CHAPTER V

THE CHAMBER OF COMMERCE AND INDUSTRY

The Chambers of Commerce in India have always been purely voluntary organisations. When the East India Company withdrew from the trading activity in 1830s, commercial chambers were established in the presidency towns of Calcutta, Madras and Bombay. After the 1880s a considerable number of Indian businessmen had begun to enter modern trade and industry and thus helped in the formation of the Indian Chamber of Commerce. The main object of these early chambers was to defend national interests in the industrial and commercial sphere. This objective was clearly advanced in the formation of the Bengal National Chamber of Commerce (1887) and the Indian Merchants Chambers (1907). The first Indian Chamber of Commerce was founded in Coconada in the historic year of 1885. Thereafter, several leading Chambers of Commerce, like Bharat Chamber of Commerce Lashkar (1906), and Indian Merchants Chamber Bombay (1907) were organised though a large number of bodies had emerged which called themselves 'Chambers of Commerce' but none of them had the resources and the influence to perform considerable functions.

It is an anomaly that Gujarat which is well-known for business insight, spirit of enterprise, tenacity for hard-work and talent for organisation, had no apex body upto the year 1949. It was
all the more surprising that although large number of businessmen and traders from the State of Gujarat are scattered all over India and overseas and have flourished had no central organisation in their home state, which could effectively present their viewpoint before the authorities i.e. central and state to safeguard their interest.

After cessation of hostilities in 1945 and during the post-war period there had been number of controls and regulatory measures in operation which affected trade and industry and crippled initiative and spirit of enterprise. It was against this background that greater need was felt to have an apex organisation. Although previous experiences in 1915 and 1930 for forming and running such a body had failed, but in view of changed context another effort was made in 1949. A public meeting was convened by leading industrialists and businessmen to consider formation of Gujarat Chamber of Commerce and Industry on 7-2-1949 at Premabhai Hall in Ahmedabad. This meeting was largely attended and was presided over by Sheth Shri Kasturbhai Lalbhai. In his preliminary observation he observed that by forming an apex body in Gujarat the businessmen were taking a great responsibility. He exhorted the businessmen to maintain ethics in day-to-day business. A resolution was adopted thereafter to form GCCI. An adhoc committee was appointed under the chairmanship of Sheth Amritlal
Hargovindas to draft constitution and enrol members. A meeting of the General Body was held on 6-4-1949 when the constitution was passed. Different trade and industries i.e., Cotton, Textile Industry, Textile trade, Timber Mill Stores, Iron and Steel, Paints and Hardware, Food Grains etc., were represented on the executive committee. It was decided in the same forum that the primary function of the Chamber of Commerce would be to safeguard legitimate interests of trade and industry and foster spirit of fraternity among all its constituents i.e., industries, wholesalers, semi-wholesalers, retailers etc. With this objective in view the Chamber now submits memoranda to the Union and the State Government on important matters like controls, transport bottlenecks, power, irrigation, road communications, industrial development, port development, sales tax, direct taxes, octroi, shortage of industrial raw materials, coal and power and legislation which impinge upon smooth running of trade and industry; invites ministers and government officials and presents the viewpoint of business and industry. With a view to highlight problems of trade and industry it organises conferences, seminars, symposia, exhibitions etc. With a view to closely pursue important issues, office bearers call on Union and State Ministers from time to time. It keeps liaison with the members of Parliament from Gujarat and leading members of the State Assembly.

Subsequently chamber has been authorized to issue certificate of origin for goods exported. To keep the constituents well-informed about government notifications, laws, policy statements etc., Chamber
publishes a monthly bulletin which also contains varied information which can be of great help to them. As a general rule, these magazines give a great deal of attention to matters of technological development in the industry. They also report on industrial conventions and congress, and devote some space to the analysis of technological, legislative, economic, or political problems that are of importance to the membership. The point is that the amount of internal and external communication is immense, and that the communication mechanism is the chief means of securing group integration and of carrying on group interaction with other associations, with government, and with the public at large.

While monthly magazines and annual reports afford some flavour of the nature of Gujarat pressure groups, a full picture of the demands and access to Government emerges only in their newspaper publications.¹ These publications attempt to keep the membership up to date regarding what the political and bureaucratic leaders are doing and what events in the political sphere seem to affect them adversely or otherwise. One often finds in such newspapers running commentaries on legislative proposals, legislation and administrative

¹ The big businessmen not only have their dominant influence in the Parliament and state legislature, but they also control to a considerable degree the propaganda machinery and through it the public opinion. R.C. Gupta, Who Rules a Country, Associated Publishing House, New Delhi -5, p-156.
regulations affecting the group. Great attention is paid to stating
the group's position on issues of public policy of concern to it.

In view of its important position and representative character
this chamber receives questionnaires issued by different Union
Ministers and State Government from time to time to which replies are
sent and detailed memoranda are forwarded. To guide public in general
and business community in particular, the chamber had issued about

Since its inception in 1949, GCCI has sought to live upto
its primary objective, viz. to serve as a regional agency through
which the business community can express its views not only on current
and emergent problems but on developmental problems facing the State
and the country. On each and every matter of regional and national
importance, GCCI has gone on record with its considered view and
suggestions. Its yardstick has been to strengthen the regional and
national base and channelise the creative abilities of the people so
as to produce results. A basic promise on which chamber operates is
that the businessmen are an important part of society and therefore
it is their right and duty to offer constructive suggestions for common
and national good.  

2 GCCI Souvenir 1978, Ahmedabad.
Subsequently, number of local Chambers of Commerce were established in various parts of Gujarat State namely:

1. Saurashtra Chamber of Commerce, Bhavnagar.
2. Porbandar Chamber of Commerce, Porbandar.
4. Morvi Chamber of Commerce and Industry, Morvi.
5. Gandhidham Chamber of Commerce and Industry, Gandhidham.
10. Shree Zalawad Chamber of Commerce and Industry, Surendranagar.
15. Banaskantha Jilla Vepari Mandal, Palanpur.
17. Mehsana Jilla Vepari Mandal, Mehsana.
Gujarat Chamber of Commerce and Industry has worked all these years as a catalyst in respect of formation of a number of organizations which are making valuable contribution in accelerating development and doing excellent work in their respective fields. The chamber has been mainly responsible for starting Gujarat Uepari Mahamandal Co-operative Industrial Estate, Sardar Patel Institute of Economic and Social Research, Industrial Information Centre, Sanket Nivaran Society Gujarat, Forum for development of Gujarat Small Industries Federations etc. These units gather data and prepare technical releases not merely for the consumption of the Press but also for use by members of the association who maintain contacts with legislators. The members of the legislature often approach the association of their own initiative, asking it to take position regarding a proposed law or administrative regulation. At this point, the GCCI proceeds to conduct its own research for purposes of presenting to the law makers involved with a "highly technical and very competent point of view." Reflecting on the associations capability in this general area, the respondent remarks that "it does not often happen that the association is unable to provide legislators or administrators with a great deal of technical information which can ease their task and without which their activities would be somewhat less than acceptable."

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3 Source: based on personal interview.
4 Source: based on personal interview.
Chamber has been taking active interest in fostering industrial development of Gujarat in a manner in which it is socially acceptable. It is with this belief that chamber has constantly urged for the broadbasing of entrepreneurship, promotion of small scale and ancillary units, location of industries in backward areas and participation of business in rural development programmes and so on. On the eve of formation of new Gujarat State, the Chamber with the active co-operation and assistance of government of Gujarat had set up industrial information centre so as to create tempo of development of industries in Gujarat. The Industrial Information Centre run by the Chamber has proved of great help and assistance to the existing and prospective entrepreneurs in establishment of new industries and expansion of existing industries. Chamber has been advocating before the state government for provision of requisite incentives and facilities to the industries in the state vis-a-vis other developed states in the country so as to provide much needed boost to development of industries in Gujarat.

Fiscal and financial measures are an important instrument in achieving the desired results in economic growth. The Chamber has, therefore, been making constructive suggestions on state and centre budgets as also railway budget. It is also making effective representations before the Finance Commission so that Gujarat gets its due share from Central resources so as to remove imbalances in development.
Even in respect of direct and indirect taxation, chamber has been providing requisite clarification to the members and help to solve their queries.

Trade and Industry are vitally connected with banking and the problems faced by them in their day-to-day management. These problems relate to clearance of cheques, restrictions on advances, margin requirement, higher commission charged, issue of provisional receipt by State Bank while accepting government money by all nationalized banks etc. Eversince the nationalisation, the chamber has been in communication with the Finance Ministry, Labour Ministry, Reserve Bank of India, Indian Banks Association etc. to take suitable steps to ensure smooth, efficient and uninterrupted banking services to trade and industry on which economic development largely depends.

Due to dispute between two rival unions functioning in Bank of Baroda, bank clearing was stopped from 21st June 1973. As the clearing suspended for a few days special meeting of the representatives of the Trade Associations was convened on 28-6-1973 to consider the entire position. In view of widespread resentment in the business community it was decided to observe hartal on 30-6-73. About 56 organised markets struck work. Meeting convened by leading Associations in the city at the premises of the chamber to record the protest under the chairmanship of Dr. Biharilal adopted a resolution urging
upon the Finance Minister, and Governor of Reserve Bank to intervene in the dispute, ensure normalcy and see that the Clearing House being an autonomous body remains unaffected by disputes between bank management and employees.

The continued suspension of clearing caused tremendous hardship to trade. However, with the efforts made by the chamber's President, Dr. Biharilal Kanaiyalal and other leading members, clearing was resumed from 2nd July to 7th July to facilitate payment etc. The chamber's office bearers were in continuous contact with the Finance Minister, Labour Ministry, Governor of the Reserve Bank, Custodian of the Bank of Baroda, and Leaders of the Bank Employees' Union during this period so as to resolve the deadlock and restore normalcy in banking services. Even after number of telegrams addressed to the Finance Minister, Reserve Bank etc. there was no improvement in the situation. Even the efforts made by the Central Government's Regional Labour Commissioner Shri Gupta had failed to bring an amicable settlement. The decision of the bankers in Ahmedabad to refer the dispute to the manager of the Reserve Bank of Ahmedabad and to Dr. Biharilal Kanaiyalal, President of the chamber could not be accepted by the bank officers Union of Bank of Baroda.

In view of continuing deadlock the chamber's President sent a telegram to Sri Raghunath Reddi, Central Minister for Labour to bring about settlement. Meanwhile communications were exchanged
between the custodian of Bank of Baroda and Chamber's President which unfortunately did not bring any result. The chamber also called on the Governor of Gujarat and sent a telegram to the Finance Minister, Gujarat State requesting him to use his good office in bringing about settlement. The chamber's office-bearers also called on the Chief Minister and appraised him of the situation and appealed to him to intervene. The Chief Minister had also a telegraphic talk with the Union Finance Minister Shri J.B. Chavan. As the suspension of clearing was prolonging and the situation was deteriorating chamber's deputation headed by Dr. Biharilal Kanaiyalal along with Shri R.V. Vasa, Shri B.M. Gandhi and Shri I.P. Shah went to Delhi on 3rd July, 1973 and called on Shri J.B. Chavan, Union Finance Minister, Shri P.R. Nayak, Secretary, Ministry of Labour, and other officials of the two ministries. The business community of Ahmedabad very much appreciated active intervention of the Chief Minister, Shri Chimanbhai Patel, for resolving the deadlock. Ultimately with the intervention of the Union Minister, the dispute between the Bank of Baroda and the Bank employees Union was settled on 26-7-1973 and Bank clearing was restored on 27-7-1973. Never before, the chamber had to put in such sustained efforts in the settlement of the dispute between Bank management and bank employees which put the business community to reason.  

The Chamber has been taking keen interest in transport and Communications problems of the state. The assistance rendered by the chamber to the trade and industry in allotment of wagons and settlement of claims etc. is noteworthy. The old railway station at Ahmedabad was built in year 1893 and since then population, area and traffic have been continuously rising. The proposal for remodelling of Ahmedabad station was before the railway authorities for the last so many years. The chamber had taken up the matter with the authorities of the Western Railway from time to time since 1952. The Chamber received a reply from the General Manager in 1953 that the problem of remodelling of Ahmedabad Railway station has been linked with other important projects. The General Manager, Shri Ganpati in the meeting of the executive committee stated in 1957 that the plans were ready. The chamber had also an opportunity to see these plans. After starting of construction work of remodelling, advisory committee was formed on which chamber's President, Late Shri Sarabhai Kashiparekh served. New M.G. station was inaugurated on 7-6-1962. As for development of road transport, chamber has been advocating the need for abolition of octroi. As regards, development of sea transport, chamber has been pressing the Government for promoting rapid development of ports so that trade can develop. The Chamber has been taking sustained interest in the development of Kandla Port, Kandla Free trade Zone and Kandla-Gandhidham area from inception. After the Kandla Free Zone was set up on 7-3-1965 it was rightly expected that the exports will be boosted and fairly
A good number of industrial units would be attracted to the Zone. For want of co-ordination between different Ministries, irregular shipping service, increase cost of production, inadequate transport facilities etc. the zone has not become popular and has not been able to make the headway. In view of this the federation of Indian Chambers of Commerce and Industry had set up a committee under the chairmanship of Shri Arvind Narottam Lalbhai, the then President of GCCI to make recommendation as to how the Zone can become popular. The committee submitted a comprehensive report to the Federation making detailed recommendations. Since then condition of units operating in the Zone has deteriorated and the Ministry of Transport has appointed a Steering Board. The Zone has taken rapid strides during recent years. Its exports, which were only Rs. 24 crores in 1980-81 have jumped to Rs. 72 crores in 1981-82 and many national companies have decided to come to the Zone. The world's largest single steam ammonia-urea plant of GNFC at Baroch, with an investment of Rs. 445 crores, has already gone into production. Two large-scale gas-based fertiliser projects with investment of Rs. 700 crores are being set up at Hazira near Surat.

In respect of communications, chamber has been assisting the trade and Industry in getting more and more new telephone connections, establishment of more post offices and telephone exchanges, introduction of direct dialling on more routes and redressal of excess call complaint in the case of telephone having direct dialling facility. These efforts have yielded results.
The Chamber believes that the exports constitute life time of the economy. It constantly endeavours to spread consciousness so that export promotion acquires added momentum. The problems of exporters and importers are effectively taken up before authorities concerned so that foreign trade from Gujarat receives stimulus. Chamber is also emphasising the need for provision of additional incentives and facilities at Kandla Free Trade Zone as to make it popular and successful. Due to continued efforts of the Chamber STC and MMTC offices have been opened in Gujarat for the benefit of importers and exporters. The export has proved to be of great help to the exporters. Chamber also gives warm welcome to foreign trade delegations, missions and trade commissioners during their visit to Ahmedabad and exchange views with them for promotion of joint ventures, as also trade and aid with various countries.

In view of all importance of the chamber and its representative character it has been granted representation on 84 advisory Committees of the State, Central and Local government which enable it to represent the distinctive viewpoint of business community on various problems relating to trade and industry. In addition to this, chamber has organized number of conferences, conventions, seminars and symposiaums on various aspects relating to trade and industry which has enabled it to come in close contact with the business community, ascertain their problems and difficulties and provides an opportunity to solve the same by pursuing the matters with the concerned authorities.
The most important conferences and seminars that were organised since 1954 include small and medium industries conference in 1955 inaugurated by Dr. Jivraj Mehta, the then Finance Minister, Government of Bombay, Transport Conference in 1964 (inaugurated by Shri Raj Bahadur, Central Minister of State for Transport), Petrochemical Seminar in 1966 (inaugurated by Shri Arvind Mafatlal) Gujarat Industries Conference in 1968 (inaugurated by Shri Morarjibhai Desai, the then Deputy Prime Minister, Government of India), Ahmedabad Metropolitan Seminar in 1971 (inaugurated by Shri K.K. Shah, Central Minister for Works and Urban Housing) and Gujarat Power Conference in 1972 (inaugurated by Shri Ghanashyambhai Oza, the then Chief Minister, Gujarat); Gujarat Businessmen's convention (1974), Seminar on challenge of mid seventies greater production (1976) Symposium on Bombay High Oil and Gas (1976) Seminar on Electronics 1977 (inaugurated by Shri Madhavsinh Solanki, Chief Minister of Gujarat State), Gujarat Businessmen's conference 1978 (inaugurated by Shri Pravinchandra V. Gandhi, Vice President, Federation of
Thus the main aim of holding such seminars and conferences is to provide a useful forum where different interests can express their points of view and make suggestions embodying maximum amount of agreement that could be transmitted to the government. These seminars also enable expert opinion on topical subjects to be formed and agreed recommendations are submitted to the concerned authorities for consideration and action.

Besides written representation on the problems and difficulties faced by businessmen close liaison is maintained by the chamber with government and other official organisations so that decisions may be expedited. This type of courtesy calls for lobbying is a favourite technique in the hands of the chamber to play an unofficial role in the governmental process. What has rarely been clearly enunciated is that government needs the chambers too. Every one from the Prime Minister to Minister for industry, from secretary in the finance ministry to lowly deputy secretaries, acknowledge the importance of the chambers by consistent attendance at seminars, conferences and other jamborees organised by the chamber.
In all fairness though, government pays much more than lip service to the chambers. This is ensured through direct chamber representation on a wide variety of advisory and consultative bodies which deal with specialised economic affairs. On each of these, the voice of industry is an institutionalized factor ensured by the active participation of the chambers. A partial and merely illustrative listing of these Councils would include the Fiscal Commission (1950), Taxation Inquiry Commission (1953), Railway Corruption Inquiry Committee (1954), Administrative reforms Commission (1966), Finance Commission (1961-65-69) Banking Commission (1970), Direct taxes Inquiry Committee (1973). The Banking Commission (1976), Gujarat State Law Commission regarding Public Charitable Trust (1976), Evidence before Sales tax study Team in (1977), Direct tax Laws Committee Bombay (1978). The committee on Control and subsidies of the Government of India (1978) etc. This creates not only the direct political access in the decision-making, but also gives an opportunity of mutual bargain with the government. Major policies pertaining to licenses, industrial policy, and taxation are discussed and promises sought by the highest political executive on the open forum are duly highlighted by the press.

While deciding any major industrial policy or one affecting the interests of the business and industry, their peak organisation is always consulted and if it is ignored, it expresses its resentment. If the government was not amenable at the rule-making stage it launches such a crash movement that the whole scheme crumbles down at the rule-
application stage in collusion with the bureaucracy.\textsuperscript{5} The Chamber has a planning cell which studies the Five Year Plans and makes its recommendations to the national planners. It ensures that nothing detrimental to the big business and industry was resorted to by the government. Most of its recommendations with regard to the Fifth Plan have been conceded by the government in bits and pieces. No other interest group would have analysed the plan so vividly and hardly government had taken note of any other group recommending on the plan in such an assertive manner. This shows that the power of money, and that too well articulated in an associational interest group, is stronger than any political force in a modernizing democracy.\textsuperscript{6}

Thus the main objectives of this organisation are to accelerate the industrial growth in the state, to represent before the local and state administration, to mitigate the problems of the member units, to advise the government with regard to support, oppose, or amend such legislation as may affect the industries of the state, and finally to represent the various industries on the governmental and non-governmental organisations connected with the problems of industrialisation and labour.

\textsuperscript{5} B.K. Srivastav, \textit{ibid.} pp 48, p-116.
\textsuperscript{6} \textit{ibid.} p 121.
SHORTCOMINGS

In a pluralistic democracy, commercial organizations have a vitally important role to play. They offer a mean whereby those with similar interests can organize for the pursuit of those interests. They can provide an orderly, predictable means of transmitting demands to the authoritative structures. They also serve as significant instruments through which the authoritative structures communicate to the governed and the reactions of the latter are fed back to the government authorities. It is difficult, indeed to conceive of a state political system without a well-developed associational interest-group structure. 7

From constitutions and questionnaire responses, however, it is not easy to identify definite goals of such interest groups that are obviously non-political. The official documents are careful to point out that the organization is non-party or non-political. What this means is that the association seeks to avoid being identified with any particular political party. Even in the most obvious cases where the chamber becomes a part of one of the political parties, this type of relationship is not openly divulged by either the constitutions or the responses to the questionnaire items. However, a careful reading

7 The chambers of commerce have not yet become, in India at least, clubs for businessmen to meet and swap ideas. They are still largely functional, their primary task being that of representing business interests to that one single dominant outside factor - the government.

'Lobbying in the Corridors of Power,' Business India, (Nov. 21 - Dec. 4, 1983), p. 56
even of official documents serves to alert one to the political involvement of the organization. The Gujarat Chamber of Commerce and Industry defines its purpose as follows: "The Association has the aim of providing for the assistance of industrial firms in all syndical, social and economic problems that directly or indirectly regard them, favouring the development and progress of industry in Gujarat State."

It is apparent from this and other sections of the organization's constitution that it will be primarily involved in statistical managerial services and collective bargaining. It is also apparent, however, that the chamber will, when necessary, represent the interests of its membership before public bodies. The apolitical nature of such an organization must not be seen, therefore, as non-intervention in the political process but merely as alleged non-association with political parties. Even when such absence of formal contact with the parties is denied, it is evident that contacts between association and political party leaders are frequent. The chamber is frank in specifying that development could not be undertaken alone by government or any single agency. It has to be a national endeavour in which all sections of society including the business group have a vital role to play.\(^8\) The chamber has offered its suggestions not only

\(^8\) Jehangir R.J. Cama (Role of GCCI, In the Development of Gujarat), GCCI Souvenirs (1979).
for the national plan from time to time but it is also taking active
interest in the state plan.

Generally speaking, then, the constitution defines the purposes
of this organization in terms of protecting or furthering the interests
and the objectives of the particular category in which they belong. The
chamber does not plead the cause of labour. The Mill Owners' Association
Bombay, in spite of supporting the cause of unilateral labour, accepted
the proposals made by the Chief Minister, Mr. Babasaheb Bhosale in
November 1982 to end the city textile strike and issued an ultimatum
to the workers. The ultimatum read like this "If they do not report
to duty by November 30, the mill managements will be free to resume the
disciplinary action and terminate the services of such workmen and make
free recruitment.9

The chamber acts as a pressure group which works as bridge between
business and the government. Contrary to this, in European countries and
the U.S.A. the chambers not only advise the government but also prepares
the industrial development programme in the different regions where the
chambers operate with their distinct field of activity. But in the GCCI
not all the members are involved in development of the industrial community.
But it is only a few influential persons who really act to protect the
interest of the industrial class - thus chamber has become a committee
of a few influential people.10 These people due to their strong financial

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9 Times of India Ahmedabad Publication, November 1, 1982.
10 As Git Paul of the Apeejay group comments, "These chambers and associations
are frauds," they do not represent the true picture of industry and trade,
since only the bigger groups have a say in their committees," He says.
There are vast numbers of bogus members. I believe that 90 per cent of
the member associations exist only on paper."
Dilip Cherian, 'Lobbying in the Corridors of Power,'
Business India, Nov. 21 - Dec. 4, 1983, p. 57
background and political linkages take a dominating position in the name of the whole industrial class of Gujarat. They take all advantages from the government through their individual influence when necessary and through organised strength and skillful use of the chamber when possible. Between the years 1952-54 when the agitation against sales tax was launched, for example, these big industrialists cooperated with small traders and industrialists and eagerly participated in the movement because their personal interests were at stake. Whereas in 1967 for the regulation on excise duty, the smaller industrialists were at a greater loss in comparison to the bigger industrialists. In that situation the leading industrialists remained aloof as a result of which the small traders had to suffer.

Thus we see that though the chamber stands for collective benefit of the industrial community as a whole, in practice the collective influence of the chamber as a business organisation is not utilised for the total members of the trade and industries, but its advantages are taken by a few big industrialists only.

We are now to speculate a bit about the meaning of organizational membership. In 1949 at the beginning of the chamber, it had only 480 members. But with the growth of the chamber, its membership grew rapidly. Now the chamber has 5444 members who represent most of the important chambers of commerce and industry, associations and companies from all over Gujarat.

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It is believed that the chamber maximises its membership only with the hope that large numbers are in themselves impressive. The ability to refer to large numbers - and to threaten their mobilization at the polls or elsewhere - is an important technical attribute of many of the present groups in India.  


The chamber members again include two kinds of leaders. The first are the elected leaders, the president and vice-president of the chamber, Hon. secretary, Jt. Honorary secretary and so on. Also included in this category are the elected members of general councils, board of directors or executive committee of the organizations at the various geographical levels. To elect the president of the chamber the ruling party position is also taken into account. The member who is more influential towards the ruling party, is elected as the president of the chamber. The president of the chamber has to keep good relation with the government. Thus, generally it so happens that though formally the president is chosen by the select committee, it is previously decided by the ruling party as to who shall become the president of the chamber. The presidents thus elected get important positions in the Vidhan Sabha as the representative of the business community. When the government authorities come to the chamber for discussions, the past presidents and corporators sit in the conference and find out a solution. These people, due to their relationship with government authorities, meet the ministers, bureaucrats and MLAs time and again to find out solutions to various problems related to business and trade. The government officials often take into consideration the points of these dominant members of the chamber due to their strong financial and social background. These big industrialists though do not contest elections, in local institutions

14 Based on personal interview.
15 Based on personal interview.
like municipalities, panchayats they get elected for their strong background and in this capacity they directly participate in public policy making related to construction of roads, wells, octroi, excise duty, health etc. Thereby they become popular in the society. This image gives them important position in the chamber as well. Thus in the chamber it is only a few members (generally big industrialists and corporators) who work for the fulfilment of their own interest through the collective strength of the chamber. Government equally tries to protect the interest of big industrialists of Gujarat for they provide financial aid at the time of election.  

Presidents of the Gujarat Chamber of Commerce and Industry, Ahmedabad from 1949 to 1984

<table>
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<tr>
<th>S.No.</th>
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<td>1</td>
<td>Sheth Shri Kasturbhai Lalbhai</td>
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<td>Pharmaceuticals</td>
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<td>Trade</td>
<td>Patidar</td>
</tr>
<tr>
<td>15</td>
<td>Shri Arvind Narottam Lalbhai</td>
<td>1969</td>
<td>do</td>
<td>Textiles</td>
<td>Bania</td>
</tr>
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<td>16</td>
<td>Shri Madhubhai Manibhai Patel</td>
<td>1970</td>
<td>do</td>
<td>Colour, Chemicals and Iron &amp; Steel</td>
<td>Patidar</td>
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<td>17</td>
<td>Shri Balkrishna Harivallabh-</td>
<td>1971</td>
<td>do</td>
<td>Textiles</td>
<td>do</td>
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<td>18</td>
<td>Shri Indulal Dahyabhai Shah</td>
<td>1972</td>
<td>do</td>
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<td>19</td>
<td>Dr. Biharilal Kaniyalal</td>
<td>1973</td>
<td>do</td>
<td>Textiles &amp; Steel</td>
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<td>20</td>
<td>Shri Rasiklal Vadilal Vasa</td>
<td>1974</td>
<td>do</td>
<td>Business Executive</td>
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<td>21</td>
<td>Shri Indravadan Pranlal Shah</td>
<td>1975</td>
<td>do</td>
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<td>22</td>
<td>Shri Popatlal Chhotalal Dani</td>
<td>1976</td>
<td>do</td>
<td>Colour &amp; Chemicals</td>
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<td>23</td>
<td>Shri Hashmukhlal Chimanlal Shah</td>
<td>1977</td>
<td>do</td>
<td>Oil &amp; Chemicals</td>
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<td>do</td>
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<td>Parsi</td>
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<td>25</td>
<td>Shri Priyekant T. Munshaw</td>
<td>1979</td>
<td>do</td>
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<td>26</td>
<td>Shri Bhikhoobhai Nagindas Shah</td>
<td>1980</td>
<td>do</td>
<td>Coal &amp; Farming</td>
<td>do</td>
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<td>27</td>
<td>Shri Manubhai Premchand Shah</td>
<td>1981</td>
<td>do</td>
<td>Steel &amp; Machinery</td>
<td>do</td>
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<td>28</td>
<td>Shri Baldevbhai D. Patel</td>
<td>1982</td>
<td>do</td>
<td>Foodgrain Trading</td>
<td>Patidar</td>
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<td>29</td>
<td>Shri Rajnikant R. Nagri</td>
<td>1983</td>
<td>do</td>
<td>Textiles</td>
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<td>30</td>
<td>S.ri Nalinbhai K. Patel</td>
<td>1984</td>
<td>do</td>
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It is significant that all the 30 presidents of the Gujarat Chamber of Commerce and Industry, Ahmedabad from 1949 to 1984 happened to belong to Ahmedabad based elites. Twenty three of them are Banias and the rest except one are Patidars. Among the Banias also, it is the Machkania, Vaishnav or Jain Banias. Eighteen of them belong to textiles industry and four belong to colour and chemicals industry. This shows the narrow basis of leadership of this important institution in terms of location, caste, family, and religion. Again the protestant ethics of the Jains and the sedate business culture of the Lalbhai's seems to have given a particular cultural impress on the GCCI, for the GCCI has not smacked of flouting the business norms nor the blatant breach of the traditional exalted politico-business culture of Gujarat. It is very significant however that after the 18th President, the dominance of the textiles has begone to recede and particularly after the 21st president, the background of the GCCI presidents has really diversified relegating the textiles from its position of priority.

Thus we see that it has been the very weakness of modern business associations which has proven to be dysfunctional. The pragmatic adjustments of business to many aspects of public policy and administration, and their failure to professionalize as rapidly as they might have, resulted in major economic dislocation. Instead of doing its own analysis and its own planning, business has become too dependent on government. The stability in a political system is found in the relative capacity of the authoritative political structures to satisfy the demands of
individuals or groups in the society. The capacity to satisfy is dependent on a host of conditions, such as the resources available to government, the tempo with which new demands are made, the efficiency with which demands are communicated to rule making centres, the skills that rule-makers evince in dealing with demands. One critical factor conditioning ability to cope with demands is the extent to which the demands that reach the sources of authoritative decision are aggregated. If there is a reasonably high degree of aggregation in advance, the functions of rule-making, rule-application and rule-adjudication are performed with relative ease; compromise is facilitated and politics really becomes the art of the possible. But in Indian political system the demands of the pressure groups often reach too late and the demands that reach the legislature, executive, or judiciary are essentially raw and unaggregated which results in immobilism and dilatoriness. When, in such a setting, authoritative decisions are taken, they tend further to polarise and to isolate the competing groups in the society.

The need to strengthen the organization of business association is becoming critical because of the difficulties being created by the enlargement of the entrepreneurial elite. The increase in numbers tends to clog individual channels of access. In addition, such vastly multiplied government contacts generate even more suspicion among hostile observers.

17 S.A. Kochaneck, ibid, pp. 50, p. 327
The pressure to circulate messages among the public and government authorities is evidenced in the frequent use of conferences and seminars that the chamber holds time to time. These affairs are often held at a very high intellectual level; they are designed not only to educate the leaders and members of groups but also as a means of lending greater authority and responsibility to the demands of the groups as they are transmitted to government. The mere holding of "scientific conferences" may have limited utility by itself as a means of influencing legislation, but it is a useful device when it is coupled with lobbying activities as lobbying is commonly understood. But studying the nature of the political system in Gujarat one is impressed by the likelihood that some of the Gujarati law makers are inclined to act as resistor to group demands. Where this type of legislator is encountered, the need for articulating interest in terms that take the general welfare into consideration is rather compelling. Again it is a common fact that a particular kind of assistance that may establish a strong obligation on the part of the legislator toward an interest group is financial or other kinds of help offered during an electoral campaign. One member of parliament, in speaking about this matter, reflects that one of the critical ways of affecting legislative decisions "is that of providing a certain amount of financing for political parties and political candidates." The groups expect that, in return for the outlay, those elected will not then proceed in the legislature to favour legislation not wanted

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18 Joseph Laplomba, ibid. pp. 68, p. 192
by the group. This is not always the way things work out in reality. Money may, of course, buy a certain amount of campaign support and is not to be wholly discounted. Moreover, it may play a much more critical role at a time when the political party involved has not yet succeeded in establishing other sources of monetary supply. But from rare instances one need not draw the conclusion that money is the only means of gaining influence in political system and in the formulation of public policy. If one is to judge by the legislative events of the years since 1977, it is apparent that Gujarat's industrialists have fallen considerably short of their goal. In the determination of who does or does not sit in the Gujarat legislature, the groups with mass following, which can deliver large number of votes, have been much more successful than the groups with merely money at their disposal. This simple but painful fact is generally well perceived by the chamber's leaders. Indeed, it is basic to the rationale that the chamber should become much more massively and openly involved in electoral campaign. Many of the industrialists, however, have lost the confidence in the ability to win the election. As a result of which their representation in the Vidhan Sabha is declining since 1967 as compared to farmers representation. From 1972 onwards, there is a steep rise in the representation of the farmers class whereas in the case of business, the rise is very small. It is only because the Indian masses have always been anti-industrialist, and the current mass mentality is violently so, whoever in Gujarat represent himself as the spokesman for the industrial class earns
at least the difference if not the open and organized hostility of
the general masses. The people refuse to accept the idea that the
industrialist can possibly promote the general interest as well as
the special interest in politics. The members of parliament and
state assembly who represent or identify with the masses feel less
inhibition when they rise to speak in the legislative halls. On the
other hand those members of parliament and state assembly who do
understand the needs of the business community and who are capable
from time to time of advocating and supporting, to a degree, plans
and proposals fostered by business groups always do so much more
cautiously. Thus the speech of the state civil supplies minister,
Mr. Manoharsinhji Jadeja, at a meeting of the Federation of Saurashtra
Chamber of Commerce and Industry at Jamnagar in February, 1983 seems
to have stirred up a hornet's nest in Gandhinagar even as it has
been widely welcomed in Saurashtra.19 The minister is reported to
have said at the meeting that in matters relating to Saurashtra and
Kutch whenever it is felt that injustice has been done, the attention
of the government should be fearlessly drawn to it. To quote his
own words "we should be polite in representing our problems but there
is no need to touch anybody's feet. A person from Saurashtra does
not believe in helplessness and if he does so he can not be from
Saurashtra. I am standing before you as a representative of the very
same area whose problems you are voicing here.". This speech of the

19 *Times of India*, Feb. 7, 1983
minister delivered with a clarification that it was being made as a representative from the region which was reported extensively by the vernacular press in Saurashtra. But the Gujarat Pradesh Congress Committee executive devoted a sizeable bit of its time to discussing about the speech of the minister in the Chamber of Commerce and Industry and demanded for action against the minister. This gives the impression that the legislators favourable to business always attempt to function in an under handed way. Were these individuals to stand up openly in the house to declare that they are attempting to present a point of view of the industrial class, a great furor would break out in the country, insisting that this is basically an undemocratic position to assume and the ministers involved are without doubt attempting to do the nation damage.

It is widely perceived and understood both inside and outside the bureaucracy that the chamber of commerce has maintained for decades a structural relationship to the ministry of Industry and Commerce and Civil Supplies. The ministry is also, over the years, fully dependent on the goodwill and the cooperation of the chamber. The ministry as a matter of fact prefers to deal with it. So much so is this the case that whenever a member of the chamber makes a direct approach to the ministry, the latter will immediately contact the chamber in order to assure itself that the chamber is aware of and has no objection to what might otherwise be interpreted as an
attempt to intervene in the administrative process over the lead of the organization. One member of the chamber of commerce remarks. "A combination of the personal friendships we have plus the inevitable dependence of the ministry on our facilities means that, over a period of time, our relations with the ministry have been more than cordial. We continue to maintain extremely cordial relations with these people."  

One of the problems that lies in public administration is the obvious inability of the single ministry to secure all of the information it needs in order to produce rational policies and regulations. It is this thrust for information beyond what it can find internally that sends the government departments in search of groups that can assist. Thus a cabinet member points out that there is nothing surprising about the tendency of bureaucrats in the ministry of commerce and civil supplies to turn to industrialists and industrial associations for information which the ministry itself does not have readily at its disposal. He points out that the bureaucrats quickly learnt that groups such as GCCI employ a large number of experts who continually do research involving legislative proposals, administrative regulations, or certain general or specific problems that are germane to the activities of industrial groups. When the ministry is confronted with any problem concerning which its internal supply of data is felt to be inadequate, it will naturally turn to the other source in the society that can furnish them. Once this step has been taken and the data and recommendations submitted, the

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20 GCCI, Annual Report, 1979
ministry is unable really to evaluate their objectivity. As a result, the decision, which formally made by the bureaucracy (or the legislature), may in fact be the decision of the industrial associations.

Another major problem lying with the government of Gujarat is the lack of funds to start new projects of their own effort. While starting the Gujarat State Fertilizer Company Dr. Mehta, the then Chief Minister of Gujarat did not want a single private business house to take up a major role in the project. The reason given was that such an arrangement would require the private house's own management team, and related sine qua non, which Dr. Mehta thought would militate against effective control in the public interest. Thus, one leading official of the government of Gujarat insisted that the state government "never seriously considered entrusting the project to any private sector organization. Hence, there was no question of the government approaching any private sector house in this matter." But when government of Gujarat desperately needed money it felt strongly that business talent had to be injected into the GSFC to make it successful. Jaykrishna Harivallabhadas' presence as Chairman of the board was certainly meant to suggest that the government of Gujarat welcomed private sector participation, and assurances were given that the company would be run on business like lines.21

The chamber also operate successfully due to wrong, hasty, ambiguous and discriminatory policies of the government.22 The chamber often

22 S.K. Srivastav, ibid. pp. 48, p. 361
pressurises the rule makers to leave such loopholes which could be exploited later on during amendments or at the rule application and adjudication stage. The government is often caught in its own web and has to yield to the pressure tactics of the vested interests of the chamber members. The wholesale trade in groundnut, Land Ceiling Act, Agricultural Land Tax are a few good examples for the above case in Gujarat.

Despite the rhetoric aired in legislature and in sections of the Indian press, the vested interests do not dominate the public policy-making process in Gujarat. They are held in check by a national consensus which is committed to socialism based on rapid economic development and a more equitable distribution of resources, by a strong and independent bureaucracy, and by the restraints of a planned, regulated, and controlled economy. The political leadership derives its goals and its support from the larger society, the political system, and its own conception of what the national interest requires. The demands of any one particular group, especially business, come in a very poor fourth on the scale of influence. Yet since government prefers to gain the widest possible acceptance and the full cooperation of all groups in the development effort, there is a genuine attempt to consult the various interests of which Indian society is composed — so long as it is understood that consultation does not commit the government to act in accordance to the advice it receives.

S.A. Kochancek, ibid. pp. 31, p. 884