CHAPTER 3

3. CLASS ORGANISATION OF INDIAN BOURGEOISIE

In history it does not so happen that classes appear on the scene already endowed with a consciousness of their interests and goals, i.e., as consciously organised social groups. A class comes into being over a historical process through which its members become conscious of their objective common interests and goals, and begin to organise their activities around these interests. In other words, the very process of formation of the class is also the process of its becoming conscious of itself as such, and of its organisation. Of course, different social classes of the modern capitalist society follow different lines of growth. As far as the bourgeoisie is concerned, it is the realization on the part of the scattered elements of the class the commonality in the conditions of their reproduction as individual capitals through the reproduction of the total capital of the society as such, and the need for positing and consolidating these conditions of capitalist development, that bring together the individual capitalist into a common platform as a conscious bourgeois class. Moreover, the specific historical experience of a national bourgeois class stamps upon it a specific form of consciousness and organisation, and a specific form of class-political activity.
It is the very conditions of its growth and expansion that led to the emergence of an extremely class-conscious and well organised capitalist class in India within a very short period of time. Given (a) a well organised group of interests representing foreign capital (and the need of an equally organised class representing Indian interests); (b) an already capitalist colonial state (hostile to Indian capital insofar as conflict of interest between the foreign and Indian capital is involved, but nevertheless a state, which by its objective nature had to defend and protect the interests of capital in general independent of nationality, and which, under the changed conditions of world capitalism since the First World War, was forced to allow, and even facilitate, the growth of Indian capital itself, though rather slowly, tardily and sometimes with reluctance); (c) the already organised political movement, summarizing in ideological and political form the national aspirations of the capitalist class; and (d) above all, the very corporate character forced upon it from the beginning, as the predominant character of world capital since the turn of the last century -- Indian capital was able, within the span of a very short period, to overcome its own internal competition to a great extent, and organize itself as a national class, to assert its particular interests against the interests of foreign capital, and gradually stamp upon the state its own long-term interests as law, with the help of the nationalist political movement.
Soon after the Charter Act of 1833 when trade was thrown open to private traders, a number of European Chambers of Commerce came to be formed in India with a view to promote the advantages of European business solidarity (both in relation to the European businessmen themselves and in relation to the state). Thus during 1934-36 Chambers of Commerce comprising almost exclusively European interests had been formed in Bengal, Bombay and Madras.¹

The absence of Indian interests in these bodies "was not, in fact, coincidental. While not barred from membership in so many words, the workings and atmosphere of the foreign business organisations such as to encourage them to set up bodies of their own."²

And gradually almost every exclusively European business organisation came to have its Indian counterpart.³ These organisations, running parallel to one another, grouped around competitive particular interests, grow in strength with the growth of trade, commerce and industry. Of course, the European Organisations were far stronger and well entrenched in view of the fact that they were older in business carried the managerial skills and experience of generations, and above all, due to their structural and inter-personal linkages with the colonial state.⁴

² Kidron, op.cit., p.8.
³ Ibid.
The colonial state in this process played a double role. As the general representative of the interests of capital as such, it created the conditions in which capitalist development could take place. (Here, of course, we disregard the degree to which such activity on the part of the state tended to get neutralized, and even undermined, by its more particular function in favour of the particular interests of the British capital.) Thus we find the Governor of Madras expressing "dissatisfaction at the absence of the principal native merchants" at the Madras Chamber of Commerce at the time of its foundation in 1836. But it was the foreign business associations which received bulk of the state support for their nourishment and growth. In spite of the apparent neutrality of the state to conditions of business in the country, it was the European business in the country, it was the European business organisations which gained the upper hand.

The colonial state by its very nature represented, defended and protected the interests of British national capital. European capital in India utilised its national connection to reap the full benefits of the colonial policy. Upto the First World War, it was the colonial nature of the state that outweighed its capitalist nature.

7. "While state aid ... provided the scaffolding without which foreign private enterprise might never have risen off the ground, it was one which they had lobbied for and planned in both Britain and India for years...." Kidron, op.cit., p.11.
The First World War brought about a change in the structure of the world economy, in the nature of the foreign capital in the colonial countries and in the nature of the colonial state functions. The Russian revolution marking a break in the imperialist chain, and the defeat and isolation of Germany, brought about a change in the structure of the world market and a corresponding change in the pattern of capital investment in the advanced capitalist countries. Moreover, soon after the war, British capital investment in India sharply declined in volume, thus reducing the existing British capital to be defensive in posture. On the other hand, the war exposed the utter military weakness of the colonial state, thus forcing the latter to allow, even facilitate, the growth of native industrialisation in selective spheres, e.g., iron and steel. In other words, with the change in the structure of the world economy brought about by the First World War and the corresponding change in the colonial state policy, the state activity came to be increasingly open to pressures from Indian capital. With the growth of big corporate capital in India and the competitive threats it exercised for the foreign capital, and with its increasing politicisation and capacity to pressurize the state on common economic questions, the scattered European Chambers of Commerce

8. Purshotamdas Thakurdas to J.M. Keynes, May 28, 1932, PT papers, File 107, pt. II.
were forced to combine themselves into a more tightly knit organisation, the Associate Chambers of Commerce (Assocham) in 1921. Already the first major direct political action of the combined European business interests had brought for them quite substantial representations in the Indian and Bengal legislatures formed after the Montagu Reforms. The Bengal Chamber of Commerce which played a major role in the campaign, directed its members through a special general meeting of October 12, 1920 to actively take part in the lobbying process to defend the European business interests:

"It is in the ante-room and not in the Council Chamber itself that the real work of the councils is done... In the future unless men are not only permitted but encouraged to serve on the Reformed Councils, European commerce will not only suffer, but its continuance may prove quite impossible."

The Assocham, formed under the leading initiative of the Bengal Chamber, aimed at defending the European interests against the Indian interest in the competitive arena provided by the state. It was the strong organisation of the European capital which gave them enormous strength in their attempt at influencing the state policy on important social and economic questions (e.g. on the question of the Bill against legal discrimination, on the question of protection to the industry etc). Of course, the success or failure of such

11. Ibid.
12. Ibid, see also note 13 below.
moves depended also on the pressure exerted by the Indian interests, the reasons of the state and a host of other factors.

Under the threat of the European capitalist interests, organised together in the form of Assocham, the Indian businessmen were forced to come together. It was a class question -- the protection of the steel industry. And it was the leading men of Indian business who took the initiative.

In 1923, the Assocham sought to introduce a resolution in its first session to be opened by George Lloyd, opposing the proposed protective tariff in favour of the steel industry on the grounds that it imposed: "an intolerable burden on other industries and indirectly on the public generally." All the leading Indian businessmen, who had also been invited to the meeting, boycotted it on the grounds that the steel industry being essential for the purpose of national defence must be given protection, and that, therefore, the attitude of the European business on this question was fundamentally against the interests of Indian capitalist development.

13. Cited in the memorandum by Indian businessmen to Frank Nelson, President, Assocham, November 19, 1923, P.I. Papers, File 42, pt.IV.
14. Ibid.
Already Purshottamdas Thakurdas, himself a cotton magnet, but most importantly a leading class-conscious and far-sighted spokesman of the rising Indian big capital, had attempted to organise a combined chamber of Indian business interests to fight the threat of the European business interests. But the attempt had not succeeded mainly because of the wide difference in perception among the leading men of big business on questions of tactics and on the timeliness of the attempt.\(^{15}\) But once the opposition of European business to protection in steel demonstrated in ostensible terms the real threat held by the tightly knit organisation of Europeans to the development of Indian capitalist interests, Indian businessmen sprang into action. And it was in Calcutta, the citadel of European business that the competition between two particular national capitalist interests acquired its sharpest forms of manifestation. G. D. Birla, the doyen of rising Indian bourgeoisie, wrote from Calcutta to Purushottamdas Thakurdas in Bombay asking the latter to take the initiative in forming a federation of all Indian chambers of commerce.\(^{16}\) Although Bombay had been taking a leading part in the country's "politics" she had not done much in "economics". It was the economic interests of the rising Indian capitalist class that needed to be organised together in order that they

15. Referred to in the letter from G. D. Birla to P. Thakurdas, December 7, 1923, P.I.Papers, File 42, pt-III.

secure their class interest both on the face of opposition from the European capital and in the political movement of the country. And the time was opportune to "build up a very strong organisation in a very short time."17

"I have been watching very closely", wrote Birla, "the activities of the Associated Chambers for the past few years, and I feel that their strong organisation will be very detrimental to Indian interests if steps are not taken immediately to organise a similar institution of the Indians... You will, perhaps, agree with me that if we do not check their activities in time, their influence with the Government will increase to an extent which Government will find most difficult to resist."18

Besides being able to fight the organised interests of European capital, a strong organisation of Indian capitalist class would give a concentrated expression to the consciousness and interests of the class as a whole:

"... it would be a great glory to see the various merchants from all parts of India standing on one platform and putting their well-considered and combined views before the Government with a force which will carry greater weight than those of the combined European institutions."19

In reply, however, Purushotamdas Thakuradas did not share Birla's optimism about the prospects of such a combined organisation, at least in the given context of the Non-cooperation movement.20

17. Ibid.
18. Ibid.
19. Ibid.
On the one hand, he did not agree with the Noncooperation Movement which had the active financial support of G.D. Birla, being of the opinion that a more moderate method of trying out the reforms would be the best course of action.\(^{21}\) On the other hand, the necessity of a distinct class organisation, separate in form from the forms of the political movement, did not appear to Purshotamdas Thakurdas as that important and practically necessary. In the given forms of political formations he would find the best practical method of representing the class interests of Indian business. In that sense, he tended to attribute a greater and more determining role to "politics" than "economics", in Birla's sense of the terms.\(^{22}\) His strategy was to represent the class interests in a more constructive way through the Indian nationalist political parties in the legislature. And this strategy was in fact tried out in the legislature where all the Indian political parties unanimously worked on questions of protection, Government purchase of stores in rupee tender in India, coastal reservations, the necessity of adequate banking facilities and of reducing the rupee-sterling parity.\(^{23}\) These demands, which

\(^{21}\) See the next chapter for a detailed discussion on this. See also P.T. papers, file 24.

\(^{22}\) Cf. note 15 above.

Bagchi runs down as mere "merchantilist platitudes", provided in a sense a continuity with the ideas of the early nationalists. But they still represented the immediate practical demands of the rising Indian bourgeoisie. As Rajat correctly points out,

"The stage of production where planning would be needed for the further growth of Indian capitalism had not yet been reached. The domestic market had yet to be captured by Indian manufacturers from foreign competitors. There was considerable room for growth by import-substitution, and for this purpose Indian businessmen and politicians were pressing the appropriate demands in the Assembly."25

In the mean time, a powerful Indian Chamber of Commerce was formed in Calcutta in 1926 under the leadership of C. P. Birla, representing the collective export-import interests of Indian business of the region -- no less than those of all other Indian commercial bodies put together.26 This organisation operated on an aggressive basis and built up a strong pressure against the European interests in the field. Already encouraged by the success achieved in the legislative floor, and having at the same time realised the need of a closely knit class organisation to concentrate the political weight of the class, the leading members of the class took upon themselves with greater expediency the task of forming a federation of all the Indian chambers of commerce, to achieve on a greater scale and on the national scene, the success of the Indian Chamber of Commerce.

25. Ibid.
And thus the Federation of Indian Chambers of Commerce and Industry (FICCI) came into being, combining the many isolated and regionalised Indian capitalist interests, bridging the gap between the small and the big capitals, combining the heterogeneous business interests on a common platform, and conscious of its long term interests as a national class.

From the very beginning the Indian Chamber of Commerce, Calcutta, and the Indian Merchant's Chamber, Bombay, exercised the leading role in the Federation. And within a very short period it became the organising centre of the Indian bourgeoisie as a whole under the leadership of the big corporate capital. FICCI was the product of the "labour of love" of the leading men of the Indian business community. Besides being an instrument to confront and compete with the European capital, to pressurize the state on interests common to the national capitalist class, as projected in the form of concrete demands, it also provided a forum for working out the long term programme of the class, and the strategy and tactics with which to achieve it.

27. Will be discussed in detail in subsequent chapters.
28. Of course, occasionally the smaller and younger capitals revolted against the leadership (e.g. the censure of P. Thakurdas from attending the Round Table Conference I; cf. P.T papers, File 104). But that was on questions of political tactics. The programme and strategy of the class, as will be seen, in effect reflected the leadership of the corporate capital over the entire social capital.
29. G. D. Birla's expression (see his letters to P. Thakurdas, in P.T. papers, File 42).
The very formation of FICCI itself gave expression to the rising strength and bargaining power of the Indian bourgeoisie. In relation to the European capitalist interest, therefore, it acted as a living threat. As early as mid-1927, the Europeans tried their best to strike a deal of cordiality. Swearing in the name of capital in general they sought to besfriend the Indian class, to minimise their loss due to the unavoidable conflict between the two particular interests. Thus a leading spokesman of Indian capital reported to a member of the Birla group:

"Colonel Crawford came and saw me in connection with forming an alliance with Europeans regarding the political question now before the country. I definitely told him that, that was not to be, as the political convictions of Indians and Britishers (in their present mentality) are quite wide apart. He conveyed to me, however, that they were convinced that it was a sad day for the Europeans, when fifteen or twenty years back they insisted upon keeping Indians out of their (European) Chambers of Commerce. I said that I was quite sure that in trying to keep everything to themselves, the Europeans had done us a service and made us more active, and generally speaking better able to look after ourselves." 30

In other words, as far as the "political" or long-term class questions were concerned, Indian capitalists had already acquired enough strength to take up a very aggressive position and openly challenge the supremacy of European capital. As far as the short-term practical interests were concerned, and on questions which related to the nature of capital as such, Indian capitalists were always interested and willing to cooperate with the Europeans:

"I, however, told Crawford that there may be no objection to our joining hands with the Europeans regarding questions, industrial and financial, and if the European interests in India agreed with that, the annual meeting of the Associated Chambers of Commerce may be converted into an annual meeting of Indian, trade, commerce and industry including both wings of these Indian and European". 31 But despite the latter common interests, the objective nature of European capital in India was such that any such collaboration was practically ruled out. As the Birla wing of the Indian capital saw it, the Europeans were "genuinely nervous" about the Federation and would like "to see a stop put to this activity". 32 The Europeans did in fact try to put pressures on the Indians, e.g. through the Imperial Bank of India. But the Indian capital fought back with equally aggressive spirit. G. D. Birla, in particular, exhibited tremendous strength in fighting the European pressure on the question of discrimination in the Imperial Bank of India 33 and on getting entry to the Sales Rooms of the London Jute Association. 34

It would be wrong, however, to assume that there was absolute unanimity among the Indian business groups in their conflict with the European capital. Different sections of the Indian business expressed different degrees of opposition (or lack of it) to the Europeans. The major factors determining those relations being the nature of investment with cultural and other factors playing secondary roles. Thus, for example,

31. Ibid.
32. Ibid.
34. Cf. G. D. Birla to P. Thakurdas, May 16, 1929, PT papers, File 81, pt.II.
If the Birla wing of the Indian capitalist class (in fact the dominant section) represented the aspirations of the national class as a whole, it is because they represented spheres of business where the Indian and the European capitalist interests came into the sharpest conflict. 35 On the other hand, however, the specific forms of growth of Tatas, for example, would permit a less antagonistic attitude in relations to the European capital. This was because the investments of Tatas and others went into fields which were different from the established spheres of European business in India, and thus did not attract that much competition and hostility from the Europeans. 36 In fact, in many cases they might have even benefited from collaborations with the Europeans. In addition, the support given by the state to these industries partly neutralised and reduced the hostilities of the Europeans. The fact that there were cultural and other dimensions to the relationship with the Europeans, only shows that they merely acted as additional positive or negative elements of conflict or collaboration. For example, the racial discrimination faced by the Indian businessmen of more traditional cultural orientation like Marwaris could only deepen the existing conflict of material interests in the activity of business, and cannot be said to be the cause of the conflict. Similarly, the cultural nexus between the Europeans and the Bombay mill-owners.

35. See previous chapter.
36. See previous Chapter.
could only act as facilitating the collaborative relation already arising out of the nature of their industry. However, it is necessary to point out that this sociological determination of attitudes and practices of businessmen on the basis of their social background and the economic determination of their interests, strategy and tactics on the basis of the spheres of business they represented, applies only to specific layers or sections of the capitalist class and cannot be applied to individuals in the strict sense. There are always individuals like G.D. Birla, Purshotamdas Thakurdas, and others who rose above their individual industrial interests and represented the class as a whole.

The soft attitudes and collaborations of course remained a subordinate element in the relationship between the European and Indian capitalist classes. Under the objective conditions of the world economy and the conflict of interests arising out of the contradiction between the old foreign capital and the new corporate national capital, the Indian capitalist class was objectively forced to compete with and fight against the European capital on long-term questions affecting the class as a whole. Thus by 1928 the Indian capitalist class took up the aggressive political posture of demanding discrimination in favour of Indian business and against the European business interests. And when Assocham sought to nullify the pressure through its own resolutions and widespread propaganda and memorandums, the
FICCI would come out unitedly against the Assocham's
move to argue that discrimination went against the spirit of
capital as such. 37

Both for reasons of the state and under the pressures of
the nationalist political movement for rapid industrialisation
of India, the question of discriminatory protection in favour
of Indian capital had come to be one of the most important
issues around the late 1920s, especially before the Indian
Statutory Commission. In December 1928, the Assocham sought
to counter the Indian move through the following resolution:

"This association claims on grounds alike of India's
interests and common justice, that the Indian legisla­
tures should not by legislation or taxation indicating
discrimination of a racial or communal character,
impair the existence or development of, or otherwise
cause prejudice to, any commercial or industrial
interests in India." 38

In other words, the Assocham sought to argue, as capital,
there should be no difference between the European and the
Indian as far as the state support was concerned, since they
all had the same nature. If the British were being accused of
having destroyed Indian handicrafts and other old modes of
production, that was a function of capital as such,
independent of nationality, and even the Bombay industrialists
could be blamed on that account.

37. See FICCI's Memorandum against the Assocham's PT Papers,
File 42, Pt.I.
38. Extract from the Proceedings of the Annual General Meeting
of the Assocham on Discriminatory Protection, December 18,
1928, PT papers, file 42, pt.I.
"It is of course true that since the British came to India certain industries such as handweaving have declined, but that particular result of the industrial revolution has occurred everywhere. If Lancashire is accused of devastating India, Lancashire has equally devastated the English countryside, and for the good or harm done, the Bombay cotton industry must take its share of praise or blame..." 39

If it was the European capital which invested in order to acquire a profit, so was it equally well with the Indian capital:

"I do not hesitate to admit that we are deeply concerned with whatever effects our pockets -- but I do not think it lies in the mouth of the highwayman to blame the traveller who does show such concern." 40

As the Asocham saw it, the goal of the nationalist movement, swaraj, was not an end in itself. Independent of the fact that some leaders like Gandhi would visualize it as such, in effect it was a means in the hand of Indian capital to expand itself at the cost of the interests of the European capital.

"It has been becoming steadily more apparent... that the extreme Indian nationalist movement is not wholly a spiritual and idealistic movement. While some of its leaders like Mr. Gandhi regard Western commerce and industry as the evil to be fought, and Westerners merely as the deluded exponents of the spirit of industrialism, there are others, by no means spirituality minded, who have imbibed the industrial spirit and who cast envious eyes on the Westerners' successful ventures. For these men, Swaraj is not an end in itself, but appears to be a means by which to appropriate those who have through their energy and enterprise created industries and commerce, in order that they themselves may enter into the fruits of other men's labours." 41

39. Ibid.
40. Ibid.
41. Ibid.
Independent of the fact that the Assocham saw their accumulated capital as the fruits of their own labour and not those of the class of workers whom they exploit (and this is how it is bound to appear in the truncated world consciousness of capital), they clearly saw that the nationalist movement, mustering the whole mass support of the ruined petty producers, artisans and other sections of the old middle class ruined under the impact of capitalist commodity circulation, and doing so under the ideological garb of the spiritualistic and idealistic ideas of leaders like Gandhi, was in effect a weapon in the hands of another capitalist class seeking to organise itself as a nation and assert itself in the world market against other particular national capitals using the state as a lever of its own class power. The bogey of ruin of the artisans and petty producers was merely an ideological garb.

"I sometimes wonder if the Indian nationalists half a century hence will accuse the British of having destroyed the great indigenous industry of the buffalo driver, describing how the train and the motor lorry were invented for the expression purpose of destroying the livelihood of that ancient calling." 42

42. Ibid.
Capital, be it British or Indian, had to operate on the basis of the ruin of the old modes of production and by constantly revolutionising the productive forces, at a greater or lesser pace depending on the historical conditions and the international circumstances. So the elements of the nationalist criticism against the British as having destroyed the old forms of production, were applicable to Indian capital as well, and only provided an ideological cover under which lurked the competitive interests of Indian capital. To minimise the loss due to the aggressive competitive thrust of Indian capital, the European capital sought to bring home the point that only through fraternal relations between different particular capitals could they all develop and expand:

"... the greatest need of India today is further development, more intensive exploitation, and there are as yet few signs that either Indian capital or Indian enterprise will or can undertake that task... India cannot close her doors to the importation of overseas capital, if she is to progress. Confidence is a shy bird, and a policy of expropriation or repudiation ... will effectively destroy India's credit and good repute."

The Indian capitalist interests in fact lay on a favourable discrimination — a "counter-discrimination" in the words of Motilal Nehru, or, as the Chairman of the Scindia Steam Navigation Co. announced:

"Indians have only to reclaim the ground that has been usurped from them with the connivance and active support of the Government of the land."

43. See Marx, Capital, Vol. I, Chapters 14, 15, 30
44. See note 38 above.
45. Quoted in the Assocham resolution, see note 38 above.
And the FICCI's reply to the Assocham's resolution quite unequivocally declared that Swaraj would be meaningless if the state power were not to be used to discriminate in favour of Indian capital as against other capitals.

"Swaraj will be absolutely meaningless if she had not the right to legislate with discrimination when it seemed to her to be required in the interest of the children of the soil." 46

If any concession had to be granted to other capitals it:

"must necessarily depend on her goodwill, and if the British merchants really want to avoid discrimination, they must strive to acquire the goodwill of the people of the country". 47

Discrimination against other capitals cannot be prohibited by law or the state who must favour the native capital.
The Indian capital must have the upper hand in the relation of competition. The "Indian and British interests are not irreconcilable and ... there is enough room for both the communities to work in close cooperation", but it must be based on "mutual trust", goodwill and a sense of fairplay". 48

The Indian capitalists saw a conspiracy on the part of the British to keep India backward industrially. 49 And therefore, despite their appreciation of the general interests of capital as such, they were not prepared to trust the British capital for collaboration. Moreover, the British capital in India belonged

46. See note 37 above.
47. Ibid.
48. Ibid. See also Atul C. Chatterjee to P. Thakuradas, January 31, 1929, PT papers, File 88. Cf. Campbell Rhodes (former President of the Bengal Chamber of Commerce) to P. Thakuradas, February 1, 1929, PT papers, File 78.
to spheres of industry like plantations and mining; it was the
capital of the "old type",50 and thus provided less scope for real
collaboration on a large scale. Again, in the context of the
colonial state, this kind of collaboration was bound to go against
the Indian interests. Later, when the nationalist capital took
possession of the state power, the Indian capitalist class would
not only tolerate but actively campaign for foreign collaboration,51
but not yet. The spirit of the class, rising but still weak, and
mounted on the degrees of success of the national movement, was
more for gradually posit ing in the structure of the state, laws
and policies for its own growth and consolidation against the
competitive thrust of other national capitals. Thus when the
Tatas sold out a half of their interests in the hydro-group
agency to an American firm in 1929,52 or when the Lees-Mody
pact was signed in 1933,53 there was widespread criticisms even

50. See Kidron Michael, op.cit.
51. Later in 1957, C.D. Birla would argue: "the time has now ...
come to revise our attitude towards private foreign invest­
ment which, if freely encouraged, could go a long way to solve
our problem of the exchange gap .... we can build up India
quickly only through the help of foreign capital..."
(Chairman's address to the Annual Meeting, UCO Bank, Capital,
April 25, 1957, p.583.
52. See C.D. Birla to P. Thakurdas, August 12, 1929; P. Thakurdas
to C.D. Birla, August 16, 1929, P-Y. Papers, File 68.
53. Pact signed between Bombay and Lancashire cotton magnets -
Leading to the reservation of a certain part of the Indian
cloth market for Manchester and an increased consumption of
India Cotton by Britain. See roy, Rajat K. op.cit.p.69.
from within the class itself. In the given constellation of historical forces, the long-term interests of the Indian capitalist class lay in gradual possession of the state apparatus through its own internal consolidation and action against the British capitalist interests. As a counter-position to the British capitalist interests protected through the colonial capitalist state, but in the lines in which the state policy could represent the interests of capital in general only by representing a particular national capital, the Indian capitalist class sought to organize itself and the country as a nation and thrust its national class interests politically, by gradually converting the colonial-capitalist state into a bourgeois national-state. In other words, it sought to relate to other capitals in the world market as an independent national class, as a capitalist class politically organised in the form of a nation-state. Given this long-term interest, arising out of the very operation of competition of the rising Indian capitalist class with the European capitals, it was only a question of time and historical mediation through concrete struggles, in which a class-programme would emerge, crossing over the differences among the different sections of the class and the different tides of the nationalist movement as a whole, that would establish the capitalist class as the ruling class, a class at the helm of the society, the objective interests of whose dominant section would get stamped in the body of the nation-state as law. No doubt, the very process of emergence of this programme would demonstrate the actual nature of the class, its strength and weakness, as different from the subjective views and judgments
of some of its fractions or sections, and the alternate strategies and tactics that formed the subject matter of deliberations and struggles before a united view would emerge. It would also show the inherent weakness of the form of the independent nation-state, the degree of its adequacy to the long-term needs of capital, and the tendency of the political form of the nation-state.

Over the late 1920s, and 1930s, and especially during the years of the Great Depression cut-throat competition over sharing the losses would create serious cleavages within the national class itself. The differential interests and political aspirations of the different sections of the class would get reflected in the form of internal fights and mutual recriminations within the forum provided by the FICCI. But it is the common and long-term interests of the class as a whole and their reiteration and emphatic assertion on the part of the leadership of the class, that the Indian capitalist class would overcome the internal conflicts and differences of approach to political questions and finally emerge as a united class on a common platform with a common programme for establishing the class hegemony. As J K Mehta, Secretary of Indian Merchants' Chamber put it early 1930:
"It is true that it is a conglomerate body of about forty Indian Chambers and commercial Associations, the colour of whose politics may and does run into different shades; at the same time there is the lowest common denominator on which all agree, ... The Federation aims at being a representative body of the whole of the Indian commercial community in the country and, as such, it has to say what the ordinary average commercial man might think."54

(The four common points according to Mehta would be: (a) Dominion Status for the time being as a practical and rational ideal; (b) full utilisation of the legislatures; (c) participation and utilisation of the Round Table Conference; and (d) Non-repudiation of the public debts.) Still later, in 1934, Lala Shriram would seek to introduce certain fundamental principles into the FICCI that would aim to minimizing internal fights by focusing exclusively on the "common economic interest" of the class as a whole.55

The different political attitudes and strategies and the manner in which the class interests were to be represented, naturally got reflected in the organisational functioning of the FICCI. But in most such conflicts, e.g., on the question of FICCI's attitude to the RTC in 1932 and the question of organisational election in 1933,56 the tactical acumen of the two most prominent leaders of the Federation, G. D. Birla and Purushotandas Thakurdas, played an important role in containing the younger elements and in bringing

54. J.K. Mehta to P. Thakurdas, February 3, 1930, P.T. Papers, File 42, pt. VIII.
55. Lala Shri Ram to Kasturbhai September 27, 1934, P.T. Papers, File, 126.
56. Eavesdropper in Indian Finance, April 22, 1933, PT Papers, File 42, pt. VI.
about a practical, moderate solution, and helped in maintaining the unity of the class. Whenever the top leadership failed, the internal conflicts took an open form. Thus, writing on the internal fights in FICCI on the question of organisational elections, the Eavesdropper wrote in *Indian Finance* in 1933:

"I have seen presidents and presidents of this very federation. Mr G. D. Birla conducted proceedings in the most ideal fashion. Sir Purushottamdas Thakurdas domineered over the whole show but made everyone perfectly satisfied with his firm but correct rulings. Mr Walchand is the first President whose rulings have given rise to open revolt and un-concealed condemnation." 57

In a sense, Walchand Hirachand's presidency brought out in a sharp form the already existing fact that it was the big corporate capital which exercised the leadership over the entire class. If G. D. Birla and Purushottamdas Thakurdas exercised that leadership in the form of tactful handling of the FICCI sessions, in the presidency of Walchand it came to be manifested as the rule of a caucus.

"Only those entirely in the know knew that the Federation was, in a sense, tending to be caucus-ridden. Mr Walchand has advertised from the housetops that it is certainly caucus-ridden." 58

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57. Ibid. For factionalism in the Indian Merchants' Chamber, see "A Glimpse in the Near Past of the Indian Merchants' Chamber", *PT Papers*, File 126.
58. See note 56 above.
As late as 1934, Lala Shriram was seeing the factional fights as arising out of the "democratic" character of the Federation; some amount of "autocracy" was needed if the real class interests had to be projected from a common class standpoint on the fact of the new rising elements of the class:

"In the first few years, in the Federation, we had no party feelings but now slowly it is growing up and when the Federation gets more power and privileges, the party working must follow in its worst naked form.... In England and other democratic countries, it is the autocratic bureaucracy, which, in spite of changes in the Government, carries the administration with no hindrance. But here in our Chambers, we have the democracy minus the autocratic bureaucracy and therefore without getting benefit of the democracy, we are getting all its dis-advantages." 59

It was by introducing a form of autocracy in the Federation structure that the allegation of being "caucus-ridden" could be overcome, though at the same time maintaining the dominance of the big capital over the class as a whole. Of course, the "new" elements who preferred a more radical approach in relation to the national movement, were soon brought to line by the top leadership to realize that the salvation of the class lay in pragmatism and that a rather moderate tactics in relation to participation in the reforms and gradual winning of concessions were in the best interests of the capitalist class as a whole.

Thus it can be seen that the Indian capitalist class got to organise itself not against any class of the old modes of production, but against a class of its own mode of production (but belonging to alien nationality). This would obviously influence the nature of the class organisation,

59. See note 55 above.
its goals and interests, its mode of functioning, its relationship with the state (which was already capitalist — though in an inadequate sense) and the strategy with which it would seek to establish its political hegemony as a class.

Secondly, the class organisation evolved as a counter-balancing tendency to the individual competing interests of the native class itself. Over against the different and competing interests of particular capitals, the class organisation would bring out their common interests as those of a national class. Thirdly, as against the short-term interests of the individual capitals and sections of the class in different spheres of the economy, the organisation would draw out the long-term historical interests of the class — the establishment of political hegemony over the state, i.e., establishment of a nation-state. But insofar as the big corporate capital occupied a dominant position and to the extent its interests objectively coincided with the interests of the entire class, the class organisation of Indian capital objectively represented the corporate interest, and worked in the lines of the programme and strategy of the corporate capital. As will be seen, the FICCI played a prominent role in the establishment of the hegemony of corporate capital over the state policy, and in the change in the form of the state in subsequent years.