CHAPTER III

TRADE ASSOCIATIONS AND CHAMBERS OF COMMERCE 372-506

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THE METHOD OF STUDYING TRADE ASSOCIATIONS AND CHAMBERS OF COMMERCE

CENSUS OF CHAMBERS AND ASSOCIATIONS IN THE SELECTED CENTRES

The first step in each of our seven centres was to compile a full list of chambers and associations; the incomplete lists available in various directories and the list of bodies affiliated to the Federation of Chamber of Commerce and Industries, etc. were supplemented by local inquiries. Associations that were affiliated to one large body or the other were easily located and enumerated while the bodies that had no such local or national affiliation were slightly more troublesome to trace down.

As there has been no census of associations and chambers in the country as a whole we cannot say exactly what percentage of the total associations and chambers in the country we have covered. The following remarks however indicate at least the nature of the field covered. In the first place all the associations and chambers that are composed of important managing agency houses are included in our list. In the second place an idea of certain important exclusions is obtained from the lists of the Federation of Chambers of Commerce and Industry and the Associated Chambers of Commerce. We have also information relating to the number of associations that are
affiliated to the regional chambers that are not included in our list. As a result we can say that all important chambers (with the exception of Madras Province) that have a large number of local affiliated associations fall within the centres we have covered. Roughly we may say that we have studied not only the most important concentrations of associations in India but the bulk of associations in the country.

THE QUESTIONNAIRE

The questionnaire aimed at finding out as to whether certain functions were performed by associations and the ways in which they were performed. The questionnaire was a guide to indicate the existence or otherwise of interesting organisational characteristics and where these existed an attempt was made either to ask further questions (to evaluate the significance of characteristics and to understand it in detail.) This proved difficult in matters such as monopoly etc. though easy in matters such as state policy, controls, organisation, representation etc. A collection of annual reports of associations for different dates and of important memoranda prepared by associations was also made. In each case information was obtained either from the secretary or the president of the relevant organisation.

See end of this volume for a copy of the questionnaire.
THE TECHNIQUE ADOPTED IN CONDUCTING INTERVIEWS

Interviews with the presidents and secretaries of chambers and associations were sought after sending our questionnaire (accompanied by copy of an introductory letter from the most influential local chamber) to each one of these bodies. As at least a few influential business houses supported our enquiry in each centre, it proved easy to arrange these interviews. In the case of the Indian organisations in Calcutta, in fact, both the chambers were courteous enough to call meetings of their assistant secretaries (each of whom was the secretary of an affiliated association) in order to give the information I required. In the other centres, where no such coordination exists, an office to office enquiry was required to a greater extent than in Calcutta.

PRESENTATION OF RESULTS

As the inquiry into associations was a complete success it became possible to rely to a larger extent on collected material than on published material. The scarcity of published material in this field also made such a course inevitable.
DEFINITIONS AND INTRODUCTION

Indian Associations and Chambers are broadly similar in character to corresponding organisations in other private enterprise countries and hence definitions of associations and chambers developed by foreign authors may well be adopted. There are no legal definitions of these bodies in India, unlike the managing agency, which is defined by Company Law. To quote therefore "A trade association may be defined as an organisation for mutual benefit, composed of independent business concerns engaged in the same kind of industry or trade and designed primarily to affect the conduct of that industry or trade. It differs from the less homogeneous associations of independent business units such as chambers of commerce, general manufacturers organisations and similar groups in that its membership is limited to participants in a particular line of manufacture or commerce and its activities are restricted to the field of their primary interest." It should further

further be noted that these organisations are not profit making organizations, though under exceptional circumstances they may conduct business for their members. In India, certain commodity exchanges are called chambers of commerce, but they are really associations for a limited purpose.

In the following account we treat chambers of commerce and associations separately. The broad difference in their character indicated by our definitions will be further brought out when we consider the nature of their functions. In this connection, however, it is important to remember that the more important associations; particularly important associations like the Cotton Textile Millowners associations, which are not affiliated to local chambers of commerce; often undertake the types of functions designed to serve members drawn from diverse fields; function, in fact, characteristic of chambers of commerce. On the other hand certain small chambers are more like associations in their organization and functioning. Among these we may mention the Muslim Chambers of Commerce, the commodity exchanges which are somewhat inappropriately called chambers of commerce etc.

We are primarily interested in the chambers and associations because they both modify and enhance the
the effectiveness of the policies of basic entrepreneurial units such as managing agencies.

Considered from a point of view which looks at associations as modifying and supplementing policies of basic entrepreneurial units; chambers of commerce cover a less significant range of functions than associations do. The difference between the functions of the two types of bodies, of course, is merely one of emphasis. This difference in emphasis exists because the membership of one type of body (the association) is homogeneous and of the other type (the chamber) is heterogeneous. Chambers of commerce concentrate on functions such as representations, collection of information, the handling of particular types of labour relations, etc. To this range of functions associations add monopolistic activities, research activities etc. If these functions we have mentioned later are at all taken up by chambers of commerce, they would be on a basis quite different from that of associations, e.g. chambers undertaking research would go in for research which might benefit their heterogeneous membership while the efforts of the associations would be more specific and confined to a particular industry.

Chambers of commerce, which began as bodies concerned with local British Trade in the 1830s, were,
were, at first, mainly concerned with collecting information and representing their members. These functions were gradually elaborated through the years, and these bodies came to play a noticeable role in national affairs. They also came to have new functions e.g. after the 1930s. A specialised type of chamber to handle labour relations was evolved.

Turning to associations we note that restrictive activity, apart from the usual functions of information collection and representation, were characteristic of British Associations in India right from the start. Later, purely Indian associations also tended to adopt these methods. The handling of labour relations as a separate function was initiated in 1918. Interest in research came in the late 1930s, and also an elaboration of the labour relations functions. The activities in the direction of provision of information and the functions pertaining to restrictive activity were further developed during the inter-war period. During the war and postwar periods the associations came to play a new role vis-a-vis the control and planning mechanisms respectively.

A detailed picture of this elaboration of functions of chambers of commerce and associations is presented in this chapter.
From the 1850s, when the British Chambers were established in Calcutta (1833), Madras (1834) and Bombay (1836), down to the 1880s, these types of organisations continued to be solely British. It was after the 1880s that Indian chambers first began to be formed and only after 1900 did an increasing number of Indian regional and sectional chambers appear. This acceleration in the growth of Indian chambers was a natural result of the Swadeshi movement and the increased participation of Indians in modern business. Slow secular growth continued after this and there was an increasing tendency for associations to become affiliated to chambers. In general, chambers preceded associations, but there are also cases of a large number of associations growing up in a centre and then uniting to form a chamber of commerce (as happened in Dubai and Ahmedabad).

1. It is also worth noting that the first commercial body to be established was not a chamber but an association.

See Page 35. Silver Jubilee Souvenir, Federation of Indian Chamber of Commerce and Industry; also Cotton Handbook of Commercial Information, 1914."In 1801, the indigo planters of Bihar organised themselves in an association "to facilitate correspondence with Government in the interest of community, to safeguard their interest and to deal with applications for the settlement of differences between one member and another or between members and the local authorities and courts." (Since 1905 the association is known as the Bihar Planters' Association).
Among other tendencies in the growth of these bodies one must note that the position in each centre was changing through the growth of new local organisations to which certain classes of associations and firms tended to affiliate themselves. There was competition among chambers to secure affiliations and a pattern reflecting the composition of the business class, which itself was changing, tended to emerge. There was also a tendency (in this case on a national scale) making for the development of loose confederations among both the British and Indian Chambers; and this finally resulted in the establishment of the Federation of Chambers of Commerce and Industries and Associated Chamber of Commerce respectively.

Chambers of commerce, as our definition of these bodies implies, have objectives that aim at serving a heterogeneous membership by promoting their common interests and representing their viewpoint. Among the stated objectives of chambers of commerce there are generally included representation, collection of information, promoting the interest of members, and occasionally research and the setting up of standards.

1. (See Pages 444-498 for a detailed account)
The objectives of these bodies, as also of associations, are, however, frequently more significant than the printed aims would imply. This is because chambers may have certain aims which cannot be formally stated, or again, they may come to have certain objectives which were not in mind when the original statement of objectives was drafted. To illustrate, in many Indian chambers, there was a shift of emphasis in objectives - from organisations mainly interested in preventing discrimination against Indian business (an objective that could not be openly stated) they became bodies that were interested in serving the business community in a variety of ways. In British Chambers we had a shift of activities between the 1830s to the 1860s. This was a shift from local activities to activities on a wider scale.

The British Chambers began as representatives of agency houses, and, in Calcutta, acquired, after the 1870s, a new type of membership, namely the affiliated associations. All the British chambers may be said to represent large managing agency houses. Indian chambers of commerce may be divided into three types: First those that represent large business such as the Indian Chamber of Commerce Calcutta, secondly those that are led by large business though they do not solely represent this type, such as the Indian Merchants Chamber, Bombay,
Bombay, Bengal National Chamber of Commerce, Calcutta, the Gujarat Vyapari Mahamandal Ahmedabad and most of the Indian Chambers of Commerce in Madras. (The Madras Chamber, Andhra Chamber, South Indian Chambers and Hindustan Chamber fall in this class but the Tamil and Muslim chambers do not). Thirdly we have chambers of commerce in which large managing agents are not present, such as the Eastern Chamber of Commerce, Calcutta, the Muslim Chambers of Commerce in all centres etc. It will be observed that Chambers of Commerce of the Second type are rather common as far as Indian business is concerned. Most of them have come to have a large number of affiliated associations.

THE DEPARTMENTAL STAFF OF CHAMBERS OF COMMERCE:

The early British chambers began as very small organizations. The collection of commercial intelligence in which they were interested was the only function which necessitated a separate department as such. Their organisations gradually became more elaborate. By the 1880s, the Bengal Chamber had evolved into an elaborate secretarial organisation providing facilities for affiliated associations etc.

This form of organisation was imitated by Indian Chambers in Calcutta. The organization of the Bengal Chamber, the Bengal National Chamber and the Indian Chamber of Commerce - all Calcutta bodies- so as to
to secure maximum secretarial facilities and economy have been described in the sketches relating to these organisations. Chambers of commerce in centres other than Calcutta, such as Bombay, Madras, etc. do not provide secretarial facilities to affiliated organisations and have a much smaller budget. Besides departments etc., permanent sub-committees (which are set up where specially responsible decisions are necessary from time to time or where a special interest has to be represented) also form an important part of the organisation of chambers of commerce.

CHAMBERS AS ORGANISATIONS
CATCHING INFORMATION:

The chambers were first formed as much with the objective of collecting information as with the objective of representing their members.

Annual report of every important chamber are available right from the date of foundation. Reports of Chambers of Commerce, unlike the reports of association, do not publish statistics and a large part of their space is occupied by the important correspondence undertaken during the year. A brief synopsis of the chambers reaction to various types of general legislation and measures affecting their members is also frequently included. The greatest use of these bodies in the collection of information

1. For example the Calcutta Chamber of Commerce 1833 had as its original objective 'the collection of information regarding stocks.' The Bombay Chamber of Commerce had a statistical department right from the start.
so far has been to secure the reactions of business to major policies, events and laws etc.

THE REPRESENTATION OF CHAMBERS OF COMMERCE ON VARIOUS BOARDS:

The large British chambers began to secure representation on various public and semi-public bodies quite early. For the Indian Chambers, however, it was an uphill fight against discrimination. The history of the Bombay and Calcutta Port Trusts is marked by the struggle of the Bengal National Chamber and the Indian Merchants Chamber, respectively to secure adequate representation. The early history of the efforts of Chambers of Commerce to secure representation on railway bodies is similar.

The representation of both British and Indian Chambers of Commerce was at first confined to legislatures and bodies connected with port development, transport development and local institutions such as municipalities etc. In the first two decades of the 20th century, they began to be represented on institutions connected with technical education, power, etc, and in the 1930s on welfare and research bodies.

1. By the 1860s, representatives of the most important British Chambers in India were being nominated (they did not secure the right to elect members to legislatures until 1888) to legislatures. They were also represented on policy formulating commissions, local bodies, etc. See pages 45 to 46 of J.W. Tyson's Bengal Chamber of Commerce and Industries, 1853-1953 a Centenary Survey.
Throughout their history the chambers have been interested directly or indirectly in political activity. It may be noted that certain Indian chambers had connections with the Indian National Congress. After the 1920s however, this relationship has tended to become more and more indirect.

The emphasis in the case of chambers is on representation in bodies of general concern e.g. legislatures, transport bodies, etc. while in the case of associations the emphasis is on links with Government bodies concerned with a particular field as well as with general bodies. There has been an increase in the number of representatives deputed by chambers and associations during the war and postwar periods, reflecting a general increase in co-ordination. Chambers of commerce are now also represented on international bodies like C.A.F.E.

Chambers of commerce, unlike associations do not play monopolistic roles; though in a few cases chamber sub-committees may be the organ which formulate monopolistic policies. The chamber sub-committee of the Bombay Chamber of Commerce is in one sense an association, an association that has no independent constitution but which was a homogenous membership. Such a committee can undertake informal co-ordination in the


THE UNSELIHILITY OF CHAMBER OF COMMERCE FOR MONOPOLISTIC ACTIVITIES.

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in the manner of associations and at the same time secure advantages of chamber membership for other routine activities.

THE LABOUR ACTIVITIES OF CHAMBER OF COMMERCE

This is an exceptional field where we not only have a few chambers taking a direct interest but where a special type of body - not confined to one industry but to one function - the management of labour relations has emerged. It was towards the end of the period 1924-1935 that the organisation of special bodies of employers to deal with labour problems began. The All India Organisation of Industrial Employers was formed in December, 1932. It is important to note that these new bodies that were to deal solely with labour matters cut across communitywise sectionalism amongst chambers and associations and had members from all communities. As in the case of centralisation a common need was felt. The Employers Federation of India was formed in 1933 while regional organisations such as Employers Federation of South India (that had been established as early as 1920

1. As we shall see in our section on "The Labour Activities" of the trade associations, employers associations began to systematically handle labour relations somewhat earlier (1918-20). Here, however, we are bringing out only the rate of the chambers of commerce and we reserve the story of the parallel development of Trade Unions (in which 1924-55 figures as a separate period) and the labour activities of associations for later treatment.
to deal with the first trade union) and the Employers Association of Northern India (established in 1937) to deal with the general labour unrest that spread to these areas after the Congress Ministries had assumed office) are now affiliated to these all India bodies. These organisations play an important role in tripartite negotiation, in influencing the I.L.O. and in providing welfare schemes and labour information.

The Research Activities of Chambers of Commerce.

The chambers of commerce have not, in the main, undertaken research. The A.I.M.O. has some projects under way but it is not a typical chamber of commerce. The Indian Chamber of Commerce, Calcutta not only publishes its journals for its affiliated associations but also supports the employers association of India which has been a prominent and aggressive exponent of the benefits of private enterprise through a series of monographs of semi-academic nature.

Chambers of Commerce and Tripartite Control:

The Chambers of Commerce though interested in a general way in the organisation of controls during the war period were really concerned with organising the

1. Though the term "ASSOCIATION" is sometimes used to characterise these bodies, we have classified them with "CHAMBERS" because of their heterogeneous membership.
2. For an account of this body's activities, including those assisting decentralisation and the growth of small business, see "An appeal in the cause of industrial development", Pub.A.I.M.O.
3. See page 433
with organising the expression of business opinion on this issue. Hence, as far as this wartime activity of commercial organisation is concerned, it is mainly the associations that have to be studied.

Chambers of commerce and business standards.

Chambers of commerce have not been able, in general, to set up high standards of business ethics or performance. Nor have they been able to undertake detailed standardisation of procedures. The associations, at least in the latter field, have been more active due to their relatively homogeneous membership. The arbitration activities of chambers and the issuance of certificates of origin are matters that may be mentioned in this connection.
ASSOCIATIONS

GROWTH

The first association, as we noted on page 179 was founded before the first chambers. Thereafter, however, there was a gap, with the exception of one association founded in 1834, till the 1870s, when associations again began to be founded. These were formed mainly in Bengal (a few associations were also formed in Bombay e.g. the Indian Piecegoods Merchants Association, 1882). Between the 1870s and 1900 associations continued to be formed in Bengal, in fact one can say that the main growth in the number of associations up to about 1900 was due to the formation of European associations which affiliated themselves to the Bengal Chamber of Commerce. The number of Indian bodies increased thereafter, slow secular growth continuing throughout the 20th century with some stepping up after the early 1930s. 1/

1/ Some idea regarding the spread of the association movement in the industrial and wholesale field in each important centre covered by our survey will be obtained from the sketches of chambers of commerce given at the end of this chapter.
In the late 1930s a number of new industries, that had by that time developed, formed associations. It must further be noted that through the whole period we have been considering there was not only an increase in the number of associations but the strength of most of these bodies also increased. There was a marked jump in the number and strength of associations during World War II. This jump was most marked after 1943. Associations came to be formed, for the first time, in the retail sector, during World War II. There had been no retailers associations in India before excepting three important British retail traders associations that had been established in the 19th century.

1/ See L. R. Dasguptas pamphlet published for the Eastern Chamber of Commerce entitled: Chambers of Commerce in India: Prospect and Retrospects - which gives data relating to number and strength of these bodies. This was further verified by our histories of associations and by the information given in the Silver Jubilee Souvenir published by the Federation of Chambers of Commerce and Industry.

2/ Based on table and on the data obtained from the annual reports of Associations surveyed.
### Table No. 6

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Number of Associations and Chambers of Commerce founded in each year (total for seven centres surveyed):

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OBJECTIVES OF ASSOCIATIONS:

The objectives for which associations are formed are often published by the associations themselves, but, like company prospectuses, they represent more an extremely wide and standardised statement of aims, which may or may not be immediately practicable, rather than the immediate objectives that may have led to the formation and conditioned the functioning of the association.

It must be noted also that objectives change with the times (thought this may not be reflected in the printed or formally stated objectives of these bodies) and that certain objectives may not be explicitly stated owing to their vary nature (e.g. where, as in the case of chambers of commerce, the aim is to discriminate against particular races or groups, such an objective cannot be openly stated. In general, however, not many inhibitions are felt in this regard and even the organization of monopolistic practices is openly stated as an objective; as there is no legislation against monopolistic practices in this country).

1. See Page 343. It may also be noted that the sectarian character of many commercial organisations was no secret and that the clauses confining membership to a particular community as well as the sectarian names of chambers and associations were in some cases dropped after independence as a secular government came into force (e.g. the Marwadi Chamber of Commerce: Bombay: was changed into the Western India Chamber of Commerce).
Looking at the development of associations historically, we can see that the rise of new needs i.e. labour laws, the need for research, special wartime needs like the administration of controls, etc. led to changes in the objectives of chambers and associations; the objectives becoming wider as each new need was felt. In consequence, we see a tendency to include a wider range of objectives in associations founded under these new conditions.

It is worth discussing illustratively certain peculiarities in the stated objectives of association.

The collection of information and the making of representations are universally included in the objectives of associations. Only a certain number of associations include research and the management of labour relations in their stated objectives. Apart from specialised associations devoted solely to these objectives we have

1. It is not necessary to give an exhaustive list because many associations do not explicitly state all the aims they have. A general phrase such as "to promote the interest of the trade in all ways etc." is regarded as sufficient. Thus we can only take as illustrations those associations which explicitly have the aims we wish to discuss and explicitly state them. A large collection of association reports from our seven centres provides ample material from which the quotations given on the next page are extracted.

2. e.g. The Textile Research Association, the I.J.N.A.'s Research body etc.
a number of manufacturers' organisations which subscribe to these objectives.

Certain objectives, such as the attempt to organise monopoly or restrictive schemes are sometimes openly stated in India owing to the absence of legal provisions against monopolies or restrictive practices in this country.

Another objective or rather another set of objectives frequently included concern the setting up of standards. A number of associations try to fix standards in their

1. We can mention the following associations and quote from their objectives. The Silk Merchants Association "to encourage and take advantage of any research which may be in the interest of the trade". All India Glass Manufacturers Federation "to promote study and research in glass technology". Most other manufacturers associations, e.g. chemicals, engineering etc. are also naturally interested in research. The extent to which these aims are actually implemented will be seen in a later section.

2. This may be illustrated by quoting the following clauses extracted from the aims and objectives and statements of different associations. All India Jute Mill's Bobbin Manufacturers Associations: "to take suitable measures for economic marketing of manufactures of member bodies and to regulate minimum selling prices of the products of member firms". I.J.M.A.: "to adjust production of the member mills to the demand in the world market". Indian Lamp Factories Association: "to regulate the selling prices of various types of electric lamps manufactured by the members". Indian Foundry Association: "If necessary to pool and release the products of the foundry and to fix prices and divide business between and for the benefit of members. Western India sheet rollers Association: "to impose restrictive conditions to the conduct of the sheet rolling business.".
respectively trades or industries while in the case of
a few associations we have attempts at raising busi-
ness standards, standards in production policies etc.

A few associations explicitly state that it is their
objective to increase patronage inter se amongst members.

1. We quote again the names of associations and a clause from
their objectives. The Bombay Yarn Exchange "to maintain
uniformity in the rules, regulations and usages of trade",
including classification of yarn. The Bengal Jute Dealers
Association "to codify the customs of the jute market ".
The A.I.M.A. " to adopt common forms of contract " Indian
Tea chests and Batten Manufacturers Association " to stan-
dardise the manufacture of Battens in accordance with the
specifications laid down by the Indian Standards Institu-
tions" from time to time (incidentally we may note that
a large number of associations have given effective co-
operation to the I.S.I.) Retail Textile Dealers Associa-
tion " to eliminate all sorts of unfair competition " Wine
Spirit and Beer Association of India " to fix points of
custom "

2. The All India Bobbin Manufacturers Association has as
an aim " to promote and preserve high standards of busi-
ness integrity." The Confectionary Manufacturers Associa-
tion attempts to maintain quality through association
action. The concepts of high standards is necessarily
vague, because we cannot know what the organisers have,
exactly, in mind, excepting through enquiries, which are
answered in an equally vague manner. The Native Share
and Stock Brokers Association tries " to promote honourable
practices".

3. E.g. The Indian Non ferrous Metals Manufacturers
Association " to promote inter trading among members."
Various chambers, owing to their relation with the
Swadeshi Movement had always exercised an influence in
this direction. This has spread to associations and
still tends to take place though probably not to the
same extent. A small recently developed industry may
be chosen as an illustration to indicate that this
objective still tends to be important. The illustration
is particularly interesting because it shows that even
associations where merchants rather than manufacturers
are important subscribe to this e.g. the stationery
and office equipment association of India has as an
aim " to encourage Indian Business wherever possible ".

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The question of the composition of a body's membership becomes relevant when considering matters such as whom exactly the association or body represents and whether any section of this membership exercises a disproportionate influence. The first question, when one reads any explanation of views of an association, is, whom does it represent? Such an approach is all the more necessary because measures that will benefit particular sections are often supported by these associations.

The composition of the executive of chambers and associations is an important section of the membership and may be truly representative of the membership or may be only a small section exercising leadership.

We shall be confining ourselves to commenting on the executives of different bodies and noting as to whether they are representative of the membership or not.

1. This section is based on lists of Chamber and Association executive Committees secured from each Chamber and Association. These in our list of managing agencies are described as large agencies for the purpose of this section. Individuals who are connected with these agencies or the agency itself as represented on Association executives we also mention individuals who are directors of a very large number of concerns and are as represented on Association executives.
Lists of associations affiliated to important chambers in each centre may be conveniently divided into "industrial associations," "wholesalers" associations, and "retailers" associations. It is in the first category that we find managing agency firms or their representatives as members. Of course not all of the "industrial" associations have a membership of managing agents. There are quite a few industrial associations where the small industrialist—generally not using the managing agency form—or if using it having only one managed unit—is characteristic. In a few cases representatives of well-known managing agency firms were also found on the executives of wholesalers association and commodity exchanges but these were exceptional cases rather than the common rule. In general large managing agents are also not found among the members or on the executives of retail bodies. The leadership of large interest was found to be more common in regional chambers, which represent a heterogeneous membership.

1. For the purposes of this section, a large managing agent is defined as one having more than one unit in a major modern industry. Whenever we refer to large business we have this rough category in mind. In most cases however we give the names of the managing agents and these are gradually of a size much above the limit mentioned.

2. This is, probably, because of the fact that small industrialists wholesales, and retailers, frequently have to fight against big business and hence cannot allow them on their executives. In the case of regional chambers the advantage of having large managing agents as members outweighs other considerations.
membership, than in wholesalers or small industrialists or retailers associations.

In Calcutta most of the industrial and some of the trading associations affiliated to the Bengal Chamber may be regarded as representing large interests and have representatives of large firms on their executives. Taking the associations affiliated to the Indian Chamber of Commerce, we note that the executives of the Indian Engineering Associations and the Indian sugar mills associations are composed of large interests. Associations like the Automobile manufacture, cycle manufactures, etc. naturally have only a few large members. In Calcutta, the leadership of large business is reinforced by the integrated organisation of chambers, so that even if large business is not represented on associations composed of small businessmen, it yet exercised an important influence. Among the industrial associations affiliated to the Indian Chamber of Commerce we do not find large interests represented on the executives of the chemical manufacturers, the plywood manufacturers, the cosmetic, the rice mill, the ice makers, etc. associations. As for the industrial associations affiliated to the Bengal National Chamber of Commerce all except the colliery owners represent the small businessmen.

In Bombay most of the industrial associations are affiliated to the Indian merchants chamber. The All India non ferrous metalware manufacturers association has
on its managing committee representatives of prominent firms like Jeewanlal, Kanani etc. The Vanaspati Manufacturers Association has on its committee the representatives of Lever Brothers, Swastil Oil Mills and prominent business men like Khaitan, Jatia, Tata, Nevatia and others. The Starch association executive also consists of the representatives of very large interests. The Indian Rubber Industries Association and Indian Plastics Association have a few large interests on their executives.

Ramdeo Potdar who is connected with an important interest group was recently president of the Silk Association. This is example of an association that is temporarily dominated by leading business figures but really represents small interests. Such cases occur in industries where no direct conflict with any type of large business is involved. The Federation of Electric undertakings of India has on its executive prominent British managing agencies and two Indians belonging to a Bombay and Madras group respectively. The steamship association naturally has a small membership composed of large interests.

The position in other centres covered during the survey can be easily summarised. The cotton textile mill owners association are important bodies of managing agents in all parts of the country. They are nowhere affiliated to local chambers of commerce. In Bombay and Calcutta they represent the most important bodies of large business
business that are not affiliated to any of the local chambers while in other centres e.g. Coimbatore and Ahmedabad they are the only bodies representing large business— all the other associations in these centres being mainly small men’s bodies. In centres like Madras it is the chambers of commerce that represent large houses and the associations are again small men’s bodies. In Canpore it is the sugar mills association (which has its head quarters in Calcutta) and the local chamber (especially the Upper India Chamber of Commerce) that represent large business. In Delhi the Delhi factory owners federation has an executive composed of large interests such as Delhi Cloth, Birlas, Ganesh Flour etc., apart from the Punjab chamber of commerce whose executive as we have mentioned earlier, it is therefore the main body representing large managing agents in this area.

Taking the country as a whole we find that large business not only has exclusive control over many organisations but that it tends to figure on the executive in many others; particularly regional chambers, and even in small industry, wholesale, and retail organisations.

1. The Vyapari Mandal, the recently formed regional chamber of Ahmedabad, has on its executive large businessmen; the pattern of membership and leadership being somewhat similar to the Indian Merchants Chamber.

2. See Page 381.

3. See Page 360.
THE DEPARTMENTAL STAFF OF CHAMBERS AND ASSOCIATIONS.

Some of the functions of associations, such as price fixing; and of chambers, such as passing resolutions, can be performed without having any special departments for the purpose. Many of the activities of chambers and associations however require some permanent office organisation and, in consequence the gradual evolution of functions that we have formerly noted; such as the increased handling of labour relations, the undertaking of research, and the evolution of other functions etc. have resulted in increasingly elaborate organisations.

We have already seen how, in the Calcutta centre, the growth of the secretarial organisation of chambers of commerce affected the general organisation of associations. We now survey very briefly the present departmental organisation of associations, paying particular attention to the most important.

Associations, like chambers, began with a very limited range of functions and therefore with very small office organisations. Beginning with the Textile Millowners, the jute millowners and the planters, we began to have well organised offices in each of the associations of modern industries (most of the latter sprang up in the inter-war period). As we shall see, even in the Calcutta centre, inspite of the chambers performing many functions for associations, it yet remained necessary for some associations to set up elaborate departments and sometimes separate organisations for their own purposes.

1 See Page 377-378.
2 See Page 379.
The Engineering Associations work is organised and carried on in four departments. (1) Main Secretariat which is looked after by the Chamber. (2) Labour Department which is divided into two parts, (a) the Central Labour Department which handles special studies, statistics, advice, national and international conferences and (b) the West Bengal Labour Department which attends to individual difficulties of members in the West Bengal area and is financed by a special levy levied on West Bengal members alone. The publications department works for the affiliated organisations also.

The Sugar Association has helped to bring the syndicate into existence and has also undertaken functions such as maintaining a statistical section, a publicity department, publishing a monthly journal for Indian sugar and arranging for experiments regarding standardisation. The usual work of making representations and co-ordinating different bodies was also undertaken.

Very recently a re-organisation scheme was prepared by the Sugar Associations Committees so that the Association could cope with its increased responsibilities. Branch offices at Lucknow, Gorakhpur and Patna were strengthened while the statistical section and the publicity department at the head office were reorganised. A transport organisation is functioning at Calcutta and Jubbulpore. Shri Nevatia emphasised that with central
control over the sugar industry, it was essential to see that the association functioned more efficiently.

The Indian Jute Mills Association is also a highly organized body with a special organisation for the collection of statistics, for marketing problems, and for providing the data for working time agreements. In recent years it has established its own offices in London and New York.

The various textile millowners associations are all highly organised bodies that combine the functions of trade associations and chambers of commerce, as they do not need to group themselves with other interests, being sufficiently important in their own right to discharge the functions of chambers. The Bombay Millowners Association has departments for preparing its mills statement, for its registry of trade-marks, for labour matters and other usual functions of associations. The Ahmedabad Association has developed an organisation to handle the unique labour relations in the centre.

The planters associations are also well organised bodies. Labour departments have been organised by the bodies in Bengal and Madras. The Indian Tea Association (Bengal) were road-makers to the fourteenth army during the war because of this function. The United Planters of
Association of Southern India, Madras has a labour department with six divisional officers and agents throughout South India.

We need not proceed to describe medium sized and small organisations. Their organisation tapers away till at the bottom we have the part-time honourary secretary who comes once a week, as the only permanent organisation. In the above description we have not included independent related bodies that have been set up by associations such as the research organisations set up by the jute, textile, and planters associations and marketing bodies such as those in sugar, cement etc.

We now proceed to discuss each function of associating, giving first an overall table based on the information collected.
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Compiled from answers to the Association Questionnaire.

Table showing number of associations undertaking particular functions.

Table No. 7.
Footnotes to Table showing number of associations undertaking particular functions.

Among associations "undertaking sales" there are no associations composed of large managing agencies among those enumerated here. The sugar syndicate for example does not figure; as it is an independent body, inspite of being initially organized by the Indian Sugar Mills Association. The associations appearing in the table are the iron and hardware associations, the pipe and fitting associations etc.

The number of associations "undertaking purchase" appears high owing to our including associations distributing raw materials to their members during the control period. These functions have not been continued in the post-war period in many cases. At present the association activities in this matter are confined to discussions on raw materials regarding import, transport facilities etc.

In our column indicating "private" restrictive activity the number of associations composed of large managing agents is well represented. The column "state" restrictive activity indicates associations that helped to administer controls during the war and a much smaller number now continue these activities.

As regards advertising the importance of the jute and tea campaigns should be noted. Among other Calcutta Associations the organisation of exhibitions etc. is noteworthy. The expenditure of most others is very small.

As regards research the reader should note that research work especially commercial done by the three central bodies in Delhi and by the small department of the Indian Merchants' Chamber are not included in our column as we do not include chambers of commerce in this table.

Arbitration is universal, but is sometimes undertaken by chambers for affiliated associations.

It is hardly necessary to state that the quantitative picture of functions is, of course, less important than the qualitative picture we give in the text.
This is one of the earliest functions that the Chambers and Associations developed. Information was for two purposes (1) for direct use of members as a guidance for policy, and (2) for the use of Government or as a basis for making representations to Government.

The important jute and cotton millowners and Planting Associations, many of which were founded around the 1880s, paid considerable attention to information collection. Annual Reports are available in the case of every important Chamber and Association right from the date of foundation. The nature and character of these reports has not changed much over the years. The change lies in the fact that a much larger number of associations now publish them, and in the fact that they record discussions between associations and other public bodies which reflect changes in the context in which private enterprise operates.

It is worth considering, in some detail, the general type of information that is made available by associations.

1. Though in some cases new data required for new functions the associations were undertaking is published; this is true only for Associations which give a great amount of detail in their reports.
We can begin by examining the nature of the annual reports published by various associations. These are usually drafted in a set pattern. We have a summatisation of various memoranda prepared during the year. These are shorn of details and summarised in order to represent the various activities of the Association. Memoranda of a public relations nature are generally highlighted while those in which only the members are likely to be interested or those which have to be kept confidential in the interests of the association's members are either merely mentioned or completely passed over. The reports also frequently contain lists of members and representatives; extracts from annual speeches that indicate policy, etc. etc. As for information of a statistical nature, this is generally confined to figures for output or capacity, etc. In the case of associations in the field of trade even information regarding the relative importance of different members is not available in the annual reports i.e. no precise estimates of turnover, etc. are available.

1. As these memoranda are only of a semi-confidential nature a large number of instances came to our notice, during our survey. Thus memoranda asking for protection against foreign interests were presented by the Indian Soap and Plywood Associations. Schemes for restriction were circulated by the Rubber Industry Association and discussed by the Silk Mills Association. In the control period a number of memoranda protesting against other stages of production were submitted to the control authorities by associations representing particular stages of production.

2. A rough idea regarding these matters can however be generally obtained through conversations with the office bearers of associations.
We also frequently have a review of the various bodies and government commissions and acts that happen to be under discussion in the year and an expression of the association's views on the same. This latter type of comment is, however, more common in chamber reports. We also frequently have, in the case of the larger associations, the publication of correspondence with various important bodies; and in the case of textiles, and jute, the publication of more elaborate statistics.

Another typical purpose for which information is collected by associations is for the preparation of memoranda that are submitted to different commissions, committees, authorities or tribunals on important questions of policy. This leads to the collection of information on specific aspects. This type of work has been undertaken by chambers and associations since very

1. A few associations e.g. the South Indian Planters Association, the Indian Motion Picture Producers Association, the Indian Hosiery Manufacturers Association etc. publish an annual year book in addition to their annual reports. These year books contain a variety of useful statistics.
very early days. Recently, however, the number of questions referred to associations has increased very greatly.

The series of an association's memoranda really gives the history of the association and its activities. An examination of the memoranda prepared by the largest organizations in the country shows or rather leaves a strong impression that they reflect purely sectional interests and working compromises which after all are not entirely unexpected when we take into account the limited powers that an association can wield. The memoranda are usually collections of facts made with the specific objectives of securing certain concessions or removing particular difficulties rather than proposals for progress. They are reactions to events or policies originating from outside and hardly documents that initiate new schemes. We may almost say that the only

\[1\] Though, of course, they represent only the associations on which the association has put forward its views. The initiation of new functions which mark important stages in an associations history, cannot be discovered from such data.

\[2\] Proposals for research, for delegation abroad, etc. etc. are naturally circulated by the more progressive associations that we have mentioned as being active in these fields.
only memoranda which initiate new schemes are in the field of restrictive activity. These remarks apply in general to almost all bodies in the country, a large number of which furnished us with memoranda they submitted on various occasions, though there are, of course, considerable variations in standards. The Calcutta organizations, in general, prepare cases that are more effectively illustrated (and disguised) as serving the public interest due to the higher degree of organizational and secretarial facilities available in this centre. In recent years chambers in this centre have been bringing out publications intended to affect very fundamental policies and in collaboration with associations have also been conducting a large number of journals relating to industries. This literature is often almost of a propagandist nature and defends private enterprise somewhat indiscriminately. In fact, in the chamber and association fields, economists and lawyers are perverted to private ends as accountants are in another field. Economic research, no less than book keeping, can become an instrument to serve the objectives of the entrepreneur.

Very recently, some associations have collected information on matters such as age of equipment, rationalisation, technicians, standardisation, etc. but few collect information on all these points and many of them keep it confidential. When an influential
influential commission or personality comes along a great show is made of revealing information which in fact should normally be collected as a matter of routine. Current Government policies prove the need for information regarding ownership, equipment, incentives, practices rationalisation, technicians, raw materials, etc. in one comprehensive scheme. Very often, however, this information is either not collected at all or is collected by different Governmental bodies that are not co-ordinated. This of course, is but an aspect of the general lack of elementary co-ordination that still continues to characterise the Indian situation, in spite of the planning commission and the re-organisation of Secretariat agencies. We have seen that associations are linked up with or represented on a variety of organisations and are thus in an unusual position to command information. They are in direct contact with the basic units in industries as well as with a wide variety of other organisations. Considering these advantages, however, their memoranda are comparatively poor.

It is worth touching on a side issue by way of conclusion, viz. as to how the association can be used more effectively for the collection of information in the new context of planning.

The Association is in an excellent position to
to command information in its field. Information is essential for planning. The link up between the government bodies and these organisations in this matter is not as yet thorough and comprehensive. A thorough and comprehensive link up would imply the definition of the types of information that must be collected by each association in order to provide data to achieve basic objectives of policy. The larger managing agencies, as we have seen, can supply information to the State; but in the case of smaller firms it is only the association that can perform this function. It is also necessary to determine the agencies through which information should be collected and the points where there should be cross checks, audits, and separate inspection services, that may or may not bypass associations and firms. The different government bodies such as the tariff board, the Industrial Finance Corporation of India, the department of company law administration, the Reserve Bank and the various departments concerned could follow a coordinated and comprehensive policy in this matter.
The increasing influence of associations and the growing importance of their co-ordinating services is indicated by the history of their representation on various public and semi-public bodies.

There was, in the case of associations, a struggle similar to that of chambers of commerce, to secure representation. This struggle for representation between foreign and Indian bodies became particularly acute in Calcutta where two bodies tended to develop in each industry. In general, however, an integrated machinery to link up industrial opinion and various sections of national life was gradually developed. In associations, as in chambers, we can observe the beginnings of representation on at least a few research labour and welfare bodies in the 1930s.

The whole mechanism of representation strengthened during the war when industry's representatives were taken into the control mechanism, often in key positions. In the post-war period the development of planning and the setting up of a variety of planning bodies, such as the central planning organisation, led to a new field of representation developing. Each association reports speak of representation on planning bodies, and the broad picture that emerges is one of increased representation in response to new requirements.

\(^1\) Based on lists of representatives compiled from Association reports, directories, etc.
THE MONOPOLISTIC ROLE OF ASSOCIATIONS

In this section we are concerned only with monopolistic activities organised at the association level.

The British Chambers and Associations were the first to bring in monopolistic practices in modern Indian industry. The attempts to develop a monopolistic

1. In the last section of the chapter on managing agencies we have already considered the large size which "control" units have reached in some industries and we have noted that in some other industries there are only a few "physical" units. These facts in themselves may or may not lead to monopoly. In this section we are concerned only with monopolistic activities organised at the association level.

A few words may be said here regarding our general approach to the problem of monopoly. It is useful to bring out (1) when monopoly came in different industries, (2) the stage in the chain from raw material producer onwards at which it came in, (3) the type of organisation through which it came in (4) the economic interests it principally affected, e.g. monopoly might affect raw material producers more significantly than consumers, (5) the nature of action taken by the state. Not all these points can be covered in each case or in full detail owing to the nature of information available and obtained.
monopolistic position in indigo may be said to mark the beginning of these practices in modern private business in India. Later tea interests were to begin organising themselves along monopolistic lines. In 1880, a letter circulated amongst tea interests with the limited purpose of promoting exports of Indian tea to Australia and this led to the formation of a syndicate, which, in 1881, became the Indian Tea Association with its Headquarters in the Bengal Chamber of Commerce. The first explicitly restrictive scheme was, however, not introduced till 1901 when the plucking of tea was reduced by ten percent. In 1903, the first tea cess was imposed to finance the activities of the Indian tea market expansion board which brought about a cumulative increase in internal consumption. By this time action had already been taken in the jute industry, and soon after the organisation of the I.J.M.A., a restrictive scheme was introduced in this industry. In the paper industry, there were very few units to begin with (Titaghur, 

1 See reference to the organisation of monopolistic activities in indigo in Chapter I.  
3 Ibid. p. 67.  
Indian Jute Mills Association was started in 1884 and weekly meetings were held to fix prices. This was soon abandoned and in 1886 the first working time agreement to regulate output was adopted.

Indian Paper Pulp and Bengal Paper) and though we have no record as to when exactly price co-ordination and sharing of business began in this industry, we can say that it does not appear probable that there was any important competitive phase in this industry. It is only in one industry developed in the British Sector namely coal that a somewhat chaotic competition appears to have prevailed right down to the present day.

Industries controlled by Indians began to organise themselves rather late. In the early years of the 20th century we find several references in the speeches of prominent Indian commercial men which indicate that cooperation even for restrictive purposes was largely absent or was organised only in very traditional forms in the Indian controlled private sector.

In the inter-war period, new industries began to be developed by Indian enterprise. As we shall see

1 See Kasturchand Lalwani: Indian Business Vol. I. p. 94. We know from local enquiries, however, that towards the end of the inter-war period and after world war II there was competition from the new Indian entrants.

2 See Indian Coalfields Committee, 1947, p. 113

3 See speeches made in the Indian Industrial Conferences made in the first decade of the 20th century.
see below, associations formed in these industries were concerned in the organisation of activities of a monopolistic character. The industries developed by British enterprise in Eastern India continued with the forms of association activity (in these matters) that they had already evolved.

In cement the Indian Cement Manufacturers Association was formed in 1925 and functioned for four years. Prices were fixed and regulated by this body, representatives meetings once a week for this purpose; but each company remained a separate entity, with its own selling arrangements and each was out to obtain the maximum possible business. In 1930 the Cement Marketing Company of India was formed to take over sales and distribution. The price policy and efficient marketing of this organisation resulted in an increase in sales which made a permanent reduction in prices possible. F. E. Dinshaw’s enterprise resulted in the formation of the Associated Cement Companies, Limited, in 1936 with the object of rationalising production. (This resulted in similar price movements). Before this could be fully

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1 The only important British Controlled Industry where such activities were threatened by the growth of new Indian enterprise was paper as we have noted in a footnote on the preceding page.
fully achieved the Dalmia Group began competition in 1938, taking advantage of the local difficulties of the associated Cement Companies, Limited, in certain areas. In 1940, the two groups revived the Cement Marketing Company and marketed their products through it.

In the Sugar industry the Sugar Marketing Board was created in 1935 and the sugar syndicate in 1937. The first organization merely attempted to co-ordinate the sale of sugar at various places while the latter organization pooled the stocks of member mills and issued quotas, thus having a much more thorough system of control. The system of quotas was such that the expansion of efficient units was hampered while inefficient units remained in production. The U.P. Government intervened to permit extensions upto 5 percent of capacities to increase efficiency in certain cases and larger extensions to make economic units were also granted to a number of factories. The U. P. Government also concerned itself with the prices paid for sugarcane. No other pressures were brought to improve efficiency.

In the silk industry, which formed an independent association in 1939, deliberations were held, off and on,

1. See M.P. Gandhi: Indian Sugar Annuals: For a series of discussions on these & related topics. State Governments also tried to secure a fair deal for cultivators—the interest most seriously affected by monopoly in this field—by insisting on minimum prices.
in some informal meetings, for the establishment of a marketing board or sales organisation for the manufactured products of the mills but the matter had to be deferred owing to its complicated nature (first annual report of the association 1940).

In the cotton textile industry, in which associations had never played a monopolistic role, no new trends in using association for monopolistic activities showed themselves. There were proposals for amalgamation of the Bombay mills (which fell through) but no proposals to extend association activity in the field of marketing.

In the processing industries such as oil mills, cotton gins etc. etc. local price rings have been formed in different areas at different times, but no strong organisation has emerged.

We have almost no data, for the inter-war period, relating to the organisation of monopolistic activity by wholesalers associations. It may be inferred from the number of wholesalers and the strength of manufacturers that, if it existed, would be only local in character and not very significant in the total picture.

After 1942 we had a regime of controls which was relaxed after the war. This phase will be discussed

1. An early proposal to organise the joint purchase of cotton also never materialised. Insurance charges etc. were, however, jointly negotiated by the Bombay Mill-owners Association.
discussed in a separate section (See Section on "Associations and the control mechanism"). During this period there was a general spread of administered prices. The new industries that sprang up in the post war period also tended to organise association activities which enabled them to "administer" decisions. The earlier examples had been reinforced by wartime control experience and all stages now tended to administer prices. These developments can be brought out by presenting information collected during our survey.

We need not give details regarding the associations affiliated to the Bengal Chamber of Commerce, which continued practices that were now established for nearly three quarters of a century.

Among the association members of the Bengal National Chamber the soap and the electric lamp manufacturers associations were engaged in fighting international combines and hence tended to have a co-ordinated pricing policy. The plywood association, which represents an industry ancillary to the planters, has indirectly influenced competition through attention to quality

1 All remarks made below (in this section) are based on answers received from various associations, excepting where the published source is quoted.
quality (for which it maintains a laboratory) and has published a leaflet containing the names of factories manufacturing standard quality charts with their trademarks, prices, etc. which were circulated to buyers. Some of the smaller retailers associations affiliated to this chamber also co-ordinate prices (e.g. the stationery association, etc.).

As regards the associations affiliated to the Indian Chamber of Commerce, we find that Indian bodies parallel to European bodies have been formed in certain important lines like paper, engineering, paints, etc. These associations have from time to time competed or co-operated with the European groups. Their statement of objectives generally includes a clause which permits an extension into monopolistic activity even if these are not immediately undertaken, e.g. the Indian foundry association undertakes "if necessary, to pool and release the products of the foundry trade and to fix prices and divide business between and for the benefit of members". These associations also maintain a close watch on the market. The Fan Makers Association of India not only observes the export import situation but also internal trends. The decision of the disposal directorate to invite tenders on 24th December 1951 to dispose off 6,000 D.C. ceiling and table fans and spare parts was modified and differently arranged as a result of the
the representation of the association. The Indian Paints Manufacturers Association is one of the affiliated bodies that has to compete against the British sector. Shri P. C. Chanda in the 11th Annual General meeting held on 3rd March 1953 suggested the formation of a marketing board and announced that "an Indian industry" was willing to purchase exclusively from the I.P.M.A. The Paint Federation i.e. the European body; was however not prepared to amalgamate but would permit the entry of individual members.

Among the different associations in Bombay centre the Rubber Industries Association replied that its members had organized price maintenance schemes but were finding great difficulty in enforcing the scheme. The rubber industry has a complex structure and association activity is significant in particular lines, such as for example Latex Goods Manufacturers, the Balloon Industry and other small articles. Cut-throat competition and an attempt to organize restriction in these lines has been described in "Rubber-India".

1 See "Rubber India" March, 1949. This journal is the official organ of the Indian Rubber Industries Association, Bombay. See also the address of Mr. J.P. Gupta (published by the Association) the President of the Indian Rubber Industries Association, while addressing an extraordinary general meeting of the association held in January, 1949.
In the plastics industry a scheme for the co-ordination of prices has been organized by the association. The silk industry, though undertaking joint purchase etc. and considering such schemes has not yet organized any. The Non-Ferrous Metalware Manufacturers Association states "that it has not yet done so but can if necessary" (The dyestuffs and bichromate associations regulate prices). Some of the smaller retail associations co-ordinate prices. The woolen merchants have organized a joint corporation and an elaborate arbitration machinery to regulate sales.

In centres like Calcutta etc. we have important instances of monopoly such as sugar apart from other minor instances. In Madras, the Southern India Hide and Skins Merchants, finding that their prices are influenced by European demand, have attempted to co-ordinate their prices. There are also attempts at price co-ordination at the retail level (e.g. The Momin Merchants Association, certain vegetable and fruit exporters association etc. all undertake these functions.

2 The non-ferrous field does not have a history of competition, e.g. in Aluminium a pool has been in operation (see Thomas: Indian Basic Industries: 1951, p. 2607). I. See also the report of the association for the year 1947-48 which gives details regarding the associations negotiations with government regarding competition from ordnance factories.

3 A very interesting restrictive scheme (which, however, could not be brought fully into operation) is described -in the 27th Annual Report (1944) of the Southern India Skin and Hide Merchants Association.
Having dealt with the position in various centres a few important developments that occurred in other areas may be added in. The Indian Coffee Board and The Indian Rubber Board were set up by the Government in 1942 and 1947 respectively in order to handle problems of marketing. These are the only examples of Government setting up permanent bodies, with these powers. In the control period, associations had been formed at Government initiative in the retail grain trade and in the hardware, pipes and fittings line etc. The organisation of the grain trade was, however, temporary and the hardware, etc. lines are not very important examples. Going back even earlier, we had the U.P. Governments attempt to regulate the policies of the Indian Sugar Syndicate in some matters. No clear and comprehensive policy has as yet emerged and efforts have so far been confined to particular and obvious abuses or problems in particular lines: (e.g. the difficulties presented by the fluctuations in the coffee crop or, to take an example of a different character, the prices paid for sugar-cane).

The prevalence of monopolistic practices is so widespread in the economy and is accompanied by such widely varying conditions that it is difficult to make any generalization. In cases like sugar, monopoly might lead to crisis and unfavourable publicity, but the steady exploitation represented by the more responsible British
British Associations also present policy problems. They then have varying policies regarding prices, e.g. the cement industry has consistently followed a policy of low prices. The Teaboard has also successfully stimulated sales. Other types of variations e.g. the exploitation of some particular interest—raw material producers, consumers etc. due to varying degrees of monopoly and the consequences for cost and for efficiency cannot be indicated due to the absence of reliable data.

1 It is necessary to note the difference between the technical economics of scale that an association obtains by undertaking activities for its members and the advantage secured through collective bargaining. Common research programmes (see our section on the research activities of Associations) and common advertisement (The most important have been the Jute, Tea and Coffee campaigns—see small table and footnote to the same) provide economics of scale, but are possible (especially the second) where competition is already inhibited. Bargaining with insurance, power, raw material, labour and other interests also results in lower costs but is a monopolistic advantage in a more direct sense - there is no technical element of economy involved— as there is where some form of common activity is organised;
THE LABOUR ACTIVITIES OF THE TRADE ASSOCIATIONS.

It was during World War I that Trade Associations became really active in the field of labour relations. This can be brought out by considering the main phases of the labour movement and the parallel development of the labour activities of the Trade Associations.

There had been attempts to organize trade unions as early as the 1880s, but these did not strike root on a significant scale and the period 1875 to 1918 has been characterized by trade union historians as a period of "moderate constitutional methods such as investigation, memorials, petitions, legal enactments, conferences and public commissions." The trade unions organized were set up more for the workers than by the workers. As for employers' organizations, only the more modern industries had associations. These did not interfere in labour matters excepting by commenting occasionally on labour problems and factory legislation.

The period 1918 to 1924 saw the birth of Indian unionism. The movement became consolidated in Ahmedabad, Bombay, Madras, etc. It was during this period that

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1 e.g. by S.D. Punekar who divides the history of Indian Trade Unions into periods in his "Trade Unionism in India." 1948 ? 73-106
that employers' organizations first began to take
significant action in these matters. The report of the
Royal Commission on labour in India 1931 makes the
following significant comments, "It was not until the
period of unrest created by war conditions that employers'
found it admissible to act together in labour matters.
In 1916 the Committee of the Indian Jute Mills Associ­
ation, on the curtailment of working time owing to war
conditions, made a recommendation which was adopted by
its members of paying Khoraki (i.e. an allowance) to
their employees in respect of the enforced short time
working. In 1920 the Committee of the Bombay Mill
Owners Association made a recommendation, which also
was adopted by its members, for the introduction of a 10
hour working day before it was exacted by legislation.
Since then associations of employers have been compelled
to devote considerable attention to the demands of em­
ployees for improved working conditions." Thus it is in
this period that the bodies here interested in began
to significantly modify the labour policies of individual
managing agencies, private firms, etc.

The period between 1924 to 1935 is known as the
period of leftwing unionism. During this period we had

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had the impact of the world depression and the great failure of communist strikes which led to the ultimate splitting up of the trade union movement. After 1936 popular ministries were installed in various provinces and labour legislation increased. All these factors made it increasingly essential for the employers to organise themselves, and in consequence we have; towards the end of the period 1924-1935 and the beginning of the period 1935-to date; the organisation of special bodies of employers to deal with labour problems alone. We have already treated this development in our discussion of Chambers of Commerce.  

It is also important to note that different traditions regarding labour policy developed in each centre. Among the more interesting illustrations we may mention the tradition of employer-employees cooperation in Ahmedabad and the important labour activities of the Indian Jute Mill Association and the Bengal Chamber (amongst whose interesting features is included an association of labour officers under the Chamber's control), etc. etc.

1. See Pages 386-387.
Apart from these differences between centres it is possible to note certain other general patterns of organisation. It will be observed, for example, that the specialized employers organisations dealing with labour problems are supplementing bodies that big business uses while the smaller industries tend to work solely through their industrywise associations.

Lastly we may note that the increased importance of the state as a third party in labour matters is tending to make the handling of this problem through associations universal. This tendency of handling an increased number of functions through associations is responsible for maintaining the membership of associations - (which rose during World War II continuing at high levels even after the control period.)

See Page /3 Chapter II.
(where we discuss how for the differences can be ascribed to centres).
An increase in the scope and extent of technical and commercial research is a comparatively recent phenomenon. We shall consider briefly the history of participation in these activities by Associations and Chambers.

The larger industries such as cotton and jute have long had to pay a special cess that was spent for research into raw materials. It was only during the late 1930s and after that industrial associations began to pay attention to research. These tendencies received

1 The Indian Central Cotton Committee was established in March 1921 as a result of the recommendations of the Indian Cotton Committee. Till 1923 the Indian Central Cotton Committee was purely an advisory body but after this date with its incorporation under the Indian Cotton Cess Act 1923 it devoted attention to improvement and development of the ginning, marketing and manufacture of cotton in India. The committee provides funds for research into cotton problems of all India importance and for the development, extension and marketing of improved varieties of cotton. It is at present spending about Rs. 10 lacs per annum on cotton improvement, mainly on agriculture and technological research, seed distribution and marketing schemes. Its aim has been to supplement the work of the agriculture departments in cotton growing states. Including as it does representative of growers, agricultural officers, traders, spinners and manufacturers, it has become an invaluable forum for the discussion of many problems of general concern.

The Indian Central Jute Committee was established as a result of the recommendations of the Royal Commission on agriculture of 1928. It has been doing research in jute growing, etc. and its efforts have been stepped up as a result of its reconstitution after partition.
received a further stimulus as a result of the recommendation of the Industrial Research Planning Committee [(1944) Chairman Sir Shanmukham Chetty]. This Committee recommended that industrial research associations for various industries should be set up on a corporate basis. Regional bodies were also suggested. It was further recommended that to provide an incentive the research expenditure of firms should be exempted from taxation.

In 1937 the need for a research department, to deal with all the technical problems arising out of quality production and the demand of speciality fabrics, was felt by the Indian Jute Mills Association.

This resulted in the association opening a laboratory which now has developed into an institute of notable dimensions with a qualified staff of scientists and is known as the IJMA Research Institute. The various textile associations, for example the Ahmedabad and the Coimbatore bodies set aside considerable funds for research slightly later. The Ahmedabad Millowners Association has contributed Rs. 48 lakhs towards an institute for research in textile technology and allied subjects. After World War II the Silk Mills Association of Bombay set aside Rs. 15 lakhs for research and the All India Manufacturers Organisation a sum of Rs. 10 lakhs for various projects. The Indian Soap Manufacturers Association has made a grant of Rs. 15,000 to open the
the Soap Diploma Course in the Department of Applied Chemistry in the University of Calcutta and makes arrangements to absorb successful candidates in the member-factories. The Bengal Glass Manufacturers Association has donated Rs. 10 thousand as a token contribution to the establishment of the Central Glass and Ceramic Research Institute at Jadavpur. The Vanaspati Manufacturers Association has also made grants for research. The Plywood Manufacturers Association of India and various Oilseeds Associations maintain laboratories only for routine purposes.

The Indian Tea Association has since 1900 maintained a scientific research station dealing with cultivation and manufacture.

The recent establishment of a chain of national laboratories has helped in linking up the efforts of different bodies in the country.

1 To the Seth G.S. Medical College, Bombay: on the incorporation of Vitamin A in Vanaspati. Other prominent Laboratories and Institutions are also engaged in research on Vanaspati.

2 National Physical Laboratory 1950.
   National Chemical Laboratory 1950.
   National Metallurgical Laboratory, Jamshedpur, 1950.
   Fuel Research Institute (Coal) 1950.
   Central Glass and Ceramic Research Institute 1950.
   Building Research Station 1947.
   Central Drugs Research Institute, Lucknow.
   Central Food Technology Research Institute 1950.
   Central Leather Research Institution, Madras, 1953.
   Central Electro-chemical Research Institution.
   Central Road Research Institution.
The laboratories established for particular fields have co-operated very closely with associations in these fields. This was observed specially in the case of the glass, chemicals and non-ferrous industries associations. The Indian Standards Institution is another important body set up after World War II to which a very good response has been given by associations. Most associations report record cooperation with this body.

A number of firms have also been responsible for technical and commercial research. We have already noticed that a number of prominent firms have been responsible for important adaptations, the development of new products during World War II and other minor achievements too numerous to mention. In this connection, we may mention the following firms and associations which a publication of the Indian Science Congress lists as

1 Research conducted by firms might give them a competitive advantage if successfully kept secret. In consequence it is much more difficult to organise cooperation between firms and National Laboratories than between Associations and National Laboratories.

2 See sketches especially Tatas, Martin-Burns, and the early achievements of many British firms.
as undertaking research in the Calcutta Centre. Angelo Brothers (Shellac and Shellac wax), Aluminium Corporation of India (Bauxite, etc.), Burma Shell (Lubricants and Petroleum Products), IJMA (Jute and Jute Products), Khaitan Sons (Fertilisers and Manure), Lever Brothers (Toilet Soaps and Glycerine), Phillips Electrical India, Limited (Tobacco and Cigarettes). We have already noted the semi-research roles played by Ibcons who have organised one of the Tatas Departments and many of the Textile Units in the Bombay centre.

We next come to commercial or economic research attempted by associations and chambers. The collection of information for the use of firms and for influencing policy has been one of the oldest functions of these bodies. This branch of research borders on information collection. The more routine publication of annual reports, etc. as we have remarked elsewhere has not been coordinated or made the basis of a general statistical scheme so that the collection of more elaborate information is even more unorganised.

Recently, the chambers and associations, especially in Calcutta, have been more active in these directions. We have already mentioned that it is possible for chambers and Associations to collaborate more effectively in Calcutta in these matters because of the integrated organisation of these bodies in that centre. We have also mentioned the Employers Association of India, which works in close collaboration with the Indian Chamber of Commerce.

1. See page 408.
Other examples of a rather different type of economic and commercial research such as the Indian Tea Planters Association are also interesting. A Committee was set up by this Association for going into the question of the re-organisation of the Companies by transferring the required amount of capital from accumulated profits by the issue of bonus shares to the holders. This scheme was carried through.

The Employers Association, working for the Indian Chamber of Commerce has published a number of monographs giving the "Business View" of on multiple directorship, the achievements/private enterprise, the relative advantages of planned and free systems etc. etc. In spite of considerable expenditure, however, this type of research has not reached a very high level. The publications of the Federation such as Munshi's Industrial Profits in India, etc. are perhaps of higher academic standards.

Standardisation activities can sometimes be included under economic research. The general impression one is left with is that those types of activity are not yet very highly developed.

1. A somewhat similar though smaller body is the Indian Association of Trade and Industry, Bombay, founded by seven prominent business firms and directed by C.N. Vakil. This body, however, has not brought out any publication explicitly supporting private enterprise. It puts forward the general case of business interests on a number of issues.

2. Though of course they have made a large amount of factual information available for the first time.
It was observed during the survey that the activities specially intended to defend the private enterprise system were undertaken only because of the initiative of a few prominent houses that included, politically conscious individuals on their directorate.

Such as S. P. Jain, R. Dalmia, G. D. Birla, J. R. D. Tata, Sir P. T. Kilachand Devchand and others; each one of whom, with differing degrees of emphasis, defends the private enterprise system or some modification of the same. Their control of newspapers etc., is a somewhat crude method of achieving their aims, but they have also been known to encourage associations to undertake research studies in economies etc. that efficiently present the case of the private enterprise system.
THE ROLE OF ASSOCIATIONS IN THE CONTROL MECHANISM.

INTRODUCTION.

The topics we deal with in this section relate to a specific period. However, it is at present generally recognized among economists that the topic of controls possesses more than purely historical interest. Even in strongholds of private enterprise like the U.S.A., there are discussions relating to the desirability or otherwise of imposing controls because the U.S.A. finds it necessary to continue over a long period the partial mobilization of resources. Once it had been established, moreover, that suppressed inflation is less dangerous than open

1. Sources for the section on controls.

(1) The various memoranda prepared by Associations that are quoted.
(2) Reports of the Commodity prices board.
(3) Federation of Chambers of Commerce and Industry A note on controls.
(4) Dasgupta: Struggles and achievements of the Retail Cloth Dealers Federation.
(5) Galbraith: The theory of price control is specially important in the general literature on the pricing mechanism; though here, as in the section on monopoly, the literature treating of the functions of the price mechanism is relevant as background material.

2. Galbraith: The theory of price control.
open inflation and that controls might be an essential technique in the mobilization of resources, it was inevitable that discussions relating to controls would be revived. In a country like India, where we are faced, in the light of our plans, both with problems of mobilization of resources and of inflation, it is worth chronicalling information relating to the operation of control mechanisms in our context in war years. In this section we can deal with only one aspect of the general problem of controls - the role of associations in this mechanism - and we attempt to bring out certain peculiarities of the private sector that are revealed in such a situation.

It is convenient to begin with a discussion of objectives; the objectives of government; and of different elements composing the private sector.

OBJECTIVES OF THE GOVERNMENT

The overall objective of any government in imposing controls during war was to allocate resources between war needs and civilian needs and between consumption and saving. Coming to the more concrete Indian situation we may say that the objectives of government included an attempt to control inflation and at the same time to use it to promote the war effort. Going into further detail relating to objectives we may note the following:
On the production side, these objectives included the maintenance of production, priorities for defence, and rationalization of production in cases where other objectives could not be attempted without it. On the distribution side, the government aimed at equitable distribution of commodities reserved for civilian consumption, avoidance of crisis, and rationalization of distribution (especially as regards economy of transport and in some lines the elimination of middlemen). Only some of the objectives in the fields of production and distribution could be attained through price controls, in most cases other action was necessary.

OBJECTIVES OF PRODUCERS ASSOCIATIONS

In the field of distribution of the objectives of producers associations were the following:— (1) to secure the best bargain for themselves; (2) to maintain permanent markets; (3) to prevent loss through middlemen (wholesalers etc.) making excessive margins; (4) the elimination of the middlemen if it was consistent with No. 2; (5) if they were acting as a combine the producers would have further objectives; rationalisation and the elimination of cross-freights; (6) the producers, in some of their actions, aimed at promoting the general aims of government. Some of these aims were contrary
contrary to the aims of the government, and to the aims of wholesalers, which we examine below.

Going back to price and production controls we may note that the major association objective is to press for high prices. The only aims that the associations and the government appeared to have in common here were (1) that gains in each particular stage should be distributed as fairly as possible between members of that stage and (2) that certain information should be made available (though in this case the associations were not prepared to make efforts that would result in all the necessary information being made available).

OBJECTIVES OF WHOLESALERS ASSOCIATION

In this case we have to consider the distribution field only. Their first objective was, if possible, to stay in trade. This was possible in lines like paper and sugar but not possible in lines like cloth
cloth and foodgrains - perhaps because it was politically necessary for government to pay greater attention to the latter. The associations did not play any role in such basic decisions regarding the nature of the distribution system to be adopted. In lines where wholesalers survived they aimed (that is their associations aimed) at securing better markets and tried to demonstrate their ability to market goods more efficiently; thus preventing crisis and facilitating distribution. As we shall see the failure to arrive at satisfactory working arrangements with other stages of production (producers, wholesalers, etc.) was very marked in all fields.

OBJECTIVES OF RETAILERS ASSOCIATIONS

Here we are again confined to the distribution field and two major objectives emerge (1) the maintenance of high margins and (2) the desire to remain in trade and to resist encroachments.

THE GROWTH OF CONTROLS AND THE UNDERTAKING OF CONTROL FUNCTIONS BY ASSOCIATIONS

It is desirable to begin by recalling the main stages in the growth of the control mechanism. As we shall see, not only did differing structures of organisation in industry and trade lead to differing measures in
in different industries, but the action of provincial
governments and vested interests led to further varia-
tions. Controls began in the import and export fields,
they were then extended to foodgrains and later to
agricultural production in general including the raw
materials of industrial products, e.g. cotton textiles
that were also controlled. In these cases government
had to try to control the channels of assembly and dis-
tribution to differing extents with a view to enforcing
price control. The next step was the control of
speculation, the draining away of excess profits and
the capital issues control. This provided the essen-
tial framework which was later extended to other com-
mmodities. After the war there was an experiment in
general decontrol that was reversed towards the end
of July, 1948. The association played a different
role in each field and industry, in distribution
controls, and in price and production controls; as
for financial controls etc., they were not directly
concerned with them.

Associations were not much concerned with the
administration of production control except routine
correspondence etc. In distribution and price control
they however played a more important role. We have
already noted the large number of associations that
participated in negotiating prices with government.

1 See Page after A03 Section on the Monopolistic
role of association e.g. P. 412-423
Certain associations were even specifically formed for this purpose. Turning to distribution we may note the following. Before the war there were certain fields that were completely unconsolidated, there were fields in which associations existed but did not play any part in distribution, and there were fields in which the associations took a prominent part in distribution. In the case of sugar, cement and paper we had before the war strong associations formed with the object of strengthening the manufacturers position and rationalising distribution. The role of these producers organisations changed during the control regime.

New organisations for the distribution of raw materials to producers or of finished products to consumers were set up. Examples of the distribution of raw materials are provided by cases like the Mill-owners Associations in south India and by associations in many industries which undertook the distribution of coal, iron etc.

We pass on to consider each industry separately.
COTTON TEXTILES.

The producers associations in this field are the various millowners associations. As we have seen these have been functioning for a very considerable period.

As for wholesale interests some of them have had associations for a long time though they undertook important functions only during the control period. Some wholesalers associations and all retail associations were established during the war period. The following quotation illustrates these points:

"The Wholesale trade has also been organized in most of the centres either in separate associations or in Chambers of Commerce. The Bombay Piecegoods (Native) Merchants Association was organized as far back as 1881. The European businessmen organised their Chambers of Commerce and Trade Associations even before 1830. The wholesale trade has now its associations in most of the Principal markets in Textile goods. Thus, there is the Muskat Cloth Merchants' Association in Ahmedabad, Delhi Piecegoods Merchants' Association in Delhi

1. The Most Important are: Bombay Millowners Association, 1875; Ahmedabad Millowners Association, 1891; Southern India Millowners Association, 1933, and Bengal Millowners Association, 1934.

2. As the reader will notice, this is slightly inaccurate."
Association in Delhi, Piecegoods Merchants’ Association in Karachi (now in Pakistan), Cloth Commission Agents’ Association in Delhi, etc. In Calcutta the wholesale Cloth merchants are known to be predominant in the Bharat Chamber of Commerce (previously Marwari Chamber of Commerce). A Federation of the Wholesale Garment Makers’ Association was organised in Calcutta in 1945.

The producers associations did not play an important part in either the distribution of finished products, or, in the earlier stages, even in the distribution of raw materials. During later stages the mills associations in South India undertook the distribution of raw cotton, and challenged the Government’s right to appoint nominees for this purpose. As for the distribution of finished products we may take the evidence of retail interests as proof of the facts that the mills both individually and at the association level tried to enter this field. The retail interests in Coimbatore emphasized this point.

The Calcutta Retail Textile Dealers Organization states “Taking advantage of the control muddles and con-

1 L. R. Dasgupta: Struggles and Achievements of Federation of Calcutta Retail Textile Goods Dealers and Tailors Associations, Published 1949, p. 4.
consequent public bewilderment, the Mills managed the
initiation of a move for leaving the entire distribu-
tion matters to them and a scheme was brought before
the Government of India in 1947 whereby the Mills would
open retail shops and would sell cloth to the consumers
at a cheaper price. Not only this, proposals were
mooted out even for contribution of a huge sum by
the Mills to a Central fund, to be utilised for the sub-
sidisation of purchases by the poorer sections of the
community. The attempt really was just to wipe out the
independent retail trade and the monopolisation by the
Mills of both production and distribution of cloth. A
conference of retailers was convened to protest against
the scheme.

The wholesalers and retailers association played
a more active part than producers organisations in the
organisation of controls. They were entrusted with
the distribution of finished products. Inspite of the
efforts of wholesalers association, however, the
Government eliminated this stage in many States.

1 L.R. Das Gupta: Struggles and Achievements of Federation
of Calcutta Retail Textile Goods Dealers
and Tailors Associations, P. 19.
The British and Indian Manufacturers Associations were established before the control period while among the wholesalers associations, the Calcutta Association was established during the pre-control period, the other wholesalers and retailers associations being wartime growths.

At the beginning of the war, the large paper mills, who were members of the British and Indian Associations, distributed their products through wholesalers, in their respective areas. Towards the end of the inter-war period the usual price agreements between producers were beginning to be strained. The producers associations had played a role in bringing about these agreements. During the war, new changes came in. In 1943, the Government allowed the industry to distribute thirty per cent of the total production for civilian use. A joint organisation known as "The Indian Paper Control and Distributing Association" was formed by the Paper Makers Associations and Indian Paper Mills Association to ensure equitable distribution at controlled rates; though the mills refer to this arrangement, other stages in the trade do not appear to be satisfied even today.
The wholesalers association in this line have not been able to achieve many of their objectives. They attempted to influence the distribution policy of mills without success. They could not prevent new comers from entering the trade nor could they settle their differences with the mills. We must also remember that paper not being as politically important as cloth, the attempts to eliminate particular stages etc. were hardly undertaken by the state.

1 The Calcutta Paper Traders Association has been corresponding without much effect both with the mills and with the two paper makers associations in order to ascertain firstly the percentage of the government off-take and of civilian consumption of the mill’s production, secondly, the quantity allocated by the mill to different provinces, thirdly the quantity that was allocated for West Bengal and distributed through approved dealers, as also the quantity that was supplied to the consumers direct. The Association expected that some such arrangement should be made as would check recurring crisis in Calcutta’s paper market and that they should at least be told as to the quantity that is reserved for dealers and consumers respectively.

2 The setting up of a body to remove these differences was suggested by the President of the Association in his address to the 34th Annual General Meeting.
The wholesalers associations were interested in preventing crisis and in maintaining supply. The fear of being displaced probably accounted for attempts to maintain consumer contracts. Several of their memoranda made suggestions to bring this about. Attempts were also made to check undesirable practices and to show how particular Government orders would affect supply.

1. Take for example the joint memorandum prepared by paper merchants associations in different centres. The three associations in Calcutta, Madras and Bombay acted jointly on an All India level and at least three of the points in their memorandum cast light on the problems we mention. In the first place, it was argued that the report of acute shortage of newsprint was not quite true but was got up by interested parties. Secondly under O.G.L. newsprint could be imported by owners of the newspapers, too and there was thus no reason why the dealers should be forced to sell only to newspapers and lose their customers in other spheres. Lastly the newsprint control order of 1950 had upset the regular trend of business and dealers had tried to back out of commitments of readymade. "If immediate amendments were not made the dealers would stop imports and undue shortages would result four to five months hence." Fundamentally, all these points affect the relative position of different interests.
The Indian Sugar Mills Association was established in 1932 and the Indian Sugar Syndicate in 1937. At this time the syndicate was on a voluntary basis. It was later made obligatory to join the organisation. The wholesale interests in different ports had organised themselves in associations before the producers did so. The Indian Sugar Syndicate returned into a dormant state in 1942 when controls were brought in and the Government took over some of the functions of the Syndicate.

The Indian Sugar Mills Association helped in the distribution or rather in the organisation of purchase of raw materials. The association helped in organising zoning and other conventions regarding the purchase of cane. The U.P. Government wanted to limit the margins of the contractors who collected the cane from the factories and took ten per cent of the price received from the factory. In consequences, the U.P. Government suggested a system of licensing. The association based its opposition to licensing and altering of the zoning system on (1) administrative difficulties and complications and (2) the undesirability of state interference in the affairs of the private industry. Thus we see that in the pre-war period the Associations acted in order to avoid control.
The Sugar Syndicate aimed at the gradual evolution of a central marketing organisation for sugar, e.g. in 1940 the syndicate instead of allotting quotas and fixing prices for individual factories who sold through their own distribution systems; now set up the syndicate's offices which accepted both options and firm orders made by selling agents. The existing selling organisations of the members were utilised as far as possible. In other words the producers association was aiming at a rationalisation of distribution and was obstructed by two factors (1) faulty localisation and (2) vested interests.

Wholesaling interests who first distributed foreign sugar were later utilised by the Indian Mills. As we have seen above the syndicate continued to use the same means of distribution though the relative bargaining position of producers and wholesalers changed. Later when government tightened controls it also allotted the work of distribution to the same wholesalers, e.g. the Bombay Sugarmerchants Association, which had formerly organised a sugar market in Bombay, was entrusted with the administration of distribution.

The working of sugar control led to many controversies, the producers, the wholesalers and the retailers were enabled to corner stocks at various times and to force up prices. In this case we have the example of an industry
industry in which public and private interests are in direct conflict and the problem is one of successfully checking private interests rather than improving organisation from the technical viewpoint. The role of the association was thus constructive in so far as they organised scientific distribution and the partial elimination of cross carriage, but on the other hand these associations being highly organised helped in promoting the interests of particular stages against other interests and against consumers.
Here we have two main mechanisms that must be studied and in consequence two different types of roles that are played by different types of associations.

1. We had a priority authority that allocated supply between broad categories. Now many associations represented groups of consumers of this producers goods and hence were given the rights to issue sub-quota certificates. These served as permits to place orders on the producers of steel or the controlled stock-holders of iron and steel.

2. In the case of iron and steel products pipes and fittings, etc. etc. that were reserved for civilian consumption we have the formation of syndicates in the different industrial centres; often these were organised on the initiative of government. The Madras Circle Registered Stock-holders Association for example is a syndicate that acquires and disposes all categories of iron and steel coming under the iron and steel control at prices fixed by the Steel Controller.

Iron and steel products are needed by many industries and hence many different associations distributed these products. The position was, however, different from the distribution of raw cotton by millowners associations because in the latter case the associations insisted on taking over this function in protest against the Governments arbitrarily appointed sole distributors. The nature of the relationship between the raw material producers and the manufacturers who use these materials was also quite different in the two cases.
Pipes and Fittings Merchants Association, to take an example from another centre is a syndicate established in 1947 and has Bohra and Gujarati members. The Bombay Controlled Registered Stock-holders have also formed an Association and they can in the name of the association acquire iron and steel and deal with the same. This body has also established the All India Iron and Hardware Merchants Federation, so that different local groups can negotiate more effectively in control matters. Government directors (generally The Iron and Steel Controller) were ex-officio members of the syndicates mentioned above and as prices were fixed by the Controller, the formation of these Association led to a comparatively smooth type of distribution.
S I L K

Some of the wholesale associations in the industry were established during the inter-war period beginning with the silk merchants association in 1916 and the raw silk merchants association during the 30s. The silk mills association was established in 1939. The enormous growth of the industry during the war resulted in the establishment of a few new associations in Bombay and the strengthening of old associations.

The mills association played a role in the allocation of certain raw materials. The raw silk and silk merchants association did not play any very notable part in the control mechanism. The structure of associations in this industry is similar to that in cotton textiles, excepting the differences flowing from the facts that the silk mills association does not represent big business has made no concerted attempt to enter the wholesale or retail distribution field. The growth of the industry, moreover, has been, at least in the important Bombay centre, from trade to industry, with Gujarati

1 Though the Association has been concerned with the purchase of yarn from Rayon suppliers
Gujarati cloth merchants taking to production during war time. The industry is intimately connected with cotton textiles as some textile mills installed silk looms during the war period. Some of the cloth traders were interested in both cotton and silk textiles. The silk mills have links with this type of retail trade in Bombay but not in other centres.
WE HAVE ALREADY DISCUSSED HOW ASSOCIATIONS TRY TO SECURE TEMPORARY ADVANTAGES AND PERMANENT POSITIONS FOR THEIR MEMBERS IN THE DISTRIBUTION MECHANISM. THE RIGHT TO FORM A PART OF THE DISTRIBUTION MECHANISM AND THE RIGHT TO INFLUENCE PRICES ARE RELATED. WE SAW THAT THE EFFORTS OF GOVERNMENT AND OF PRODUCERS TO ELIMINATE OTHER STAGES MET WITH BUT WITH LIMITED SUCCESS.

WE NOW PROCEED TO NOTE THE WAY IN WHICH ASSOCIATIONS PARTICIPATED IN PRICE AND PRODUCTION CONTROL. ASSOCIATIONS AT EACH STAGE (PRODUCERS, WHOLESALERS AND RETAILERS) WERE INTERESTED IN PRICE NEGOTIATIONS AND WORKED FOR BUSINESS. THEY COULD PROVIDE DATA FOR DECISIONS BY CONTROL AUTHORITIES. ANSWERS TO OUR QUESTIONNAIRE SHOW THAT THE ASSOCIATIONS PLAYED AN IMPORTANT ROLE WHEREEVER PRICE CONTROL WAS IMPOSED. THEY RECORDED THEIR FUNCTIONS IN THIS FIELD AS A SERVICE RENDERED TO THEIR MEMBERS AND ONE OF THE FACTORS JUSTIFYING THEIR EXISTENCE.

IN THE INDIAN SITUATION, THE UTILITY OF PRICE CONTROL, WHICH IS IN ANY CASE LIMITED, WAS FURTHER RESTRICTED BY THE METHODOLOGY OF PRICE FIXATION. THE PRESSURE OF MANUFACTURERS ASSOCIATIONS WAS STRONG ENOUGH TO PREVENT THE ADOPTION OF SCHEMES LIKE EQUALISATION FUNDS ETC., WHICH COULD HAVE PREVENTED THE NECESSITY OF COVERING THE
the costs of least efficient producer from becoming an excuse for all others units to make excessive profits. The associations put forward their views on control in memoranda presented to statutory controlling authorities. Such memoranda generally provided data which enabled one to locate the strategic prices and price relations in each field, but always failed to give satisfactory data relating to cost.

In the wholesale and retail field the business interests involved could do less in the way of securing favourable margins as there was the possibility of eliminating them altogether. Even here, however, in addition to defects like the above (i.e. covering the costs of inefficient distribution), there was the additional problem of adjusting different conflicts we have described in former sections.

Production controls were used in cases like cotton textiles, coal, etc. as a supplement to price controls. The associations did not play an important role here, except in routine administrative matters.

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1 See Report of the Commodity Prices Board on Paper Prices.
We can now arrive at certain conclusions regarding the role of associations in distribution controls and in price controls.

Associations were formed or sometimes reoriented to play their part in controls. We have seen that their activities have had a permanent impact - not all the wholesalers who went out of business could find their way back nor will the war-time tradition of administered prices be given up. The possibility and limitations of implementing policies through associations have been realized.

Looking at the problem from the viewpoint of the "General Interest" policies can be implemented through associations only in so far as government objectives do not run counter to association objectives. Alternatively, counter checks and new mechanisms or basic modifications that can reconcile the aims have to be devised. It is always necessary to account for the opposed policies of associations belonging to different stages of opposition that sometimes proves to be as fundamental as competition between members of the same stage of production.

1 Compare American experience also: Administered prices are easy to control and controlled prices sometimes open up the possibility of administering prices, e.g. see Galbraith: The Theory of Price Control.
The full potential benefit that could have been derived from price and distribution controls was never obtained. A prejudice against controls (particularly against those of which the consumer and small business was aware) and the permanent impacts mentioned above were all that remained.

The mechanisms and practices of managing agencies and associations in the trading sphere have been commented on elsewhere. Here we note that the social significance of such mechanisms must be considered along with the possibilities of government action through associations and/or alternative mechanisms.
THE STANDARDISATION ACTIVITIES OF ASSOCIATION.

We must distinguish between business standards which include a whole range of behaviour patterns and the more narrow standardisation activities which are matters of technical convenience and routine business organisation. These activities are also the results of high standards in general; but they are a much narrower and more precise type of activity. Almost every association report speaks of co-operation with the Indian Standards Institution. Apart from this, a number of associations have attempted standardisation in various peculiarly local spheres and conditions.

In regard to the Bombay centre, the following associations affiliated to the Indian Merchants Chamber have taken some action in these matters. The Oil Merchants chamber has set up standard contracts. The Bombay Stevedores Association has helped to co-ordinate rates and other standards. The Bobbin Manufacturers Association has been paying attention to higher standards of precision.

In Calcutta the following are worth noting. Among those affiliated to the Bengal Chamber the Indian Engineering association undertook during the war the negotiation of the standard terms of a contract under
under which munitions and engineering products were supplied. The commodity trades in which the British were interested were also regulated by their respective associations. Among the associations affiliated to the Bengal National Chamber, the Indian Plywood Manufacturers Association restricts membership to manufacturers conforming to certain minimum technical requirements. The Indian Lamp Industries Association attends to standardised sales practices. Lastly, among associations affiliated to the Indian Chamber of Commerce, the Confectionary Manufacturers Association has been specially concerned with quality and membership is conditional upon the maintenance of standards that are constantly under review.

The commodity exchanges generally try to standardise trading practices in all centres. Quality standards are attended to by only a few associations especially in Calcutta. A large number of associations informally recognise certain practices as usual or standard and use them as a basis for arbitration. This informal type of understanding is found in some cases in all the centres not excluding Madras, Ahmedabad, Delhi, etc. where explicit measure such as those discussed above have not been taken.
ASSOCIATIONS AND BUSINESS STANDARDS

The Association affects business standards in a variety of ways, and is itself conditioned by current ideas regarding what is and is not done in the business world.

For example a section of the Indian business community since the 1942 Movement, came at least temporarily to regard tax evasion as patriotic. In spite of these attitudes towards 'external' groups such as the government, the 'public' or the 'workers', certain high standards were frequently maintained in dealings amongst themselves as is exemplified by the fact that it is safe to speculate and do business on trust in many spheres. The very fact that commercial arbitration is undertaken by almost all Chambers and Associations (with the exception of a few small ones, particularly in the north) shows that particular attitudes regarding business standards prevail in the business community. The Chambers and Associations thus play a constructive role under the arbitration act, as they do in some other spheres.

The setting up and maintenance of standards of production has also been undertaken in some industries such as confectionary, etc. and has been in some cases the result of association activities as such. In other
other and more important cases, we have standardization to promote inter-changeability. The standardization of practices, especially trading practices and standard forms of agreement are another achievement.

Attitudes towards state policies and labour have frequently been unfavourably rather than favourably influenced by group activities; as an almost blindly sectional view is inevitably taken, to which the more enlightened entrepreneurs scarcely subscribe, but which they do not object to as a preliminary bargaining stand. This bargaining on policy and in the making out of cases is one of the most difficult problems that the formulators of policies have to tackle. The Government, in general, treats association memoranda very critically due to these factors, and this often results in really necessary action not being taken promptly and rapidly enough.

Thus associations can help in implementing standards that have the support of the majority of their members. The use of these types of bodies or of other mechanisms for initiating change is a matter of strategy and will vary from field to field.
To introduce the Sketches of Chambers of Commerce.

We present on this section sketches of chambers of commerce and comments on the associations affiliated to each. In this section, therefore, we are looking at the data from yet one more angle. It enables us not only to give an idea of the functioning of chambers and associations but provides links with other data already presented e.g. If we consider the sketch of a particular chamber say the Bengal chamber - along with sketches of certain managing agencies that are its members e.g. Martin-Burns, Andrew Yules, Gillanders Abuthnot or Bird Heilgers and when we remember that the characteristics of affiliated associations are also indicated in the sketches of the chamber - We find that presenting the material in this dimension enables us to delineate the existing organisational complexes more realistically. A few such complexes; of a chamber, its affiliated associations, and member business houses, when considered together, give us a picture of an industrial centre.

1. In cases like the Indian merchants chamber, where the affiliated associations are of a very heterogenous character, no such comments are added.
Thus, for example, the organisational complexes that are represented by the Bengal Chamber of Commerce, the Bengal National Chamber of Commerce, the Indian Chamber of Commerce and the Bharat Chamber of Commerce; together represent, in a sense, Calcutta as an industrial centre. Similarly, the Bombay Chamber of Commerce and the Indian Merchants chamber largely represent Bombay Centre.

It will also be found, that our sketches of Chambers and Associations and our sketches of agencies, are related not only to the chapters presenting the evolution of the functions of these bodies, but are also related with each other and to the historical material presented in chapter I.
The Calcutta Chamber of Commerce was founded in 1834. The "Bengal Chamber of Commerce", which was a new name given to the body when it was reorganised, was inaugurated in 1853. Twenty-five British firms signed the first circular letter proposing the foundation of the Chamber. Next year the members numbered 79. The membership was composed of influential agency houses with a few isolated instances of Indian participation.

The original objectives of the Chamber were very simple. Local commercial intelligence appeared to be the chief. They had in view the preparation of a half-yearly return of stocks in first hands of the principal articles of import from Britain, notably piecegoods, 1.

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1. This account, though cast in the form adopted in cases where the information was personally collected, draws its material mainly from G.W. Tysons "Bengal Chamber of Commerce and Industry, 1853-1953. A centenary Survey " and Annual Reports of the Chamber. In the case of this chamber even some of the items relating to affiliated associations are found in its published history. These have been supplemented by local enquiries regarding aspects in which we were specially interested.
metals and twist, the whole to be published in an aggregate statement without divulging quantities held by individual firms. Apart from this local need the withdrawal of the East India Company had made it possible and necessary for the business community to be more self-reliant in various matters where cooperative action was necessary. After a time, however, it was found that the Chamber was not comprehensive in the membership and not "tight" enough in organisation, so that it had to be reorganised in 1853.

CHANGES IN THE COMPOSITION OF MEMBERSHIP

When the reorganised Bengal Chamber of Commerce was formed in 1853, it had 104 members consisting of firms and individuals. In 1884 the first association member joined the chamber and by 1914 there were 14 association members. The number both of firm and individual members and of association members continued to increase gradually and by 1952 the chamber had 28 association members; while the rest of the membership was composed of 305 firms and individuals.

FUNCTIONS

We have noted that the early functions of the Chamber
Chamber were purely local. Soon, however, national questions began to engage the attention of the chamber. In 1860 we have the first occasion on which representatives of British or any other commercial interests were formally associated with a Government enquiry, and with it there began a practice which was to grow greatly in importance and frequency. The chamber also came to play an increasing part in the organisation of special fields by helping in the formation and administration of associations therein. With the coming into existence of the Associated chamber of commerce in 1920 the Bengal Chamber consolidated its position as a representative of British business in India. The chamber has tended to perform functions required by the times. The creation of a labour relations department and of a union of labour officers is an interesting innovation. There has been a gradual shift of emphasis from trading to industrial interests.

The following are the committees and sub-committees of the chamber. They reflect the chamber's concern with business standards, with industrial organisation, and with relations with the State. The committees are: Royal Exchange Committee, Licensed Measures Department Committee, Cotton Piece-Goods and Yarns Sub-Committee, Finance Sub-Committee, Income-tax Sub-Committee, Railways Sub-Committee, Shipping Sub-Committee, Industrial Affairs Sub-Committee, Foodstuffs Working Committee, Nationing
Rationing Advisory Committee, Electricity Sub-Committee,
Aviation Sub-Committee, Sales Tax Sub-Committee.

AFFILIATED ASSOCIATIONS-MEMBERSHIP & FUNCTIONS

The various associations controlled by this chamber

List of Affiliated Associations

INDUSTRY
Indian Jute Mills Association, 1884.
Indian Tea Association Committee, 1885.
Indian Mining Association, 1892.
Indian Paper Makers Association, 1895.
Calcutta Hydraulic Press Association, 1903.
Indian Engineering Association.
Calcutta Flour Mills Association.
Association of Paints, Colour & Varnishes Manufacturers.
European Mofussil Jute Balers Association (of India).

TRADE
Calcutta Tea Traders Association, 1836.
Calcutta Grain, Oilsseeds and Rice Association Committee, 1884.
Calcutta Import Trade Association, 1890.
Milk Spirit and Beer Association, 1891.
Calcutta Baled Jute Association, 1892.
Calcutta Jute Fabric Shippers Association, 1899.
Jute Baled Jute Shippers Association, 1908.
Calcutta Jute Dealers Association.
Indian Tea Market Expansion Board.
Calcutta Hides and Skin Shippers Association.
Calcutta Freight Brokers Association.

MISCELLANEOUS
Indian Tea Licensing Committee.
Calcutta Insurance Association.
Committee of the Royal Exchange.
Master Stevedores Association.
Calcutta River Transport Association.
chamber, throughout their history, have always been composed of large British managing agency houses, with the exception perhaps of certain small British Planters and Traders who were members of certain affiliated associations. It must be noted, moreover, that the membership of associations like the engineering or the papermakers association, was composed only of the British firms in these fields, because parallel Indian associations were generally formed after the foundation of these bodies and attracted the Indian firms in these fields.

The large degree of homogeneity in the membership of the affiliated associations of this chamber, as well as the administrative integration that has been organised have resulted in some homogeneity of policies. Among the common general characteristic of associations in this region we may specially mention the early development of restrictive or monopolistic activity etc.

The following table gives an idea of the functions performed by affiliated associations in 1952.

<table>
<thead>
<tr>
<th>Total No. of Assocn.</th>
<th>Undertak ing sales</th>
<th>Undertak ing purchase</th>
<th>Any restrictive Advt.</th>
<th>Rese arch</th>
<th>Arbitra tion</th>
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</thead>
<tbody>
<tr>
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<td>2</td>
<td>2</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Commodity exchanges</td>
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</tr>
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<td>3</td>
<td>6</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Retail</td>
<td></td>
<td></td>
<td></td>
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<td>9</td>
</tr>
</tbody>
</table>
THE BENGAL NATIONAL CHAMBER OF COMMERCE

DATE OF FOUNDATION: COMPOSITION OF MEMBERSHIP AT THE TIME OF FOUNDATION AND REASONS FOR FOUNDATION:

This Chamber was established in 1887 and is the oldest Indian organisation of its type in the area. Thirty-five prominent men, mainly commercial (most of whom were Bengalis including at least two Muslims. There was also one Marwari) joined the Chamber at the beginning. The number rose to 54 at the end of the year of foundation.

The report of the first executive committee mentions in its opening paragraph that the growth of Indian enterprise in Bombay was a force inspiring the formation of the Chamber.

1. As is indicated by the names of the office bearers of the strong executive committee which was formed at the inaugural meeting held on the 2nd February, 1887. The executive also included prominent Congressmen. See report of the Chamber for 1944 which includes a section on the Chamber's history.

2. But we note that the Indian Merchants Chambers of Bombay, was founded as late as 1907. Its predecessor, the Bombay, Native Piecegoods Merchants Association, was however, in existence since 1882. Some powerful managing agency groups had also grown up in Bombay. The organisers of the Bengal Chamber at the time of the Chamber's formation, stated that it was time to follow Bombays lead (P. VII Report of the Committee of the Bengal National Chamber (194))
CHANGES IN THE COMPOSITION OF MEMBERSHIP

An examination of membership lists shows an increase in numbers, the Bengali small businessmen always predominating. There was a jump in membership during World War II, taking the membership to just over 500. Some Muslim members left after the partition.

More important, however, is the "association" membership. This phase - that of having affiliated associations, began in the inter-war period, during which some wholesalers associations were affiliated to the chamber. The industrialists associations affiliated to this chamber were all established after 1930. Most of the associations represent small businessmen (mainly Bengali) with the exception of the Indian Colliery Owners Association, which has some large Marwari firms as its members, and is (apart from some large Bengali firms) the only section of large business included in the membership. Coming to the retail associations that are affiliated to the chamber, we note that all of them were established and affiliated to these Chambers during World War II. The partition resulted in some of the affiliated associations (see table) withdrawing from the chamber.

FUNCTIONS

In early stages the chamber's functions were chiefly
chiefly directed towards securing facilities for Indian business; later, organisational developments of permanent value indicate the undertaking of new functions which began to replace those undertaken earlier.

There are two aspects of this later development of the chambers functions that have to be noted. One is the organisation of a concentrated secretariat which became significant when associations began to be affiliated (see table) to the Chamber. Two, we have the existence of standing committees which were brought into being when members with particular interests joined the chamber or when particular needs arose.

Common secretarial activities could not be organised until well into the inter-war period (the thirties) during which first wholesalers and then industrialists associations began to be affiliated to the chamber.

The chamber is at present organised on the Bengal Chambers pattern and secretaries of associations for which the chamber provides secretarial facilities become assistant secretaries of the chamber. Associations can get themselves affiliated to the chamber and nominate as ordinary members of the chamber, a certain number of their own members, commensurate with their relative strength and importance, besides being represented in the
the executive committee of the chamber. The chamber also
gives general guidance and assistance in the formation
of new associations.

The chamber is very active at present. The following
being its standing sub-committees:

Financing standing committee, insurance standing
committee, income tax standing committee, customs, tariff
and foreign trade committee, tea standing committee,
chemical standing committee, standing committee on labour
problems, jute standing committee, transport standing
committee, cotton and hosiery standing committee, coal
standing committee, iron and steel and engineering stand­
ing committee, rice standing committee, civil supplies
standing committee, etc.

Some of these deal with one industry only, while
others cut across the industry classification e.g. tariff
and foreign trade, labour, civil supplies, finance, in­
surance, income tax etc.

For a detailed description which gives the importance of
standing sub-committees in a chamber organization see
our sketch on the Bombay Chamber.
The affiliated associations of the Bengal National Chamber of Commerce are very largely representative of small business. The Indian Colliery Owners Association, 

1 List of Affiliated Associations

Industry
Indian Colliery Owners Association.
All India Soap Manufacturers Association 1934.
Bengal Glass Manufacturers Association, 1934.
All Bengal Bobbin Manufacturers Association 1942.
Indian Lamp Factories Association 1945.
Indian Plywood Manufacturers Association, 1950.
Calcutta Rice Mills Association 1952 (5 rice mill associations amalgamated).
The Bengal Industries Association.
The Bengal Hosiery Manufacturers Association.
The Tripura Tea Association.
Bengal Motion Picture Producers Association.
Bengal Oil Mills Association.
Bengal Knitting and Kilnowners Association.
Bengal Tanneries Association.
Brick Field Association.

Trade (1) - mainly wholesale
Calcutta Paper Traders Association 1918.
Bengal Galvanized Sheet Merchants' Association.
Bengal Building Material Traders Association.
Calcutta Sugar Dealers Association.
Calcutta Rice Dealers Association.
Khulna Merchants Association.
Calcutta Floor Dealers Association.
Grain and Pulse Dealers Association.
Sirajganj Bengali Cloth and Yarn Dealers Association.
Memon Paddy and Rice Merchants Association.
Indian Cement Distributors Association.

Trade (2) - mainly retail
Calcutta Wine Merchants Association.
Indian Confectioners Association.
All-Bengal Electrical Contractors Association.
Indian Cycle Traders Association.

Continued on next page.
which has some large Karwari firms as its members, is perhaps the only section of large business included in the membership. We have seen that wholesalers, industrialists, and retailers joined during certain periods.

The communities composing the affiliated associations were and are mainly Bengali though the Karwars have been present in the Indian Colliery Owners Association, the Rice Associations, the Commodity Exchanges and some retail lines. Some all India associations that are affiliated to this chamber naturally have members from communities dominant in different areas.

Among the common general characteristics noticeable in the functions of affiliated associations we may mention the advantages of concentrated administration which are seldom secured by businesses as small as those of many of the members. Effective co-ordination with local bodies, co-ordination with bodies representing technical knowledge, the organization of restriction of publicity, and of exhibitions and efficient representation and information services, are all present.

The following table gives an idea of the functions undertaken:

<table>
<thead>
<tr>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calcutta Retail Yarn Merchants Association</td>
</tr>
<tr>
<td>Bolpur Cloth Merchants Association</td>
</tr>
<tr>
<td>Gramophone and Radio Dealers Association</td>
</tr>
<tr>
<td>Bengal Stationers Association 1944</td>
</tr>
<tr>
<td>Calcutta Timber Merchants Association 1945</td>
</tr>
<tr>
<td>Calcutta Cloth Ration Shops association</td>
</tr>
<tr>
<td>Calcutta Electric Traders Association</td>
</tr>
</tbody>
</table>

Footnote continued on next page
functions performed by affiliated associations in 1952.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale</td>
<td>11</td>
<td>3</td>
<td>11</td>
<td>2</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Commodity exchanges.</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Industry</td>
<td>16</td>
<td>1</td>
<td>16</td>
<td>3</td>
<td>5</td>
<td>16</td>
</tr>
<tr>
<td>Retail</td>
<td>13</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td></td>
<td>13</td>
</tr>
</tbody>
</table>

1 Footnote continued from previous page.

(3) Commodity Exchanges:

East India Jute and Hessian Association 1927(45)

Associations separated from the Bengal National Chamber owing to Partition etc.

Dacca District National chamber of commerce.

all India Tea Growers Association.
The Paddy Merchants Association.
Bengal Banks Association
Metropolitan Banking Association.
Bengal Cotton Association
Fardipur Local Merchants Association
Pabna Mahajan Society Association
Brahmonbaria Merchants Association.
Tipperah Traders Association.

Miscellaneous

Barisal Mahajan Samiti
The Association of Engineers.
Indian Society of Engineers.
Calcutta Salt Association.
Indian Insurance Institute.
Bengal Bus Syndicate.
INDIAN CHAMBER OF COMMERCE

DATE OF FOUNDATION: COMPOSITION OF MEMBERSHIP AT THE TIME OF FOUNDATION: AND REASONS FOR FOUNDATION

The Chamber was founded in 1925. At the time of foundation the Chamber had as its members important members of the Marwari and other communities interested in industry and trade (and not only in trade as in the case of the Bharat Chamber). The membership, moreover, tended to be more cosmopolitan than that of the Bharat Chamber, which was more exclusively Marwari. The fact that these elements did not fit well into any of the chambers already existing (The Bengal Chamber, Bengal National Chamber and Bharat Chamber) led to the formation of a separate chamber.

CHANGES IN THE COMPOSITION OF MEMBERSHIP

The number of firms and individuals who are members has been expanding and today stands at 328. Large firms in the Calcutta areas and their subsidiaries predominate.

The great prestige of this chamber is also derived from its powerful affiliated associations. The industrial associations affiliated to this chamber represent major industries and are of an all India Nature. As our foot note shows, all of these associations were founded and affiliated to the chamber after 1932. Some of the wholesale and retailers associations that are affiliated to this chamber (these are of local importance only) were also founded during or after the thirties.

1 See page 482.
The chamber thus acquired its leading position fairly rapidly, along with the growth of the giant firms of which it is composed, and along with the establishment of many All-India industrialists associations. The contrast between its composition (and hence influence) for the first few years and later is striking.

FUNCTIONS.

This chamber performs its functions in a variety of ways. It operates directly through its own secretarial organisation, it can indirectly influence the powerful and elaborate associations that are affiliated to it, operates through standing committees, through its representatives, and through special types of organisations.

The usual Calcutta pattern of secretarial concentration was adopted as soon as a few associations affiliated themselves to the Chamber.

The total amount of information cleared through this chamber is very considerable as its affiliated associations represent large industries.

The chamber helps to run journals for each of its affiliated associations. Among the special organisations which it supports may be mentioned the Employers' federation of India (a body which rather aggressively defends
private enterprise.) Thus in general the publicity functions of the chamber have become very highly developed in the more recent stages of the chamber's history.

Due to the heterogeneous character and wide geographical coverage of the membership the standing committees of the chamber are not as much concerned with day to day policy as, say, in the case of the Bombay Chamber of Commerce, or even the Bengal National Chamber of Commerce.

2. Affiliated Associations, Their Membership and Functions.

We noted above that this chamber soon came to be characterised by the powerful all India associations.

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2. Industry.

Indian Sugar Mills Association 1932.
Indian Colliery Owners Association 1933.
Indian Chemical Manufacturers Association 1936.
Indian Paper Mills Association 1939.
Indian Paint Manufacturers Association 1941.
Engineering Association of India 1942.
Indian Cycle Manufacturers Association 1943.
Indian Non-Ferrous Metals Manufacturers Association 1945.
Indian Rope Manufacturers Association 1947.
Automotive Manufacturers Association of India 1948.
All India Plywood Manufacturers Association 1950.
Indian Re Rolling Mills Association
Jute Manufacturers Association
Marwari Rice Mills Association
Bengal Cosmatic Manufacturers Association
Indian Steel Makers Association
Calcutta Ice Makers Association

Trade.

Calcutta Kirana Merchants Association 1901.
Calcutta Tea Merchants Association 1939.
Bengal Sugar Merchants Association 1944.
Calcutta Rice Merchants Association
Calcutta Tube Importers Association.
Calcutta Metal Merchants Association
Calcutta Chemical Merchants Association.
Dumuray Traders Association.
Indian Tea Brokers association.
Indian Hemp Association.
Sindhi Merchants Association

(11) Commodity Exchanges.

Indian Produce Association 1915.
East India Jute and Hessian Exchange (1927 (45)

Miscellaneous.

Indian Insurance Companies Association 1933.
affiliated to it, with the exception of the powerful cotton textile mill owners groups in different units and the prominent south Indian and Delhi interest groups, most of India's large business is found on the membership list of the affiliated associations of this chamber. The large Marwari houses of Calcutta in particular, are represented in many associations. Some of the associations represent industries having only a few units, and in these cases, of course, the large groups entirely constitute the association. The wholesale and retail associations affiliated to the chamber are local in character. Then, again, in spite of the dominance of the large houses; the membership of the chamber is heterogeneous as compared with the Bengal chamber. This is because of certain special characteristics of entrepreneurship in the chemical industry, the presence of certain Gujrati groups, and the inclusion of local wholesale and retail associations.

The common administration and emulation tend to promote a certain common approach in the associations and their functions e.g. the clashing of the Indian associations with the British in their respective industries may be regarded as a characteristic. The affiliated associations (judging for example, from the Memorandum and publications they prepare) give one the impression of being highly organised. Inspite of these similarities the fact that membership is more heterogeneous than, say, in the Bengal.
Chambers aase makes it inevitable that each association reflects individual needs of each field to a very considerable extent.

The following table gives an idea of the functions performed by affiliated associations in 1952.

<table>
<thead>
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<tbody>
<tr>
<td>Wholesale 11</td>
<td>2</td>
<td>5</td>
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<tr>
<td>Commodity exchange  2</td>
<td>-</td>
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</tr>
<tr>
<td>Industrial 17</td>
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<td>5</td>
<td>4</td>
<td>6</td>
<td>5</td>
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<tr>
<td>Retail 11</td>
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THE BHARAT CHAMBER OF COMMERCE

DATE OF FOUNDATION, COMPOSITION OF MEMBERSHIP AT THE DATE OF FOUNDATION AND REASONS FOR FOUNDATION

The Bharat Chamber was founded in the year 1900 to represent the Marwari traders and not like the Indian Chamber of Commerce to represent the Marwari managing agencies.

CHANGES IN THE COMPOSITION OF MEMBERSHIP

The main aspects of historical interest are certain transformations that occurred during World War II.

Before World War II the membership was of a trading nature. Now, putting it roughly "it is 50 per cent industrial in character," and this is accounted for more by entries into new lines by members rather than by new members. The shift from trade to industry and vice versa is a mass phenomenon like the Gujarati entry into Bombay silk. Another trend that began before the war, is a reduction in the proportion of the internal textile trade, though this still remains dominant. Grains, Sugar, Spices, and Chemicals have (the last three more recently) tended to come in on an increasing scale and this reflects the spread of Marwari enterprise in trade in this area. Another remarkable shift has been the entry

1. Based on a conversation with the Secretary of the Chamber.
entry into foreign trade (quite recent) -155 of its members are now foreign traders-- many of them having gone over from internal trade. Some prominent British firms have also been taken over by or been absorbed by members of this chamber.

The executive of the chamber includes some large Marwari agencies but this is a case of partial leadership rather than of representation.

FUNCTIONS

The Chamber performs the usual statistical and representative functions. An idea of its functions may be obtained by enumerating its sub-committees which include the Emergent Sub Committee, the Finance Sub-Committee, the Textile Sub-Committee, the Import and Export Sub-Committee, Jute and Jute Goods Sub-Committee, Industry and Labour Sub-Committee, Coal and Mineral Sub Committee, Agriculture, food and salt Sub-Committee, Transport and Communication Sub-Committee.

AFFILIATED ASSOCIATIONS: MEMBERSHIP AND FUNCTIONS

13 Traders associations and commodity exchanges representing Marwari traders and spread over Assam and Bengal are at present affiliated to this chamber. These associations are not highly developed as far as secretarial facilities are concerned but perform the usual representative functions.
The Bombay Chamber of Commerce

Date of Foundation, Composition of Membership at the Time of Foundation; and Reasons for Foundation.

The Chamber of Commerce, Bombay, was established in 1936.

The original list of members includes 25 names of firms and individuals; of whom 15 were British and ten were Parsi.

Douglas mentions that neither Forbes, nor Remington, nor Sassoon had joined the Chamber in 1845 and hence we can infer that they were not members at the time of foundation. Sullivan (in his history of the chamber) records the suggestion that the predominance of the "four houses" Forbes, Remington, Leekie and Shotten, led them to stand aloof (till 1867) from the new chamber, which they regarded as for the benefit of the smaller fry.

1. See also pages 45-46 (Footnotes). It appears from Wailes' account that Thacker and co-takes the initiative in founding the chamber. Wailes also describes Thacker and his staff of activities in Calcutta and China. See, Wailes, "My Recollections of Bombay 1860-1885." pp. 36-39.

2. Douglas: Glimpses of Old Bombay, P. 125

Thus the necessity of a chamber was felt by the smaller firms in the situation created by the withdrawal of the East India Co.

**CHANGES IN THE COMPOSITION OF THE MEMBERSHIP.**

The following figures indicate the increase in firm and individual members. 1836 (25), 1863 (65), 1914 (12) 1937 (181), 1951 (362). Among the large firms we have noted as staying out some joined by 1867 and other failed in the crisis of 1865-67. Some international firms had also entered by this date. We also note that 9 banks had become members and that the Parsis continued to be important.

By 1914, a few large British agencies like Brady, Forbes, Forbes and Campbell, James Finlay and Killick Nixon, Mackinnon Mackenzie and Turner Morrison had become influential in the chamber. The number of "international firms" had also increased.

The chief factors to be noted in the 1937 list are the increase in the number of 'India Ltds' and the small sprinkling of Gujratis.

1. It will have been noted that it is only in Bombay, and not in Calcutta or Madras, that the large houses stayed out. In the absence of detail we can only speculate as to the reasons behind this difference. Possibly the Calcutta failures had underlined the need for co-operation. In Madras the two large firms felt the necessity of co-operation for influencing Govt., the large Bombay houses do not appear to have felt this need. The history of Forbes and Co. for example illustrates its strong position. Hence no such new organizations were needed.

2. The first year for which an annual report is available in the Chamber's library.
As for association members, in 1875 the Bombay Chamber took under its wing the newly established Bombay Millowner Association and continued to manage its affairs till 1924. In general, however, affiliated associations have not been an important feature and only one unimportant affiliated association at present appears on their membership list.

FUNCTIONS.

The evolution of the chamber's functions has been influenced by the changing fields of activity of members and the changing necessities of the context of laws, business standards etc.

The chamber has had a statistical department right from 1836. The early members were chiefly interested in the cotton trade and hence we find that one of the functions of the chamber was to promote the development of this trade. Port facilities and railways were an essential requisite in this effort. It is highly probable that the chamber set up special sub-committees for subjects such as shipping import-export docks and railways etc. earlier than other committees such as chemicals and drugs industrial affairs, incometax, electricity, insurance, weather working days etc. which are 20th century developments. At present the chamber has all these standing sub-committees, and they form the real backbone of the chamber's
organisation.

The different periods at which these sub-committees were formed may be tentatively fixed by giving a few details regarding the fields of activity of members and changes in the environment.

The importance of the interests engaged in the construction of port facilities is revealed by the data relating to the financial cataclysm of the 60s, e.g. Ritchie Stewart & Co. who originated the first Backbay scheme came to grief in 1865. William Nichol and Co. launched the Elphinstone Land and Pres co. which began to reclaim the eastern foreshore from Carnack Bundar Northwards for the construction of docks and were thus the

1. Questions are referred to these standing sub-committees and they help the general body to form their views. Each Committee is composed of the representatives of firms interested in the work of the particular sub-committee and in cases where the matters are of general interest of prominent members. Thus these sub-committees may serve either particular interests and thus in effect be almost similar to an affiliated association and in other cases may serve the chambers members as a whole. The general body is not interested in questions affecting a few members only but leads its weight to their opinion. Though we cannot exactly determine the dates when each committee began to operate it is inevitable that some such informal, if not formal arrangement must always have existed in this chamber.
pioneers of the Bombay Port Trust. The concessions given to the Elphinstone Land and Press Co. by the Govt., permitted them to reclaim a certain area and gave them an opportunity to charge wharfage dues to a considerable portion of the entire trade. In consequence there was set in 1864 a government committee whose proposal resulted in setting up the port trust in 1867. It is probable that sub-committees connected with this field have existed since then.

Sub-committees like chemicals and drugs and electricity could not be set up till the 20th century as these activities were not developed till then. Industrial affairs as a separate sub-committee also became necessary only after labour legislation etc. became increasingly complex. The special sub-committee for finance was also in all probability organised later as in 1865-67 members were not united in their views on speculation. It is on record that no joint action could be taken during this crisis.
The Indian Merchants Chamber was founded in 1907. Among the 157 firms and individual members in this year 147 were Gujaratis; 8 Parsees, and 2 Muslims. There was one association, the Bombay Native Piecegoods Merchants Association, a predominantly Gujarathi body of traders founded in 1882 which, in 1907, contributed the first hundred members of the Indian Merchants Chamber. The Chamber was predominantly a body of Gujarati traders. The initiative of influential men like Sir Manmohandas Ramji and the favourable atmosphere created by the Swadeshi Movement led to the formation of the Chamber.

Changes in the Composition of Membership

The rise in the number of firm and individual members is indicated by the following figures for selected years:

1. Among the eight Parsees were included the Tatas and Petit. These two firms (as well as some other firms and individuals from this community) were also members of the Bombay Chamber. Thus a few important managing agency firms were members of the chamber.

2. From list of members provided by the I.M.C.

3. At this time (1907) Sir Manmohandas Ramji was president of the Bombay Native Piecegoods Merchants Association and had founded the Indian Mercantile Insurance Co. (there were but few Indian controlled Insurance Cos. at the time) and the Swadeshi Stores. The record of the Bombay Native Piecegoods Merchants Association in securing better terms for Indians was also helpful to Sir Manmohandas Ramji thus became the founder and first president of the Indian Merchants Chamber.
The leap in membership after 1939 reflects a universal tendency towards increased membership of such bodies during the war. The Gujaratis always accounted for over 90% of the membership though a few members from other communities appear on the lists.

The number of affiliated associations has also been increasing, as is indicated by the following figures 1907(1), 1914(5), 1929(18), 1939(26), 1951(127). The earliest associations to join were traders associations, which had, in the main, a local significance. Later industrialists associations including all India Associations having a local significance only, etc. became members. The increase in affiliated associations after 1939 was due to the formation of a large number of new associations in the war period. The chamber became extremely influential in the Bombay region owing to the large number of individuals, firms and associations who became members. It may, however, be noted that the Bombay Millowners associations was never a member of the chamber.

1. The following figures give the number of members from other communities.

<table>
<thead>
<tr>
<th></th>
<th>1907</th>
<th>1914</th>
<th>1929</th>
<th>1939</th>
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<td>Parsis</td>
<td>8</td>
<td>10</td>
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<td>Muslims</td>
<td>2</td>
<td>9</td>
<td>17</td>
<td>7</td>
</tr>
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<td>Marwaris</td>
<td></td>
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<td>12</td>
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<tr>
<td>Sindhi</td>
<td>5</td>
<td>8</td>
<td>11</td>
<td></td>
</tr>
</tbody>
</table>
FUNCTIONS

Though the Chamber is very influential it does not directly undertake functions such as the provision of secretarial facilities for affiliated associations etc. Research is not undertaken on a significant scale.

Historically, the chief functions of the Chamber were to exercise a broad influence on policy through (1) making representations to Government on questions of policy—recommendations which are very general owing to the wide and heterogeneous character of its membership, and (2) passing resolutions etc. which were likely to influence the conduct of its members regarding Swadeshi etc.

Both these functions were mainly directed towards removing the disabilities of Indian business. Later, as in the case of the Bengal National Chamber of Commerce there took place a shift towards representing the region rather than the national interest.

Going back to its early history we may note that it was the agitation conducted by the Indian Merchants Chamber that led to the partial Indianisation of the Port Trust even before independence.

1 Though there is a small research section for preparing drafts on commercial topics.
2 This was practically a monopoly of European commerce Government officials and Government nominees, most of the tonnage even today is still discharged and loaded by foreign agencies. Its origin was due to William Nichol and Co. and the members of the Bombay Chamber of Commerce.
On matters relating to Commercial Swaraj, tariffs etc. the Chamber was in the forefront. It created an atmosphere in favour of giving patronage inter-se amongst Indian firms and passed resolutions on the training of Indian apprentices.

Even as far as the representations to the Governments were concerned we find the Chamber prominent in expressing nationalistic opinions on railway rates, tariffs, and exchange. Turning again to the recent past we find that these representations have tended to be the general opinions of the very miscellaneous business sector in the Bombay region that the Chamber represents.

1. AFFILIATED ASSOCIATIONS: THEIR MEMBERSHIPS AND FUNCTIONS

The following table gives an idea of the functions performed by affiliated associations. The associations affiliated to the I.M.C. are very heterogeneous and hence no comments on their general characteristics are added here.

<table>
<thead>
<tr>
<th>Total No. Under Undertakings</th>
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<th>Sales</th>
<th>Purchase</th>
<th>Research</th>
<th>Arbitration</th>
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<td>-</td>
<td>-</td>
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<td>Commodity 7</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>Industrial 14</td>
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<td>3</td>
<td>4</td>
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<tr>
<td>Retail 27</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

1. List overleaf.
INDUSTRY.

Bombay Press Owners Association 1919
Indian Motion Picture Producers Association 1937
Indian Chemical Manufacturers Association 1938
Silk and Art Silk Mills Association 1939
Association of Electrical undertakings of Bombay Province 1940
engineering Association of India. After 1942.
All-India Starch Manufacturers Association 1946
All-India Bobbin Manufacturers Association 1946
All India Metalware Manufacturers Association 1945
All India Plastics Manufacturers Association 1945
All India Bichromate Manufacturers Association 1945
Federation of Bombay Clothes Manufacturers Association
Western India Sheet Rollers Association 1946
Dyestuffs Manufacturers Association of India.

TRADE.

(1) Mailly Wholesale:
Bombay Cotton Merchants and Muccadams Association 1915
Silk Merchants Association 1916
Raw Silk Merchants Association 1933
Bombay Salt Merchants and Shilotties Association 1935
Africa and Overseas Merchants Chamber 1936
Electric Merchants Association 1937.
Indian Motion Picture Distributors Association 1939
Paper Traders Association 1941
Indian Tobacco Merchant Association 1943
Bombay Wood Merchants Association 1943
Bombay Hassan and Gunny Merchants Association 1944
Bombay Motor Merchants Association 1943.
Metal Traders Association (non-ferrous) 1948
Sindwork Merchants Association (foreign trade) 1949
Bombay Glassware Merchants Association.
Bombay Hardware Merchants Association.
Bombay Oil Merchants Association.
Bombay Pipes and fittings Merchants Association.
Bombay Rice Merchants Association.
Bombay Secondhand Clothing Importers Association.
Bombay Tea Merchants Association.
Bombay Vegetable Product Merchants Association.
Cinematographic Importers Association.
Cotton Buyers Association.
Hindustan Merchants and Commission Agents Association.
Hoashami Old Iron Merchants Association.
Indian Cotton Exporters Association.
Paper and Ginger Merchants Association.
Bombay Sugar Merchants Association 1900
Seed Traders Association.
All India Radio Merchants Association.
Association of Indian Importers of Dyestuffs.
Memon Merchants Association.
Memon Chamber of Commerce.
Bombay Piecegoods Native Merchants Association.
Bombay Grains and Seeds Association.

(ii) Commodity Exchanges:
Grain and Oil Seeds Merchants Association 1899
East India Chamber of Commerce 1914.
East India Cotton Association 1922.
Bombay Yarn Exchange 1937.
Bombay Oliseeds Exchange 1947.
Retail Exchange Association 1933.

(iii) Mainly Retail:
Bombay Provision Merchants Association 1927.
Bombay Arms and Ammunition Dealers Association. 1938
(Regd. 1946)
Federation of Bombay Retail Cloth Dealers Association.
Indian Grain Dealers Federation.
Bombay Grain Dealers Association.
Bombay Camphor Merchants Association.
Bombay Country Fancy and grey piece goods Merchants Association.
Bombay Cutlery, Toys, Glass beads and Sundry Merchants Association.
Bombay Cutprice and Piecegoods Merchants Association.
Bombay Cycle Merchants Association.
Bombay Hardware Traders Association.
Bombay Hosiery Merchants Association.
Bombay Kharek Bazaar and Nева Merchants Association.
Bombay Marble and Tile Merchants Association.
Bombay Sanitaryware Association.
Bombay Watch Dealers Syndicate.
Bombay Watch Importers Syndicate.
Bombay Watch Material Merchants Association.
Chemists and Drugists Association.
Bombay Stationery Association.
Shree Market Silk Merchants Association.
Scientific and Surgical Traders Association.
Bombay Paint Merchants Association.
Bombay Kedi Bazar Kariana Merchants Association.
Bombay Glassware Merchants Association.
THE FEDERATION OF CHAMBERS OF COMMERCE AND INDUSTRY

DATE OF FOUNDATION, COMPOSITION OF MEMBERSHIP AT THE TIME OF FOUNDATION; AND REASONS FOR FOUNDATION

Though the Federation of Indian Chambers of Commerce and Industry was organised as late as 1927, we know that unified and coordinate activity began much earlier. A study of the early history of the Indian National Congress shows that an Industrial Conference was held along with its sessions to deliberate specially on industrial and commercial problems. This early interest in these subjects is not surprising as we have seen that, in the Bengal National Chamber, for example, and probably in other influential Indian bodies, there was a definite link provided by the presence of prominent Congressmen on Chamber Executives. It need hardly be remarked that the connections of the Indian business community with the Indian National Congress were more broad based and in no way similar to the more or less isolated example of a British firm, Andrew Yule being connected with the Congress.

1 On page 470.
2 Tyson's history of the Bengal Chamber draws attention to this British firm's association with the Congress; the matter is put here in its proper perspective.
When the Congress drifted towards extremism a separate Congress of Commerce was held (1915) establishing a nebulous "All India Associated Chamber of Commerce". In 1919 the Indian Industrial Conference and the Indian Commercial Congress were amalgamated and after 8 years it was decided that a more active body bringing together different commercial interests and having a permanent organisation was necessary. This resulted, as mentioned above, in the foundation of the Federation in 1927.

FUNCTIONS.

The heterogenous composition of the membership of the federation made it difficult to organise activities on an ambitious scale. Though effective representations were made from time to time it was extremely difficult to develop activities that would serve the business class as a whole.

It is possible to roughly divide the activities of the federation into a pre-independence and a post-independence period. In the first period the main objective of the federation was to agitate and make representations in favour of Indian business as such. This naturally became less marked in the post-independence period and the chamber shifted to representing the private sector as such and being concerned in greater detail with
organisational problems. Of course the change is not sharply marked. Organisational problems had already become important during the control period and in the post independence period the representation of Indian National business interests continued to be necessary because the role that foreign business was to be permitted to play remained to be determined.
In Madras, the Madras Chamber of Commerce, founded in 1836 through the efforts of Parry and Co. and Binny and Co., is the oldest and the focal organisation of British business in South India. Its membership which includes the largest British managing agencies in South India (and very recently a few Indian agencies) has now reached the figure of 83 (1952). Five other chambers of commerce in South Indian Centre—Cochin (1857), Coconada (1866), Tuticorin (1906), Calcut (1923), and Coimbatore are affiliated to the Madras Chamber. The important Indian chambers in Madras are organised along sectional lines. They are the southern India Chamber of Commerce (1909), the Andhra Chamber of Commerce, the Hindustan Chamber of Commerce, the Tamil Chamber of Commerce and the Muslim Chamber of Commerce. Most of the local associations mainly retail and wholesale are affiliated to the Southern India Chamber of Commerce. The Chamber maintains smaller establishment than those maintained in Bombay. They are of course much smaller than those in Calcutta. The chambers performed the usual representative and statistical functions.
In Ahmedabad the Gujarati Vyapari Mahamandal consolidated various trade associations when it came into existence in 1951. Prior to that the Ahmedabad Mill owners association was the most important association in a relatively unconsolidated environment.

In Delhi we have, besides the central body (the Federation) described, the United Chamber of Trade Associations, which, like the Gujarati Vyapari Mahamandal, brought together a large number of associations.

In Cawnpore the British organisation, the Upper India Chamber of Commerce founded in 1868 is the oldest organisation. Two main changes have taken place in the nature of membership between then and now. Firstly, the creation of B.I.C. in 1920, and its absorption of Begg Sutherlands in 1946 have brought into being one dominant member, who has an internally coordinated organisation and dwarfs others, thus affecting the organisation of the chamber. Secondly, international firms operating in the area have become members of the chamber. The chamber has been particularly active in organising cooperation with other public bodies.

The annexation of Oudh in 1856 and the establishment of a rail link with Calcutta in 1864 resulted in a migration of Marwari Businessmen from Mirzapur to Cawnpore. British firms initiated development at this time and by 1886 set up a chamber. Ever since the chamber has participated in the development of this industrial centre.
SUMMING UP

In our summing up we include both purely factual landmarks and judgements relating to the performance of associations. In cases where judgements are introduced the criteria used are made clear; these judgements hold only if these criteria are accepted. The judgements are thus not derived purely from the data.

Let us begin by recalling the commencement of each type of function. The function of gathering information was present right from the start. The function of organising monopoly was similarly present right from the days of indigo, though only in the British sector. Inevitably, also, the representative function is one that has been present throughout; and the organisation of associations according to communities, industries and centres, reflects the variety of interests that had to be represented.

The labour activities of the trade associations and chambers began in 1918 and were elaborated in the 1930s. The research activities of associations and chambers did not commence till the middle 1930's. The role of the associations in the control mechanism may be said to lie between 1942 and 1950. In the postwar period, we had an elaboration of old activities and attempts to new activities, such as the maintenance of high standards.
The evolution of different functions of associations has been influenced by state policy. Thus labour legislation gave a fillip to the further development of this function of associations. Similarly in the field of research the compulsory collection of cesses, tax incentives and national laboratories have assisted in enlarging this function. Even fields like information collection have been increasingly influenced by the requirements of government in recent years. The control experiment was of course entirely initiated by the state and hence association organisation for the same was influenced by state policy.

But the state was only a force influencing the evolution of functions. The leading figures determining the evolution of associations were, of course, the leading entrepreneurs in each field. Associations evolved into bodies with a wide range of functions because entrepreneurs finding their own firms, whether managing agency houses, partnerships, private businesses, or any other form; too small or too unrepresentative to undertake such functions or to bring about policy shifts, and hence they undertook them on a collective scale through such organisations. This reacted on the basic units, namely the firms or the entrepreneurial or business units themselves. Let us proceed to illustrate how the most important of
of the entrepreneurial units, namely, the interest groups with the managing agency at its core, were influenced by the development of associations.

To illustrate, the trading activity of managing agents might be affected by associations, similarly co-operation for constructive and restrictive purposes is very likely to take place through associations.

Particularly activities such as planning on an industrywise scale, in certain matters, rationalisation, technical services, etc. may also in some cases be affected by associations.

1  Finance, systems of remuneration, the power of the managing agents in relation to managed companies, etc. are however matters which are in no way affected by the existence of associations.

Even the group of activities of basic entrepreneurial units that is affected by associations is not affected by all associations but is affected only in a few cases.

Lastly, the association results in the managing agents undertaking new types of activities through it. The

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1 Associations, (even if we consider the most heterogenous amongst them) are more homogeneous than government sponsored bodies like development councils, and hence play a much more important part in the present set up.
The field of entrepreneurial policies is widened. They can modify several aspects of the environment as represented by other firms, government, and public attitudes. The contribution of associations in co-ordinating economic activity, and in consolidating the business class and managing its public relations, is extremely important.

Having noted that the development of functions of associations reacts on the fundamental business units that compose them we go on to examine the character of the functions developed by associations.

The first characteristic is that these functions may promote either sectional or general ends or both.

Among the general ends promoted we found the following. Firstly, the development of co-ordination - which is now highly organized. Secondly the maintenance of high business standards which is still confined only to a few items. Standardisation activities as far as products and routine practices are concerned have however proceeded much further. Thirdly, research is being increasingly organised.

As regards sectional aims we find that certain types of activities which could be made conducive to the common interest are twisted for the advantage of sectional interests. The collection of information for example is often biased to serve particular interests. Labour
Labour activities are frankly sectional. The associations role in the control mechanism and in monopolistic practices is again necessarily sectional, the aim being to avoid the conflict of interests among members themselves and not between members and other classes or society in general.

The undertaking of common activities to reduce costs may be described as a sectional end which also promotes the general end.

The second characteristic that has emerged from our chapter is that some functions are adequately performed and others not adequately performed. This of course, depends upon the criteria we adopted, for while it is desirable to develop certain functions from almost any point of view there are others which it may be desirable to develop if we want to follow a policy favouring small business or some such other objective of economic planning.

The representative function is adequately performed both as regards its co-ordinative aspect and its purely representative aspect. The collection of information is not yet fitted in into the broader framework of stated national objectives in this regard.

In the field of research, if we judge by international standards development is inadequate. In discussing the
the adequacy of the handling of labour relations by associations we have to refer to some ideal concept of how labour relations should be organised. It may be noted however, that so far progress in the plane of living has been greatly dependent on government interference and the associations have not done much excepting under pressure.

The attempts to maintain high business standards have so far been confined to only a few items and here again by comparative standards the development is inadequate.