CHAPTER IV

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Chapter IV
PRIVATE ENTERPRISE INSTITUTIONS AND ECONOMIC AND SOCIAL DEVELOPMENT

INTRODUCTION.

We have so far discussed the rise and the nature of the institutions of the private sector. The managing agency was seen to be the most important among the profit making entrepreneurial institutions in the private sector. Other non-profit making entrepreneurial institutions, such as associations, no doubt have an independent significance; but their chief relevance is due to their role in modifying or furthering entrepreneurial policies generated by the more fundamental units. We have so far been dissecting these organisations and examining their evolution and working. In this chapter we shift from this internal study of the structure and organisation of these institutions to a study of their impact on economic and social organisation. In other words, we now begin to look at particular sections of economic and social organisation -- at facts that do not from part of these institutions -- in order to understand more about these institutions.

There is of course no question of studying here the whole economic and social environment in order
to bring out the ramifications of the impact and influences of private enterprise institutions on the structure and functioning of the economy and society. It is only certain classes that are directly affected or certain aspects of economic and social organisation that are directly influenced by business policies that we here investigate and discuss. The following are the fields selected for study: (1) Technical and supervisory personnel; new information was collected regarding this class while the published material already available regarding the labour class—another class that is directly affected by business policy—was used to draw some interesting comparisons and contrasts. (2) Size and rationalization problems; and the policies of business relating to these matters from the subject matter of the second section in this chapter. (3) The third section of this chapter illustrates possible probes into particular aspects of the social structure. Certain important interactions between the social structure and the business structure are brought out as a result.

The methods of investigation adopted etc. are indicated in appropriate places.
SECTION I

TECHNICAL AND SUPERVISORY PERSONNEL
WITH SPECIAL REFERENCE TO ENTERPRISE-
ENIRONMENTAL POLICIES.

INTRODUCTION. (to sections on Technical & Supervisory Personnel).

In this section we wish to outline the impact of entrepreneur's policies, of state policies, of unionization, and of general economic conditions on the position of supervisory and technical personnel from 1850s to 1939.

The class grew in different centres as the growth, first of the textile and later of other industries, gave employment to different types of personnel that fall within this class.

Technical and supervisory personnel can be demarcated from other personnel by using one or the other of the usual criteria. Whichever criteria we use, however, the general remarks made below apply to the class thus roughly demarcated.

A number of general criteria enable us to achieve a workable definition of the area we wish to discuss. In the case of many industries there exist unions of technical and supervisory personnel. As much of the
A characteristic of the remuneration of this class is that they are all salary earners, and salaries in general are more rigid than wages. This does not however mean that we have the data to affirm—though this appears probable a priori—that general changes such as a period of rising prices etc. made this class suffer during certain periods due to the relative rigidity of salaries. There is, moreover, nothing like a general level of salaries—the range covered by technical and supervisory personnel is too wide to make any such concept useful.

Footnote continued from previous page. Of the information in the case of certain industries has been obtained from such unions (apart from supplementary information obtained from companies) we can only cover in these industries the grades that are included in these unions. There often is at least some identity of interests between the grades in a single union. Another principle or demarcation is the sphere of applicability of labour laws. The term "employee" in these laws has been held to apply to those who do skilled or unskilled manual or clerical labour. Various industrial tribunals have held that technical and supervisory staff are not covered by the term. A third criteria is provided by standard conceptions of the "middle-class". The "middle-class" is a very much wider concept that our "technical and supervisory personnel" as the former conventionally includes independent professional classes like doctors and lawyers. The middle class is also, however, a narrower concept. It conventionally excludes entrepreneur technicians and apprentices if they do not fall within certain income and educational brackets. The middle-class, incidentally, is a new concept and in medieval India the professional classes—a class demarcated by education and coinciding roughly with the Brahmin community—was the nearest approach to the middle class. Its status and responsibilities, of course, were quite different from the modern middle class.

(CONTINUED)
In studying the position of technical and supervisory personnel we shall concentrate mainly on examining historically (especially between 1939 and 1952—the period to which our data relates) aspects such as remuneration, standardization of occupations, systematization of service conditions etc. Our comments on the

Footnote continued from the previous page.

roughly with the Brahmin community—was the nearest approach to the middle-class. Its status and responsibilities, of course, were quite different from the modern middle class.

Broadly, therefore, we cover all personnel working in the major industries not covered by labour legislation. Our demarcation is further justified by the fact that important classes of companies have in certain periods followed contrasting policies regarding these two groups namely labour on the one hand and technical and supervisory personnel on the other.

1. Regarding all these matters we have published information only for labour and not for technical and supervisory personnel. We give in this footnote, for purposes of comparison, information regarding basic wages, dearness allowance, bonuses and other concessions enjoyed by labour in the different industries. This data is obtainable from the Indian Labour Year Books and the Reports of the Rege Committee as well as from articles published in the Indian Labour Gazette. For earlier periods a useful source is the summary account given by the Royal Commission of Labour 1931 (especially page 196) and the Bombay Textile Labour Enquiry Committee 1936 (page 99) gives a history of attempts made to standardize wages in cotton textiles since 1891.
J. on the role of entrepreneurs, the state and unions, will be in relation to these matters. We note a few general characteristics regarding the period from the 1880s to 1939 and then proceed to deal in detail with the period after 1939.

FOOT NOTE CONTINUED FROM PREVIOUS PAGE.

For Jute similar information is available in the Indian Labour Book 1946 (Page 148) and the Indian Labour Year Book 1947-48 (Page 130). The same source gives information for standardisation in coal. Regarding sugar we can get information from the Indian Labour Gazette (March 1952 volume IX page 738 et seq.) From all these sources we see that the initiative in these matters did not come from the employers. In subsequent sections we shall be commenting on similar initiatives affecting the position of technical and supervisory personnel and technical personnel in this regard.

1. Though we comment on the period from the start of modern industrialization to 1939 it is necessary to note that the information available for this period is very scrappy. Some of the points in fact are made by inference from data relating to the period after 1939 e.g if we know that standardization etc. was first introduced after 1939 we can assume that it had not been introduced before and that lack of standardisation was general. We cannot, however, give any very exact content to this type of remark. The general picture suggested in these few paragraphs is corroborated by people in various lines; by scattered remarks in Indian economic literature, and by our data for the period after 1939.
Right from the beginning the general level of remuneration for higher cadres (especially in the British agencies who largely employed foreign personnel) made them a privileged class. Many Indian concerns employed foreign personnel in higher posts and hence had to give them similar conditions. In each industry, however, salaries were unstandardized and there were considerable variations between units. Government service was the first field of employment for the middle class where salaries and conditions of service were systematized. In the industrial field a variety of abuses -- all arising from the arbitrary procedures followed by managing agents -- were characteristic. Scientific systems of recruitment did not prevail. Adequate qualifications were not, in general, insisted on. There were no systematic training and apprenticeship schemes. Technical training was not adjusted to industrial needs and we had simultaneously shortages and surpluses of educated personnel.

The state did not interfere to improve the conditions of technical and supervisory personnel. This was partly because inspite of the disorganized condition of the various professions and the hardship suffered by the lower cadres-- it was, to some extent, a privileged
a privileged class, unlike labour.

Unionization also developed very late amongst members of this class. Most of the associations of technical personnel and supervisory staff in different fields were founded after 1939.

We proceed to give in greater details changes between 1939 and 1952.

1. Organised labour, especially in particular industries, also, later, became a privileged class as compared with the unprotected and unorganised worker in other fields.

2. In the field of unionisation we again have published information only for labour and not for technical and supervisory personnel. We have already noted on page 454 that modern trade unions in India may be said to have originated during the period of intense industrial unrest (1918-20) that followed World War I. The movement originated in the cotton textile industry and today trade unionism in its most highly developed form is found in this industry. The Ahmedabud Textile Association's tradition of compromise, its cooperation with the employers and its success in maintaining the best wage levels in the industry are noteworthy. In Jute only one fifth of the Jute Mills operatives were members of trade unions in June 1945 (S.R. Deshpande's report on an enquiry into conditions of labour in the jute industry of India; 1946; page 34). Unionism is also comparatively undeveloped in the coal mining industry (Report of the Labour Investigation Committee on an enquiry into conditions of labour in the coal mining industry of India: 1946; page 105). Good general accounts of the spread of unionism are found in the Report of the Royal Commission on labour (1931), in the main report of the Rege Committee (1947) and in the S.D. Punskar's Trade unionism in India*.

3. We shall begin by enumerating precisely the grades to which the comments refer. Next we shall note three points that indicate types of entrepreneurial policies and conditions of this class. These are (1) salaries (2) service conditions and procedures: Variations in these factors reflect on the policies of different groups; and standardisation, whether through union action or through other forces, indicates a limit placed on the independence of the entrepreneur. (3) Lastly, we shall note the extent of unionisation and the degree to which it is directed to collective bargaining.

At the end of the section on technical and supervisory personnel we shall be presenting two cross-sections cutting across industries. One; the special problems of British personnel, and of personnel in British controlled companies; and two; technical and supervisory personnel in large Indian and British groups. These will cover part of the field left uncovered in the earlier sketches.
Technical and Supervisory Personnel in Cotton Textiles.

GRADES

In this section we include the following grades:

1. Managers and heads of departments.
2. Senior Assistant Masters
   (a) Senior Assistant Spinning Masters
   (b) Senior Assistant Weaving Masters
   (c) Senior Assistant Dyeing, Bleaching and Finishing Masters.
3. Junior Shift Assistants
   (a) Spinning
   (b) Weaving
   (c) Dyeing, bleaching and finishing.
4. Departmental Assistants or Supervisors.
5. Junior Departmental officers and Labour Officers.

SALARIES AND CONDITIONS OF SERVICE ETC:

We do not have information regarding changes in salaries and terms of service between 1939 and 1949, as

-----------------------------------------------

1 Information for this section was collected through local enquiries with Textile technicians and supervisory personnel in various centres.
as we have, for example, in the case of shipping and other industries. But we have enough information to draw a contrast between conditions in different centres, and we can note the changes brought about as a result of differing degrees of union pressures, and we can note also the changes brought about by collective agreements coming into force.

We now discuss the question of salaries in each important centre for the cotton textile industry.

The Bombay Millowners Association, reacting to representations made by the technical and supervisory staff, devised in 1946 a graded scale of salaries on a uniform basis for all categories of the staff except departmental heads. The memorandum submitted by the Textile Technicians Association to the working party, cotton textiles however states "some of the mills implemented recommendations in toto and in the right spirit, while many resorted to dubious practices to circumvent the recommendations. There have been numerous instances of non-implementation and wrong implementations of the grades by the mill owners but nothing has been done by the mill owners associations to rectify these."  

1 Quotation from memorandum that was made available by Shri Krishnamachari of the Textile Technicians Association.
In Ahmedabad the agreement providing for fixed grades etc. came later, and came in force from the first of January, 1951.

In Madhya Bharat an agreement was made in October, 1951.

The Textile Association in South India was founded only two years ago. There is no standardised procedure regarding recruitment, apprenticeship, systems of leave, provident fund, and other factors such as amenities and status. Significant differences between different entreprenuerial groups therefore persist. A unique feature in Coimbatore centre is that a number of managing agents are members of the textile association in their capacity as managers or technicians in mills -- a development that has both healthy and unhealthy aspects.

The Bengal Textile Technicians have also not yet concluded an agreement.

The broad pattern of the agreements in different centres is similar, and the other associations have been considerably influenced by the Bombay Association.

Information obtained as a result of local enquiries in all these centres.
These agreements have been a step in the right direction. It will be noted that the changes came as a result of unionisation and in a context in which the state was taking measures to protect labour though not technical and supervisory personnel.

The unions have still many important grievances, e.g. most of the mills in Bombay and some mills in the mofussils have a provident fund scheme for the staff. Many of the upcountry mills have no such scheme. The unions also protest about the want of legal machinery for the settlement of employer-employee disputes. The term employee in present labour legislation covers only those who do skilled or unskilled manual or clerical labour. Examples of the arbitrary powers exercised by the managing agents have been particularly striking in the case of transfers of ownership. The Textile Technicians Associations in its memorandum to the working party, cotton textiles appends a note entitled "Indiscriminate discharges in Bombay" explaining in detail the manner in which the technical and supervisory staff of four mills were treated.

In all centres excepting Bombay there are yet no rules regarding leave. There are, however, conventions and leave is given from 10 days to 1 month in a year.

Both in Bombay and elsewhere accumulated leave is
is denied to the staff in cases in which an individual may have resigned or been discharged by the employers.

UNIONISATION

The extent of unionization may be judged from the fact that more than half of the total number of textile technicians had joined unions in 1949 (as is indicated by the following figures). (Source: By courtesy of the Bombay Textile Technical and Supervisory Staff Union).

1. The Bombay Textile Technical and Supervisory Staff Union. 1158
2. The Ahmedabad Textile Technical and Supervisory Staff Union. 1201
3. The C.P. and Berar Textile Technical and Supervisory Staff Union. 72
4. The Madhya Bharat Textile Technicians Association. 105
5. The Sholapur Textile Technical and Supervisory Staff Union. 81
6. South India Technicians Association. 100
7. Bengal Textile Technicians Association. 342

Total 3059

The way in which these associations were founded is interesting. They gradually evolved from technical
technical discussion societies into bargaining bodies.
The following quotation illustrates this trend:

"Hopes were for some time centred on the Textile Association (India), and in fairness to it, it must be conceded that it has done a good deal, in its own way to ameliorate those conditions. It was, however, realized that it has its limitations inherent in its constitution, and could not, of itself take advantage of facilities made available under the Trade Disputes Act. The situation, therefore, necessitated, in the interest of Technicians, the formation of trade unions of textile technician and supervisory staff with the principal object of improving their present conditions of service and of eliminating as far as possible anomalies of emoluments etc."

"Unions with the above object have already been started at important industrial centres like Bombay, Ahmedabad, Sholapur, Nagpur and Indore. To co-ordinate the activities of and to bring about uniformity of work in these and in Unions which may be formed hereafter, an all India Federation named "The All-India Textile Technical and Supervisory Staff Federation" was in-

1 Source: Publicity leaflet published by The All India Textile Technical and Supervisory Staff Federation.
inaugurated at Ahmedabad on 1st October, 1949. This Federation, "while safe-guarding the interests of its components, intends resorting to all sorts of conciliatory methods in its approach to their problems and adopting steps as will maintain cordial relations between the employers and employees."

1 Source: Leaflet published by the All India Textile Technical and Supervisory Staff Federation.
TECHNICAL AND SUPERVISORY PERSONNEL IN THE ENGINEERING GROUP OF INDUSTRIES

GRADES

This industry is of a heterogeneous character and hence we do not give definite grades, etc. We deal with only the highest grades in which well qualified people are employed, from apprentices to chief engineers.

SALARIES AND CONDITIONS OF SERVICE ETC:

Remunerations are high in the section of the industry controlled by the British and the large Indian firms.

Many of the Indo-British partnerships that have recently emerged in this field have specific provisions relating to technicians and these naturally fall in the better paid categories, such as heads of department, consultants etc. The terms of service as well as the obligation to train apprentices from a part of the basic agreement between the British and Indian controlling interests.

1 For information regarding the number of organisations concluding such agreements see managing agency sketches pp. 108-109 (316), 221-225 (317-321), 226-227 (321-324), 228-244 (324-328) etc.
The British owned units in the field of engineering have played useful role in training technical personnel in this field. A considerable number of Indians who were trained in British firms particularly in Eastern India have shifted to new Indian firms as they could get better positions there and are now in the better paid categories.

At present the entire quota of engineering graduates is absorbed by the Government and British and Indian concerns. Scarcity of supply has still kept up the conditions of service, etc. The increase of supply of this type of personnel has led to systems of apprenticeship in which there is considerable variation among firms. The higher grades of engineering personnel are drawn from these apprentices.

UNIONISATION

There is as yet no collective bargaining in this industry and associations etc. that exist are merely for technical discussions, etc.

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1 Local enquiries.
TECHNICAL AND SUPERVISORY PERSONNEL IN THE SUGAR INDUSTRY

GRADES

The main grades covered are chemists employed in this industry and certain grades of supervisory personnel employed by the managing agency firms.

SALARIES AND CONDITIONS OF SERVICE ETC.

The main concentration of the sugar industry is in U.P. and Bihar. The industries are controlled by entrepreneurs coming from outside the province, while most of the chemists employed in this area are men who have received education either in Allahabad or Banaras or in the Kanpur Technological Institute.

The main problem in this industry has been that of seasonal unemployment, which particularly in the earlier stages, extended to technicians also. The provincial governments have naturally been concerned with this matter and have exercised pressure to bring about the payment of definite retention allowances. A very few groups have attempted a solution by the development of by-products and related industries to which the services of these technicians can be transferred in the off season.

1 Local enquiries.
The results of the survey that have been published in the Indian Labour Gazette also tell us something about the retention allowance paid to technicians. These remarks are reproduced here. Five units in Bombay and one unit each in Bhopa and West Bengal pay 50 per cent of pay as retaining allowance to technical staff. The unit in Madhya Bharat pays 20 to 50 per cent of pay as retaining allowance to laboratory staff and chemists, (In U.P. and Bihar the problem has to a considerable degree been eased because the top technicians and supervisory personnel are in any case retained by the managing agents while lower grades are now protected by legislation).

Technicians also draw travelling allowance when they join the factory in the beginning of the season.

UNIONISATION.

Unions in this field are more technicians associations than bodies for collective bargaining.


See also references to this article in section on labour in the sugar industry.
GRADES

It is usual to group personnel connected with this industry into three main departments — editorial, managerial and printing. The journalists who are in many ways the most significant category are here included under the broad title of the editorial department. The journalists include the well-paid middle-class journalists, the much criticised part-timers, and those whose salary justifies their inclusion in the proletariat; though they retain essentially middle-class characteristics. The owner-journalist of the small paper should be included in the categories of both employers and technicians and represents an important phenomenon. Certain outstanding personalities form a small but extraordinary class in this group. The journalists are the only profession which have especially important responsibilities as regards maintaining certain standards, and yet are not independent like doctors or lawyers. The status of the journalists, artists, and intellectuals generally is an important problem in democracies.

SALARIES AND CONDITIONS OF SERVICE

As for differences in remuneration and conditions
conditions of service we may note the following general characteristics.

We shall comment separately on the large chains, where the institutions we are interested in, namely, the managing agency groups, are involved; and other smaller papers, which are much more numerous. The journalists' associations throughout the country have on frequent occasions drawn attention to part-time working, excessive hours for fully engaged employees, lack of security etc. as problems that are prevalent everywhere except in the largest chains. In these chains, while these abuses are absent and remuneration is far higher there is another difficulty. There is discrimination in promotions, and insecurity if the policies are not in line with those favoured by the top control. The termination of the services and the settlement of disputes are matters in which no special guarantees are provided for the higher staff and no systematic procedures have been laid down for the lower staff.

1 The information obtained from journalists associations I interviewed is summarised in these sentences. This information is now shown to be correct owing to the publication of the report of the Press Commission, p. Ch. XII, pp. 181-247 "Working Journalists", and pp. 170-187 "Employment".
UNIONISATION

As regards the organisation of the profession we note that unions have been set up in most parts on a craft basis. We find however, that in the U.P. the press is organised on an industrial basis. The nature of the local leadership is the most likely explanation of this fact rather than the alternative view that there is little income difference between journalists and managerial and printing workers in certain tracts and papers, and that this leads to industrial unionism.
TECHNICAL PERSONNEL IN SHIPPING COMPANIES

GRADES

In this section we confine our remarks to the following grades of technical and supervisory personnel: Masters, mates, engineers, radio officers, doctors, pursers and clerks, apprentices and cadets, engineer apprentices, etc. as these are covered by the collective agreement concluded by the shipping companies with the Maritime Union of India (which represents this personnel).

SALARIES AND CONDITIONS OF SERVICE

The Maritime Union of India was established in 1939. According to the procedure adopted we obtained from this union information regarding (1) salaries or wages and (2) service terms of the relevant grades. These have been summarised by the union in two tables.

1 It also represents pilots, harbour masters, berthing masters and dredger personnel.

Source: Collective agreement signed by the Union and the shipping companies; a copy of this agreement was kindly made available by Shri S. N. Haji, General Manager of the Scindia Steam and author of "Indian Shipping". The Maritime Union of India supplied the rest of the information.

2 Union Publicity.
<table>
<thead>
<tr>
<th>Wages per month</th>
<th>Rank</th>
<th>Allowances per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>1939</td>
<td>1949</td>
<td></td>
</tr>
<tr>
<td>480</td>
<td>970</td>
<td>Masters</td>
</tr>
<tr>
<td>345</td>
<td>740</td>
<td>Ch. Off.</td>
</tr>
<tr>
<td>245</td>
<td>570</td>
<td>2nd &quot;</td>
</tr>
<tr>
<td>165</td>
<td>475</td>
<td>3rd &quot;</td>
</tr>
<tr>
<td>150</td>
<td>390</td>
<td>4th &quot;</td>
</tr>
<tr>
<td>400</td>
<td>910</td>
<td>Ch. Eng.</td>
</tr>
<tr>
<td>345</td>
<td>740</td>
<td>2nd &quot;</td>
</tr>
<tr>
<td>245</td>
<td>570</td>
<td>3rd &quot;</td>
</tr>
<tr>
<td>150</td>
<td>475</td>
<td>4th &quot;</td>
</tr>
<tr>
<td>125</td>
<td>390</td>
<td>5th &quot;</td>
</tr>
<tr>
<td>140</td>
<td>425</td>
<td>Surgeon</td>
</tr>
<tr>
<td>100</td>
<td>320</td>
<td>Rad. Off.</td>
</tr>
<tr>
<td>75</td>
<td>260</td>
<td>Purser</td>
</tr>
</tbody>
</table>

Wages are "At start" and Basic.

**SERVICE TERMS**

<table>
<thead>
<tr>
<th>Then</th>
<th>Now</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 days Leave</td>
<td>42 days with victualling allowance.</td>
</tr>
<tr>
<td>None</td>
<td>3 months as on staff.</td>
</tr>
<tr>
<td>Certain personnel only Examination leave</td>
<td>Yes, to all.</td>
</tr>
<tr>
<td>Second or lower Rail travel</td>
<td>First class.</td>
</tr>
<tr>
<td>Then</td>
<td>Now</td>
</tr>
<tr>
<td>--------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>None</td>
<td>Overtime</td>
</tr>
<tr>
<td>Undetermined</td>
<td>Travelling allowance</td>
</tr>
<tr>
<td>None</td>
<td>Seniority rules</td>
</tr>
<tr>
<td>None</td>
<td>Overseas allowance</td>
</tr>
<tr>
<td>None</td>
<td>Employment Security</td>
</tr>
<tr>
<td>None</td>
<td>Accident benefits</td>
</tr>
<tr>
<td>None</td>
<td>Passenger allowance</td>
</tr>
<tr>
<td>None</td>
<td>Collective agreement</td>
</tr>
</tbody>
</table>

It will be found that part of the increase in pay between 1939 and 1949 can be explained by changed monetary conditions. The net real increase that may be represented by the higher money salaries and the improved service terms remains to be explained. It cannot be entirely ascribed to the policies of the shipping companies. Some credit must be allocated to the union particularly because it was greatly strengthened during this period.

1. See page 534
It was no doubt comparatively easy to organise personnel in this field because of a variety of reasons such as good education, easy inter-personal contact, etc.

The collective agreement deals both with the special problems of sea-going personnel and the more general problems that are common to all lines. Apart from fixed grades the agreement lays down provisions relating to examination leave, thus promoting equality of opportunity, and solving an important problem in the line. Overseas allowance, amenities when at sea, compensation for personnel accidents and for loss of personal effects, a dirty cargo allowance, etc. are some of the clauses that provide for the special problems of the line.

The collective agreement also provides for promotion procedures according to a seniority scheme that has been accepted by the company. The scales of pay, overtime allowance, compensation, provident fund, privilege leave, sick leave, and examination leave and other benefits as prescribed in the agreement represent the minimum that the Companies must pay while the hours of work agreed upon represent the maximum.

As for community patronage in recruitment we can note two trends in this field - one is the importance of British personnel and the consistent efforts of the
the Scindia and Associated Companies to promote Indianisation. The Company has even initiated a scheme of training for this purpose. This scheme and the position attained in 1950 is described by the company as follows:

About 33 per cent of the cadets from the training ship "Dufferin" and about 70 per cent of the boys from the Nautical and Engineering College have been taken up by the Company for proper sea training. Today though the Company needs about 60 cadets for its own recruitment purposes, it has 120 cadets under training entailing an extra expenditure of 11 lakhs of rupees over a period of four years. According to the latest reports, the company has Indians in different sections as under: 40.1% executive officers; 86 per cent engineers; 100 per cent radio operators. The percentage of Indian executive officers is on the low side because during and after the war many officers have taken up shore jobs. Particularly during the last three years, many European retired from Port Trust and other Government services and vacancies created by them have been filled up by officers who had been trained up on ships of the Scindia Company.

The second point to be brought out is the tendency for more people from Bombay State (including the professional communities) to be recruited; a continuation, perhaps, of the old Walchand convention.
UNIONISATION

The Maritime Union of India, as remarked above, was established in 1939. Its membership has expanded from 7 in 1939 to 1200 in 1949 and its funds from Rs. 30 to Rs. 40,000 in the same period. The union has been able to conclude a collective agreement that embodies many excellent clauses and represents a more advanced form than the agreements prevalent in the textile industry.
GRADES

We include two types of personnel. First, the accounts, engineering, administrative, operational and traffic departments which are sub-divided into different sections under senior officers. Secondly, we include the air transport personnel proper which consists of flying crew, ground staff, maintenance and service personnel and administrative staff.

SALARIES AND CONDITIONS OF SERVICE

We can note right at the start certain general characteristics of personnel in this field. One is the fact that different types of personnel have very high remuneration and in the case of air transport personnel proper namely pilots, radio officers, flight engineers, and ground engineers, we have in general a higher percentage of young people as compared with other transport industries. The constant training and tests may also be described as a characteristic.

1. Information secured by local enquiries.
Before nationalisation, there was no basic uniformity in wages, salaries and conditions of employment which varied from company to company.

In the early days of civil aviation in India British pilots were paid more than the Indian pilots doing the same work, e.g. in Indian National Airways controlled by Govan Brothers. At present, needless to say, no such discrimination exists; though a considerable number of foreign pilots continue to be employed. In 1952, out of the total of 301 pilots employed by airlines operating companies, 36 were foreign.

Both the salaries and the conditions of service in this field have been broadly speaking satisfactory; with nationalisation, it is to be expected that even greater standardisation of procedure will be achieved.

**UNIONISATION**

Representative bodies have come into existence after 1945. Unions have been organised both for companies and on an all India basis for certain types of personnel, e.g. the Indian pilots guild, All India Licensed ground engineers association, All-India Airline officers association and finally All India Aero Employees Federation. Collective bargaining has been seriously attempted only by the bodies representing the lower grades.

2. Information obtained from local enquiries.
CONCLUSIONS REGARDING TECHNICAL AND SUPERVISORY PERSONNEL.

Having presented some data relating to technical and supervisory personnel, which was not available before, it will be useful to compare the general observations that can be made on the basis of this data with the general observations that can be made regarding labour on the basis of published data. We therefore state in a paragraph those points regarding labour that are significant in drawing comparisons with technical and supervisory personnel.

It is convenient to begin by repeating the three reasons that the Wage Committee gives to explain poor progress in standards of living of workers and differences therein. Firstly, wages (and even conditions of work) in different industries vary according to the respective strength of the employers and workers organisations; secondly, the amount of interest evinced by provincial governments or states in bettering the lot of the working classes varies; and thirdly, the standards adopted for the enforcement of existing labour legislation have deferred widely as between various provinces. Adding to one of these propositions, we may add that not only the extent but the

\textsuperscript{1} See the main report of the Labour Investigation Committee, 1946. P. 378.
the type of unionisation is significant in explaining the returns to labour. We may also note on the basis of our interpretation of labour year book data that in every industry standardisation of occupations and minimum wages came not on the initiative of the business class but on the initiative of the state. We have also found (see pages 323 - 343) that historically the managing agents have, in general, resisted the demands of labour and appropriated a disproportionate share of gains to themselves.

As for the technical and supervisory personnel, we found that in this field also standardisation and systematisation of rules did not come about as a result of entrepreneur's initiative but as the result of the initiative taken by unions of technical and supervisory personnel. The entrepreneur, here, was a factor encouraging nepotism and relatively indiscriminate promotions (it is necessary to insist upon this point because the government succeeded in evolving rigid but more equitable mechanisms in this regard) the abuses of their power by managing agents in these respects and their using this power to benefit family, community or friends -- thus adding to their remuneration by perpetuating a situation in which lack of organisation was characteristic - has been noted.
A further point of importance we noted was that the state had played no part in the relationship between entrepreneurs and technical and supervisory personnel. Technical and supervisory personnel were, in general, a privileged class (though not the lower grades) but that does not mean that they did not have legitimate grievances arising from lack of system and differences in entrepreneurial policies. The reservation of higher posts for those in whom the managing agents were interested was particularly noted.

Thus both in the field of labour and technical personnel uniformity has been brought about not by competition but either by the state or by unions.¹

The opposition of interests between entrepreneurs and labour and technical personnel has so far been resolved, in so far as laissez faire prevailed, in favour of entrepreneurs. The impossibility of relying on laissez faire to bring about these adjustments in organisation and remuneration is sufficiently important to merit emphasis here.

The two cross-sections presented below result in covering many of the industries not dealt with e.g. jute, paper etc.

¹ This point has frequently been made, through in other contexts, by Prof. D.K. Gagdil in his lectures. One finds many illustrations in economic history of effects which theory supposes to follow as a result of free competition being actually a result of action by the state or employers and employees associations; rather than a result of entrepreneurial initiatives.
This section discusses problems connected with Indian executives in foreign firms and foreign personnel in Indian and foreign firms in India. We shall discuss each of these in turn.

As for the Indian executives in foreign firms, we note that to begin with there were few Indians in higher posts, and in those early days the principle of equal pay for equal work was not as universally violated in industry as it was later, because very few Indians were allowed to hold higher posts in any case. Later, such differences seem to have become well nigh universal. During world war II, the number of Indians employed increased and began to be more significant. The general tendency to replace British personnel was of course a secular trend and it spread during the war to the British controlled sector. The partition of India resulted in Indians being excluded from British firms in Pakistan and being concentrated in India. On the other hand the liquidation of British investments in Persia and China and the fact that Burma and Ceylon were quicker to place
place restrictions on the employment of personnel led to a flow of British personnel into India. Some of the retiring civil servants also shifted to industry. It has been held, therefore, that round about 1949 there was a temporary reversal of Indianisation, which, however, was taken up again under government pressure. It is, however, doubtful, whether this policy has been through-going enough.

The principle defects in the policies of foreign firms in these matters have been summarised as follows:

It is alleged that there has been discrimination in favour of young foreigners who after few months training have replaced Indian heads of departments. It has also been alleged that there have been cases of termination of service to make room for Europeans, of transfers being used to manipulate decisions regarding promotions, and unfair revision of scales. The pay and allowances including incidental benefits that Indians attain after long service are attained much earlier by foreigners. These charges have been substantiated by giving case studies of firms.

1. We commenced our investigation into this aspect before the government acted in the matter. Later conversations with men in the field however indicate that more vigilence on the part of the government is still necessary.

2. Memorandum prepared by Indian executives in foreign firms for circulation among legislators.
Another charge that has been substantiated is the fact that Indian personnel recruited is drawn from families having good connections only.

While criticising foreign firms it is however, very important to remember that similar discrimination in favour of their own community is in fact practised in many cases by the Indian business communities. As for the charge that only those with good connections are recruited it is almost inevitable in a society where class stratification is marked and even government procedures are not likely to prevent it.

We now take up the second half of the question, namely, foreign personnel in Indian and foreign firms in India. In the early days of industrialisation India was heavily dependent on such technicians and particular industries such as cotton, jute, etc. have benefited from the technical traditions of Lancashire and Dundee. Indianisation was a slow process; slower perhaps than necessary. The nature of the Indo-British relationships naturally led to the influx of different types of personnel who were not really needed by the country. Even in the post-independence era this problem continues, for it is difficult for policy makers to judge about requirements in technical fields and hence a number of pseudo-technicians continue to be employed. This point has been emphasized by institutions representing Indian technical and supervisory personnel.
Technical and Supervisory Personnel in the large groups:

British and Indian: In an earlier part of this work we have noted the rise of different classes and groups of managing agencies and the industries which they cover. We have also noted the growth of a central organisation and of new departments in many of the groups. The rise of each new class or type of concern and the creation of new types of departments are developments that mark stages in the creation of new cadres and new functions for supervisory and technical personnel.

In the early days when development was confined to textiles and when British firms employed, in the main, British personnel only, no Indian business bureaucracy as such had come into the field. With the growth of big Indian business in the inter-war period, and the policy of Indianisation later adopted by British firms, there came into being a new and coveted set of posts for Indians in the British and Indian managing agencies. The terms and conditions of service in this category compare very favourably with the best government services. They are modifications of terms and conditions developed by the British firms for the British personnel they formerly employed in these posts.

1. To a small extent this happened even before in the Bombay and Ahmedabad Textile Industry.
In general, in each field, a particular set of conditions prevails. The managing agency groups is not able or willing to make the conditions of service similar in all the different concerns (i.e. in different industries) it may control; though such arrangements have a tendency to emerge for particular grades. Within each industry, of course, the conditions of service vary considerably between groups. These variations are particularly marked where the force making for a standardised general level for each industry have not been reinforced by the conclusion of agreements and where over-supply of personnel exists. There are thus three factors which determine the terms of service of any particular technician, viz. the general level which is a result of various pressures, the policy of a particular group, and more or less temporary demand and supply factors which may affect particular grades.
SECTION II.

SIZE AND RATIONALIZATION, WITH SPECIAL REFERENCE TO ENTREPRENEURIAL POLICIES.

This section is divided into two sub-sections, the first on entrepreneurial policies relating to size and the second one entrepreneurial policies relating to rationalisation.

Briefly, the main points relating to each industry, that are covered in the discussion on size are as follows: An introductory para describes locational trends in the industry and notes the different centres that may have developed. The trends in size between 1914-1949 in each centre are then described. No attempt is made to correlate these to profit etc. because of the complexity of the procedure and uncertainty of results involved. The next step is to describe facts relating to the size of plants in the interest groups in each centre. Having brought out the facts relating to sizes of plants in different interest groups we proceed to attempts to explain these facts. This is done by showing the advantages and disadvantages for particular cost items to plants and units of control of differing sizes in different centres. An attempt is made to bring out facts leading to size policies, and also the deliberate size policies actually adopted by different managing agents. Lastly, the recommendations regarding size made by expert bodies for each industry
are mentioned and the principles behind them brought out. Possible conflicts between entrepreneurial interests and the national interest in the field of size decisions are also discussed.

As regards rationalisation we confine ourselves to giving the history of rationalisation in this country and to bringing out possible conflicts between the entrepreneurial interests and the national interest flowing from the policies that are generally grouped together under this title.
COTTON TEXTILES

Among the reasons explaining the growth of the textile industry in Bombay Island, one must include proximity to the sea (the import of coal and machinery and the export of yarn to Hong-Kong were rendered possible) - a factor that was important because of the conditions under which modern industrialisation began. The City of Ahmedabad was also not far from the sea and had the further advantage of being in the midst of a cotton growing tract and of drawing its labour from a traditionally skilled class as well as being conveniently situated for internal distribution. Workable coal mines in the C.P. were also an advantage. The various internal centres began to grow and overtake Bombay only after the shift to weaving had taken place in the Indian cotton textile industry. An investigator has noted that the distribution of the modern cotton textile industry shows some similarities with as well as some differences from the distribution of the traditional cotton textile industry.

1 See Sharma: The Location of Industries in India, 2nd Ed. 1948, p.31. We may recall here that the modern textile entrepreneur did not adjust himself to co-ordination with handweaving - he depended, at first, on export markets and after 1925 came into direct conflict with handlooms. In spite of this, however, handlooms began to use mill made yarns and hence to a degree there was the possibility of the handloom market for yarn influencing the location of mills. The main factors making for a similar distribution of the traditional and the new industry are of course likely to be raw materials, markets, etc.
Certain contrasts between different points of time and different centres that emerge from our tables (The tables, based on large industrial establishments in India, are not presented) will now be presented. The position in 1914 was as follows:—

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The position in 1914 was as follows: Bombay had a higher proportion of units in higher size classes than Ahmedabad. The contrast can be brought out by saying that the size classes above 1,000 accounted for more than half of the employment while in Ahmedabad the size class 501 to 1,000 accounted for more than half of the employment. In Kanpur and Sholapur more than half of the employment was accounted for by units in the largest size class while in Madras all of the employment was accounted for by units in the largest size class.

As we have stated in our introduction to this chapter, in no industry can we comment on all the districts, for in cases where there are only a few units in a district, we would either have to merely present raw data or to go into details that are not important in an overall perspective. Selecting all districts employing above 10,000 cotton textile workers in each of the selected years from our tables we arrange these in descending order of labour employed. Further, it is necessary to note here that relying merely on the labour index would mislead if we do not keep the following points taken from studies which use various indices to indicate changes in size in mind.

An important point to note is that weaving sections have expanded more rapidly than spinning sections in Bombay, Ahmedabad, Bengal etc. Large centres like Coimbatore and small centres like Agra were the only ones that retained overwhelming emphasis on spinning. The small size of units in the Coimbatore centre is explained by this. Ring spindles came to be predominant first in Ahmedabad and then in other centres. The considerable disintegration of dyeing and bleaching in Bombay shows that had the Bombay units included these to a greater extent as departments, the labour index would have indicated an even greater difference in size.
During the inter-war period Sholapur expanded less than Kanpur. In 1914 these centres had occupied similar positions and it was the different natures of their markets that accounted for the differences in growth. The growth of a spinning centre at Coimbatore was an entirely new development. The relative importance of Bombay and Ahmedabad was reduced due to the general dispersion of the industry (in Bombay the absolute number of mills also declined).

Inter-war changes in size distribution in different centres were as follows: In Bombay we have a striking shrinkage in size classes 501 to 1000 and 1001 to 1750. There was also an increase in the importance of the higher size classes, especially the highest. In Ahmedabad which had smaller units the class 501 to 1000 was still significant but 1001 to 1750 became far more important. There was a relatively small increase in the higher size classes in general. The new centre of Coimbatore was characterized by small units - smaller than in Ahmedabad. Kanpur and Sholapur continued to have the largest class as their prevalent size as also did the centres of Madura and Tinevalli which had become large enough to consider in 1939. The 24-Paraganas had the class 501 to 1000 and the class above 2500 as the two most important classes.
The figures for 1946 are likely to mislead a careless observer if compared with earlier dates due to the fact of the general increase in employment and shifts that took place during the war. The increase in size of particular units causes a heavy shift into the largest size class in Bombay. The lower size classes show a fall due to this growth.

The most striking characteristics of the figures for 1949 is that the increase seems to have become a permanent feature and that in certain centres such as Ahmedabad the trend towards increase has continued as is exemplified by the growth of size class 1751 to 2500 in Ahmedabad.

Turning to a smaller unit than an industrial centre or district, we now present the size policies of managing agencies and contrasts in the size of the managed companies.

We shall find that there are groups of three broad types: Those that follow a policy of having large units only, those that follow a policy of having small units only, and the much more numerous class which have widely varying sizes in their managed companies. It will also be found that in this industry broad trends, e.g. the increase in the loomage during the inter-war period, etc. are factors common to almost all groups.
The increase in size which can also be noted for all groups was also a common feature though with important variations in degree.

Bombay Island:— The Sassoon Group was till its selling out the largest single group of textile units in Bombay. The size of the units within the group varied very considerably throughout the life of the group. In 1914, there were various sizes between Jacob Sassoon—the largest and Union—the smallest. At this time many of the Sassoon units were already long established. Between 1914 to 1939 there was a fall in the size of many of the units as indicated by labour employed. During this period we had an increase of loomage and the introduction of rationalisation measures in this group. A rise in employment however takes place in some units and employment was maintained in others (the fall took place in six units, the rise in two, employment was maintained in two units and one new unit was established). During the war period (1939-45) five of the units were taken over by Agarwal and Company and one by Chidambaram Mulraj. There was an enormous rise in employment in all the units during the war period.

1 See sketch on Sassoon & Co., on page 256.
In general this rise was maintained between 1946-49 and no contraction took place as did occur in some other groups. By 1949, Hind agents had taken over two of the units while J.R. Purnamal Radhakishen, the M.G. Investment Corporation and Mafatlal had taken over one each.

The next largest group during the first half of the inter-war period (right up to the 30s) was Currimbhoy Ebrahim. This group also included mills of varied sizes. This group collapsed completely in the thirties, giving an opportunity among others to the Marwaris to take over these units. In general, successor units, if smaller than the original are likely to follow different size policies for a variety of reasons.

Certain groups have followed the policy of having very large units. Thus Nowrosji Wadia and Co. have long controlled the famous Bombay Dyeing units. These two units have been in the largest size class throughout. Their growth following the usual pattern of expansion in the interwar period, showed a rise in employment during the war period (this however was comparatively slight) and a return to 1939 levels in 1949. It should be noted that these units had a large number of looms even in 1939 and hence expansion was not due to an increase in loomage as in so many other cases.
Another group having a very large unit is Tatas, whose Swadeshi No. 1, established in 1939, did not expand during the inter-war period, having been in the largest size class throughout. The Tata Mills was established during the inter-war period. Both the units recorded a war time jump in employment and a return to levels between those of 1939 and 1946 in 1949.

Among units that were strikingly small, at least to start with, we have the Mathuradas Goculdas group. This group had four small units of almost identical size (employing below one thousand labour) in 1913; this group however, failed to survive as a single unit.

Thackersy Woolji, the Gujarati group with the longest history, had four units in 1913 which were even more identical in size than the ones we have just mentioned. All of them were around the one thousand mark. In the inter-war period one of the units quadrupled in size while two of the units doubled and a fourth was transferred. Employment continued to mount during 1939 to 1946 and there was a subsequent decline. The differences in the size of the units that developed in the inter-war period were subsequently reduced in the war period.

Among groups which expanded in the inter-war period we have James Finlay, N. Sirur, Killick Nixon,
Bradbury, etc. Some groups, e.g. Bradbury focused expansion in particular units, while others tended to have an even development. The differences in these groups however cannot be brought out as sharply as we can bring out the differences between the groups mentioned above. Thus we may note that the groups here mentioned as well as many others followed in the main the general trends with variations that were less strongly marked than the ones we noticed above.

We now comment on selected groups of mills in Ahmedabad - those that enable us to illustrate differences in size characteristics.

The two Sarabhai units (like the Nowrosji Wadia units in Bombay) have been in the largest size classes throughout.

In the Mangaldas (Parekh) group we had four units in 1911, three of which were in higher size classes (above 1000 labourers employed) than the two units each in the Damodardas and Harivallabhadas groups that then existed. Between 1913 and 1939 the smallest unit of the Mangaldas group viz. Bharatkhind, expanded four-fold, while lesser expansion occurred in other units. The figures for 1946 show further increases in employment in all units; it is also noteworthy that the two units in this group that were below the 2000 labour
labour employed mark in 1939 rose above it between 1939 and 1946. In the years 1939, 1946 and 1949 the units in this group were on an average of substantially larger size than in two other groups - Damodardas and Harivallabhadas - whose position in 1913 we have already mentioned above.

In the Kasturbhai Lalbhai group we had two units in 1913. The number rose to six in 1939, with sizes varying, in this year, from Arvind (3109 labourers employed) to Saraspur (1196 labour employed). Saraspur more than doubled the employment it gave between 1939-46, but the group continued to have two mills that were of smaller size (In the year 1949 they employed 1782 and 1446 labourers respectively).

The other groups in Ahmedabad, apart from the trends of expansion, etc. one would expect, do not show any very striking characteristics worthy of comment.

Turning to Cawnpore - the centre of large units, we find that the British interests now united under the B.I.C. - are even larger than the J.K. units.

1 Though some individual units e.g. Tata's Ahmedabad advance - which grew into the highest size class in the inter-war period; and Mansukhbhai Daghubhai Gujarat spinning - which was one of the largest mills throughout - may be mentioned.
In the South Indian textile centres also it holds true that the units managed by British managing agents are larger than the Indian units.

It will assist in elucidating the nature of the topic under discussion if we now proceed to consider some cost items and show the relative advantages and disadvantages of large and small units (the size of the managing agency group and of the individual managed company — which, generally, coincides with the plant — are both relevant) in different centres.

Take for example the purchase of raw cotton. Here small firms are at some disadvantage. They do not own gins and presses nor do they have efficient purchasing organisations and financial power. The size and organisation of the managing agency groups rather than of the managed units are therefore important in this item. Particular centres e.g. Coimbatore, or particular managed units might of course have special advantages in this regard; but in general units belonging to larger purchasing groups and units conveniently located would be at an advantage.

Over-head costs are the next point we must consider. The Tariff Board of 1927 found that over-head charges in Bombay per spindle per day were much less
less than for upcountry mills. Office expenses were also lower per unit of output due to the large average size of Bombay mills and greater concentration of the managing agency units in the same hands. As for items like power, in Bombay large units have an advantage, for a larger load means a smaller cost per unit of power. In Ahmedabad where power is generated by the mills the maximum economy is attained where the size is between 700 and 800 looms. Power is therefore an item where the size of plant is significant. Similarly in other technical economies it would again be the size of the plant that is significant. In obtaining cheaper finance it is not only the size but also the standards and prestige of the managing agents that count. The general soundness and reputation of the managed companies as well as the efficiency of the plant are all taken into consideration. The cost of finance is therefore affected by all factors though irrelevant factors prove most important in particular instances.

Among the miscellaneous historical forces that have actually affected cost items we may mention market considerations, e.g. the loss of the yarn trade and the shift to weaving affected relative costs and through them size and location. Alternately, we may remark on potential influences on size that came near materialising but did not actually materialise, e.g. the
the failure of the Bombay Millowners Association to organise the common purchase of raw materials and the confining of its activities to research and insurance etc. shows that the association in this industry has not been able to take action which substantially affects the size of units.

We now have some idea as to what entrepreneurs in cotton textiles have been doing (in relation to size) and why they have been doing it. It is now possible to proceed to evaluate the performance of entrepreneurs with reference to the recommendations of expert committees that have gone into the problem of size. Fortunately, we have in this industry the recommendations of two committees that arrive at recommendations with different contexts in view. One, the textiles post-war planning committee - was judging along lines that had become traditional in this country; while the other, the Kanungo Committee, made recommendations with a specific pattern of economic development in mind.

Thus for example the Textiles Post-war Planning Committee (confining its attention to the mill industry and judging by orthodox criteria of efficiency) stated that the composite mill with 25,000 thousand spindles and 600 looms should be regarded as an economic unit under Indian conditions. The Kanungo Committee, on
on the other hand, wished to make recommendations which would take into account the handloom sector, the powerloom sector, and the mill industry and hence outlined a comprehensive programme of rates of rationalisation, contraction, or expansion for the handloom, the powerloom and the mill sections. According to this committee, technicians regarded a pure spinning unit with 12000 spindles as an economic unit and as for weaving there was hardly any lower limit to size. They were against the growth of new composite units.

According to the post-war planning committee only 126 out of 432 mills could be regarded as economic (For West Bengal and Madras out of a total of 33 and 85 mills respectively; only 4 and 2 units respectively could be considered economic). On the other hand, according to the Kanungo Committee many of the Coimbatore units, for example, would be regarded as economic.

In any case both Committees would be agreed on the fact that actual entrepreneurial performance has

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1 See E. C. Ghose: Industrial Organisation 1954, pp. 165-166
has varied from the ideal - one school would say that entrepreneurs had tended to set up two small composite units while according to the other's ideal - entrepreneurs would be regarded as having gone too far in the direction of composite units instead of confining themselves to pure spinning, which would have been more in the nation's interest. The difference hinges on the view taken of the possible conflict between the entrepreneurs' interest and the national interest.
JUTE INDUSTRY

The description of location of the jute industry does not present any special problems. Most of the mills have grown up in a compact industrial area in the three districts of Howrah, Hughly and the 24 Paraganas. These three districts, contrary to our early procedure, will not be treated separately, as they constitute a single industrial area. Madras (Vizagapatam and Krishna) and later U.P. (Kanpur and Gorakhpur) were two other areas where a few jute mills, which however were a negligible percentage of the total, did spring up. The Bengal districts were also the home of jute as a handicraft industry. The growth of the modern industry merely resulted in a concentration within this area. The raw material is more cheaply transported on water. The command over coal, shipping, technical know-how, and foreign trading contacts were the four that the British agencies enjoyed. These facts help in explaining the concentration of the overwhelming bulk of the industry in one area.

The usual size classes we have used for our labour index will not be suitable for the jute industry as most of the units during the period 1913 to 1949 will fall in the class of 2,500 and above and hence
hence will not be amenable to analysis with the help of classes which we adopt for other industries. We therefore split up the next size class of 2,500 to 5,000 into smaller classes separated by intervals of 500.

Right down to 1913 the jute industry was expanding both as a result of an increase in the number of mills and a growth in the size of plants, ownership units, managing agencies, etc. This trend even continued beyond 1914. For example, Lokanathan remarks, "Assuming 100 to be the index number at the beginning of the century, we find that in 1927 the number of firms rose to 190, that of plants to 270, that of spindles to 387, and that of looms to 330."

During the last 15 years, however, that is roughly from 1935 onwards, a number of Indian units have entered this industry. A few of these are larger than the rest but most are smaller. A number of British units that have entered are also smaller. The earlier tendency was thus reversed.

It is, therefore, worth noting the changes in

1. See P. S. Lokanathan: Industrial Organization in India, p. 113.
in average size between 1913 and 1939. Between these two points of time, there was a definite fall in the size of ownership units as well as of plants. The measurement of this change is complicated by the fact that certain ownership units may have two or three plants and hence though we get accurate figures about ownership units we do not get the breakdown for plants in 1913 and have to depend on an arithmetical average supplemented by general information and judgment in order to make remarks on the size of class. As we have noted above, the units of ownership were arranged in size intervals of 500 between 2,500 and 5,000 and the result showed the decline in size mentioned. Between 1939 and 1946 we again have a rise in average size due to the increased employment, a rise that is maintained in spite of the decline taking place between 1946 and 49. A point particularly worth noting for the figures in 1949 is the large number of plants as opposed to ownership units that are found in the largest size class.

We now pass on to discuss the size-characters of companies in particular managing agency groups. In other industries we take the district as the unit and within that the managing agency group. Here we shift straight to the managing agency group. (The district is not relevant because we are treating the three jute
jute manufacturing districts as a single area).

In 1913, Bird-Heilgers had 11 companies and 12 plants (Heilgers had one plant of the Nai Hatti Company and two plants of Kinnison Company). In 1939, they had 12 companies and 13 plants, in 1946 they had 10 companies and 11 plants and 1949 they had 9 companies and 10 plants. This group not only had a large number of mills but had large mills. It contrasted strongly for example with the units of Andrew Yule and Co. It is worth noting in particular the importance of the size classes above 2,500, in all years except in 1949 in which year the class 3,000 to 3,500 became most important. It is extremely interesting to note that some units within the group expand while others are contracting. This depends on the age of the unit, on profitability, on suitability for expansion under different conditions, etc. E.g. between 1913 to 1939 Clive and Lansdowne fell in size while Auckland and Nai Hatti made gains. Even the wartimes expansion in employment was concentrated in certain units. This is probably explained by the rationalisation measures which concentrated production in certain mills. For example in this group, Dalhousie, Standard and New Clive made steep gains while others remained almost stationary. Between 1946 to 1949 one of these units viz. the Standard, contracted greatly.
In 1913 Andrew Yule and Company had 6 companies and 7 mills; in 1939 they had 11 companies and 12 plants; in 1946, they had 9 companies and 10 plants, and in 1949 they had 9 companies and 9 plants. It is noteworthy that there is a fall in all units (except one) in labour size between 1913 and 1939, probably as a result of modernisation combined with the policy of having small units. Lokanathan has drawn attention to the fact that Sir David Yule was a believer in starting in a small way. The firm appears to have continued this policy. In fact, most of the plants are below the 3,000 mark e.g. in 1949 six of the nine plants were below even 2,5000. The two units Orient and Cheviot which had jumped up between 1939 to 1946 declined after 1946, and Hastings, a large unit, was transferred to Bangur brothers. Thus Andrew Yule’s contrast with Bird Heilgers and Company as far as the size of units is concerned. This contrast is not caused by financial shortages or such like factors but indicates the range in which variation is possible.

Begg Dunlops had three plants and companies in 1913, added two plants and companies in 1939; two of these companies registered an increase in employment between 1939 and 1946 and a subsequent decline.

Mcleods which has recently absorbed Begg Dunlops began with two units in 1913. By 1939 these two units

1. Lokanathan: Industrial Organisation in India p. 115
units had moved closer to each other and 4 new companies had been added, two of them were located in Vizagapatam. The wartime rise and subsequent decline in this group appears to have been more evenly spread between units than in the above mentioned groups. At present the combined Mcleod units numbered eight, five of which are under the 2,500 limit. Apart from the special characteristics of having two units in Madras, possibly due to internal marketing considerations, the groups size policy seems somewhat similar to that of Andrew Yule.

The present group of Jardine Henderson and Company, which has today a number of units in two different size classes, is an amalgamation of two long standing groups. Both the groups had units of different sizes and the present size distribution into two classes is not accounted for by the fact that the two agencies were formerly separate. George Henderson and Company had two companies and three plants in 1930. All of these expanded between 1913 and 1939 but only two continued to expand during the war period. Jardine Skinners two units (Kamarhatti and Company) do not show any great change in size between 1939 and 1949. Jardine Skinners Howrah Company units however show a slight wartime expansion and a subsequent decline.

In the case of Kettlewell Bullen which had two companies and four plants throughout we have a general fall
fall in size between 1913 and 1949 and a fall in one company's plants and a rise in those of the others during the war. In the post-war period there has been a slight rise in the company that had not expanded during the war.

In the case of the Mcneill and Barry group we again have, as in the case of Jardine Henderson, two size classes. The Barry units expanded during the inter-war period and war period with a slight fall thereafter. The surviving Macneill Units have merged with Barry & Co.

In the case of Thomas Duff, a comparatively recent and important entrant not represented in 1913, we have some variety in sizes. In 1939 the units in general were already large and Victoria No. 2 was the only small one. This however was made into the largest unit thereafter; it is noteworthy that size as indicated by the labour employed has been steady in most of the units except Victoria No. 2 in 1939, 1946 and 1949.

In the case of Mackinnon and Mackenzie, there has not been any great change in size between 1939 and 1949.

Our remarks on the different managing agency groups show that a prevalent size emerges as a result of widely differing policies and conditions. The overall trends in the industry are generally but not always reflected in
in the constituent groups. Special policies are often followed as regards particular units. Some groups have a general policy which includes small or large units while others seem to concentrate attention on certain selected units, or to develop certain facilities therein, to aim at reaching certain size-ranges. The time of establishment of units is likely to lead to sizes that are then regarded as suitable being adopted, while in other cases the age of the unit influences the selection for expansion. In certain cases factors peculiar to the group influence the choice of particular units for expansion or contraction. The jute industry being more homogeneous than the cotton industry it is more difficult to contrast cost items. It is clear however, that the foreign agencies have at certain periods enjoyed special advantages due to their foreign contacts which influence the cost of installation, etc. The fact of integration with shipping companies and coal companies is also known to favourably affect the costs of certain groups. The greater degree of monopoly prevalent in the industry prevents cost differences from having their full effects.

1. In this section we do not conclude by considering the recommendations of experts regarding the size that should be aimed at in this industry as no committee has pronounced on the problem. In this case, of course the optimum will have to be determined for a composite spinning-weaving unit.
the possibility of having different sizes even under conditions of location, type of product, etc. that are fairly homogeneous.
The early beginnings of the sugar industry were in Bihar, U.P. and Madras. Bihar and U.P. developed large concentrations, particularly after the spurt in development following the protection granted in 1932. It is not worth contrasting different centres or districts as far this industry is concerned, because the availability of cane is the most important fact determining size, and hence it is only possible to contrast wide territories, e.g. U.P. and Bihar with other areas like the Deccan and Madras. The units in U.P. and Bihar have always been on an average larger than those in any other parts of the country. The trend in size has been a gradual increase in all the areas. In the large bulk of units in this industry, the range of variations in size is very small.

Most of the units have shown a tendency to grow towards the optima recommended at different times and the few large units that exist have generally been about double the recommended optimum sizes. The fact that these variations are quite small in comparison to other industries makes it difficult to attribute these variations to entrepreneurial policy. External factors such as the availability of the cane supply, length of

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1 These optima have been progressively stepped up till the most recent recommendation—which is 800 tons crushing capacity.
of season, etc. are so dominant that little room is left for deliberate variation. Big plants suffer from high overheads. Even inspite of this the position of the entrepreneur has led to variations in size. To illustrate: in the evidence given before the Tariff Board of 1938 at least ten factors replied that capital available does determine size and that it is generally accepted as a limiting factor.

The availability of cane and transport are however, factors that are stressed by all. It is also observed that factories owning or fully controlling plantations can afford to be somewhat smaller than others. It is with these factors in mind that we proceed to comment on certain important groups in different areas, beginning with U.P. and Bihar, and going on to other areas.

Begg Sutherland and Co. is not only one of the most important firms in this line today but is one of the longest established among sugar firms. It already had three units in 1913 including one small guli plant. At least one of these - Purtabpore was considerably expanded between 1913 to 1939 while eight new units

1 Most of this information is taken from individual factories replies to the questionnaire of the Tariff Board of 1938 (which included some queries on size).
units were established during this period, bringing the total number of units to eleven. In 1939, three of these had a capacity of 900 tons and 6 a capacity between 700 to 800 tons, one was unknown and one a gul plant. There were small increases in the capacity of units between 1939 to 1946, the tendency being to come closer to a capacity of eight hundred or slightly above. There was also very little net increase of employment during this period. Between 1946 to 1950 capacity remained stationary except in the case of one unit while employment appears to have increased.

In the case of Narang Brothers, we have a group that grew mainly after protection and had nine units by 1939. At least one of these units was probably (Gujranwala capacity 300) small while one Nawabganj (capacity 1880 labour 1174) was particularly large. During 1939-1946 except for the increase in the size of one of the relatively small units (Jagjit 600 tons capacity) to optimum size (800) and of the other to a slightly larger size there have been no major changes. The labour employed was particularly low in 1939 and 1946 in relation to capacity, but increased in 1950.

Karamchand Thappar have units near the optimum (800) right from the start. Among the three units that were added to the original two by 1946 we however have two relatively smaller units which did not expand.
Cotton agents had one particularly large unit (Oudh 1700-1800 tons capacity) among the five that existed in 1939. Four of these had expanded slightly by 1946 but there was no change between 1946 and 1950. Employment however rose slightly in two of the units during the same period. The Dalma Jain units have always been exceptionally large and even the two Govan units that were acquired are well above the required technical minimum, though not as large as the others.

In South India Parry & Co. have always dominated the market. The East India Distilleries and Sugar was their most important unit throughout. They have had three or four units right from 1913 to the present day with concentration and expansion in the earlier stages and net expansion later.

Thus we see that apart from some units (where special circumstances probably prevent them from doing so) the large groups tend to have units of 800 or above. On the basis of a 800 tons a day capacity unit being regarded as the optimum; we find that out of 158 factories about 80 are uneconomic. This does not take into account

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differences between areas and special physical limitations in particular cases; but it is good enough as a crude index to show that uncontrolled and unaided entrepreneurial organisations cannot cope up with these standards. In fact, a study of this industry suggests another difficulty - that it may be difficult to encourage the growth of small interests and to insist on particular sizes - both of which are probable policy objects - at the same time.
SIZE POLICIES IN OTHER INDUSTRIES

The Woolen Mill Industry:—The units in this industry are not numerous enough to show up differences in entrepreneurial policies within a centre; hence our approach in this case is limited merely to indicating the different types of development that have taken place and to comment on the concept of the optimum that might emerge in this industry.

The two large British India Corporation Units, the small units in Amritsar and the medium sized units in other centres such as Bombay, Bengalore, Allahabad, Mirzapur, Baroda, etc. are the three types in this industry. It is interesting to note that we have a considerable number of handlooms even in the B.I.C. units. As for entrepreneur types we have large managing agents such as Sassoons and J.Ks. present even in the medium sized units and it is mainly in the Amritsar agglomeration that we have a class of entrepreneurs who do not use the managing agency form.

No data is available regarding costs in this industry. There have been no investigations into ideal size, etc. It is, however, clear that the industry poses problems similar to the cotton textile industry and that the problem of the pure versus the composite unit might well
well come to the fore. It is in fact inevitable that attempts will be made to generalize the approach which the Kanugo Committee adopted, i.e. the possibility of encouraging the disintegration of stages of production in various industries will be thoroughly gone into.

Coal: India's important coal fields are located mainly in one region and the following are noteworthy trends regarding size.

The largest units are owned by British firms and produce high-grade coal. There has been a steady expansion in the output of these units. Small and middle sized units are owned by Indian Companies. The opening and closing of small units during prosperity and depression has been a characteristic feature. The new Indian entrants who have entered on a large scale follow policies similar to those of the British units. A number of committees have pointed the need for consolidation and of an increase in the size of small units. The entrepreneurs however have not been able to bring this about.

Vanaspati: The Vanaspati industry is of very recent growth. From five plants with annual sales of 22,000 tons in 1936, we have moved to 53 plants with annual sales of 1,52,000 tons in 1949. The recent increase in the
the number of units has led to the clustering of production in several areas.

The table that follows is based on data supplied by the Vanaspati Manufacturers Association:

<table>
<thead>
<tr>
<th>Capacity - class (all India)</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2000</td>
<td>4</td>
</tr>
<tr>
<td>2001-4000</td>
<td>16</td>
</tr>
<tr>
<td>4000-10000</td>
<td>33</td>
</tr>
<tr>
<td>10000-20000</td>
<td>4</td>
</tr>
<tr>
<td>20000 and above</td>
<td>1</td>
</tr>
</tbody>
</table>

The most noticeable differences in entrepreneurial policies regarding size are the following:

The huge unit set up by Lever Brothers is in a class by itself. The world organisation of this concern enable it to enjoy a number of special advantages and possibly some of these may have helped in making this size economic. Taking some of the large groups we find that among Birlas three units one falls in the second highest class while the other two are included in the broad and most populous one. Both of the Tatas units on the other hand fall in the two smallest size classes. The two Sheshashayi units also vary very considerably in size, one falling in class No. 2 and other in class 3. More
More uniform size patterns seemed to have emerged in the Calcutta area than in Bombay. There is also considerable variation in the production of oil and bye-products.
Entrepreneurial Policies relating to Rationalisation

We shall use the definitions of rationalisation adopted by the advisory committee on management; ILO May 1937. "Rationalisation- (a) Rationalisation in general is any reform tending to replace habitual antiquated practices by means or methods based on systematic reasoning. (b) Rationalisation in the narrowest sense is any reform of an undertaking, administrative or other service, public or private, tending to replace habitual, antiquated practices by means and methods based on systematic reasoning. (c) Rationalisation in a wider sense is a reform which takes a group of business undertakings as a unit and tends to reduce the waste and loss due to unbridled competition by concerted action based on the application of systematic reasoning to the collectives of large economic and social groups." These definitions of rationalisation bring out the fact that the term must be discussed in relation to a definite organisational area. The objectives of rationalisation will naturally vary according to the authority that undertakes it and the organisational area over which it is undertaken.

It is obvious that here also there is the possibility of conflict between the individual entrepreneur and the general interest. When rationalisation is undertaken in a single firm — or going further — in a single industry — the profit motive might well be dominant and under such conditions a conflict with the general social interest might-or might not-develop. When a national plan is under way, however, the unit of planning for rationalisation must necessarily be the whole economy — we have rationalisation in the widest sense — initiated by planners — and hence it becomes important to note any conflict with the general interest that might exist or arise as a result of entrepreneurial policies regarding rationalisation. In this field, as in others, studying the past actions of entrepreneurs gives some indications of how they are likely to act. We therefore review the rationalisation measures so far attempted and projected

1. In discussing size, we saw that different views regarding optimum size emerge as a result of considering relatively narrow or wide areas of the economy. In all these cases we have threats of a conflict between particular and general interests and hence questions of size and rationalization tend to become political issues.

2. All that this means is that the unit of planning is the whole economy. In any particular phase, of course, the unit of action (though not of policy) might be an industry as a particular industry might be given priority as a result, say, of international competition or because enough capital may not be available to rationalize all industries and hence priority is given to some because of one criteria or the other.
in Indian industry; classifying them according to the definitions given above. By so doing we can, in the first place, point up conflicts of particular and general interests and we can also indicate the evolution of a progressively wider outlook on the problem of rationalization.

The Textile Enquiry Committee (1941) gives the history of rationalisation in the cotton textile industry till 1939. Rationalisation in the form of "efficiency systems" was not attempted in the province of Bombay till 1926. In this year the first systematic attempt at rationalisation was made by M/s. E.D. Sassoon & Co. Ltd. in the Manchester Mills. They extended the system to some other mills under their agency during the next three years. The approach we notice was millwise and not a plan for the group as a whole. The main opposition was that of labour. Later efficiency systems were adopted by other mills in Bombay and were gradually extended in scope. On the other hand in Ahmedabad organisational factors such as the resistance of the Textile Labour Association and technical factors such as varying sizes of looms in a single shed resulted in slowing down the pace of the type of rationalisation we have been describing.

In the 30s an attempt was made to formulate a scheme for the rationalisation of the industry in the Bombay centre as a whole. This scheme was not put into operation but we note that it was for the centre regarded as a unit.

During the war period these attempts at taking a wider area for rationalisation measures - such as a whole industry or a whole centre - became much more frequent. Though the rationalisation measures adopted during the war due to the initiative of the supply department and industrial associations were wide as far as the area of organisation affected was concerned, they were not comprehensive in the sense of covering many aspects of technique and organisation. In jute, for example, we had an attempt at rationalisation through allocating coal only to the more efficient units.

1. We may mention a few other examples quoted by S.C. Agarwal in his "History of the Supply Department 1939-1946" published 1947, Manager of publications: Govt. of India, especially pp. 163 and 177. In machine tools rationalisation measures were introduced through a licensing system - 5 of the more experienced machine tool manufacturers were encouraged to expand, standardization was insisted upon and technical assistance was provided. In wool we had the following measures to promote rationalisation: the appointment of inspectors, working of three shifts, standardization, training of labour, advance of capital by Government for the purchase of raw material etc. In rubber similar steps were taken. In the sphere of distribution of products also (as we saw on page 45) there were attempts at rationalisation. The most important points to note about all these rationalisation measures are that (1) they were not far-reaching and (2) they were a part of the control mechanism, and it was no longer possible to continue them when the control system was scrapped. The recent development councils and licensing procedures provide an alternative and probably a more effective mechanism.
A further reason that renders the problem in the cotton textile industry important is that there is a large existing powerloom and handloom sector and hence the industry provides a good illustration of action affecting the whole economy or all sectors in the economy.

The committee pays special attention to the integration of handlooms with mills. At the time of the Kanungo Committee's enquiry the Cauvery Spinning and Weaving Mills near Puddukottah was already successfully working an experiment along these lines. (The committee also mentions that one or two millowners promised to try and work out a scheme for integration. The committee also discusses Japanese experience in this field). The committee's emphasis on putting a limit on the expansion of weaving sections and of trying for economic spinning mills may be described as rationalisation in the widest sense. The problems of the introduction of automatic looms in mills are also approached on an industrywise and national basis. After noting that roughly half the cloth now produced in mills cannot be advantageously produced on automatic looms they go on to recommend a rate of introduction that would represent,

2. Ibid. See pp. 40-42.
according to the committee, the elimination of approximately 1.5 per cent of weavers per year.\(^1\) Similarly they recommend stages for the conversion of the handloom industry into semi-automatic loom and/or powerloom industries.\(^2\) Thus they envisage a dual process of rationalisation which takes into account the individual units, the industry and the economy as a whole.

Next it is necessary to note some of the difficulties in the way of rationalisation. Historically the difficulties that have been faced by entrepreneurs have been the opposition of labour\(^3\) and shortage of capital.\(^4\) Then of course there are the difficulties

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1. Ibid. see pp. 40-42.
2. Ibid. see pp. 28 and 40-42.
3. The opposition of labour, noted in so many authoritative reports, was again emphasized by business interests as an important current problem during our interviews.
4. The shortage of capital though admitted by only a small number of agencies during our interviews may be taken as an established fact as mill-owners now openly state that they will not be able to undertake modernisation without special assistance (e.g. the Kanungo Committee notes that the Industrial Development Corporation is being set up partly to finance modernisation, see also P.R. Shenoy's article in the Illustrated Weekly of India, January 23, 1955 p.27 where he quotes Mr. Surottam Hattisingh, Chairman, Millowners Association, Ahmedabad, as saying on the basis of estimates that the scarcity of capital will render modernisation a slow process.
presented by repercussions on other sectors, a problem which is becoming relevant now that we are planning on a national level for rates of modernisation and absorption of labour in different sectors. All these problems are really aspects of the divergence between the interests of the private entrepreneur and the general interest or the aims of the national plan.

As for the lack of technical personnel hindering rationalisation it appears that this is a difficulty faced by medium sized and small sized units only. Possibly, however this is at bottom nothing but the shortage of capital. It may be noted that recent years it is the largest groups who have been able to undertake modernisation schemes.

The existence of associations (due to the fact that these bodies have to bargain with labour) is likely to lead to the simultaneous introduction or postponement of rationalization measures over an industry or centre as a whole.

1. The progress reports on the five year plan include some material on modernisation. The textile working party and the Jute Enquiry Committee have also recently gone into the problem. See especially progress report for 1954 pages 149-144.
GENERAL CONCLUSIONS REGARDING SIZE AND RATIONALISATION.

Apart from establishing interesting facts the following general conclusions emerge from our material.

REGARDING SIZE:

(1) That different entrepreneurial groups may, for different reasons, adopt differing size policies. Different entrepreneurs have to operate with different given conditions e.g. the British entrepreneur with his high overheads must always strive for large units - though even here variations are possible due to deliberate efforts of groups. Many other illustrations of entrepreneurs being compelled to take certain things as given and therefore reaching different types of balance even under fairly homogeneous conditions have been shown up.

(2) That size decisions of private entrepreneurs may not necessarily be in the national interest. Traditional private enterprise conceptions of the optimum, particularly in the matter of disintegration of stages, may diverge from what is necessary in the light of planned objectives.
(1) Here again the divergence between entrepreneurial policies and the requirements of the plan emerge. The policies that private enterprise follows in response to the pricing mechanism are found to lead to rates of modernisation etc. that cannot be reconciled with planned objectives.

(2) Private enterprise institutions, responding to the pricing mechanism may fail, therefore, in bringing about a workable pattern of growth.
SECTION III
PRIVATE ENTERPRISE INSTITUTIONS IN THE WIDER SOCIAL CONTEXT:

We took the first step in our analysis by tracing the historical development of "managing agencies". The second step was to analyse recent trends in their organisational structure. The third step was to similarly analyse chambers of commerce and associations which both limited and increased the scope of operations of the basic entrepreneurial units. The fourth step was studying the general economic context in which these private enterprise institutions operated, noticing especially the effects of private enterprise initiatives on the economic environment, so that we could understand the nature of these institutions not only through studying their structure but by observing their effects. By way of completing this fourth step we consider the impact of private enterprise institutions on the wider social context.

This is a field where an enormously wide range of data and problems come in. We confine ourselves to a few illustrative remarks and to an indication of a few pitfalls of prejudice that can lead to facile generalisation in this field. We try as far as is possible to indicate the extent to which both easily definable social institutions and more imprecise social
groupings such as classes and castes have been affected by the rise of largescale private enterprise institutions.

We can illustrate a possible approach to these problems by considering, as illustrations, the influence of largescale private enterprise institutions on spheres such as the universities, the press, and the social life of urban communities.

In the case of the press we have had what is perhaps one of the few studies which attempts to discuss scientifically the effects of the existence of large private enterprise institutions on a particular sphere of life. The press commission, apart from studying the extent of influence of large chains (which first came in after 1939) also undertakes an examination of external pressures such as those of advertisers. Questions such as the substantiation of suspicions and accusations regarding editorial support, the detection of the publication of news items which are not objective pieces of reporting etc. are amongst the matters investigated. The suppression of items whose publication may be in the interest of the advertiser is gone into. The proportion that particular industries or groups of industries contribute to advertising revenue is discussed and the

1. Since 1939 these interests have gained in influence and the report of the press commission brings out that Goenka controls 9.2%, Amritbazar Patrika 6.6, Dalmia 5.7, Anandbazar Patrika 5.6 and Birla 4.1 of the total circulation in all languages. The influence of bigger papers is markedly greater where a language is spoken in a compact area. P.367 Report of the Press Commission.
and the commission concludes that no industry or group of industries contribute such a high proportion of advertising revenue as to be able to hold the press as a whole to ransom.

Another illustration of the importance of avoiding the common error of regarding all life as being dominated by capitalists but yet recognising the significance of business influences is provided by the educational field.

When we point out the sources of funds of bodies such as universities, we do not suggest that there is in this sphere any danger of corrupting academic life as there is, say, in the case of the press. The main objective is to bring out the general permeation of society by private enterprise influences. Such an approach is useful in pointing up repercussions that a change in policy regarding private enterprise would have on the future finances of educational institutions.

1. Some idea of the support given to educational institutions by business interests may be gleaned from information relating to university and college endowments. The following quotation brings out the role of business interests, of Indian princes, and of prominent individuals from the professional castes, etc. in educational finance: "The Annamalai University owes its inception to the generosity of the late Rajah Sir Annamalai Chettiar of Chettinad. The Benaras and the Aligarh Universities have had large endowments given by the princes and the commoners. The Calcutta University has had endowments given by such eminent persons as P.O. Ray, Rashbihari Ghosh and Tarakanath Palit (Professional though the first also pioneered the Bengal Chemicals) while Bombay has had large endowments from the Singhanias and Tata Trusts, (Both well known business houses) besides endowments from several other philanthropic citizens; the University of Nagpur has had a large endowment under the Laxmi Narayan Trust Fund, and the Madras University has for the first time been given a generous endowment by Dr. Arappa Chettiar. The new university at Sagar owes its existence to a donation of Rs. 20 lacs from Sir Harisingh Daur (not from the traditional business castes), which is regarded as a first instalment." P.441 Report of the University Education Commission Volume I: 1954.
The pattern of city development is another illustration of the widespread significance of private enterprise policies. Apart from the question of location and the journey to work, which affects the city as a whole, there is the problem of housing for industrial labour. When millowners begin to provide housing they are in a position to operate directly on an important item in the standard of living.

1. In this field government and business interests as well as landlords whose main business is housing share the responsibility. In Calcutta in the cotton industry about 45 per cent of the workers were provided with housing by the Mills. In jute housing provided by individual mills varied from 7.9 to 100 per cent. The Birla colony is mentioned by the Labour Year Book as a specially good one. In Madras the Buckingham and Karnatak Mill provided houses for about 10 per cent of their workers. In Ahmedabad the textile labour association has started a hire purchase scheme for housing. There is also a company known as the Ahmedabad Mill Housing Co. (p.216) India Labour Year Book 1946. In Gawnpore the B.I.C. and the J.K. groups have constructed colonies. In Bombay Chawls built by the mills are on the whole better than private built chawls. In planting, Indian estates in South India provided worse housing than the British. In mining the mines board of health regulates these matters and housing is provided by the managing agents. The Tata scheme is mentioned as the best. The Tata Colonies in the Nagpur Textile industry are also especially mentioned. Special mention is made of the colonies provided by Madura Mills B and C and Gokak. (All data in this footnote is from the Indian Labour Year Book for 1946).
Our consideration of what we have called precise social groupings has of course been confined to a few illustrations of important social institutions. Some idea of the range of the problems involved has however been conveyed.

We now pass on to consider the more imprecise social groupings such as classes and castes, in order to show the development of largescale private enterprise has churned up economic and social life.

The growth of modern industry led to the emergence of a modern business class, a class of technical and supervisory personnel and a class of industrial labour.

The Indian business communities were migrants from particular areas, e.g. Ramnad for the Chettiars, Shikarpuri for the Mullahs, the Jaipur area for the Marwaris; and had from these centres spread over large tracts. Particular communities, for example, the Gujaratis in the Western India centres had come to occupy a dominant position in particular regions. The business class, as we have seen, was composed of the Indian business communities having a traditional position in banking and trade and of the British merchant adventurers in India.

1. We have not even mentioned, for example, the institution of family. The persistance of the influence of this institution in modern Indian business organisation is very significant. Both Weber in his "The Protestant Ethic and the spirit of capitalism" and Sombart (see summary of his writing in Brynes History of Sociology P.316 - 332) regard the emancipation of the modern business organisation from the family firm as a very crucial development.
The composition of the class of technical and supervisory personnel and its patterns of migration are quite different from those of the entrepreneur's class and of labour (which in many centres continues to maintain the much discussed link with the villages). The bulk of the class under discussion consists of castes having traditions of education, with an admixture of members of certain business communities, etc.

The technical and supervisory personnel is pumped into the economy through the great urban centres - as university and school as well as industrial training are mainly available here. This personnel is, normally, both employed in these areas and exported from these centres to other areas. There are also certain marked interprovincial flows. The south Indians are generally the most enterprising in this respect though Bengalis have also exported personnel to north India. Such areas may be contrasted with areas like Bihar. Both Bihar and Madras are similar in having a very important sector of industry controlled by people from other provinces and the British. But it is only in Bihar and not in Madras that a large number of outsiders are employed. Both these provinces can be contrasted with Bombay where the ownership of industry is predominantly Indian and the competition for posts is between the professional and the business communities.
Turning to industrial labour we note that in India labour was drawn to the new industrial centres from rural areas. In the case of Bombay and Calcutta the migrants came from distant areas while in Ahmedabad, Sholapur, Madras and Kanpur they came from nearby areas. Even in the case of Bombay and Calcutta, in early days, the labour supply was more from areas near these centres. Another distinction worth noting is that in Ahmedabad, Sholapur, and Madras labour was not migratory in character while in the other centres the link with the villages was characteristic.

Gastewise analysis of migration trends shows that it was the weakest part, regional and positional of the economic structure that supplied the new industrial proletariat that was needed.

The development of capitalism has thus resulted in a churning up of economic and social life in this country and there emerge sections of the population such as technical and supervisory personnel and industrial labour on the one hand and the business class on the other. We have already discussed in this chapter how the policies of private enterprise institutions, which are controlled by the business class, affect the other two classes.

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e.g. See Broughton: Industrial Labour in India.
Thus we see that every major institution and social phenomenon is affected by the important developments we have been discussing but that in many cases the influence is extremely indirect. In working out the ramifications of private enterprise institutions we concentrate attention on these influences and hence sometimes lose sight of other power structures, the political, the academic, the feudal, the traditional etc. which must also be considered simultaneously in order to give a true picture.