores given to government of India by the government of Britain. The home charges that the government of India had to incur were to meet the expenses for civil and military administration (much of it for military operations outside India to protect British imperial interests) stores purchased in Britain, and the interest on loans given to India for its so called development such as construction of railways and canals for irrigation. Both the railway and irrigation projects were indirect boosters to the British economy as it was a great stimulus to the heavy engineering industries in Britain. Moreover, the railway network and irrigation projects were so designed that those who were to directly benefit were only badly affected. The manner in which the projects were constructed was entirely oriented for export trade at the cost of ruining the food producing peasant economy.

Since the loans given to India were used for unproductive purposes as far as the interest of India was concerned it could not be paid back in due time. The interest burden kept swelling, putting the country more and more in perpetual debt. Besides, the large quantities of gold and silver which was imported, seriously affected commerce and industry of India. Gold was primarily hoarded which was used during periods of crisis. Silver was circulated as currency. Till 1893 large quantities were imported especially because of the monetary policies adopted by Government of India to continue with silver as the medium of currency even though the value of gold and silver was declining in the international market. Consequently the value of Indian currency kept falling which had the direct effect of devaluing the Indian products for exports.

Thus the depreciation of Indian currency resulted in devaluation of Indian products necessitating larger quantities of exports to be at par with the international exchange rate. Continuation of such monetary policy with free import of bullion and with full knowledge of the devaluation was a planned strategy to favour the British exporters and the government.

2.4.2 Hurdles Created for Indian Enterprise

Other services like banking, insurance and shipping, for which the Government of India had to pay, constituted the invisible services. Such services were not a free choice that India could make among the best available in the international market. The Indian efforts to build such service industries were throttled by the monopolistic tendencies of Britain. It stunted the growth of the indigenous business complex of
banking, insurance, ship building and shipping which had at one time thrived in Gujarat. India also had to pay for all the White people invited to be employed as businessmen, professionals and administrators. Remittances on private account of such people wiped off quite a substantial amount of the gains from her export of goods. The imported labor was the most expensive in the world. India had little choice in its import and it was made to work often against the Indian interests.

Factors elaborated above were obviously responsible for stunting the organic growth of the Indian economy. Rather it accentuated the mal-integration between the various sectors in the economy. In doing so it led to further impoverishment and perpetuation of a dependent economy and low level of development till the beginning of the Wars.

2.4.3 Divergent Views

There has been a long standing debate among the economic historians regarding the slow pace of industrialization in the subcontinent. One of the main points of enquiry is very unsatisfactory pace of progress of the native entrepreneurs and the rapid strides in progress by their western counters. Though steam engines had been introduced in India at almost the same period as they were in the West, the low level of the economy and its subordination to the Imperial power checked industrial growth. A.K. Bagchi claims that the problem was essentially because of lesser demand for factory produced products. According to him there was not much dearth of entrepreneurship, resources, technology and other requisite input factors as it was the dearth in demand. In other words there were instances of entrepreneurs who were capable of mobilizing resources and setting up industries but they failed miserably because of lack of demand for their products. He points out that there was, in fact, under-utilisation of available resources. To produce commodities at a cheaper rate the kind of mass scale production that was required was not possible in India because its entrepreneurs did not have access to a broad based international market as were their western counterparts.

Other historians like M.D. Morris stressed on the problem of supply side without denying the limited demand. According to him, India did not have sufficient entrepreneurship, funds and resources. He agreed that there was a lesser demand for factory produced products. Backward organizational and technological structure was a severe constraint for industrial growth. The extreme difficulties in arranging resources, machinery & equipment, technological know-how, skilled labour used to factory mode of production, managerial expertise, and finding out channels of market were considered to be heavy deterrents for the native entrepreneurs. It was no easy task to get machinery and technological know-how from abroad and adapt it to the prevailing Indian conditions, train persons without any institutional set up, provide power and meet other complementary imperatives. Under such circumstances there was greater need for both fixed and working capital while capital itself was costly. All these together were bound to make the finished product excessively expensive, leaving the entrepreneurs unable to compete with their foreign counterparts.

Encompassing both the views, people like Rajat K. Ray, are of the opinion that the limited demand and the difficulties faced on the supply side were actually two consequent effects of the low level of the economy like two sides of a coin. In other words, both the lack of demand and the insurmountable difficulties faced in setting up of industries were because of limited capital resources available in the economy of the subcontinent. The subsistence level existence of the people in general, was responsible for lack of domestic demand and also for less mobilization of surplus resources required to ensure vigorous industrialization along with other ancillary activities.

2.4.4 Impact of World Wars

During the period between the two World Wars there was a marked change in the industrial activity in India. From 1913 to 1938, the large scale manufacturing output was at the rate of 5.6 percent per annum which was much above the world average of 3.3 percent. This happened primarily because of the thirty-year crisis in Europe.
There were two important changes in matters of investment during this period. Firstly, there was diversification of industrial activity in many new directions while the traditional industries like jute and others maintained a comparatively slow pace of growth. Secondly, due to some constitutional reforms, reluctance of initiative and withdrawal of investment on the part of the British businessmen, involvement and share in terms of investment of the Indian entrepreneurs in and their control on capital formation grew to a considerable extent. Thus a number of business houses who were to be the future captains of the Indian industries gradually came into the picture.

2.4.5 Need for Government Intervention

Unfortunately, the growing population and the vagaries of monsoons, counterbalanced the progress on the Industrial front. Besides, there was hardly any appreciable rate of growth of small and cottage industries. As far as the prevailing rate of industrialization was concerned, given adequate time, there was slow expansion of demand and difficulties of supply constraints were not much of a problem, according to Bagchi. For an industrial take off which happened in Russia or Japan, a rate of much higher order was essential. The supply constraints stood as formidable barriers against any attempt for a higher rate of industrialization. Huge amount of capital was needed for investment on basic industries, power, transport, communications, irrigation and drainage systems. To create the essential infrastructural facilities, massive social overheads had to be placed on education and public health in order to break the supply constraints. Doing so would necessitate an expansion of demand. There being an interdependence between the reduction of the supply constraints and the expansion of demand, both could be effectively solved by huge doses of capital. Unfortunately, India was far short of the amount of capital required to have the rate of industrialization necessary for a take-off of the economy. This was not possible with mere private initiative. The involvement of government in injecting the requisite capital, drawing up a plan with clear priorities and sequences and having relative control on production and distribution was of paramount importance to gear up the economy and enable the private initiative to be vigorous and complementary.

Check Your Progress II

Note: i) Space is given below for your answer.
   ii) Compare your answer(s) with the text.

1) Examine the impact of British Colonial Policy on the Indian economy?
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2) Why did the colonial trade policy stifle the growth of Indian entrepreneurial efforts?
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3) How did the Colonial System make a change to the rural life in India?
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Comment on the debates between different schools of Historians on the question of handicaps to industrial growth in Colonial India.

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What changes took place in Colonial India's industrial scenario between the two world wars?

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4) Comment on the debates between different schools of Historians on the question of handicaps to industrial growth in Colonial India.

5) What changes took place in Colonial India's industrial scenario between the two world wars?

2.5 ENTREPRENEURSHIP IN SELECT COMMUNITIES IN POST-INDEPENDENT INDIA

Before we go into the era of post-independence industrial entrepreneurship, it is worthwhile to take the social roots of industrial entrepreneurship during the British rule. To begin with, after making money in trade, labour contracts and financing tea and indigo plantations, the Europeans ventured into industry, like Bird and Company, Andrews Yule, Binny and Company, etc. to name a few. Rarely did tea or indigo planters or persons running specialized industries grew into big industrial owners. Only those who had business wide-ranging or an extensive government patronage could become such.

Some authors like Brimmer are of the view that those Managing Agency houses were real entrepreneurs in India. They adopted new methods of production, sought new sources of raw material, introduced new products and ventured into new markets. The European Managing agencies were involved in trading, agency, industry and financing. Thus there was hardly much distinction between commercial and industrial interests. Whereas the Indian managing agencies which gradually grew into large industrial firms, though involved in other fields of business, in due course, were oriented more towards industrial activity. For example, the Tatas were to a greater degree involved in industrial pursuits than other kinds of businesses.

2.5.1 The Parsis

Among the Indian communities, the Parsis came into early prominence to compete with European businessmen and gain a sizeable share of control in trade and industry. Some are of the view that they possessed protestant-like ethical value-system which enabled them to be prosperous. Possession of enterprising qualities was intrinsic for the Parsis as a community. This view is contested as one finds other Indian communities who, in due course also, came into the forefront of industrial activity. The Brahmins of Ahmedabad controlled the cotton mill industry.

Giving due importance to the special qualities of the Parsis, however, it is essential to consider the initial advantages they had because of the prevailing circumstances and their location, which played an important part in protecting them from severe competition.

The Parsis as a community had settled in India for nine hundred years before they took to trade. They primarily depended on land for their living. They were not bound
by rules of the caste system. Besides, no gainful occupation was considered shameful by them. When the European merchants landed on the western parts of India by sea, the Parsis had no inhibition to work for them as go betweens. Coming in contact with the Europeans quite early, they got the needful exposure with the outside world which initially enabled them to be brokers, agents or interpreters for the British and Dutch merchants and later in trading with the other foreigners. When the British established the port and a factory at Bombay, many of the Parsis went and settled there. As Bombay prospered with the decline of the port at Surat the Parsis also prospered. They accumulated a lot of capital first from opium trade and then from cotton trade, especially during the American Civil War.

The other important factor which went in favour of the Parsis in comparison to their eastern counterparts was that they belonged to a region which, till quite late, was not under British influence. Western India did not experience the dastardly conquests and plunders of the early British East India Company. For long the British were resisted by the Marathas of this region. The Parsis worked alongside the British and were also financiers. During the period, they were also friends with the British. During the Indian freedom struggle they played an important role in the Bombay Presidency, both in entrepreneurship and political struggle.

The hinterland of Bombay was not as extensive as that of Calcutta and before the coming of railways, western India was quite inaccessible. The relatively arid Deccan Plateau was not favourable for plantation of tea or indigo and the region did not have rich mines like Bengal and Bihar. Thus there was not much reason for the British to be attracted and establish themselves in Western India for a long time. Thus late British interference enabled not only the Parsis but all the other communities involved in trading to build up and face lesser competition from the British than their counterparts elsewhere did. Even after the fall of the Peshwa in 1818, many of the chieftains like Scindias, Gaekwads and Holkars continued to be rulers of large areas. The British did not find enough time to entrench themselves by uprooting all others as they did in the eastern parts and soon they had to give in to the demands for concessions for the indigenous competitors because of wider political considerations, due to primarily European crisis and the National Movement in India.

One particular Parsi enterprising family was the Wadias, who were known for shipbuilding activities. They were the suppliers to the East India Company. Lack of inhibitions to go on overseas journey probably made them more flexible in their trading activities and put them in an advantageous position to acquire technical knowledge. The Parsis were not only a conspicuous lot in industry but also out-numbered all others in the supervisory jobs in cotton mills. Their enterprise was not limited to trading and industry. They were also esteemed for their highly developed civic sense. Further, the Parsis were known for generously donating money for public causes. It is said that because of them Bombay though initially faced with excessive congestion became a far better and developed city than did Calcutta. In all the activities, the Parsis took a lead.

2.5.2 The Bengalis

The Bengalis had come in contact with the British perhaps much earlier than the Parsis did. Interestingly, till quite late into the 20th century, the Bengalis kept themselves aloof from trade and industry. It is generally held that the predominant section of the Bengalis (the middle classes) looked down upon trade and industry and preferred to be professionals. Also the long gestation period of industry did not promise quick returns, so the Bengali Businessman felt satisfied with trading. Moreover, the big merchants of Eastern India having invested their money in becoming landlords were thus eliminated by the Permanent Settlement from venturing into industry.

Amiya Bagchi, while considering the Permanent Settlement as probably a very important reason for converting the rich merchants into landlords goes further to point out that the British trading activities had left very little option for the businessmen,
other than becoming landlords. As the Permanent Settlement was not enough, to do away with the problem of the native financier, the Bank of Bengal was established just to lessen the dependence of the East India Company on the Indian bankers and traders for finance. The policy of the British had been to appropriate all the advantages leaving no scope for the native people to benefit out of business.

However, later efforts were made by Bengali traders to set up industries even under trying circumstances. Against all odds, Bengal had produced outstanding persons like Dwarka Nath Tagore (1829) who organized the Union Bank in association with the European Merchants. He became the pioneer in many fields like industry and steam navigation on the rivers of India. Blair King has credited him as the founder of the Managing Agency system. After Tagore’s death there was a virtual lull in individual activity among the Bengalis with the entire Bengal and the adjoining areas converted into a massive farm-yard to meet the requirements for Britain’s exports and raw materials for mass production consumer industries.

2.5.3 Racial Discrimination

Explanation about the enterprising nature of the Indian Communities suffer from racial discrimination of the British Historians. To say that the Bengalis who were good traders were not interested in Industry is incorrect. If this explanation is correct, then how could the British who were good traders were also equally good in Industrial Entrepreneurship? Besides, how do the same Indian communities emerge as aggressive entrepreneurs after first world war? Basically the utter lack of Indian entrepreneurship may be attributed to three main factors: First, orientation and limiting Eastern India towards raw material supply for exports and the needs of industries of the Europeans; second, the additional advantages enjoyed by the Europeans due to their early start in Industry, third, discriminatory policy adopted by the British Colonial government to reinforce the European control of trade and industry.

The policy of racial discrimination was very much a part of the British administrative set up. Concrete evidences of this are provided by contemporary observers including that of the administration of the period. It was amply expressed in the legal system which was partial towards the British by sanctioning, in many instances, less punishment to them than the Indians for the same offence. Social segregation stood as a barrier for the Indians, these debarred them from any privileges enjoyed by the British. The Indians were looked down upon as inferiors because of their colour and origin.

The racial discrimination affected the Indians in their day-to-day life in many ways. The Indian businessmen depended on the railways, for handling their goods, the higher posts in the railways were manned by the Europeans. They were flexible to their fellow British businessmen while being unduly rigid to the Indians. This is probably also reflected in the approach of the financial institutions which were controlled eventually by the Europeans. The discriminatory policy also showed itself in the appointments to responsible positions.

Even though some Indians had degrees from technical institutions they did not get due opportunity for the much needed practical training. The European businessmen preferred their own fellowmen in most of the technical appointments. Virtually all the supervisory posts requiring technical expertise of high order were filled up by the British. Their discriminatory policy stunted the growth of indigenous technical personnel who were vital for the enterprises.

2.5.4 Advent of Indian Entrepreneurial Communities

Before the First World War, those who tried their hand in industrial venture seldom belonged to the trading communities. Many of them happened to be professionals like doctors and lawyers; often the landlords were also associated.

In Bengal, the National Tannery was started by Nilratan Sarkar. Dr. P.C. Roy is considered the founder of Bengal Chemical and Pharmaceutical works. Maharaja
Mahindra Chandra Nandy and Baikunthanath Sen collaborated to establish the Calcutta Pottery. Sir Rajindra Nath Mukherjee on his own merit was a great entrepreneur though he was compelled to join Acquin Martin and form the Martin and Company to get construction contracts.

In Bombay, Dr. Balchandra Bhatwadekar and Laxman Rao Kirloskar were known for their industrial enterprise. Kirloskar, supposed to be one of the most imaginative entrepreneurs, started manufacturing agricultural machines. In Punjab, the Electrical Supply Company Limited, the Bharat Insurance and many other companies including cotton mills were founded by Lala Harkishan Lal. A lawyer by training, he belonged to the Arora Caste. In the United Provinces the Raja of Barot and Raja of Bandi (Bihar) had started a sugar factory and the Kirtyan and Iron and Steel Works Limited respectively. Unfortunately both the enterprises failed, the latter due to the refusal of government to procure iron and steel castings. In Ahmedabad, Ranchood Lal Chotalal, a Nagar Brahmin, established a cotton mill on modern lines. In 1847, he failed in his first attempt but again in 1851 he raised money and against all odds was able to reopen the mill in 1861. The trading communities of Jains and Vaishyas of Ahmedabad and Baroda refused help when he had approached them for money.

Check Your Progress III

Note: i) Space is given below for your answer.
ii) Compare your answer(s) with the text.

1) How did the permanent settlement cease native entrepreneurship in Bengal?

2) How did the Parsis adapt themselves to the changes during Colonial times in Bombay Presidency (Province)?

3) Write a note on the Bengali enterprising efforts. Why were the Bengalis different from those of Parsis?

4) List out the major differences in the economic situation of the western Indian Provinces and that of the central/eastern India.
2.5.5 Swadeshi Movement

As the National Movement picked up, there was deliberate boycott of foreign goods by the people. At that time many industries were set up to meet the requirements of the people. An example is the Swadeshi Mill, started by Jamshedji Tata after the partition of Bengal in 1905. There was a unity of purpose between the political leaders and the entrepreneurs during the Swadeshi movement. One of the mills, Krishna Mill, had advertised in the Tribune of April 13, 1905, with the following appeal: ‘Our concern is financed by native capital and is under native management throughout’. The Swadeshi movement enabled much money to be mobilized and invested in industrial ventures under the control of indigenous management.

As the environment became relatively favourable for proper investment, many of the industries proved to be successful and the native trading communities other than the Parsis (who were into industry much earlier) were drawn into industrial enterprises. Just before and during the First World War, the Indian traders were involved in glass and match manufacturing.

In the period between the two world wars, the trading communities in other parts of the country also came to the forefront of industrial activity gaining ample strength in due course. In Delhi, Lala Sri Ram, the leader of the large business group and founder of the Delhi Cloth and General Mills along with a large number of sugar mills, belonged to an old banking family. Dr. G.C. Narang, a Vaisya by caste and lawyer by profession, led the Narangs who later controlled a large number of sugar mills.

2.5.6 Emergence of the Marwaris

The Birlas established themselves in Eastern and Central India. Juggilal Kamplapat Singhania emerged into Province at Cawnpore (Kanpur) by initially setting up cotton mills and industries producing gur, oil, flour, and sugar after the War started and later diversified into other fields. Another contemporary, the Dalmias, a Jain Family had set up sugar mills and later they gained enough strength to diversify into other fields and put up a stiff challenge to the Associated Cement Companies on the one hand and the European controlled paper mills on the other. Among the Marwaris, Walchand Hirachand rose to prominence. He founded the Scindia Stream Navigation Company in 1919 along with Kilachand Devachand and Narottam Morarjee. They even took over the premier construction company of the Tatas.

2.5.7 Enterprise in South India

Traders entered the field of modern industry in a big way in 1920s and in greater numbers in the nineteen thirties. For instance, in Madras, the Nathukotai, who had wide trading and money-lending interests in the whole of South Asia did not enter large scale industries in significant number until protection was ensured by imposition of tariffs and loosening of the grip of the Europeans in Southern India.

In the south, other communities apart from the Chettiars also gradually got involved in industrial enterprise. The cheap electricity from the Pykar Hydroelectric Scheme made it suitable for the growth of cotton mills. Besides, due to the depression in agricultural production resulting in the extreme indebtedness of the peasants many men with surplus capital instead of lending to the peasants tried to benefit from industries. Moreover, the Mysore State Government patronized both the state controlled and private enterprises with cheap financial assistance, land and other privileges.

2.5.8 Scenario in other States

Similarly in other native States of India such as Baroda and Gwalior, various incentives like cheap labour and free or cheap land attracted many entrepreneurs and there was a marked growth of industries. Mostly the trading communities like the Gujaratis and Marwaris took advantage of such situations. The Tatas were the most successful in the Parsi community. F.E. Dinshaw is known for his business acumen and helped out many struggling mills to survive under unfavourable circumstances. He is credited
with bringing about a merger of cement companies which led to the birth of Associated Cement Companies. The Bombay Dyeing and Manufacturing Company started by Sir Ness Wadia was supposed to be one of the best cotton mills in India. Apart from a few Parsis like the Tatas, most of the Parsis were found to concentrate on the particular region.

Check Your Progress IV

Note: i) Space is given below for your answer.
    ii) Compare your answer(s) with the text.

1) In what ways did the Swadeshi Movement kindle the spirit of enterprise of Indian Communities?

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2.6 LET US SUM UP

The rapid spurt of industrial enterprises was not without shortcomings. In spite of the failure of many of the Ventures due to the British policies of discrimination and colonial policies that stifled the Indian enterprises, the following major features could be noted:

- Those belonging to communities like the Parsis, Gujaratis and Marwaris dominated the Industrial scene.
- Industrialization, and consequently development, was localized at a few places like Bombay, Ahmedabad, Calcutta and Kanpur.
- Only those industries were successful which generally met the need of the War.
- The famed Indian entrepreneurial spirit, even though suppressed for centuries, started becoming active and alive, as the freedom movements gained momentum and India stepped into the threshold of an independent democratic statehood.

The overall effect of these developments led to only restricted growth and lopsided development of the country as a whole.

2.7 KEY WORDS

Centre of growth: An area or a region where there is concentration of economic activity leading to more prosperity.

Enterprising communities/Society: A society characterised by a high number of innovative, motivated and energetic individuals willing to start their own ventures.

Guilds: An association of people for mutual aid or the pursuit of a common goal like that of craftsman or merchants.

Merchandise: Goods or products for sale or trade.
2.8 SUGGESTED READINGS


