CHAPTER VIII

SOCIAL RESPONSIBILITY OF BUSINESS:

The primary goal of a business house is to earn profit and to plan for its expansion. The business executive manages the enterprise in a way to fulfill that objective. This is his primary responsibility. It may be called as 'Private Responsibility' of business.

In recent years business has come under considerable pressure to respond to a rapidly changing environment requiring solutions to social problems. With the growth of larger industrial enterprises, the threat of pollution, greater affluence, increasing labour disputes, together with a changing social climate, the intensity of such pressure on business to assume broader responsibilities to societies seem to be rising. This is a challenge - outwardly to business but actually to the intellectual ability of the business executives. In order to give a satisfactory understanding as to what exactly are the responsibilities which societies wish business to undertake, one has to turn back to the definition of the concept of social responsibility.

Mr. H.R. Brown defines the concept as the "obligation (of Business) to pursue those policies, to make those decisions or to follow those lines of action, which are desirable in terms of the
objectives and values of our society. "Most of the writers, however, hold business responsible not only to itself but also to shareholders, employees, customers, community and the fiscal policy. And they further emphasise that every business, irrespective of size, in order to enjoy confidence and respect, ought to discharge its responsibilities in all these directions and must maintain a balance among the claims of shareholders, employees, consumers and the community upon the company.

Business responsibilities towards community or society are countless. To earn reasonable profit i.e. efficient use of resources to produce economic wealth is the first in the list of social responsibilities. Second is to ensure the continued efficient management in conformity with the growing social ideals and social urges. Third comes the observance by word and deed of the ethical standards of society. Fourth is to create job opportunities and training facilities for the unemployed. Fifth is to share hand in providing high educational and research facilities in the country as it has a relationship with the future of business by making available with better trained human resources which will be beneficial to the business more. Sixth is to help remove social discrimination. Seventh comes investment in equipment, designed to minimise environmental contamination by controlling or eliminating industrial discharge into air or water. Eighth responsibility is to distribute generously to the support of charitable artistic organizations and
activities. Ninth, the business is also responsible to make executives available to serve without compensation on public boards or other non-business assignments and finally, the responsibility is to break once and for all the cycle of poverty that is spawned in the rural slums, thrives in the urban slums and threatens the lives of all through crime, violence, frustration and disease.

In recent years the corporate role in society has changed considerably. It is now known as a traditional belief and a minority approach that companies or business houses best serve society by limiting their activities to the market place and their responsibility is confined to that of earning profit and expanding the size of the enterprise. There is a shift in ideology and new social pressures have changed the objective of business executive. Managerial philosophies have changed rapidly. An adequate knowledge of laws and rules has become necessary pre-requisite of efficient managerial performance. When new laws are made and controls exercised through legal enactments, instead of reacting to it immediately, the business executive of modern days have tried to understand what should be the right laws and strictly obey them when so made. Often it is noticed that there is a strong protest by the business community and trade associations against any government policy, particularly in connection with a new tax or relating to a revision of the old tax rate. History is full of such examples.
The protest and complaints have become a routine occurrence with the result that they have lost their significance. The government has begun to feel that in order to promote or safeguard the class interest, protests, complaints are being made, and it, therefore, becomes completely indifferent to the charges and complaints made by the businessmen against the government's legislation, policies and plans. It is no wonder that under such conditions the complaints are completely ignored. That is how in under-developed countries like India where associations are weak, and entrepreneurs are shy there has remained a wide gap between what the government proposes and acts and what actually the people desire. In most of the cases it was observed that businessmen and business executives acted and reacted on government's policies and programmes from a short term point of view and in that sense in their sectional and short sighted approach they negotiate with the government for piece-meal benefits. The modern days business executives, however, have started combining their knowledge and technical know-how in matters relating to the promotion of indigenous products and impart substitutes relating to policy formulation and plan implementation.

Gujarat could rank at or near the top in terms of providing a hospitable environment for private enterprise. Gujarati industrialists complained little about the state government, reserving the bulk of their criticism for the centre. Political leadership in the state is
generally sympathetic to the private sector, industrial relations are peaceful, the entrepreneurs have ever established a cordial relationship and smooth communication with the people in power and have won their confidence. This co-operation and trust between the entrepreneurs and government of Gujarat has made Gujarat not only India's second largest industrial base today but also second to none in creating a congenial industrial environment. The Gujarati industrialists have learned in the process the way it can influence the government to change and improve the law and make it useful to the community in general and business philanthropy, therefore, has assumed as a major premise that the purpose of a business philanthropic contribution is twofold—to benefit the recipient as well as the corporation. Specifying these goals is part of the ongoing process of creating new policies and designing the structures needed to fulfill them. The particular strategic goals that business philosophy serves are the following:

By contributing to other institutions in the surrounding society, the business corporation helps to strengthen the society of which it is a part, by making or helping to make a better life for every one, the corporation inevitably makes a better life for itself. With the growth of consumerism and environmentalism the public image of many companies have come to be seen in a far from favourable light. Business contributions that emphasize the social
responsibility of the company certainly help to improve that public image. Likewise, contributing to local schools, to higher education, and to continuing education programmes may help make educational opportunities more available to employees, help the company keep employees, and help develop the talents of employees, all of which can and do help a company's image. In Gujarat it is estimated that 70 per cent of the educational institutions are run by private houses. The philanthropic grants that support research and investigation of social, economic and psychological factors in the society are contributions both to the sponsoring corporation and the society as a whole and make possible more intelligent and sensitive decisions. This also have the benefit of increasing the store of vital intelligence about the society, which can be extremely useful to corporate long-range planning. All such activities of business associations find their rationale in the general proposition: business find their rationale in the general social and physical environment in which the business corporation must survive. As a citizen—and often a rather large citizen—it is argued that the world within which business must survive is one that can be usefully shaped to a significant degree by business itself. The idea is that business can survive better in a successful and well functioning society than in one where all the social arrangements are going awry.

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1 Based on personal interview.
Beyond contributions that improve the immediate context within which business operates are those business contributions that have a largely altruistic character, i.e., payments that have only a small or very indirect benefit to the trusts. Thus the big business houses and institutions contribute to various trusts like: Satguru Seva Trust by Arvind Mafatlal Group, Vijay Merchant's Public Charitable Trust, Somani Group's Somani Trust, Sir Sayaji Rao Diamond Jewellery Memorial Trust, Tolani Foundation, P.N. Hinduja Foundation and so on.

Finally it may be useful to note a certain sense in which we can say today's leading business corporations have and function according to a philosophy of history. Briefly, that philosophy is, that every organisation of men is established to use some humanity's available time and energy in co-operation to achieve certain ends. In the process of becoming an organization, such groups also become sub-communities of the larger human society from which they draw spiritual and intellectual resources. The business community, like all others, owes its proper "dues" to the larger society and this takes the form of generating a set of human and humane responses and responsibilities for the survival and the success of that source society. Such responsibilities include supplying to consumers better quality of goods, pollution abatement, minority employment and related corporate activities. In this respect the Gujarat Chamber of Commerce and Industries had started its relief fund since 1954 from which relief of the order of Rs. 44,72,000 has been made available to
victims of natural calamities like floods and famines in various parts of the country. The relief work done by the Chamber in South Gujarat, Saurashtra, Bihar has been greatly appreciated. With a view to co-ordinate the relief activities and put them on sounder footing Sankat Nivaran Society, Gujarat comprising of Ahmedabad Mill Owners' Association, Gujarat Chamber of Commerce and Industries and Trade Associations of Ahmedabad was formed which has done praiseworthy famine relief work in Patna in 1976. The relief provided from the above trusts all over the country has proved to be of great help to the victims of such natural calamities. The business houses also provide funds to the Chief Minister's Relief Fund for utilization at the time of natural damages to the poor. Thus in November, 1982, when Gujarat was affected by a disastrous cyclone and rendered lakhs of people homeless, the business house from Gujarat as well as all over India contributed huge amount of money to the Chief Minister's Relief Fund. Some of the contributions made by big business houses of Gujarat are given below:

Digvijay Cement Co. Ltd., Bhavnagar Rs. 1,00,000.00
Digvijay Wooden Mills, Bhavnagar Rs. 1,00,000.00

3 List of contributions to the Gujarat Chief Minister's Relief Fund, during the period 08-11-82 to 31-12-82. Unpublished note, Vidhan Sabha, Gandhinagar.
Apart from providing financial assistance to the government for the eradication of poverty the business houses of Gujarat try to help reduce unemployment problems as well. The effort made by Textile Industry of Ahmedabad in giving employment and training to the handicapped is praiseworthy.

Irrespective of all these services rendered by the business community the common observation still persists that philanthropy is never disinterested. There is always some interest, however, indirect, that is being served by the philanthropic company, ranging from improved public relations to the subsidy of external educational programmes that might otherwise require total in-house support, to occasional support programmes involving only tangential, indirect and long-range benefit to the contributing company such as programmes in support of the arts.

Not only is business philanthropy rarely if-ever-disinterested, it actually is a large grant of discretionary authority from society to the directors of corporate business. Take for example, rural development programmes. In Gujarat many business organizations have
undertaken rural development activities. Many have adopted villages for integrated development and some are undertaking programmes which include agricultural development, dairy development, development of cottage and small scale industries etc.\footnote{R. Rudramoorthy, Adviser, Mafatlal Services Ltd., Bombay, *Industry's Participation for Rural Development.* (unpublished).} Initially the programme was started in 42 villages in December, 1977. Since then, 133 institutions have got approval from the government covering about 2178 villages with an investment of Rs. 3520.54 lakhs for a period of 3 to 5 years as under:\footnote{Dynamics of Rural Development in Gujarat. GCCI Survey, Feb. 1982.}

<table>
<thead>
<tr>
<th>Numbers of villages covered</th>
<th>2178</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking Finance</td>
<td>Rs. 276.71 lakhs</td>
</tr>
<tr>
<td>Institutions own contributions</td>
<td>Rs. 397.39 lakhs</td>
</tr>
<tr>
<td>Contributions by government and Panchayats</td>
<td>Rs. 178.96 lakhs</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>Rs. 853.06 lakhs</td>
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Indeed voluntary agencies have done laudable work in Gujarat and can play vital catalytic role in the gigantic task of transformation of rural economy and improve standard of living. Such
responsibility is definitely different from private responsibility of business. Ordinary business responsibility or private responsibility is confined to the maximising of profit and expanding the enterprise. It is related to an year's profit, a part of which is paid to the shareholders and the other part is invested for further development. Social responsibility is much more than that, and also much different from that. It includes profit making from the long period point of view. The consideration of profit is related to a long range of perspective. It is possible that at the initial state, profits are low or for some time there is no profit. It may be socially desirable if it is able to create conditions for larger profits in the long run and is in the best interest of the society as a whole. Thus for the business community the promotion of rural development is not only a part of its larger social responsibility, but it is also in its own enlightened self-interest to contribute its share to this rational task. Experience over the years has demonstrated that, however, well managed business may be, it can not continue to progress as long as the rural sector remains stagnant or backward. The business community, by helping promotion of rural development, contributes to the increase in the purchasing power of the rural people for its own products and services.

Another reason behind undertaking rural development programmes by business houses is that it is tax-exempted. A major incentive extended by the government of India is the introduction of section
35 CC and 35 CCA in the Income tax Act, 1962 which provides for deduction of expenditure incurred on a programme of rural development in the computation of tax. This has not only encouraged voluntary agencies in Gujarat in the venture of rural development but also attracted them in a bigger way to this end. The experience of the Mafatlal group during the last 4 to 5 years in introducing the cross-bred cow technology in rural areas has been very encouraging in terms of helping rural families coming out of poverty as a result of adopting this technology. Based on their experience, the Mafatlal group have now formulated proposals for the benefit of other business houses who may be interested in undertaking similar integrated rural development programme all over the country taking advantage of the incentives offered by the government. The larger companies, which can afford to take these additional responsibilities, already do so. In fact, consistent with their size and the scale of their operations, many firms have developed a social as well as service orientation adjusted to the needs of specific rural communities. Some firms have formed charitable trusts in the true Gandhian tradition, which are used to finance the founding and running of schools, hospitals and housing amenities. Educational institutions, for instance, train village artisans for vocations in cottage and small industries. All these are instances where state efforts are being supplemented through the enlightened self-interest of the business sector. Inspite of this, there exists undeniable scope for the enlargement of the area of co-operation and interaction. So far, with notable exceptions, industrial units have been condescending in their dealing with villages.
and concerned only with maximizing their immediate returns. Without unduly compromising their long term objective, it is possible for them to organize their inter-relationships with rural communities as to improve levels of living among the latter in a number of ways. This is not social service, it is enlightened self-interest, perhaps self-service with a perspective, because ultimately industry stands to gain through progressively growing outputs which are also marketable.

The relationship between social responsibility and profit earning is that of the relationship between end and means. Profit earning should be made subservient to the betterment of the society and should be the means to fulfill that objective. It is much different from private responsibility or business responsibility. One is pained to find a number of sub-standard goods, adulterated foods, spurious drugs, being sold in the market and in a number of cases short weights and measures are indulged in as also false and misleading labels. These are the unfair means some unscrupulous manufacturers and traders adopt in order to make quick money regardless of the welfare of the consumer. As a result consumers have developed an image of the businessmen as the persons who grab money from any source without caring for public image. It is widely felt that businessmen have little prestige in society. They are supposed to have pronounced propensity to exploit consumers and workers. They are accused of manipulating politics and economy. This social image of businessmen is probably one sided. It ignores their impressive
record of starting new enterprises under heavy odds and managing them well and profitably, their accumulations and investments, their shrewd business judgement and bargaining skill as well as their practical wisdom and experience.

Gujarati businessmen, particularly in private sector have contributed much to the development of our nation and economy by rapid industrialization, growth in production, providing income and employment to wide sections of the society, building up and expanding export markets, establishing joint ventures in many foreign countries and providing the most important sources of finance to the government. The following illustration of the life history of two industrialists of Gujarat can well illustrate the philanthropic attitude of some of the big industrialists of Gujarat.

SHRI JAYAKRISHNA HARIVALLABHDAS:

Shri Jayakrishna Harivallabhdas an industrialist and business magnet of Ahmedabad entered into his public life with his election to Legislative Assembly of the Old Bombay State in 1952. In the realm of Commerce and industry as well as in province of social service, he rose very rapidly. In 1956-57 and again 1960-61, he was elected President of Ahmedabad Mill Owners’ Association. In
1958, he was President of the Rotary Club of Ahmedabad and 1961-62, he was President of Gujarat Chamber of Commerce and Industry, Ahmedabad, most important organisation of business community of Gujarat.

His real and effective association with the citizens of Ahmedabad started with his election as the mayor of Ahmedabad in 1961 to 1965. He had made significant contribution towards beautifying the city of Ahmedabad, and also offering a clean and efficient administration and was instrumental in adding many new attractions to the city. Owing to his personal popularity he was once again elected as a Councillor in Municipal Corporation in 1965, for another four years and even today he evinces keen interest in the problem of the corporation.

He is one of the trustees of the most important institutions and the pioneer in higher educational studies in Gujarat, namely, Ahmedabad Education Society. He is also connected with the Gujarat Cancer Society as a founder Trustee, Gujarat Sports Club as the first President, Gujarat Cricket Association as the President, National Institute of Design and Ahmedabad Textile Research Institute as one of the directors, Gandharve Mahavidyalaya, the music teaching institute as the first President and patron and other very important social institutions like Mahipatram Rupram Ashram (Orphanage) as the President, Indo-Japanese Friendship Association as President and as one of the
trustees of well known Somnath Temple Trust.

Important events of industrial progress between 1950 to 1970 and those of public life of Gujarat till today have a linke with the life of Shri Jaykrishna Harivallabhdas. "He is not only one of the leading industrialists of Gujarat, but also a leader of the first rank in the public life of the State."

During last two decades Gujarat State Fertilizers Co. Ltd., has progressed very fast under the leadership of the Chairman Shri Jayakrishna Harivallabhdas. G.S.F.C. has not remained only as a company, but has actively participated in the agricultural and industrial development of Gujarat State. While setting up the fertilizer plant in Gujarat, the then Chief Minister, Dr. Jivraj Mehta displayed great foresight and rare wisdom in constituting the first board of Gujarat State Fertilizers Company, which included some of the foremost and leading industrialists and management experts in the country. Dr. Jivraj Mehta's good judgement was again reflected in selecting Shri Jaykrishna Harivallabhdas as the first Chairman of G.S.F.C. to pilot the project. It is no denying the fact that the meteoric progress made by G.S.F.C. within a short span of 10 years under the able stewardship of Shri Jaykrishna testifies of the then Chief Minister's unfaltering administrative judgement and deep knowledge of men and matters.
One of the major hurdles in setting up the G.S.F.C. Project was the selection of site and acquisition of land. The farmers were reluctant to part with their fertile land. But as a result of his broad outlook and the good counsels that prevailed upon the farmers, it was possible to strike a bargain with them and to persuade the villagers of Chhani to withdraw the case from the High Court. This incident convinced the public as well as the government that Shri Jaykrishna is basically a man of action and he had full sympathy for the sons of the soil.

Although deeply rooted to the "sons of the soil" attitude, Shri Jaykrishna always welcomed new and progressive ideas and passed them on to the Board and management culture relevant to the joint sector project for implementation. Some of the novel traditions and the emergence of the new management in our country which G.S.F.C. has evolved could be attributed to the rare admixture of the grass-root philosophy and dynamism of Shri Jaykrishna.

Shri Jaykrishna contributed in no small measure to innovating the idea of setting up G.S.F.C. farm information Centres throughout the whole State. This suggestion was the outcome of his conviction that G.S.F.C. should endeavour to educate the farmers and help them in acquiring the preliminary knowledge of progressive farming.
One of the qualities impressive of Shri Jaykrishna is his magnanimous nature. In his personal life, he has proved to be one of the leading philanthropists by donating a sum of Rs. 60 lacs to various charitable social and educational institutions in the State. Even in G.S.F.C., he has always endeavoured to help many individuals and institutions to the extent possible with the rules of the company.

Jaykrishna has a broad and progressive outlook and supports research and development. He is connected with National Institute of Design and Indian Institute of Management, and was also a member of State Advisory Council of Industries, State Ports Advisory Board, Petro-Chemical Industry Advisory Board and many other government as well as non-government bodies of technical nature.

Because of his connections with several institutions of state and of national level he has large number of contacts with important persons of Gujarat and elsewhere since last 30 years and has a large number of admirers and friends in practically every walk of social life of Gujarat. As a prominent figure in the social and industrial circles, he is an institution indeed in the city of Ahmedabad.  

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6 Shri Jaykrishna Harivallbhadas, *Footprints of an Eminent Industrialist*, Reminiscences of 60 years. Sahitya Mudranalaya, Kankaria Road, Ahmedabad.
Shri Kasturbhai Lalbhai's family traces its ancestry to Santidas Zaveri, a leading businessman of Ahmedabad in the 17th century. The family has remained at the forefront of Indian business ever since. With seven textile mills, a starch company, and one of the largest and most sophisticated chemicals and pharmaceutical complexes in the country, Kasturbhai's group occupies a significant position in our industrial life today. The present position of this group is mainly due to the leadership of Kasturbhai Lalbhai himself, who presided over its growth and expansion for well over six decades. He was not only a towering figure in the Indian business world, but also a great champion of social education and cultural causes.

Kasturbhai had inherited his social concerns from his forefathers; Dalpatbhai, grand father of Dasturbhai was a founder member of the Vidyathyasak Mandli (an association for promoting education and learning) and participated in relief works of various kinds. He was also active in the programmes of the Gujarat Vernacular Society founded in 1848 by some well meaning Englishmen and enlightened Indians to promote social reforms.

Lalbhai like his father, also had spent a part of his profits to support the social, educational and religious causes including the construction of a Dharmashala (a free lodge for travellers) in the memory of his father and the establishment of a girl's school.
in the name of his mother. His general standing and reputation in the society was reflected in the decision of the government a few months before his death to confer on him the title of "Sardar of the First Class of Gujarat". Less than 50 years in age, Lalbhai was at the peak of his career and prestige when death took him away.

Mohiniben, Kasturbhai's mother had come from the Hathisingh family which had been long held in great esteem in the social and commercial circles on account of its wealth and charity. Mohiniben had brought with her the tradition associated with her own grandmother, Ottarkunwar, who had donated lakhs of rupees for public purposes in her times and who was affectionately called Rani (Queen) in Ahmedabad.

Kasturbhai looked up to himself as the heir to these glorious traditions of his family. He started his public career in 1918. The monsoon had failed in that year resulting in a famine and influenza epidemic in Kheda and Fanch Mahal Districts and later in North Gujarat. A famine Relief Committee was then formed under the Chairmanship of Kasturbhai Lalbhai. The responsibility of the young Mill Owner was to collect funds and arrange for supplies. He plunged in the task with his entire strength. His commitment to relief work was so total that in those days he often neglected the affairs of his mills.

In 1923 Kasturbhai won the seat of Assembly Membership on behalf of Ahmedabad Mill Owners, Association. A few weeks after his election to this prestigious committee Kasturbhai made his
maiden speech in the Assembly on 5th March, 1924. He pleaded for setting up nautical colleges and schools for the training of Indian Seamen and Officers with the help of the revenue realized for the merchant marine. He asked the government to start special engineering courses to train Indians in the field of Naval engineering. He also emphasized that the government should purchase its requirement for the Indian armed forces in India itself.

The three year Assembly term proved very fruitful to the young industrialist. Motilal Nehru was so impressed by Shri Kasturbhai's performance in the Assembly that he declared that the Mill Owner was a better Swarajist than many members of the Swarajist party. The Times of India also described Kasturbhai's speeches as "the most opposite". Within a short period the young man had ceased to be a mere local millowner, he had attracted national limelight. He had all along been very close to prominent national leaders who had held him in high esteem for his integrity, honesty and qualities of leadership. It was no surprise, therefore, that after the advent of freedom, he was called upon to assume much more onerous responsibility in national life than he had ever done before. He led a number of delegations sent to various countries to negotiate business affairs and he had to accept several official assignments, relating to national problems. He acquitted himself credibly in all these tasks but his performance in selecting Kendla in the Gulf of Kutch to locate a port suitably to serve
the western and the northern regions merits special mention.

Partition had deprived India of the Karachi harbour. The new government was naturally keen to locate another port suitably to serve the western and the northern regions. On the suggestion provided by Sardar Patel, then deputy Prime Minister, Kasturbhai was appointed as the Chairman of the Port Committee. He enlisted the services of eminent experts in the field and asked them for suggestions. Balwantrai Mehta, who later became the Chief Minister of Gujarat, pressed the claim of his hometown, Bhavnagar, and the Jam Sahib of Jamnagar wanted Sikka, lying on the northern coast of his erstwhile territory, to be selected. Kasturbhai politely told these influential claimants that Bhavnagar was open to heavy silt and the land adjoining Sikka was nearly ten feet below the sea level. After weighing all pros and cons, the committee unanimously selected Kandla in the Gulf of Kutch. As the site was near the Pakistan border, the opinion of the defence forces had to be sought. They gave a green signal. Accepting the Kasturbhai report the government asked its author to have the committee for the development of Kandla port. The businessman in Kasturbhai dealt with a public project with the same care and thoroughness which he brought to bear on his private business. Unlike many public projects undertaken in free India, the port construction was completed within time and within budget. Kasturbhai Lalbhai served, at various points of time, on a host of committees constituted by the government. These included the cotton Import Advisory Committee, Cotton Textile Fund Advisory
Committee, Development Committee of Industries, Textile Advisory Committee, and Cotton Textile and Cotton Control Committee.

He remained active in unofficial agencies as well. He was the founder President of Gujarat Chamber of Commerce and Industry. In this capacity, he had led a determined fight against the decision of the government of Bombay to make Marathi as the official language of Dangs - a tribal region adjoining the present district of Surat and Valsad in Gujarat. It was because of his long link with and genuine interests in such activities that he was asked to head the Sankat Nivaran Society set up jointly by the Gujarat Chamber of Commerce and Industries and the Ahmedabad Millowners Association in 1972 in cooperation with some other leading trade organisations in the State. Under Kasturbhai's leadership the Society became the principal forum in Gujarat for relief operations during the periods of social distress.

For Kasturbhai the urge to give away a part of his earning for socially relevant causes seems to have been a compelling need almost from the beginning of his business life. He took the first step towards creating an institutional base for support to noble cause in 1922. He established a charitable trust in the name of his father, though he was still a back-bencher among the Ahmedabad Industrialists. Donations to various institutions started in 1948 and the total contributions of the textile mills in the group rose
to more than Rs. 174 lakhs by 1976. Thus the Lalbhai family and the Lalbhai group of industries together gave out an aggregate figure of Rs. 477.7 lakhs during a short period of less than 30 years for the support of non-business purposes.

But more impressive are the purposes for which the contributions were given. Education remained high on the list. Denied of the benefit of higher education himself, Kasturbhai did a great deal to expand the opportunities for higher learning in Ahmedabad.

He was not only one of the leading lights behind the formation of the Ahmedabad education society, but also one of its principal financiers. The major contribution for building the Lalbhai Dalpatbhai Arts College, established in 1937 came from Kasturbhai and his brothers. The college was one of the first two institutions opened by the society, the other being the H.L. College of Commerce. In later years, several other institutions were opened on the initiative of the society and with the support of the Ahmedabad Industrialists. These included M.G. Science Institute (1946), L.M. College, (1952), M.K. Primary Training College, H.K. Primary School, (both in 1956) and A.G. High School (1960).

Kasturbhai's role in the affairs of the Society was crucial. But for the guidance of the millowner in its affairs, it is doubtful that the Society would have achieved as much as it did, and but for
his personal contributions and help in collecting funds, the Society would have remained financially crippled. On the occasion of its Silver Jubilee in 1962, the Society unhesitatingly acknowledged that about half of the total donations received by it till that date had been received "through Sheth Kasturbhai Lalbhai". Among the institutions which gained immediately not only from Kasturbhai's generosity, but also from his guidance were the Ahmedabad Textile Industry Research Association (ATIRA), Physical Research Laboratory (PRL) and the Indian Institute of Management (IIMA). As the Chairman of the IIM's building Committee, Kasturbhai was mainly responsible for developing the physical facilities which have attracted worldwide attention for their architectural design and grandeur, Kasturbhai also helped the Institute in fund collection and set an example for others by giving the largest financial contribution the institute has ever received from any group of companies.

While giving attention to the problems of industrial, scientific and management research the millowner did not ignore the need to promote the study of Indian civilization. Genuinely proud of India's cultural heritage and acutely conscious that Ahmedabad did not have a single centre for research in this field, Kasturbhai decided to establish an institution exclusively committed to promoting the understanding and appreciation of Indian culture. The result was the Lalbhai Dalpatbhai Institute of Indology in 1963.
Another significant contribution of the industrialist to the life of the city is the Prembhai Hall, named after a Nagarsheth of Ahmedabad and one of Kasturbhai's ancestors.

At the time of his father's death, the fate of the only company Kasturbhai's family controlled was still uncertain. Under his leadership, the business underwent considerable expansion and consolidation with the result that a predominantly commercial family emerged as a prominent industrial house in the country. In fact, Gujarat in general and Ahmedabad in particular, had produced a large number of businessmen whose contributions to public life were no less significant than their success in business. As an heir to such glorious tradition, Kasturbhai was instinctively drawn into public life and left impelled to support educational and religious causes. The nature of his activities in these spheres was understandably different from those of his forefathers as he was responding to the problems of a different age, but the concern for the society around him was as much a product of his heritage as the result of his interaction with his environment. However, like his business activities, his social concern also was best manifested in his services to his city and region.\(^7\)

\(^7\) (a) Dhirubhai Thakkar, *Parampara Ane Pragati*, Bhagwati Mudralaya Ahmedabad.

It is not correct to say thus that business is primarily self-interested and averse to social changes. Undertaking social responsibility by businessmen is an age-old phenomenon in Gujarat. "From ancient times Gujarati businessmen have associated themselves with a number of social welfare and educational activities. Peter R. Drucker has rightly emphasized that business enterprises, like any other institution, exist for the sake of society and within a community. Their managers, therefore, have to take social responsibility, have to think through the commitments of their society and have to assume leadership responsibility beyond the discharge of the specific and limited mission of their institutions". Most of the big industrialists of Gujarat could justifiably claim that they lived up to this expectation. There is a growing public demand for corporate involvement in solving many social problems that social responsibility becomes a standard by which business practices are evaluated. Undeniably, it is the profit potential or the expectancy of reward, which is the primary motive force behind all major business decisions. The best known exponent of this view among economists is probably Levitt who says that welfare is the "Government's job - that of business is making money. The role of major groups is to compete by pursuing their own paths so that no entity dominates the society. However, there have been instances when these contacts developed over a long period of time have been used for personal gain ignoring the interests of the public. Many Gujarati industrialists have opted for a closed door
policy or what Professor Dwijendra Tripathi calls Gaddi Management, where the management is confined to family members and not delegated to the professional managers. There has been horizontal proliferation of the family members in the different corporations as chairman or directors. Due to diversification of the business in different areas of business activity, new firms and corporations have been floated or acquired and limited individuals belonging to certain families are spread over in the management. Therefore there is hardly any conflict or disagreement in the policies formulated for different corporations having the management in limited individuals. Thus in public limited companies, the overall control invariably comes in the hands of these limited family members. In the process, due to the lack of professional management, the interests of the shareholders, have considerably been affected. For instance, when Ambica Mills inspite of undergoing financial strains tried to take over the management of Amrita Mills, the shareholders filed a writ. Gujarat High Court in a long 150 pages verdict issued a stay order for undertaking the management of Amrita Mills by Ambica Mills and declared it a fraud in management. The High Court stated the act of taking over management as fraud of directors, statute of the company law and a fraud on the shareholders. It happened when Balkrishnas tried to bring their personal interest to prevail over the company interest. In this endeavour they were not only prevented by the government from sharing the management with family members, but also eroded consider-
ably their image in public.  

In another instance, Calico Museum in Ahmedabad invited public criticism. Calico Museum, which was the property of Sarabhai, gradually attracted tourists and became a historical monument of national level. When Gautam Sarabhai wanted to shift the museum articles to his own premises, it was objected strongly by the general public on the ground that it has become a place of public interest. The Court in this case issued a stay order. However, in the course of time, the objects were removed by the Sarabhaïs to their personal premises ignoring the public demands, thereby the personal interest prevailed over that of the society at large.

Against this laissez-faire philosophy one may place the more modern view that holds that the firms' purpose should be more than profit making and that it must take into account the effect of its operations on society. The proponents of this view argue that a socially responsible company not only takes account of the interests of society, apart from consideration of profit, but actually tries to balance these interests with its own in reaching decisions. The value system and the personal beliefs of the major decision-maker may detract him from exploiting an opportunity

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8 Based on personal interview.
9 Based on personal interview.
even if it is profitable, and his social conscience may induce him to commit a part of his resources to purposes he may not seek or expect any personal gain at all.

In evaluating the success or the failure of a business group, social purpose and concerns are very often ignored or receive but insufficient attention, but the fact is that profit and social responsibility - these two seemingly conflicting objectives - constitute two ends of the same spectrum. And a business group must be evaluated on both these criteria.