CHAPTER – I

INTRODUCTION

I

OBJECTIVE AND PERIOD OF THE STUDY

Hyderabad city once a princely state has been chosen for my research due to its role playing in the business entrepreneurship from the beginning. This is a historical study aiming at understanding the historical changes and transformation of Hyderabad entrepreneurship, its transactional character and its trends of the recent past. The main concern of this study is to focus on the entrepreneurial change and its transformation, to offer an over view of long–term trends of business, keeping in view of its socio-economic-culture of Hyderabad. This work mainly locates on entrepreneurship rather than macro-economic investment or trade theory and the period covers from 20th century, the interwar period to the post liberalization period of the recent past (1900-2000). Since there was no adequate research on business history and entrepreneurship on Hyderabad which necessitated to take up on this unearthed.

The concept of entrepreneurship is having certain complex tradition within the economic and business activities; to formulate a sufficient definition is extremely difficult where this concept has a long and rich tradition within economic theory. Since this work is mainly focused on the concept entrepreneurship, this work widely tried to get the conceptual clarity and also devoted enough space to understand the nature of Hyderabad business. The concept entrepreneurship is varied from region to region and place to place. There is a need that entrepreneurship is to be understood in the context of the prevailing environment of that particular country. In Japan entrepreneurship implies abilities to multiply capital. In industrially advanced countries entrepreneurship is
associated with innovation. In India entrepreneurship is allied with the tradition which means socio-economic & cultural aspect.

CHAPTERISATION

The thesis is divided into four chapters, of which the first chapter is introduction which discuss the relevance of the study, perceptions, review of literature, objectives, period of the study and the chapterisation of the work. It also deals with the concept which helps for the broader understanding and conceptual clarity of the entrepreneurship. And introduction to know about historical background of Hyderabad business and it deals with the roots of the Hyderabad business from Qutub Shahi’s period to Nizam period keeping in view of the British impact on the princely state. It also study how Hyderabad provided favorable conditions for the settlements of different migrated communities who migrated and lead to form a cosmopolitan composition in the course of the history. The work also deals with different communities migrating to Hyderabad and their interaction with native people which necessitated and the encouragement of the Nizam state were the major reasons for the development of the Hyderabad business. It studies how the local strategic locations laid foundation for the market centers in Hyderabad and about the business enterprises and their business organizations. It also includes how the entry of British business in the Nizam dominion which gave a new shape to the Hyderabad business. It also studies how the business took place over a period of time and gave opportunities for new entrepreneurs and laid foundations for the modern business.

The second chapter deals with how the nature of the business enterprise transformed, strengthened and stretched towards industry during the interwar period in
Hyderabad in relating to the establishment of Industrial Trust Fund, in the initial days and stock market in the later days revolutionised Hyderabad entrepreneurship.

The third chapter focuses on the transcript of some of successful entrepreneurs and their business groups of Hyderabad in post liberalization period. Predominantly, it focus on the shift of entrepreneurship from industry to service sector (Industry to knowledge based business) keeping in view of the impact of government policies, socio-economic developments and its mobility of the post liberal period thereby finding the predominant area of entrepreneurship followed by the fifth chapter on Information Technology, sixth chapter on Pharma Industry, seventh chapter on Hospital business entrepreneurs and concluding remarks as the last chapter.

**Methodology and the Sources**

The methodology which is followed to carryout this research extensively is conventional and non conventional as well. The primary sources we consulted census reports of industries since 1930s, Gazetters, statistical abstracts of Hyderabad state, extensive use of archival reports; collecting information by visiting important historical market centers and industrial areas in the city. Interviews and opinions have been taken from eminent persons and from successful entrepreneurs of Hyderabad, private and published papers of the successful entrepreneurs, company annual reports. These primary sources corroborated, cross checked and presented in chronological order with some brief conclusions. We took audio, video recordings of interviews of successful entrepreneurs from all the sectors (can see annexure -1 for detailed interviews). More so we referred published journals, business magazines, periodicals, historic documents, biographies and also internet resources are the secondary for this work.
The limitation of this research is the dearth of considerable primary and secondary sources on Hyderabad business. This work mostly deals with the contemporary history in which it need to face many hurdles in writing the history. It needs to be considered that the historian who writes about the recent past faces difficulties very deferent from the historian who writes about the more distant past\(^1\). The reader of the contemporary history is unlike the reader of the medieval or early modern historian on trust. The reader, in other wards knows the truth even before the historian offers it to him. The reader of the contemporary history is a critical reader and an active participant in the historical dialogue\(^2\). The main challenge needs to be faced by the contemporary historian is that the reader often has strong notions about the topics he is writing about\(^3\).

**RELEVANCE**

The present world is passing through a process of ‘liberalization’ unprecedented. Since the concept of globalization came in to lime light and the business issues became terminal point for every activity. The size and structure, its trends and tendencies of the business have been changing all over the world. It could also been observed that there is a growing tendency towards the private business which is assuming the character of a global affinity. India has been passing through some striking business tendencies like Liberalization, Privatization, Marketization and globalization and is lie at the roof of the emerging world economic order today. At the out set there are many cities in India are integrating with the world business where Hyderabad has been proving its strength in business in the recent past.

\(^2\) Ibid. PP-192-200.
\(^3\) Ibid.PP-192-200.
Being a financial and economic capital of Andhra Pradesh, the city attracted many entrepreneurs made Hyderabad as their business hub which helped to play a significant role in post independent period business. The entrepreneurs like Ramalinga Raju, Nagarjuna Raju, D.V. Manohar, Pratapa Reddy, Anji Reddy etc, have been playing a major role in redefining the Hyderabad entrepreneurship. The city became the largest contributor to the state's gross domestic product, state tax and excise revenues. Starting in the 1990s, the economic pattern of the city has changed from being a primarily service city to being one with a more diversified spectrum, including trade, transport, commerce, storage, communication etc and service. Knowledge industrial business has become a major shelter zones for new entrepreneurs in the recent past.

No one can deny that the concept of entrepreneurship has a along and rich tradition in history. The existing literature has not shown ample attention towards entrepreneurship and on its emerging trends at the local in the context of global business. As far as business history of Hyderabad is concerned, an adequate attention is needed on the concept of entrepreneurship in terms of its meaning, genesis and features. Most of the writings have not focused on the area of ‘Entrepreneurship’ which is a fertile concept within the economic theory as the basic element for the new business trends.

There is a dearth of historical analysis that how Indian entrepreneurship integrated with the world business and its economy in post Independence period. There need to be some sort of historical description and analysis to understand Indian business and its transition from the 20th century to the 21st century. There is also a strong need to know the evolution of business of India in broader perspective with fiercest critiques. Majority of the writings have been related to business either at firm level or at aggregate
level or has looked either at some specific time period ‘or’ looked at some specific issue of business and so have been rather normative in their analysis, obviously the out fall of research could be seen on state and its policies in connection with foreign investment and development of private entrepreneurship.

**PERCEPTIONS AND LITERATURE**

There are two predominant sets of perceptions which could be observed from the available literature. The first set of perception is inspired by the writings of R.H. Tawny and Max Weber⁴. They argued that the dominant religion in India and the allied social system generated ethos and attitude which militated against the progress of economic enterprise. In other words caste division subdued occupational mobility, belief in the philosophy of Karma made people believe in their fate of accident on doing ones duty without concern for rewards and it offered little incentive for material ambition⁵. This perception says about the creation of a lesser amount of necessary and insufficient precondition for worldly achievement. The result was that business success was a selection of preferred goal for the Indian mind.

Another set of perception offered a parallel explanation of the economic backwardness of India. This comprised a class of writers who carried forward a line of reasoning popularized by a group of polemist around the close of the nineteenth century that included such illustrious names as Dadabhai Naoraji, M.G. Ranade, G.K. Gokhale, and R.C. Dutt. It analyses within the framework of economic stimulate rather than cultural compulsion and the root cause of India’s economic backwardness⁶. According

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⁵. Ibid.PP-3.
⁶. Ibid.PP-3.
to this set of perception the economic backwardness was the imperialist exploitation, preventing India from realizing in full economic potential.

Even on the Hyderabad most of the scholars followed same perception and were much focused on pre-independent period rather on post independence period. The scholars like Prof. Y. Vaikuntam, Prof. KSS seshan, Ratna Naidu, Prof. K S Upadhyaya, Anuradha Reddy, Binod V. Rao were more prominent in connection with Hyderabad history. Their main concern was on economic aspect of Hyderabad. They emphasized and tried to analyze the economic backwardness of Hyderabad keeping in view of the pre-independence period.

Prof. Y. Vaikuntam did extensive study on Hyderabad on its economic aspect; so far his main emphasis was on the implications of colonial rule. He highlighted about the general backwardness of Hyderabad. He emphasized the areas of technology and organizational backwardness were the basic reasons for its failure to transform itself. Further he says the market economy necessitated the production of raw materials and this naturally encouraged the commercialization of agriculture. The British disturbed the active trading and manufacturing economy dominated by the products of the artisanal communities, handicrafts textile, and other small scale industries of the Hyderabad state. He also argued about the reasons for industrial backwardness and its nature in Hyderabad state.

Ratna Naidu tried to explore various historical factors isolated the city from the growth impulses of the new city areas. Ratna Naidu says the scale and extent of business activity in the walled city of Hyderabad was very small. The business activity in the walled city was by and large, conducted on small scale, within a localized market.

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7 Vaikuntham, Y: *State, Economy and Social Transformation Hyderabad State [1724-1948]*, (Manohar, New Delhi, 2002).
and has weak linkages with the new city business activities. The economic activity in the city did not rise above the level of petty trading by local business communities. The reason was the walled city excluded from major railway and trade routes that hampered the further growth of economic activity. Thus the business activity in the old city was by and large, conducted on a small scale, within localized market and was weak linkages with the new city business activities. Sheela Raj did a best work on princely state sheela Raj tried to describe social and economic patterns, the development of communications, industry, commerce and education.

Prof. K. S. Upadyay work explains about the Industrial development in pre independent Hyderabad state. He says that the Hyderabad business fell severe competition with British imports and decline by the middle of the 19th Century. Units of industries could be established only with the patronage of the rulers. The private enterprise and finance conditions were very scarce. He also emphasized that the availability of raw material, the feudal background of the state might have been responsible for the non existence of enterprise. Though some industrial houses put effort there were further handicapped because of lacking both resources and managerial talent and by the non existence of banking and insurance companies. The establishment ITF helped a lot to meet the financial requirements of Hyderabad business in 1929. He also mentioned about that most of the Industrial business pre occupied by Muslims.

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Whereas Anuradha Reddy gave a comprehensive explanation about the airways in Hyderabad\textsuperscript{11}.

Hanumantha Rao V analyzes post independence industrial entrepreneurs mind set. As he says they were hurry to make tonns of money overnight. If one of them was successful in one type of industry, dozen of these follow. There were many instances in the cement, granite, and aquaculture businesses and so on. One doesn’t stop to ponder over weather there was market big enough to absurd the production of all the units in the state of the country. Their desire was obviously is to make quick money\textsuperscript{12}.

He further extends that a handful of people made some money in the secondary market during the period of Harshad Mehta scam and there was a mad rush by thousands in the state and some have lost heavily and indeed become mad. There the same attitude was evident in investing in same chit funds and finance companies and several lotteries; those who tan these companies cashed on the same mental attitude of making a fast buck with no effort\textsuperscript{13}.

The above literature did not explain adequately the meaning of entrepreneurship it-self. The concept has not been directly studied at best rather it has been discussed in passing. More over, the studies that have dealt with this issue have focused only on some specific periods of the time and there is no adequate literature on the post independent Hyderabad. Most of the available literature on Hyderabad have focused on Socio, Economic, Political and cultural history. Some works main concern was mainly

\textsuperscript{13} Ibid.
on the Nizam history and they discussed about the business and entrepreneurship here and there by passing through but not showed full length center of attention\textsuperscript{14}.

So far there is no specific study on Hyderabad business man efforts to integrate city with the rest of the world economy. The available studies have engaged in single or fewer variables in their respective areas of studies of socio, economic and political aspects. In order to understand the trends of business in the contemporary period it is needed a broader understanding of the concept and a wider set of dimensions of entrepreneurship to be studied.

II

This part of this chapter discuss the perceptions on entrepreneurship where the concept of entrepreneurship is having certain complex tradition within the economic and business activities thus formulating a sufficient definition is extremely difficult where this concept has a long and rich tradition within economic theory. Since this work is mainly focused on the concept entrepreneurship we need a conceptual clarity and also needs to understand keeping in view of the nature of our native business. There are some western scholars tried to analyze this concept in different dimensions are continuously having been changing from time to time along with its scope.

The root of the word entrepreneurship can be traced back to 800 years to the French verb “Entrepreneur” which means “to do something”. Three hundred years later a noun form of the term appeared and soon thereafter both the verb and the noun entered the English language. The term entrepreneur first appeared in the French language and was applied to leaders of military expeditions in the beginning of the 16th century. In 1730 Richard Cantillon, an Irishman living in France was the first person to use the term Entrepreneur to refer to economic activities. Richard Cantillon used the term entrepreneur to mean a self employed person with a tolerance for the risk he believed was inherent in providing for ones own economic well being. Moreover he defined entrepreneur as a person who buys factor services at certain prices for selling his product at uncertain prices in future. He views an entrepreneur as a bearer of non-insurable risk.

Towards the beginning of the Industrial revolution (1830), Jean Baptists say a French economist further expanded the definition of a successful entrepreneur to include the possession of managerial skills. He made distinction between the function of an entrepreneur and the function of a capitalist. An entrepreneur may or may not supply capital but he must know the art of superintendence and administration. Further extending this concept that Long viewed in historical perspective that three traits in varying degrees have been included in the definition of Entrepreneurship, Uncertainty and Risk Complementary managerial competence and

16. Ibid. (CENCEE Web Teams.)
17. Ibid. (CENCEE Web Teams.)
18. Ibid. (CENCEE Web Teams.)
creative opportunities. He argues that to ignore any of these areas is to risk repeating rather than learning from the History of the concept of entrepreneurship.\textsuperscript{19}

In 1920 Prof. Knight added the possession of courage in the face of uncertainty to the definition of a successful entrepreneur and highlighted the importance of managerial skills. According to his theory the entrepreneur earns profits because he undertakes risks. The manufacturers produce goods with a view of selling them at a profit. It is the entrepreneur income which is unknown and uncertain\textsuperscript{20}. It is uncertain because it is left behind in character. Since the assumption of risk is a disutility it must be paid for and Profit is the reward for the exhumation of such risks. According to Prof. Knight the main function of entrepreneur is to act in anticipation of future events. He produces goods in anticipation of demand and purchase goods in anticipation of resale. Moreover according to Knights theory uncertainty bearing is essential to production, therefore it is a factor of production and the reward for it is a part of normal cost of production\textsuperscript{21}. The risk theory sieves to suggest that the more risky the nature of an enterprise the greater must be the profit earned by it. But uncertainty bearing is only a part of the duties of the entrepreneur. He has other duties also e.g. Organizing, Bargaining and innovating. Moreover it is not possible to measure uncertainty in concrete terms. The theory seems to suggest that the more risky the nature of an enterprises the greater must be the profit earned by it, but really speaking, there is no such direct correlation between the rate of profits and the degree of risks inherent in different types of business\textsuperscript{22}.

\textsuperscript{19} Ibid. (CENCEE Web Teams.)
\textsuperscript{20} Ibid.
\textsuperscript{21} Ibid.
\textsuperscript{22} Ibid.
Joseph A. Schumpeter has seen that the function of entrepreneurs is to reform or revolutionarise the pattern of production by exploiting an invention or more generally as untried technological possibility for producing a new commodity of producing an old one in a new way by opening up a new source of supply of materials or new outlets for products, by reorganizing an industry and so on. Rail road construction in its earlier stages, electrical power production before the First World War, steam and steel, the motorcar, colonial ventures afford spectacular instances of a large genius which comprises innumerable humbler ones such as making a particular kind of sausage or toothbrush. This kind of activity is primarily responsible for the recurrent ‘prosperities’ has revolutionize the economic organism and the recurrent recession that are due to the disequilibrating impact of the new products or methods.

According to Joseph Schumpeter, an entrepreneur is an innovator who brings economic development through new combination of factors and production, an entrepreneur is the man who sees the opportunity for introducing a new technique or a new commodity for an improved organization or for the development of newly discovered resources. He raises the money to launch new enterprises, assembles the factory of production and chooses top managers and not the organization to get going. He need not be a capitalist he may not provide any funds of his own. Schumpeter argues that inventions or discoveries by them-selves have little economic effect for inventions or resource discoveries to be significant; instead some one with special talent brings them into use. That man is an entrepreneur. Sometimes the entrepreneur is treated also as a capitalist but there is a difference between the two terms.

24 Ibid. PP-132.
25 Ibid. PP-132.
The capitalists furnish the funds. It is leadership rather than ownership that matters on the question of development. The neo classical economists in their theoretical formulations do not stress entrepreneurship to the extent that Schumpeter does. The neo classical view of the economic world development takes place gradually and smoothly, where as Schumpeter emphasizes that entrepreneurship is connected with a view of development as carried by discontinuous spurt in a dynamic world. Another feature of the Schumpeterian model which increases the prominence of the entrepreneur is the development process which is the minimization of the role of consumer sovereignty and the hope of profits was a major stimulant to innovation\(^26\).

Schumpeter’s theory though logical, seems one sided and over emphasized. The invention itself is only a scientific fact, the innovation as Schumpeter emphasized is the economic fact. Although the hope of profits was a major stimulant to innovation, there was also other pre-requisites technical knowledge which could be utilized. Entrepreneurs recognize the opportunities and respond to them by having adequate ability for the introduction of new techniques\(^27\).

Talking on the Invention and Innovation Dr. Anji Reddy states the ‘invention’ and ‘innovation’ represent the core values that determine the long term success of any organization. As he further says about the distinction between invention and innovation, an ‘invention’ is the actual idea for a new product or method while innovation is the translation of the idea in to practice’. Thus in the business sense it is the innovator who makes things happen\(^28\). He is the entrepreneur who champions the idea and brings it to

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\(^{26}\) Ibid.PP-132.
\(^{27}\) Ibid.PP-132.
\(^{28}\) Dr. K. Anji Reddy: Invention, Innovation and the creation of wealth, Prof.N. R. Kamath Memorial Lecture, Indian Chemical Engineering Congress 1996, December 18-21, 1996 Ankleswar, Gujarat. PP-1-9.)
the market place. Without him inventions will remain dry and useless things. He further says that innovation is a trait of successful organization.

In contrast with the above said views Max Weber is different with his own perception in the traditional dimension that the influence of environment and belief systems on individuals and entrepreneurial energies were generated by religious belief. Too much stress on obedience develops entrepreneurial qualities. The main factor contributing to entrepreneurship in Europe was the protestant ethics\textsuperscript{29}.

In the economic point of view Leibenstein’s X-efficiency Idea is an extremely simple one that the effective use of inputs leads to greater output. Suppose the certain inputs have been allocated to a firm these inputs can be used with various degrees of effectiveness within the firm. The more effectively they are used the greater the output, when an input is not used effectively the difference between the actual output and the maximum output attributable to that input is a measure of the degree of x-efficiency. Leibenstein has identified two broad types of entrepreneurship. 1. The routine entrepreneurship which is really a type of management and 2. The Innovational entrepreneurship. By routine entrepreneurship we mean the activities involved in coordinating and carrying on a well established, grow concern in which the parts of the production function in use are well known for a firm which operates in well established and clearly defined markets. By innovational entrepreneurship we mean the activities necessary to create an enterprise where not all the markets are well established or clearly defined and/ or in which the relevant parts of the production are not completely.

\textsuperscript{29} CENCEE Web Teams : Charles Outcast, the Notion of Entrepreneurship, Historical and Emerging useful sponsored by, The Ewing Marion Kauffman Foundation Maintainer:
known. In both the routine and the innovation cases, the entrepreneur co-ordinates activities that involve different markets and he is an intermark operator\textsuperscript{30}.

*Leibenstein’s ‘x’ efficiency theory* was originally developed for the purpose, to analyze the role of the entrepreneur and to explain why growth rates differ in different countries, and why growth rates differ in the same country at different periods. Secondly, this theory shows that a firm will achieve maximum efficiency when the firm minimizes efficiency as the firm minimizes costs, which is to say when x-efficiency is equal to zero\textsuperscript{31}.

*David McClelland* studied this concept in a psychological point of view. According to him the “N Ach” is the driving force for the birth of leaders and the economic growth\textsuperscript{32}. Among the psychological theories, *David McClelland* in his book *The Achieving Society* has established that the achievement motive contributes largely to entrepreneurship and he developed an achievement motivation theory which can be used to explain entrepreneurial behavior. He says that the development depends on vigorous activities of a number of individuals who behave in an entrepreneurial fashion\textsuperscript{33}. If substantial economic development is to occur in poor countries, the number of individuals with the entrepreneurial motivational complex particularly with high achievement will have to be significantly increased\textsuperscript{34}.

McClelland’s The Achieving Society (1961) contends that a particular human motive with the need for achievement promotes entrepreneurship which in turn is a key

\textsuperscript{31} Ibid, PP-17.
\textsuperscript{33} Ibid, PP-6
\textsuperscript{34} Ibid, PP-6
to economic growth. Moreover a society with a generally high need for achievement or ‘Urge to improve’ produces more energetic entrepreneurs who in turn bring about more rapid economic development the importance of the pioneering studies of McCleland said that the wide spread use of achievement motivation in training programmes seeks to engender entrepreneurs and managers in poor countries. It means thoughts of people deal constantly with doing something better they will, by definition score higher in achievement\textsuperscript{35}. The theory of achievement motivation predicts that it is precisely those with high “n Achievement” who are sensitive to changes in economic opportunities, the high “n achievement leads to more enterprising behavior, where as those with low “n achievement” are not. Those with high “n achievement” are responsive to the economic stimuli and they find the ways of making a better living at various levels and the motivational levels make a big difference in all the ways in getting opportunities, per say the success rate depends up on the motivational levels.\textsuperscript{36}

The Individuals with high “n Ach” shows that in general they behave like successful, rationalizing, business entrepreneurs. They set moderate difficult goals for themselves, neither too easy nor too hard and maximize the likelihood of achievement satisfaction. They are more than normally interested in concrete feedback on how well they are doing. They like assuming personal responsibility for solving problems, because in that way they can get a sense of achievement satisfaction from completing the task, where as they can not if success depends on luck or circumstances beyond their control they show more initiative and exploratory behavior continually researching the environment to find tasks that they can solve their satisfaction. So it was predicted

\textsuperscript{35} Ibid. PP-6.
\textsuperscript{36} Ibid. PP-7.
that entrepreneurial business executives should universally score higher in “n achievement” than professionals with similar social and educational background\(^{37}\).

D.V. Manohar a multi faceted entrepreneur from Hyderabad who gone through many difficulties and bagged many achievements in his entrepreneurial journey express that the entrepreneurial bug and the perseverance are the main ingredients for his achievements\(^{38}\). He also some what accepts the “n Achievement” is a key ingredient in the development of entrepreneurship.

But there is a need that entrepreneurship is to be understood in the context of the prevailing environment of that particular country. In Japan entrepreneurship implies abilities to multiply capital. In industrially advanced countries entrepreneurship is associated with innovation. In India entrepreneurship allied with the tradition. In the modern sense entrepreneurs mean inspired individuals who create new ventures that solve problems or create new opportunities.

The above discussed theories may very well suitable for well advanced countries and is less likely to be appropriate in India. There is substantial limitation on resources availability in India. McClelland high motivation associated with a competitive spirit may be appropriate when an individual can control his activity but not where he faces substantial restraints on decision making. In India apprehensions should be faced from public and bureaucratic economic decision making.

One should not minimize the traditional constraints in Indian business. The communal and family nexus are important in development of entrepreneurship. The extended family is the basic unit for individual identification and orientation and

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\(^{37}\)Ibid. PP-11.

\(^{38}\)Manohar.D.V. ( see appendix -1 for detailed discussion)
frequently for business ventures. Through McClelland theory of ‘individual achievement and motivation’ we can not explain the Indian entrepreneurial behavior. For a large proportion of firms in India, the basic unit of entrepreneurship is the extended family.

There are many traditional aspects need to be analyzed with reference to Indian society. For instance a person is granted credit as a member of a particular Jati or family rather than as an individual in most of the villages India. It develops a kind of relationship between creditor and debtor takes on a ‘Jajmani’ like character or semi permanent patron, client relationship in which the creditor provides virtually unconditional accuse to credit for goods and services for the customer in return for the customers continuous loyalty and patronage.

Social divisions and caste implications had prescribed the occupations of certain communities from the generations.

The modern and the post-modern periods are seems to be witnessed in shaping the features and characteristics of entrepreneurship. It is true that India made a transition from agriculture to an industrial economy further to service sector during post independent period. Recently our entrepreneurs and their undertakings are underwent a great deal of modifications as a result of their interactions with the global companies. Indian businessman

D V Manohar, Chairman, Sri Shakti Group of Industries, Hyderabad
D V Prasad Reddy, Vice Chairman and CEO, Dr. Reddy’s Lab’s
Murthy Gorle, Vice President Pearls Distillery UB Group
Pawan Lakhota, Executive Director, Pawan Power & Telecom Ltd.
Lagadapati Rajagopal, MP, Chairman Lanco Group of Industries
Prof. Ramakrishna, Dean, NIMS, Hyderabad
Dr Yadhaih, Samatha Nursing Home, Hyderabad
Samatha Reddy CEO, B2B Technologies, Hyderabad

See appendix -1 for the Perceptions of the above succesful entrepreneurs of Hyderabad.
also started following in western foot steps and began to spread their tentacles across the world. Interaction between Indian and western business became a critical factor in the recent past. Though the existing business opportunities have already been pre-occupied by some mercantile classes the new business class from land owning rural gentry, professionals and first generation entrepreneurs making their sway in Hyderabad business. It could be understand by knowing their social out look and perceptions that have been redefining the entrepreneurship.  

At the same time it can not be denied the implications of state regulations and the political connections of entrepreneurs in the scenario of the Indian business which has been generating considerable attention in recent years. It has been noticed that the political connections can help a business by getting access to scarce resources and manipulating favorable regulations to improve profitability and to reduce the risk.

III

This part of the study focus on the general transformation of the city from merchandise to industrial business, business communities and their settlements and British impact keeping in view of the historical background of the city since it is necessary to know the long term trends of the Hyderabad business.

The city Hyderabad is historically known as the city of pearls, lakes. The Laad Bazaar was an important market for pearls and Jewellery. Now also there are many stores at Laad bazaar situated near Charminar. Ornaments made with rice pearls used to buy from Char Kaman or the General bazaar market. Products such as silverware, saris, nirmal, kalamkari paintings, artifacts, unique Bidri handcrafted items, lacquer bangles

39. See the Apeedeix - 1 for the detailed Interviews, profiles and experiences of the eminent business People of Hyderabad are covered in this work.
studded with stones, silk-ware, cotton-ware and handloom-based clothing materials were made and traded through the city for centuries.

The city Hyderabad was founded by Muhammad Qutub Shah in 999 A.H / 1591 A.D. It was a walled city as Golconda was its capital and was very congested. The sultan expected a highly ambitious plan that would be the model of paradise itself and made unequalled the world for the proposed city of Hyderabad. The Qutub Shahi rulers took appropriate measures of the administrative, economics and socio-cultural aspects of the city development. These measures led to a very healthy growth of the new capital as a multifunctional city and encouraged the climate for the growth of the composite culture and the characteristics of the city even today, not only in the urban but the rural areas too.

It was also developed as multifunctional city combined in its administrative, economic (Both commerce and trade), industrial, religions, educational functions. The growth of the city was magnificent immediately after its foundation in term of its population, physical expansion i.e. size and area and in economic activities, in responding to its own needs and those of the surrounding region. It attracted businessman and migrants from far and wide of different professions and diversified character that promoted business of Hyderabad in splendid manner.

The Qutub Shahi rulers patronized the local trade, handy crafts, industries and the merchandise from the Costal region of Deccan, Gulf countries and Persia. Abbe Carre and Marti, the two French travelers who visited the city of Hyderabad in 1673 were highly impressed and praised the city as ‘The centre of all trade in the past the city was carried on by merchants of many nationalities without any restriction’. Abbe Carre describes himself as almost lost in the crowd as he has never witnessed such magnitude of population.

During the initial days the telugu merchants formed a very substantial part of the trade and offered tough competition with Persian traders who were trying to monopolize the trade in the walled city. Later in the colonial period many European companies were also encouraged to start their factories in the coastal regions and at the part of Masulipatnam which soon became an important trading centre for imports and exports for the city of Hyderabad.

The Hyderabad in nature positioned in a strategic place. It was well connected with Surat, Goa, Bijapur, Malabar Coast, Masulipatnam and other important trading routs. The city also catered the needs of regional, national and international markets of different variety of commodities. The city soon became a collecting and distributing centre of goods to the north and the south of the country especially for high value merchandise drawing numerous brokers and merchants.

41. Ibid. PP-59-60.
Kutub Shahies state was well known for diamond mines, Gold, Silver business. The places like karwan and Puranapul were well important business centers for Diamonds and Pearls etc in those days. Marwari’s and Jain’s communities involved in the fort business. Later they extended their business to Karwan, Puranapul. There is a saying that they sold pearls, gems as how the vegetable sold in the vegetable markets\(^{43}\).

Actually, Hyderabad was to suffer more invasions both were said to be for political reasons but it is generally agreed that the main motivation in each case was greed. ‘The object of the greed …………………………… for diamonds’. By the 1600s the city was internationally renowned as a centre of culture. It soon became even more renowned for its wealth and Luxury and in particular its legendary diamonds.

As far back 500 BC Indian diamonds were very famous and were exported to Persia. The interesting thing was the principle mines gold and diamonds were neither at Hyderabad nor in Golkonda but in the south, mainly around Kollar and the Kishna basins. French diamond merchant Tavernier in 1645 recorded that there were six thousand workers employed. From those diggings came such diamond Kohinoor. These earned to ensure success and workers sacrificed goats at the opening of each war shaft\(^{44}\).

The Golkonda fort became the Diamond centre of Asia. The gems were cut and polished and sold to the world merchants. The street Infact became so legendary;

Tavernier elaborately described it as being covered with rich Persians carpets. The Kohinoor a legend in its own right has been called the most brilliant, the most dazzling and the most precious diamond in the world it was also regarded as “The king of diamonds” and the “Diamond of Kings”. It was lucky for women to wear it unlucky for men. The diamond was probably found in one of the mines at Kollar about 1656. yet the legends about the worlds most famous gem begin in prehistory, when gods ruled the Ancient Hindu Kingdoms and India was know even then as the home of diamond mines⁴⁵.

In 1687 the kingdom of Golconda was occupied by Aurangzeb. But he could not consolidate his conquests of the Deccan as he was busy fighting with the Marathas. As a result, the administration became slack and there was no law and order. The death of Aurangzeb in 1707 has lead to the disintegration of the Mughal Empire. Further the confusion developed in the empire that followed the collapse of the countries economy. These developments acknowledged a great set back for the Mughal Emperor in the city.

Chin Qulich Khan became the Subedhar of the Deccan in 1724. He was the first king of Nizam, along with him many Kayasta people migrated as employees to Aurangabad and Hyderabad, later these people accommodated as Paskharas (Finance Minister) and Diwans (Prime Ministers). Maharaj Chnadu Lal, Maharaj Kishan Prashad was the prominent among them. Their population increased in later days and played a significant role in Hyderabad history⁴⁶.

⁴⁵.Ibid.PP.48-51.
Communities

In A.D. 1763 the capital was re-shifted to Hyderabad by Nawab Mir Nizam Ali Khan Asafjah II, the city got a new lease of life and it entered a second phase of economic cultural development, mounting into a great cosmopolitan city that it is at present. The City population contains different communities of different faiths, like the Arabs, Pathans, Rohillas, Sikhs, Rajputs, Kayasts, Marwaris, Bawahirs, Gujaratis, Maharashtri-ans and Christians, besides the native population of Hindus and Muslims. Most of these communities who did not have their roots in the local soil must have come to the city with the shifting of the Deccan's capital to Hyderabad from Aurangabad in the 18th Century. With the exception of Marwaris, Bawahirs and Gujaratis who are chiefly traders, others seem to have come in to the city as members serving in the military forces under the Nizam-I. In due course, all of them settled down undyingly in the city and became an integral part of the city's population. Significantly there were many people came for business among them Marwari’s, Agarwal’s, Jain’s, Parsees, Kutch Muslims, and Bohra muslims were very important. Because of droughts and famines and foreign invasions, many Rajasthan and Gujarat people also migrated and settled in.

The major financial communities of Hyderabad, except for the telugu- speaking Komaties were not indigenous and had moved in to the Deccan over a long period of time. Marwari’s, Agarwals, Jains and Goswamis came from western and northern India to Hyderabad in the eighteenth and early 19th centuries. Many came first as merchants, dealing in shawls or jewels, and then took up money lending and banking. Caste fellows

48.Ibid.PP-223.
settled in the same areas of the city and followed the life style characteristic of their castes. In business matters, members of these financial communities acted as individuals, dealing with many nobles and often with the Nizam’s household too. The resources and policies of members of the financial community became increasingly important in the early 19th century, a time of great financial difficulty for Hyderabad49.

The city's population has certain elements like the concentration of a community of prostitutes and nauchs who too seem to have grown in numbers and contributed to the multicolored culture of the city. The different-communities had varying backgrounds of culture, religion and language and it is but natural to expect that initially each of the communities should have chosen its own occupations merely to preserve their social and "cultural identity. It is thus possible to demarcate certain ‘cultural zones’ geographically in the city, in each of which, a particular group predominates and gives the zone a somewhat distinct character50. There are other sections of the peoples migrated to Hyderabad were Bengali’s settled in administrative jobs and as layers. Tamils settled in Railways jobs mostly in the Secunderabad area. Other than these communities Rohillas came from RohilKhand Bondileelu from Madhya Pradesh Bundelkhand and Parsees were small number in Hyderabad51. Census reports roughly identified 14 localities representing different cultural zones of the city. These are as shown below:

The end of Asaf Jahi Nizam ruling from Golconda witnessed the shift of business from Golconda to Charminar, Guljar House, Pattar Gatto and Opened new shops. In later days when new Andhra Pradesh formed again there people shifted their


business activities shifted to new cities like Koti, Abids, Ameerpet and constructed shopping Malls, Shopping complexes and started living in estates, enclaves etc. After partition of India, Punjabi Sikhs, migrated to Hyderabad and settled down in doing various businesses and established their business in various fields. The Karachi Bakery, Dunlop tyres of Nampally were the best instances of their business establishments. Moreover they have done attractive business with Punjabi Dabhas\(^52\).

All the time it is well known fact that the state has an ample power over the business. But it can not be denied that there are many social groups involved in Indian business since the ages. There are some castes groups identified with business in Hindu social division. Jains and Vaishnava Banias in the West, Khatris in the North – West, Jains and Agarwal Banias in the north -east and Chettier and Komattis in the south. Most of the Muslim traders were centered in the Sindh – Gujarat region. Belonging to three major groups – Bohra, Khojas and Memon – They were converts from Hindu trading casts and still retain some of their pre- conversion customs and practices, including usury. The Parsees, who would later emerged prominently on the Indian business scene, were at this time primarily agricultural communities Rajasthan traders, who would soon spread their tentacles into various parts of India and be collectively called Marwaries were still confined by and large to their homeland and its neighborhood\(^53\).

When it comes to Hyderabad the migrated social groups played a significant role in the business since its beginning. In later days Nizam administrative people have their own control over the business. The Nizam administrative people were mostly

\(^{52}\) Lokashwar: Op.Cit.
concentrated on the industrial business with their surplus amount of money since the advent of the technology in the princely state.

The Banjara business man does not easily fit in to social set up. They comprised of a groups of tribes known collectively as Banjaras. They dealt mainly in grains and moved from place to place, carrying their merchandise and personal effects on oxen and living in coups. They moved in caravans and their customers consisted of rural folk. At the turn of 18th century however the Banjara business was on the decline54. Moreover the Banjara Gypsies one of the more up – markets suburbs in Modern Hyderabad in Banjara hills, a prestigious address for some of the cities leaders of society, including businessman and film stars.

The Banjaras according to legend left their home in distant Rajastan to becoming wandering gypsies, following the fortunes of warring armies they subsisted through commerce, supplying. The forces with grain, or acting as spies for them or for the enemy or both. The men learn and muscular, were renowned for their daring deeds, typical of fearless – Rajastan warriors and today campfire songs are still sung about their. Around the 1600s, battles became few and far between. The Banjara Gypsies, although originally tribal nomads, settled in various part of the Deccan a Strong contingent established camps among the rugged hills just worth of Golkonda. Which now bears its names there they turned their hand to more permanent, commercial pursuits. The Banjara Gypsies are still one of the pleasant sights of the old Hyderabad and can be seen in the fruit and vegetable markets around the eastern arch of the CharKaman55.

18th century

18th century was a significant transition phase in the Indian history. This period witnessed the downfall of the Mughal Empire and the intrusion of the imperial power which created uncertain conditions. Taking the advantages of the uncertain political and economic conditions prevailed many individual businessmen maintained close relations with imperial administration. Local Nawabs, Marchants and Bankers played a major role in the 18th century business activities. There was no legal frame work governing the course of business existed, there was no contract law, and nothing prevented the Government from curbing the freedom of enterprise at will. It was not uncommon for highly placed functionaries of the Government to indulge in business activities of their own and on many occasions in the latter held of the seventeenth century some provincial governor, taking advantage of their official position, brought the whole trade in certain commodities under their personal monopoly.

Merchants and bankers became almost essential for the functioning of the new regimes that arose on the ruins of the empire in various parts of the subcontinent. The Nawabs of Bengal and Oudh in the east and north, the Sikhs in the Northwest, the Marathas in the west and the Nizam in the South to mention only the most prominent ones. Most of the successor states locked the financial solvency of the Great Mughals. The financial might of the empire went in to the hands of the rich merchants. They could advance money to the state in exchange for the right to collect land revenue from

specified areas. Most of the successor state reported to this system known as Potedari, to tackle their finance problems\(^{57}\).

The state of Hyderabad in the south presents yet another example of the Shifting loyalties of Indian merchant princes. The banking communication had remained among the most trusted allied of the successive Nizam ever since the foundation of the Kingdom is 1724. Whenever the state need money, it turned to the Sahukars who wrap obliged with loans. This pattern remained norms or less undisturbed almost up to the end of the eighteenth century. But after the company established its supremacy in that part of the country the Sahukars refused to advance any money to the Nizam except through the English agency house of Palmer and Co., which enjoyed the patronage of the company government. The Nizam government had to pledge the hand revenue of several villages in repayment of these debts\(^{58}\).

Even in the first half of the 19\(^{\text{th}}\) century there was no specific change in the economic condition. Throughout the first half of the 19\(^{\text{th}}\) century the finances of the Hyderabad state were in a precarious condition. The reasons were first there was no budget. The state rulers were unaware of the state income and expenditure. There was no central treasury for many years. Lastly number of state administrative officers swallowed the revenue. As a result the government was put to chronic financial embarrassment. The entry of the European financial companies carefully utilized this pathetic situation of the Hyderabad state.

One of the major beneficiaries from the Nizam was the Palmer and Company. This company established by William Palmer. He was the son of Gen. Palmer, resident at the court of Peshwa at Poona and Muslim Lady, a Bagum of Lucknow. He came to

\(^{57}\)Ibid. P.P. 11.
\(^{58}\)Ibid-pp-17.
Hyderabad in 1799 and entered the Nizam’s military service in 1812 and started mercantile firm of Plamer and Company. With the commencement of the banking operations by the firm, the plunder of the Nizam began. Government borrowed money from this firm at 25 percent interest. In this way the company made huge profits. In 1820 Sir Charles Metcalfe came to Hyderabad seen the pathetic situation of the Nizam, played a politics against the Palmer and Company. With in a year Palmer and Company became bankrupt. William Palmer died in 1867 at Hyderabad at the age of 87.  

**Industrial Business**

From the middle of the 19th century there was a tremendous transformation could be seen in the development of Hyderabad business. Despite of many hurdles there were many factors helped to transform the Hyderabad business. The Nizam encouraged the establishment of many factories in and around of the Hyderabad. Since the beginning of the Asaf Jahi dynasty (in1724,) industrial growth slowly declined and became low owing to wars and lack of direction from the state, as well as the European intervention.

The advent of the British rule in India brought many changes in the princely state of Hyderabad business. One side Hyderabad state faced severe competition from the British and Imports declined by the middle of the 19th century. The technology introduced in all the spheres of production. New industries were established on the other side which minimized the local industries importance. Since the private enterprise and finance very scarce, units of industries could be established only with the patronage of the rulers.

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After 1860s some efforts were made by the British to develop infrastructural industries like Railways, roads, telephones, and other communication power. Market base industries like coal, mining, cotton and textiles, agro-based industries, ceramic, chemical, metallic based industries were started\textsuperscript{60}. More so the feudal aristocratic background, lack of both in resource and managerial talent, non-existence of banking and insurance companies were the major apprehensions for the development of the private enterprises\textsuperscript{61}.

There was a significant reason that how Hyderabad became focal point for the business was that the rural areas were not only provided employment to the vast majority and fulfilled the needs of the local needs as a whole in earlier phases. Most of these once – celebrated industries suffered a setback and the condition of artisans became miserable. The different handicrafts were unable to face competition from the machine made goods and a large number of artisans were thrown out of employment. No new industries were established to absorb them in rural areas.

The significant development could be seen in Hyderabad that the administrative people turned in to good entrepreneurs the process of real urbanization speeded up with establishment massive factories in multiple areas of production. Many artisans left the country to seek employment elsewhere. Many industries have developed in the urban areas of the state especially in the Hyderabad city. The area of business and Industries have shifted from local traditional to modern which, particularly developed in the urban areas were of diamond cutting and polishing, leather, glass, ice, sugar, paper, perfume, shawls and the most important one, of arms and ammunition. The latter caused a great enhancing of the Hyderabad business from local to outer with massive ability.

\textsuperscript{60} Vaikuntham Y. State: \textit{Economy and Social Transformation Hyderabad State (1724-1948)}, Manohar, New Delhi, 2002. P-116.
The chief industries which developed in and around the city were the precious stones in the eastern part of the State were brought to Hyderabad and Golconda for cutting and polishing. Gradually, this industry decayed and the art of cutting and polishing diamonds and saphires disappeared completely from Hyderabad. As described later, the prospecting operations for diamonds in the State, where the world famous Koh-i-Noor diamond is found, proved fruitless. Because of the discontinuation of these operations, the industry slowly decayed.\(^{62}\)

The advent of technology encouraged many rich noble people to keep their surplus capital into industrial business, mostly the administrative people were attracted in to this area established many factories turned entrepreneurs that Sir Asman Jah had started a shawl factory at Golconda. The important aspect of opening of this factory was the orphan boys were trained in shawl-weaving. Excellent workers were appointed for the purpose of training the orphans. The number of teachers and students in this factory rose to 14 to 60 respectively. The monthly salary paid to the teacher was Rs.30 and stipend to the boys was Rs.3 to 4 per month. In a short period, they were able to turn out a superior quality of shawls and jam-awar (brocade) similar to those from Kashmir and Ludhiana. Shawls, Doshawlas and turbans were the chief products of this factory. It ran only for seven years. With the retirement of Sir Asman Jah who had started this factory, it closed down.\(^{63}\)

The establishment of large-scale industries started after 1870. The Singarani Coal Mines were founded in 1870. The Hyderabad spinning and weaving company was the large-scale company to establish a factory in 1874 at Hyderabad. Two cotton mills at Gulbarga and Aurangabad were opened in 1884 and 1888 respectively. The state

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63. Ibid. pp-190-191.
provided not only some form of protection to indigenous capital but also market, and in some cases, finances. In Hyderabad, the state established infrastructural facilities, owned or financed a substantial number of industrial enterprises, pursued a suitable technology policy and, generally, encouraged industrial development\textsuperscript{64}.

In the year 1877 Bansi Raja established an industrial unit at Balapur, near \textit{Chinarai Gutta}(Suburb of Hyderabad City). This paper was manufactured by a steam machine. This paper was used by the Government of the Nizam for official purposes and was freely available in the market. It was of good quality and durable. Besides plain white paper, stamp paper was also manufactured by this factory. Later, imported foreign paper sold at lower-rates affected the production of the factors and tin manufactured locally remained unsold, finally, t. e closed in 1881\textsuperscript{65}.

A number of Ice factories were opened in Hyderabad City but could not survive long because of financial difficulties. The Golconda Ice Factory was opened by Mr. Simson. Another by Shahpurji Edulji Chinoy ran only for a very short period\textsuperscript{66}. A sugar factory was opened by Abdul Razak and company at Narayanguda with a capital of Rs.30 lakhs in 1901 in Hyderabad city. Fine – quality sugar was manufactured hero and proved to be excellent when compared with imported sugar from Bombay\textsuperscript{67}.

The leather work was carried on in the city karkhana where leather; boots for the regiments were manufactured. However, much fault was found with these boots. Their price was only \textit{Halli Sicca} rupees two and \textit{Annas} eight. Later, it was raised to rupees three, depending on, the quality of the material and the workmanship. Another leather manufacturing unit was run by Raja Girdhari Pershad and was situated in

\textsuperscript{64}Y. VaiKuntham. State, Economy and Social Transformation Hyderabad State (1724-1948], Manohar, New Delhi.P-116.
\textsuperscript{66}Ibid.PP-191.
\textsuperscript{67}Ibid.PP-192.
another part of the City which supplied the necessary requirements for the regiment.  

Hyderabad was famous for its Perfumes throughout India, particularly for a special brand, kewra. The industry did not last, long because foreign scents being imported. Kewra was replaced by the freely available foreign lavendar and scents. Hyderabad City also was noted for its mica goods such as lanterns, passes and decorative articles both plain and coloured. Besides these, Tazias of the highest quality were prepared at the time of Muharrum.

Lac bangles manufactured in Hyderabad city were well known. They were tastefully decorated with gold and silver work. These bangles were in great demand during the nineteenth century in England. Plamer and Company were the chief distributors in Europe and bangles worth Rs.1, lakh were sold in European markets annually. Due to the demand for European bangles, this industry later suffered a setback. The decline of the industry left many people unemployed. Some kinds of bangles known as Meenakari, Zamarudi, Yaqooti and Marwaridi cost Rs.30 a pair. Expensive bangles were manufactured only on demand. Glass bangles have been a favourite among women in India from times immemorial and had deep religious significance for the people.

Hyderabad has dedicated an entire street in the heart of the city to the bangle industry.

68.Ibid.PP-190-191.
69.Ibid.PP-191.
70.Ibid.p-192.
was called *Lad Bazaar*, the most fabulous bangle bazaar in country. Typical Hyderabad is bangles were the dazzling stone bangles which were favorites of women all over the country. This industry dates back to the seventeen century. Beaded bangles are said to have originated in Rajasthan and later moved to Hyderabad\textsuperscript{71}. More so the Hyderabad city was also noted for its gorgeous gold – embroidered velvets, which were used for canopies, costly state umbrellas of great dignity, elephant cloth, horse cloth and state housings and caparisons. The other noted work of the City was the net embroidered with silk or with old and silk\textsuperscript{72}.

A sugar factory was opened by Abdul Razak and company at Narayanaguda with a capital of Rs.30 Lakhs in 1901 in Hyderabad city. Fine qualities sugar was manufactured here and proved to be excellent when compared with important sugar from Bombay\textsuperscript{73}. Singareni coal continued to be in good demand and was sold in the Bombay and Madras as well as to the different railway companies within reach the coal field worked at a hand source profit\textsuperscript{74}. The Hyderabad Deccan mining company received a lease of Sasti and Pawni coal mines beginning work there earlier in 1908. The same company worked for the Singareni Collieries which increased by nearly 30,000 tons. Seven thousand and forty seven coolies were employed at the mine\textsuperscript{75}.

The entrepreneurship developed also in the area of Arms and Ammunition production. There were many successful entrepreneurs who showed their interest and got succeeded. The easy availability of arms and ammunition was a sign of the existence of arms factories in the City. The existence of such factory was known to her Majesty at London, the British Indian Government, as well as to the local people of

\textsuperscript{71} Ibid.p-192.
\textsuperscript{72} Ibid.p-190-191.
\textsuperscript{74} Ibid– PP. 240
\textsuperscript{75} Ibid– pp – 240
Hyderabad city. The presence of an arsenal factory at Hyderabad, however, was a cause of great anxiety to the British Government. First of all, the arms factory of Raja Girdhari Pershad was made a target for attack\textsuperscript{76}.

There was no place in India where it was easier to get together a collection of Armour and weapons during the later half of the nineteenth century than in Hyderabad City. The service of the Nizam had for a long time attracted the war – like Musalmans of India and central Asia who has brought their weapons with them. Every kind of shield, sword, knife, dagger, Matchlock, spear, battle – axe, pistol, helmet and breast plate – engraved, damascened, sculpted or jeweled – were available in the city market\textsuperscript{77}.

The city workshop known as Madarasa-i-Sanai or Industrial School was established by Bansi Raja, who has the monopoly of almost all the supplies for the army (including the reformed troops) and the police. He used to supply all their accoutrements and powder and ammunition. The following items were manufactured in this workshop\textsuperscript{78}. A gun factory was set up at Balapur in 1868 by Bansi Raja. The guns manufactured here were inspected by the Resident and by Sir Salar Jung. In 1870, Bansi Raja set up another factory for the manufacture of gun-powder at Chanderghat in the city.

During 1875, Moulvi Mahmod established the karkhana known as Dar–ul-Sanai at Khanipura in the city where guns and small cannon were manufactured as samples. This workshop was inspected by the then Resident. After four years, the Karkhana was closed. This happened in 1879 after visit by Col. Fraser, probably, the British Government pressurized the Hyderabad Government for its closure\textsuperscript{79}.

\textsuperscript{76} Sheela raj. Op.cit.p-193
\textsuperscript{77} Ibid, p-192
\textsuperscript{78} Ibid, p-193.
The fire arms turned our in this workshop for the regular troops were smooth – bore precision muskets and muzzle loading ones. Swords were manufactured for the four cavalry regiments of the Regular Troops and were in used after the favorable report of a committee of officers. For the three Lancers Regiments, Lance Heads were also turned out in this workshop on a given pattern. They were very good and had proved serviceable. Carbines and pistols were also manufactured in this workshop. There used to be a committed of officers who, when samples were submitted, passed them only after careful examination.

To conclude the Hyderabad business could be traced back from Qutub Shahi period and business was well flourished at Golconda in this period. Though the business declined in the first half of the 18th century it has got tremendous strength from the Nizam period onwards. Hyderabad provided favorable conditions for the settlements of deferent migrated communities and lead to form a multicultural composition of the settled many communities in the city in the course of the history. The settlements of the migrated communities and the local native people’s necessities and the encouragement of the Nizam state were the major reasons for the development of the Hyderabad business. The strategic locations laid foundation for the market centers in the Hyderabad. There were many business enterprises and their business organizations came into limelight in this period and got tremendous encouragement. The entry of the British business in the Nizam dominion promoted the capital mobility and introduced technology which gave a new shape to the Hyderabad business. The business shifted from traditional money lending; trading to industrial business and gave opportunities for new entrepreneurs and laid foundations for the modern business.