CONCLUSION

Modest and moderate Gujarat politics has thus been gentle and peaceful in tradition and commercial in style and technique. Active nurturing and nourishing of industrial environment growth by the state government, by provision of attractive incentives and infrastructural facilities had not only resulted in strengthening and diversifying the industrial structure, but also infused new dynamism in the economy of the state. It is the close collaboration between government and industry that has put Gujarat on the very top of industrialising states in the country. This fact is acknowledged not only by various chamber members but also by political leaders of the state as well. One such appreciation is evident from the speech of Madhavsinh Solanki, the Chief Minister of Gujarat when he once said, "we would not have been able to reach these heights without the spirit of enterprise and the farsighted management displayed by the industrial entrepreneurs of our state."

The Gujarat government has been able to sort out with the Central government many important issues of interest to business. The Prime Minister has announced that Ubhrat would be the landfall point for the offshore gas pipeline as desired by the business groups of Gujarat. Kawas near Surat has been decided as a location for the second petrochemical complex in Gujarat. Motichad near Kakrapara also near Surat has been chosen as the site for an atomic power station which was a years old demand of the industrialists of Gujarat.
The entrepreneurial spirit or culture took roots in Gujarat several centuries ago, partly because the state has a coastline due to which its inhabitants have since long been exposed to foreign trade practices and elementary management techniques. Consequently over years, a business culture of getting things done that cuts across all sections of society, has become a way of life. This solution oriented culture has been inculcated into the bureaucracy and the administration. There is marked appreciation of the Bania culture and the traditional folklores and proverbs also support the commercial culture of Gujarat. It is because of this tradition that unlike in other parts of India, the word 'bania' is not looked down upon in Gujarat, but often used along with the Brahmins. In India the usual phrase for the traditional social, elite is Brahmin & Kshatriya whereas in Gujarat it is 'Bania-Brahmin'. Such a culture has contributed to a peculiar pattern of political culture of Gujarat i.e., 'wisdom does not count before power' a widely accepted proverb indicating the position of political behaviour. The reason behind cordial relations between government and business is due to the growth of big business and big labour in Gujarat which was the result of far-reaching technological innovations that enlarged the operation of economic-activity to unimaginancale. Gujarat has a large class of industrialists and merchants. They constitute 15% of the population as against all-India average of 10.6%.¹

¹ According to 1971 census.
Their representation in the Gujarat Vidhan Sabha is 14.5% as against 3% in India. Previously, the industrialists and merchants had generally been indifferent to politics. They had found it expedient to support the Congress, though some stray cases of opposition to Congress had, of course, been there. The younger generation of industrialists is quite different. Higher education, including professional managerial training, has given the young businessman a sense of status as well as a sense of identity. These young entrepreneurs are now willing to stand up and present the private sector case more confidently. Not only do they feel that business has a right to exist, they believe that business has also a right to participate in the public life of the State. Gujarat could rank at or near the top in terms of providing a hospitable environment for private enterprise. Gujarat 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. The government of Gujarat had all along desired to associate industrialists with various projects in order to have them run on business-like lines. This was because even at their best, civil servants were judged to be "temporarily unsuited to think readily along business-like lines, a familiar enough lament in those areas where government

---

2 This is evident from the rise in the percentage of businessmen representation in the Vidhan Sabha since 1967 till 1980. Refer to p. 135.
officials dominate public sector concerns, but a deficiency which many officials themselves have acknowledged. The other side of the coin is, however, the feeling that at least with some scrutiny, Gujarat's industrialists could be trusted in such a venture: as regularly noted, government-business ties in Gujarat have been quite cordial. Gujarati industrialists are basically so sensible and pragmatic that they will not be misled by ideological pronouncements or wild promises. Illustration of this view was the assertion of an industrialist that even if all of Gujarat's trade unions were in Communist hands they would still be better than Bombay's in the hands of the Congress; while another expressing comparable optimism, said that Gujarat would remain healthy because most of her citizens believed that they had to work for their living by contrast with "the Bengalis and Panjabis who "expects something for nothing." As native Gujaratis, most leading industrialists in the state were not suspect "out-side exploiters" as was the case with leading industrialists in many other states. But with all this, large-scale industrial ventures still depended more on the Centre than on the State; and however much encouragement might be forthcoming from government of Gujarat, the gaze of the industrialists would inevitably be drawn to New Delhi. The 'business Class' in Gujarat is more a concept than a cohesive reality. Although thousands of people are engaged in industry and trade, only a small fraction of
the whole is organised. Even organised business tends to be highly fragmented along traditional cleavages based on family and caste loyalties and according to more modern interest conflicts between trade and industry, large and small scale industry etc. The Chamber whose governing bodies comprise the captains of individual firms, can bring forth the best of their distilled experience to offer pertinent advice to the government in formulating economic and industrial policies. There is, however, a view that these apex bodies have tended to be strongly protectionist in philosophy, sectarian in outlook and superficial in approach. These tendencies are clearly visible in the various pre-budget memoranda and panic reaction to any policy changes in economy. They point out that the attitude of the industry and business is that the government should be lambasted for excessive controls on the one hand and coaxed to yield greater concessions on the other. As a result, the periodical advices and pleas turned in by these associations contain a number of soft measures which government should take while they specify pretty little as to what the industry would do in return. In the absence of such a balanced approach, therefore, they are open to the criticism that the voice of the industry and business that is heard, is, in fact, the voice of a class of investors which seeks to maximise the returns on its business portfolios and clamours for further subsidisation towards more profitable operations of their portfolios through cheap funds con-
tributed by the banking system or liberal incentives and concessions offered by the government. Though the GCCI is presented as their official locus of associational activities the focus of interaction between the business interest and the decision-making power structure have to be found somewhere in the informal linkages factfully and carefully built by individual business/industrial houses in Gujarat. It is through such individual mechanism that the business houses have been more successful in guarding and promoting their interest rather than through the regular institutional channel of GCCI (Gujarat Chamber of Commerce and Industry) as a pressure group. It is difficult, however, to exactly measure the effectiveness of individual business houses as politics of pressure at this level is informal in form and style.

It is not correct to say that business is primarily self-interested and averse to social changes. However, it must be admitted that this impression has resulted in hardening of attitude of the public. The industrial class is accused of manipulating politics and economy. They are supposed to have a pronounced propensity to exploit consumers and workers.

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 accommodations and investments their shrewd business judgement and bargaining skill as well as their practical wisdom and experience.
After independence, both the state and the central government have recognized the importance of the influence exercised by the business community and the need for granting adequate representation to the chambers of commerce on the various consultative and advisory committees. These advisory committees provide opportunities for a free consultation and discussion on all important administrative issues. These committees cover a large variety of subjects like imports, exports, government purchase, port-trusts, customs, telephones, railways etc. It is indeed gratifying for the business that MPs and MLAs deeply appreciate the notes that Chamber prepares on important problems concerning Gujarat. On the whole, the businessmen in Gujarat hardly make any unusual demand from the government and the Vidhan Sabha hardly makes any law which adversely affects the business. The legislature does take into consideration the businessmen's proposal on some basic issues like shortage of raw materials, power supply price fixation etc. However, in Gujarat business houses collective influence on legislature is very limited. They have very often to accept the policies of the government which are formulated for the general welfare. The simple reason for this is that the governing elite have a large degree of control over the allocation of economic resources. Groups in Gujarat (in India as well) are never encouraged to participate in the political process. Nor they are capable of effective participation in the governmental process. They are insufficiently mobilized, organized and coherent to compel
effective participation in the highly centralized, controlled and regulated political and economic system. Unlike other countries, the organized groups never form broad-based amorphous anti-government, anti-systematic movements to reflect a cumulative sense of collective grievance on the part of the disadvantaged social groups. This timing and rate of the modernization process; the fragmented character of the political culture, the highly centralized structure of decision-making and the policy of controlled participation and regulated economy have combined to limit effective group mobilization and development. The political leadership derives its goals and its support from the larger society. If there is a genuine attempt to consult the chamber of commerce or any industrial class, it is because of the nature of the public issue. One of the problems that lies in the public administration is the obvious inability of the single ministry to secure all the information it needs in order to produce rational policies and regulations. It is this search for information beyond what it can find internally that lends the government departments in search of groups that can assist. Another major problem lying with the government of Gujarat is the lack of funds which compels it to start new projects with the help of industrialists and their associations.

3 S.A. Kuchanek, Interest Groups And Development, Business and Politics in Pakistan, p 292-93.

4 A good example for the case is G.S.F.L. which was started only with the help of the private concern under the leadership of a noted industrialist Shri Jaykrishna Harivallabhdas.
The chamber also operates successfully due to wrong, hasty, ambiguous and discriminatory policies of the government. The Chamber often pressurizes 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 wet and has to yield to the pressure tactics of the vested interests of the Chamber members. Another major change which has provided much larger scope for industrialists to get access to government is the split in Congress Party in 1969. The monopoly of the Congress party both at the Centre and state level had put a check to any access businesses would have to government machinery. As the leadership declined and the Congress monopoly was broken, the role of businessmen greatly increased. Elections have also become costly. The reason why the ruling party returned to a more supportive attitude towards the private enterprise since the formation of the Fourth Five Year Plan was the growing reliance on business contributions for financing elections. The political and economic uncertainties of 1973-74 had forced government to recommend that greater use be made of the private sector. Till the Congress split the businessmen were giving funds mostly to Congress Party followed by Swatantra Party in Gujarat. But the change of government from Congress to Janata Party in 1977 created great confusion among the industrialists. They are said to fear political retaliation in the event that an anti-industrialist party comes to power. The industrialists therefore preferred to place financial
support behind all parties with a lion's share for the Congress.

The Congress split and the electoral process then gave enough scope of corruption on the part of businessmen as well as partymen. According to knowledgeableables the incentive to corrupt became stronger at those points of the organization where substantive decisions were taken in matters like assessment and collection of taxes, determination of eligibility for obtaining licenses, ensuring fair utilization of licenses and goods obtained thereunder, giving of contracts, approval of works and acceptance of supplies - in all contracts of construction purchases, sales and other regular business on behalf of the government, the government started taking almost some 'regular' percentage of the transaction in order to strengthen the party funds.

The inability of the government to remain firmly in power has forced the partymen to rely more on 'industrial houses' financial support. And the shrewd businessmen of Gujarat have taken advantage of this weakness of the party in power. Thus in Gujarat state we find that so many small businessmen have grown very fast in expanding their business within a short span
of the last 10 to 15 years.\(^5\) The diversification of industries in Gujarat has also broadened the scope of access to government authorities on the part of businessmen. The new government policy of planned economic growth in the framework of a mixed economy called for the private sector to play an active role in development under the strict supervision of government. The resulting mechanism of government regulation and control included the creation of a highly structured and regularized pattern of consultation with the interests affected. This sense of responsibility imposed upon the business organization by the government has given the young businessmen a sense of status as well as a sense of identity. The industrialists of Gujarat often lament that the nation fails to appreciate the vitally important role played by the entrepreneurs.

\(^5\) In the districts of Surat, Baroda and Jamnagar many new entrepreneurs have come up due to their direct linkages with the government. The wellknown industrialists of Gujarat like Jaykrishna Harivallabhdas, Dhirubhai Ambani and others are given enough opportunity by the government due to their happy relations with the government in power. The Solanki government has even given licenses to many young entrepreneurs who have come from other states and well settled in Gujarat. These young entrepreneurs from outside form a class of naveariche who believe in modernization at a very fast rate. Following their example many young industrialists of Gujarat have also adopted these a-moral practices in order to expand their business. We find that industrialists like Narendra Bhuva and Ashok Bhogilal of Baroda have grown fast as influential industrialists due to their strong linkages with the high-ups in power.
Without them they argue, the nation would face disaster, the economy would flounder and drift in the direction of a less dynamic and less effective statism. The entrepreneur is depicted as a complete social man in whom the finest human virtues are incarnated and developed.

This image of Gujarat's industrialists however is certainly not the dominant one in the country and the GCCI leaders both understand and lament this. Because they correctly view Gujarati businessmen as holding a more tarnished image of the businessman, they view themselves as the custodian of the faith and strength of the entrepreneur and they see as one of their crucial missions the need for modifying their public image in a more appropriate direction. Thus the pages of most GCCI publications are replete with articles depicting the entrepreneur in the most favourable of terms. Short of a massive public relations effort has been made by the industrialists themselves that the entrepreneur is not merely exploitative, that he deserves better of his countrymen, and that, indeed the country could not possibly do without them.

Despite the rhetoric aired in legislature and in sections of the Indian press, the vested interest do not dominate the public policy making process in Gujarat. They are held in check by a national consensus which is committed to planned development based
on rapid economic growth and more equitable distribution of resources, by a strong and independent bureaucracy and a powerful one-party dominance. The fact thus remains that business has with all its access to the executive and the bureaucracy and its occasional ability to modify or delay objectionable policy - not yet been able to convert its considerable economic power into truly effective political power.