In this and the following chapter, it is proposed to undertake a brief review of the origin and growth of the various associations. This brief survey of the important landmarks in the development of business associations, it is hoped, will provide an insight into the historical factors which were responsible for their origin, their basic objectives, and their methods of operation. This review will also, it is hoped, give a historical perspective and provide an appropriate background to the present study.

This historical review is mainly of those associations which are covered in this study. But in order to explain the main currents of the development of such associations, wherever possible, reference has been made to the other associations which are outside the periphery of this study. This chapter is mainly based on the material collected from the published histories of certain associations, souvenirs published on their silver or diamond jubilees, occasional notes prepared by certain associations and mainly from the historical records made available to me by many of these organisations.

This review can be divided into two parts. In the first part a review of ancient guilds and mahajans is
undertaken and in the second part the trends in the modern period up to 1900 are analysed.

I. ANCIENT AND MEDIEVAL PERIOD

2.1 Ancient Guild System

The Chambers of commerce, trade associations and employers' bodies are all products of the recent times. But the idea of trade and industry coming together to solve their common problems is found since ancient times. The type of organisation, the work done by them, the environment in which they worked was of course different. But nevertheless the idea of cooperation was common in the past as it is today.

The guilds of India can be traced back to about 600 B.C. and we find references in the old books of Scriptures about these guilds and guild laws.\(^1\) Gautama, about 500 B.C. says, "Laws of districts, castes and families when not opposed to sacred texts are an authority" and then adds to this the words "Ploughmen, merchants, herdsmen, money-lenders and artisans (are also authority) for their respective classes." Manu's law book gives a still clear reference to these guilds. According to him, "A king should enforce his own law only after a careful examination of the laws of castes and districts and guild laws and

family laws." Thus the guild laws are recognised as on par with those of castes and families. In the earliest Budhistic scriptures also one finds a reference to guilds and guild masters.²

In the law books of Narada and Brihaspati, some new material is found about these guilds and their organisational set up. From this we learn that the guild is governed by a board of 2 to 5 persons. Banishment and confiscation of the entire property is the penalty for a man's failure to perform an agreement entered into by the guild. The power of the guilds is shown by the fact that "the king must approve of whatever the guilds do to other people and that there may be no mistake, is added, whether what they do is cruel or kind." The king was only to act as an umpire in the event of a dispute between the guild and its member.³

Some important evidence about the guilds is also found in the inscriptions on rock and copper plates, found in Northern India. From these we learn that these guilds many times built temples, worked as banks and at many places guild halls were built where guild-activities were carried out. There were guilds of workers in stone, wood, metal, leather, and of jewellers, basket makers and barbers.

² ibid.
³ ibid.
Ancient works like Mahabharat, Ramayana and Arthashastra of Kautilya also make certain references to guilds of various kinds.

2.2 Mahajans and Nagarseths

In the middle ages, the mahajans or merchants guilds presided over by nagarseths became common in some parts of India. We find that both words 'Mahajans' and 'Panchayats' are used as synonymous terms to trade-guilds. But there is a distinction between the two. An association among the higher classes is termed in vernacular as mahajan. Among the lower classes if it happens to be coextensive with caste, it is called Panchayat. In Gujarat these guilds were very common. For instance in every town not only among the merchants but among the goldsmiths, the carpenters, the metal workers, the masons, the dyers, the potters, the oil pressers and almost all other craftsmen there was a guild prescribing trade rules and settling trade disputes under the guidance of its alderman.¹ The growth of these associations was made much easier if all persons following the same pursuit belonged to the same caste.

The term 'Mahajan' which occurs commonly in the literature of the middle ages identifies a guild of merchants. They were like modern chambers of commerce or

trade associations formed to represent the interests of
an economic group. The Panch or artisans' guild had
Patel as its headman and the Mahajan or the guild of mer­
chants, bankers and large dealers was headed by a leader
called Seth. Seth is a title of honour given to the
headman of the city, and hence called Nagarseth or City
Chief.¹ Many times as long as the Nagarseth and his family
remained in trade, they held their position by hereditary
right. Gumastha was the other office bearer of the guild
who used to collect fees, call meetings, keep accounts etc.

The authority of the guild was chiefly exercised in
fixing trade holidays and in enforcing their observance,
in collecting and applying common funds, and generally in
taking cognisance of any matter which concerns the members
as a craft such as the prohibition or sanction of an
improvement, the rates of wages, or the hours of working.

The Gazetteer of Bombay² gives several examples of
the working of such guilds. Thus in the case of Potters'
Guild at Dhandhuka in Gujerath, alderman of the city tile-
makers would prescribe exactly how many thousand tiles
each member may make and the minimum rate at which he will
sell them. In Ahmedabad, the whole of handmade textile
fabrics exported were to pass through one or other of about

¹ Hopkins, E.W., op.cit.
² Government of Bombay, op.cit.
a dozen agents known as Karidias, who in their turn are forbidden to take more than a certain commission. Many such guilds were engaged in the arbitration work. For instance, the goldsmiths' guild would investigate into the charges of alloying metal, the cotton merchants' guild used to arbitrate in case of disputes whether the quality of cotton delivered was according to contract, and for the purpose of adjusting time bargains, the dealers in various staple articles fix what on certain days shall be considered the market rate of each article. The Mahajan thus settled trade disputes in a fair and equitable manner according to the customary law which was well developed and had a sanctity of written law.

The breach of the guild rules were usually punished by a fine. But the refusal to pay fine or any other grave offence was followed by expulsion. This was considered to be a severe penalty as the member used to lose all his privileges and can no longer continue in the same trade or profession.

Except occasional fines, the poorer guilds had very few sources of revenue. But the wealthier bodies had large incomes. Their main source of revenue were:

(1) a small tax on the import and export of a particular item of trade,
(2) death bed donations or donations by heirs,
(3) fines and entrance fees,
(4) auction sale of the right to open shop or 
from fees levied on those who wish to do 
business on holidays, 
(5) income from land and house property.

The guild funds were spent not only on the welfare 
of the members but also on philanthropic activities such 
as construction of tanks, rest houses, panjarpoles, 
temples and maintenance of Jivant Khana (Insect Room), and 
animal homes. The guilds also sometimes took interest in 
promotional activities. For instance the merchant guild 
at Dholka in Gujerath had undertaken the erection of a 
cotton press.

In the mediavel ages when there was a struggle for 
power between despotic kings and an organised priesthood 
and they would not allow the emergence of a third estate, 
the guilds tried to preserve and develop the middle class 
mercantile interests and attempted for their recognition. 
In this sense the guilds and mahajans had a great social 
significance.

These guilds were not cotton in all parts of India. 
They were most developed in Gujerath and most of the leading 
towns had mahajans in those days. In Rajasthan these guilds 
were in operation at some places. For instance in Jaipur 
and Udaipur there were some organisations of guilds. But 
they were not as powerful as those in Gujerath. In Punjab 
the country villages were almost guildless. In Benaras,
mahajan meant bankers and guilds were in operation in the form of loose associations. Banaras is probably the eastern limit of guilds.¹

2.3 Guilds in Maharashtra

Coming to Maharashtra, we find a total absence of institutions like Mahajan and Nagarseth here. Prof. D.R. Gadgil has analysed the factors responsible for this in one of his published lectures.² There is a total absence of indigenous trading (Vani) community in Maharashtra. The trading and money-lending activity is mainly in the hands of either Gujarathi or Marwari or Khatri community who have migrated into Maharashtra from outside.

Dr. S.V.Ketkar feels because there were no important trading centres or capital cities, the trading did not prosper in Maharashtra and therefore there is no indigenous trading community in Maharashtrian society.³ Prof. D.R. Gadgil does not find this a satisfactory explanation and he feels that the total absence of trading community needs to be investigated further by the students of economic history. The Gujarathi and Marwari community migrated to

¹ Hopkins, E., op.cit., p. 185.
They probably entered in money-lending business and towards the beginning of 19th century probably entered into the commercial field. Thus because of the total absence of the well organised trading community, institutions like Mahajan or Nagarseth did not take any shape in Maharashtra.

Even when the Gujarathi communities tried to organise mahajans in Maharashtra, this institution changed completely its character. When people from various sub-castes of the trading community from Gujarat migrated to Poona, each sub-caste formed a microscopic community and hence they all decided to organise themselves into one religious and social community. For this purpose they organised into a Mahajan.¹

The Mahajan set up temples for the community, helped to perform religious rites for the community, and supervised over the customs and rites of the various castes and sub-caste groups. Thus the Mahajan was more of a religious and social body than a business association. The meaning of the word 'Mahajan' was also not known in Maharashtra. For instance, Molisworth defines this word in his dictionary as "A virtuous or illustrious man; a merchant or trader, a hereditary officer in a village, Kasba or City. His business is to superintend the trade of and to assist in collecting the tax from certain classes of traders."²

The last reference is obviously to Mahajan as Vatan.

² ibid.
The term Nagarseth was also not known in Maharashtra. In Poona this title was in vogue for more than hundred years. But its usage was entirely in different context. Shri Dullabhseth Govindji is supposed to be the First Nagarseth of Poona. But all the existing evidence indicates that Shri Dullabhseth was one of the leading money-lenders and since he was the leader of Gujarathi community in Poona, he was regarded as the chief of this community and according to Gujarathi customs was called a Nagarseth. This title subsequently became a hereditary title of his family.\(^1\)

Thus the term Nagarseth was never used in Maharashtra as indicating the Chief of Mahajans.

Thus all the available evidence indicates that in Maharashtra there was a total absence of guilds and Mahajans and the trading community or the craftsmen were never organised into strong associations as was the case in Gujarat.

2.4 **Decline of Guilds**

The guilds started declining from the beginning of nineteenth century. With the establishment of the East India Company as a strong political power and with the import of cheap factory made goods into India, the indigenous handicrafts declined rapidly. With the introduction of Factory System in mid 19th century, the power of guilds still

\(^1\) *ibid.*
declined and eventually disappeared. The relics of these ancient guilds were still lingering in Gujarath and Rajasthan for sometime till the close of the last century.

The Mahajans and Panchayats were essentially products of their own times and now they have been replaced in modern times by Chambers of Commerce and Trade Associations. However, these two institutions differ from each other in several respects. In the first instance the guilds were closely associated with the castes in India and therefore their membership was restricted. These guilds also had the power to punish their members. Both these aspects are absent from the modern chambers and trade associations.

The guilds were responsible in some cases to lay down guidelines for fixing prices and restricting output. But the modern business associations -- at least in India -- do not have any mechanism or power to dictate prices and output to be manufactured for their members.

II. THE MODERN PERIOD

The modern period can be divided into four periods:

1. Upto 1900
2. 1900-1938
3. 1939-1947
4. 1947 onwards.

This division is made because the factors responsible for the growth of chambers and trade associations were different during these periods. The work done by the associations was also conditioned during these periods by
different factors.

2.5 Growth of Business Associations till 1900

The unique aspects of the growth of business associations in India stemmed from the general character of economic and political conditions prevalent in the 19th century. In 1813, the East India Company lost its exclusive right to trade with India. In 1833, the East India Company's charter was renewed on the condition that it should give up trade altogether and should henceforth confine itself only to the administration and government of its territories in India. Thus the monopoly of trade with the East, which was given to East India Company by a Royal Charter in 1600 came to an end and all British traders could now carry on the trade unfettered in this country.

The second half of 19th century was also marked by striking developments in the fields of transport and communications. The first railway line in India was opened in April 1853, connecting Bombay with Thana. Thereafter various railway companies were established and railway lines were laid in all important regions of India. Postal system was extensively introduced, telegraphic communications between different important cities were opened and overseas cables were laid between India and U.K., Singapore, Australia etc. Opening of Suez Canal and the American Civil War helped to increase the foreign trade of India and gave a boost to India's export trade in cotton. There was an influx of
British capital into India for the construction of railways and other public works as well as for the development of plantation industries. European population in India also increased considerably. Already European and especially British merchants were securely established in the foreign trade of the country which expanded enormously with the increase in the demand for Indian products like jute, indigo and tea in Europe and with the unprecedented export of Indian cotton during the American Civil War. This process of expansion in trade was further aided by the decay of indigenous industries as a result of the imported factory made cheap goods. The expansion in the commercial interests of European merchants in the country combined with the fact that the direct protective influence of the East India Company had greatly diminished, gave rise to the need of organised efforts on the part of these interests. Therefore, these European and particularly British merchants who were stationed at the port towns were the first to establish Chambers of Commerce in our country. The First Chamber of commerce, the Calcutta Chamber of Commerce, was started by English businessmen at Calcutta in 1833.\(^1\) In 1853 its name

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1 The purpose for which the Chamber was formed was "to watch over and protect the general interests of commerce, to collect information on all matters of interest to the Mercantile Community to use every means in its power for the removal of evils, the redressal of grievances, and the promotion of the common good; to communicate with authorities and with individual parties thereupon; to form a code of

Continued/....
was changed to Bengal Chamber of Commerce. Following Calcutta's lead, Chambers were organised in Bombay and Madras in 1836. These Chambers represented exclusive European interests and were often named after the cities in which they were located. The extension of European business led to the establishment of such chambers in other parts of the sub-continent. Thus the Burma Chamber was established in 1853, the Cochin Chamber in 1857, the Karachi Chamber in 1860, the Coconada Chamber in 1868 and the Upper India Chamber, Kanpur in 1881.2

2.6 Bombay Chamber of Commerce

The Bombay Chamber of Commerce is one of the oldest chamber in Maharashtra. It was established on 22nd September 1836 under the auspices of Sir Robert Grant, Governor of Bombay. The establishment of the Chamber was mainly the work of John Skinner, its founder and the First Chairman. It had its beginning on 22nd September 1836 in a small meeting in a room in the Customs House, when a few men met "to establish a society to be called, the Bombay Chamber of Commerce."3

practice whereby the transaction of business may be simplified and facilitated, to receive reference and to arbitrate between disputants."

3 Sullivan, R. J. F., One Hundred Years of Bombay, p. 4.
(a) **Men behind the Chamber**

The motives behind those who founded the Bombay Chamber were enlightened self interest, but there is no doubt that the founders were essentially public spirited men. The younger men who came out to India in the twenties brought with them some new spirit which was causing a religious and social revival in England. These men felt that they had a moral mission to India and their attitude to Indians was one of sympathy, friendship and justice. Some evidence of this attitude can be found in the letter which the Chairman of the Committee of the Bombay Chamber of Commerce sent to the then Chief Secretary to Government, a few days after the chamber was founded in 1836. The communication reads as follows:

To
W.H. Wathen, Esq.,
Chief Secretary to Government

Sir,

We beg to intimate to you for the information of the Right Hon'ble the Governor in Council, that at a numerous meeting of the mercantile community assembled on the 22nd instant, it was unanimously resolved to establish a society for the promotion and protection of trade and other subjects under the designation of the Bombay Chamber of Commerce.

At a subsequent meeting Rules and Regulations for the Society were agreed upon and passed, an authenticated copy of which rules we have now the honour to transmit to you, and these will explain the objects and views of the society.

From this Association, we hope, the members of the mercantile community will be led to meet and act together with that good feeling and unanimity.

Any communication they may have to make to Government or information they may ask to be favoured with from Government through their chairman to aid and objects of
the Association, the members of the Bombay Chamber of Commerce would thus respectfully hope will receive every attention and consideration from the Right Hon'ble Governor in Council, and other authorities all the aid and information the members can give, as such may be required from them."

We remain etc.

John Skinner, Chairman
J. Sindry, Vice-Chairman
W.M. Turner
A.S. Finlay
T.R. Richmond
S.D. Munay
W.K. Ewart
Dadabhoy Pestonjee
Dady Ardeshir

Bombay
30th Sept. 1836.

Jehangir Nasservanjee

It is interesting to note that signatories to this letter were seven Britishers and three Parsees. Thus some Indians, especially from the Parsee business community were associated with the Bombay Chamber since its beginning.

One further illustration of the attitude of these founders can be drawn from the rules and regulations as adopted in the year of its foundation, an extract from which reads as follows:

"that the objects and duties of the Chamber shall be to encourage a friendly feeling and unanimity among commercial men on all subjects involving their common good, to promote and protect the general mercantile interests of this Presidency, to collect and classify information on matters

1 ibid.

of general mercantile interest, to obtain the removal as far as such society can, of all acknowledged grievances, to receive and decide references on matters of usage and custom in dispute, recording such decisions for future guidance and by this and by other means, to form a code of practice for simplifying and facilitating business. To communicate with the public authorities, with similar associations in other places, and with individuals, on all subjects of general and mercantile interest. To arbitrate between parties willing to refer to and abide by the judgement of the Chamber. 

These Rules and Regulations have been expanded in the Memorandum and Articles of Association drawn up when the Chamber was incorporated under the Indian Companies Act in 1924 but the aims and objects remain substantially the same.

(b) Close cooperation with the Government

Right from its inception, the Bombay Chamber had direct access to the Government of India and great importance was attached by the government to representations received from the Bombay Chamber. The following minutes by the Right Honourable the Governor dated 13th October 1836 on the first letter sent by the founders of the Bombay Chamber to Government indicate the importance attached by the Government to the activities of the Bombay Chamber. In

these minutes, the Governor writes:\footnote{1}:

"We may, I think, answer Shri Skinner's communication to the following effect:—

Sir,

I am directed to acknowledge the receipt of your letter of the 30th ultimo and in answer, to state that the Right Hon'ble the Governor in Council views with great satisfaction the establishment at this Presidency of a Society with the designation and for the purposes which you describe.

The Governor in Council, I am further desired to say, will at all times be happy to afford to the society such information connected with its design and objects as may properly be made public, and by every effort in his power to aid its exertions and promote its prosperity.

He will on the other hand, be gratified receiving from the society any suggestion or communication directed to the advancement of commerce or the improvement of the resources of the Bombay Presidency or of British India.

I have the honour to be,

etc.

The Secretary should add in a separate letter of mere notice that all communications to Government or its officers may be forwarded through the Secretary in the General Department.

12 Oct. 1836  
(Signed) R. Grant."\footnote{2}

The Bombay Chamber was always jealous of its direct access to the Government of India. In 1895 it successfully protested against an attempt to make all its representations through local governments for submission to Government of India. In a representation on this issue the Chamber wrote that it cannot be classed with "erring mamalatdars and other officials in distress."\footnote{2}

The Chamber had very cordial relations with the Govern-

\footnote{1}{ibid.}
\footnote{2}{ibid., p. 257.}
ment officers at various levels and in the early period we find references regarding votes of appreciation for the work of particular officers. Thus in 1838 a vote of thanks was passed to one Shri Williamsen, the retiring Revenue Commissioner of Bombay. Similarly in 1840 a vote of thanks was sent to Shri W.C.Bruce who retired as Collector of Customs, Bombay.

These cordial and intimate relations with the Government and its officers did not prevent the Bombay Chamber from criticising the Government on many issues. For instance in the report of the Chamber for the year 1839, a series of newspaper articles are produced on "what good the British have done to India" to which the answer so far as the mass of people were concerned is given as - no -. What is more remarkable is these articles are printed with the approval of the Committee as containing "many correct views on the present conditions of the country."

(c) Membership of the Chamber

In 1836, when the Chamber was started, following 24 firms were its members:

- Skinner and Co.,
- Ritchie Stewart and Co.,
- William Nicol and Co.,
- Dirom Carter and Co.,
- Fergusson Turner and Co.,
- McGrigor Brownrigg and Co.,
- Edmund Sribby and Co.,

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1 Annual Report, Bombay Chamber of Commerce, 1836.
Gisborne Menzies and Co., Duncan Gibb and Co., McVicar
Burn and Co., Gillanders, Stewart and Co., Higginson and
Cardwell, Frith and Co., W.S. Grey, Esq., G.S. King, Esq.,
Messrs. Cursetjee Ardesheer and Co., Jeejeebhoy Dadabhoy
and Co., Framjee Cowasjee, Esq., Jehangir Numserwanjee,
Framjee Ruttonjee, Esq., Nanabhoy Framjee, Esq.

Out of these 25 members, 9 are Indian firms and they
all belong to Parsee businessmen. In 1848, the membership
of the Chamber came down to 15 and the Chamber was
in debt. Then efforts were made to encourage membership
and in 1879, there were about 51 members of the Chamber.
During this year, several Indian members were also added
to the membership.

In the early days, entrance fee of the Chamber was
Rs. 150 and the monthly subscription was Rs. 20.

It is interesting to note that large European business
firms which were operating then in Bombay like Messrs.
Remington and Co., Forbes and Co., Leckie and Co.,
Shotton and Co. stood aloof from the Chamber which they
probably looked upon as for the benefit of the smaller fry.
These firms combined banking with their business operations
and later when John Skinner, the founder of the Bombay
Chamber, in the same year promoted the Bank of Bombay,
these firms sent a memorandum to the Government opposing
the grant of charter to the proposed bank. They must have
viewed the bank as poacher in their rich banking preserves
which they had monopolised so far. These firms probably may not have associated with the Chamber as the Chamber and at least its leading members were taking keen interest in the promotion of the bank. Around 1867, Messrs. Forbes and Co. joined the Chamber and the others also followed in the subsequent years.

(d) Activities of the Bombay Chamber

The activities of the Bombay Chamber during the early years can be broadly classified into three types. In the first instance, it ventilated grievances of commercial community against the enactments, policies and regulations of Port Trusts, Government Departments and the Municipality. Secondly, it provided certain definite and tangible services to its members and thirdly, it advised the Government on all matters affecting trade and industry.

(i) Representations to Government and other local bodies:

During the period from 1836-1900, the Bombay Chamber made several representations to the Government, Port Trust, Municipality and other public bodies. It is not possible to make a reference to all these representations. But a few prominent ones can be briefly referred to.

During this period, the Chamber complained against the differential tariff in Bombay and Calcutta and succeeded in introducing a uniform tariff applicable to all Indian Ports. The Chamber also pleaded for the abolition of all transit and town duties. As regards the
development of railways, the Chamber successfully fought the cause of connecting Bombay with Northern India which was a hinterland for Bombay Port. The Chamber made a number of suggestions regarding the development of Bombay Port and the completion of various docks. Other subjects handled were pilotage at Bombay Port in order to avoid shipwrecks, need for meteorology and charts in order to prevent disasters at sea, mail carrier by Navy, registration of trade marks, factory legislation, need to have law and order in Bombay and to prevent communal riots, abolition of cotton excise duty, suggestions to prevent Japanese competition, inconveniences of silver currency, proposals for a gold currency, more and better roads, private vs public management of railways, proposed steamer navigation with Ceylon, road-rail competition, bank failures, reorganisation of Bank of Bombay, plea for early provincial autonomy and so on. Surprisingly the questions relating to agriculture have attracted the attention of the Bombay Chamber since beginning. India was then looked upon as a source of raw material supply to the British manufacturing industry and therefore considerable emphasis is given on the development of agriculture. Thus the Bombay Chamber then requested the Government of India to undertake schemes for development of cash crops like indigo, coffee, sugar cane, jute flax, linseed, hemp, cotton, etc. The Chamber made a proposal to establish a
Joint Stock Company for cultivation of silk. The Chamber also awarded a prize of Rs. 1,000 for Signor Mutti on 11th January 1840 for making special efforts to introduce the culture of silk in Deccan.

The Chamber made continuous efforts to increase the cotton supplies. It recommended to the Government for introducing cotton experiment scheme in Ratnagiri in Maharashtra. In 1859, the Bombay Chamber arranged for the import of a large quantity of American cotton seed through the Cotton Supply Association, Manchester and this seed was distributed through the Bombay Chamber to cotton cultivators.

(ii) Common Service to Members:— The concrete service rendered by the Bombay Chamber right from the beginning placed it on a different footing from various similar organisations established during this period and thereafter. Thus it built up an elaborate information system for guiding its members when telegraphic communications were opened, the Bombay Chamber exchanged reports on China markets with Bengal Chamber and the information was made available to the members. The Government also permitted the transmission of such messages free of charge subject to the condition that the intelligence received was made public.¹ The Chamber attached great importance to the work of collecting statistics relating to Bombay Port. The

¹ Sullivan, R.J.F., op.cit., p. 58.
Chamber initiated a scheme of collecting port statistics and in 1860, the Chamber was placed in sole charge of all returns concerning the external trade of Bombay Port. Export import manifests, daily arrival returns and other statistics were collected by the Chamber in a detailed manner and they were made available to the members as well as the general public. The Bombay Chamber was pioneer in this field and therefore when in 1905, the Department of Commercial Intelligence and Statistics was created at the instance of the Chamber, the then secretary of the Chamber, Shri F. Noel Paton was made its first Director General.

The Chamber also opened a weighment and measurement department at Bombay Port in 1870. Disputes regarding the measurement of cotton bales gave rise to the Department. Subsequently, rules and regulations were framed and towards the turn of the century the department was well organised and the Chamber measurers were frequently called upon by both exporters and importers and the freight was charged on the basis of the certificates issued by the Department.

The Chamber also set up a machinery in 1880 for the settlement of commercial disputes. Here also the effort of the Chamber was not just to settle individual disputes but to adopt a system of arbitration in order to build up, by means of a series of precedents, a custom of trade in Bombay Chamber, based on these decisions also brought out a publication "Decisions on shipping and mercantile matters."
Since 1886, The Chamber started keeping a record of the weather during the monsoon months which would enable its special sub-committee to decide whether certain days were or were not working days under charter parties. Members were advised to insert a clause in their charter parties and shipping orders agreeing to refer such disputes to the decisions of the Chamber. Similarly on the basis of the rain-fall data during monsoons, the sub-committee used to take decisions as to whether the day was weather working day, a half weather working day or non-weather working day. This was published in the press. These and various other decisions regarding the usage and custom at Bombay Port enabled the Bombay Chamber to build a whole case law on these matters. Even now Chamber's decisions on shipping and mercantile matters is referred to for deciding upon individual cases at the port.

(iii) Advice to Government

Thirdly, the Chamber was able to be of no little assistance to both the Government of Bombay and the Government of India when its advice was sought on matters affecting trade and industry of the Bombay City and India in general. Because of the special relations of the Bombay Chamber with the Government, there were many such occasions when the Committee of the Chamber had to give its considered opinion on the matters referred to it.

(e) A seat in Legislative Council

The Indian Councils Act, 1892 enlarged the size and
scope of the Legislative Councils and gave various public bodies the right of indirectly electing representatives to the Council i.e. the right of recommending representatives to the Governor who at his discretion would nominate them to seats in the Council. One of these bodies was the Bombay Chamber of Commerce. Earlier the Governor of Bombay used to nominate one representative of the Chamber as an additional member of the Legislative Council. But from 1892 the Chamber by law secured a seat in the Council.¹

(f) Politics and the Chamber

While the Chamber took a considerable interest in the economic affairs, it always kept itself aloof from questions relating to Politics. In 1853 when the East India Company's Charter came before Parliament for renewal, there was a general feeling that Indian administration was outworn and in a few years it was to be swept away. Asked for the views of the Chamber on these and the question of commercial regulations, the Chamber contented itself with recalling the crying need for roads and bridges and for extending trunk lines of railways between the chief cities. The Chamber further remarked, "There is something in the official routine of this country, which seems incompatible with celerity and despatch, but the Chamber forbears from enlarging on that head."²

¹ ibid., p. 114.
² ibid.
Thus the commercial field in Bombay during the second half of 19th century marked by the activities of the Bombay Chamber. Right from the beginning, the Chamber aimed at a high standard of work and though it represented predominantly European business interests one must be grateful for the splendid work it did in those days in the field of collection of statistics, arbitration, development of Bombay Port, the establishment of usage and custom of the Port of Bombay and the facilities provided for weighment and measurement at the Port. In most of these fields the Chamber was a pioneer and had to evolve its own methods and procedures which in later days have been followed by other similar organisations. The Chairmen of the Chamber in the early days were all public spirited businessmen and many of them were awarded the honour of Knighthood by Her Majesty the Queen Empress, a rare distinction in those days. The secretaries of the Chamber were also men of rare capabilities and they were responsible for maintaining the tradition of high standards in the work of the Chamber.¹

2.7 Growth of Indian Chambers of Commerce

Though the first European Chamber of Commerce was

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¹ For instance John Connon who was secretary of the Chamber till 1874 was a very capable secretary. A high school in Bombay was named after him and the Times of India wrote a special obituary after his death.
started in 1833, till about 1885 no Indian Chamber was started in the country. The reason for this long interval is perhaps the comparatively small part played by the Indian community in those days in the commercial field. There were some Indian businessmen operating in various fields but probably the need for organised commercial opinion for protecting the interests of Indian traders and seeking redress of their grievances was not so keenly felt at that time. But in the latter half of 19th century the picture was slowly changing. The American Civil War and the resultant cotton boom of the eighteen sixties brought in a colossal influx of wealth into India and stimulated investment and commercial activities. Some Indians in Bengal entered into the field of coal industry, tea plantation and inland navigation. In Bombay, many Indians entered into the Cotton Mill Industry. Moreover, the discriminatory policies of British Rule and the total abolition of import duties on all types of British goods in 1882 resulted in the growing dissatisfaction among the Indian Business Community. The growing political consciousness of the people, which took shape in the establishment of the Indian National Congress in 1885, was also an important factor in the history of India's economic development in so far as it urged the nationals of the country to assert themselves for securing their legitimate
place in her trade, commerce and industry.

It was in this background that the first Chamber of Coconada - the Native Merchants' Chamber of Coconada, subsequently renamed as the Godavari Chamber of Commerce - was set up in 1885, the year of the establishment of the Indian National Congress. This Chamber has not, however, as stated in the Souvenir published by the Federation of Indian Chambers of Commerce and Industry in 1951 on the occasion of its Silver Jubilee "Grown to the extent as might be expected of a pioneer organisation."

In 1887, the Bengal National Chamber of Commerce was established at Calcutta, "to aid and stimulate the development of commercial enterprise in Bengal and to protect the commercial interests of all persons trading therein; to promote unanimity of practice among the members of the commercial community, to represent their views and requirements to the authorities, to arbitrate, when occasion occurs, between parties willing to submit their differences to the decision of the Association and generally to do all such things as may be conducive to the interests of the commercial classes of Bengal." 1

The Bengal National Chamber right from the beginning was closely connected with the political leaders of the

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country. Shri A.O. Hume, founder of the Indian National Congress, helped to draft the constitution of the Chamber. Prominent congressmen including the late Sir Surendra Nath Bannerjee were elected honorary members of the Chamber. Another sign of its nationalistic character was the provision regarding the membership. The Articles of Association laid down that for ordinary membership of the Chamber "in the case of a firm not less than one-half of the proprietary interests thereof is represented by an Indian or Indians and in the case of a joint stock company and other corporations not less than one half of the directors are Indians and not less than one half of the capital is owned by Indians and provided also that their principal place of business or head office is situated in Bengal."²

Apart from this Chamber, no other Chamber was organised in India till 1900, when the Marwari Chamber, under the leadership of Marwari Association formed in 1896 was established in Calcutta. This also marked the emergence of sectarian organisations in the field - another special feature of growth of such bodies in India. Thus in later years we find Marwari Chamber in Bombay, a Muslim Chamber of Commerce, Sindhi Chamber of Commerce etc. After Independence the names of these communal Chambers of

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Commerce have been given less offensive and nationalistic names such as Oriental Chamber of Commerce, Bharat Chamber of Commerce, Western India Chamber of Commerce etc.

2.8 Growth of Trade Associations

The growth of trade associations though they display a general pattern similar to the growth of Chambers of Commerce are directly linked to the growth of various trades and industries in the country. The trade associations preceded the industrial associations as still in the last quarter of 19th century, there was hardly any industrial development worth the name in the country.

As in the case of Chambers of Commerce, the Europeans were the first to organise the trade associations in India. The Indigo Planters of Bihar who were mainly Europeans organised themselves into an Association in 1901 "to facilitate correspondence with Government in the interest of the community, to safeguard those interests and to deal with applications for the settlement of differences between one member and another or between members and local zamindars and ryots." After the decline of indigo plantation industry, the name of this association was changed in 1905 to Bihar Planters' Association and membership was kept open to persons and firms interested in the cultivation of sugarcane and other crops as well.

In the subsequent periods, the European traders organised into associations like Calcutta Traders Association
(1830), Madras Traders Association (1856), Calcutta Import Traders Association (1890), Calcutta Grain, Oilseeds and Rice Association (1884) and Calcutta Jute Fabric Shippers' Association (1898). The promotion of tea, jute and coal industries by Europeans resulted in such organisations as Indian Tea Association (1881), the Indian Jute Manufacturers' Association (now the Indian Jute Mills Association) (1884), the Indian Mining Association (1892) and United Planters' Association of Southern India (1893).

It is surprising to note that most of these associations were formed at Calcutta and there was hardly any such association which was formed in Bombay by Europeans in the 19th century. Bombay Trade Association was formed but it was as late as in 1902. Probably this is because Calcutta was then the capital of the country or because of the existence of a broad based efficient organisation like Bombay Chamber of Commerce in Bombay, there was no need for a separate trade association.

2.9 Bombay Mill-Owners' Association

(a) Origin and growth

In 1874, the Bombay Millowners' Association was founded in Bombay. It is rather ironical to note that the stimulus for the establishment of the Association came from distant Lancashire, whose intolerent attitude towards the nascent Indian textile industry compelled its pioneers to come together to defend its rights. In the year 1874,
import duties of $\frac{3}{2}$% on yarn and 5% on piecegoods were levied for revenue purposes, and the tariff valuations had been revised in 1871. In 1874, the Manchester Chamber of Commerce forwarded to the Secretary of the State for India two memorials urging the necessity for abolishing the Indian import duties on yarn and piecegoods on the ground that these duties were protective in their nature. The memorialists also wanted a total abolition of these import duties. For sometime past, Lancashire was agitating to prevent or at least to obstruct the further growth of textile industry in India. This naturally alarmed the few millowners of the day who combined to protect their interests. It is interesting to note that the Chief inspirer was John Gordon, the Secretary of the Bombay Chamber of Commerce.\(^1\)

The Association was thus formed in 1875 with 29 members. The main objects of the Association were "promotion and protection of trade, commerce and manufacture of India in general and of the cotton trade in particular."

The first cotton mill was started in Bombay in 1851, and in 1875, there were 29 mills in Bombay. It is surprising to note that all these mills had joined the Association from its very first year. Shri H. Maxwell of

M/s. Nicol and Co. was elected as the First President of the Association. He was followed after four years by Shri J.A. Forbes of Forbes and Co.

(b) Activities of the Association

In the early days the activities of the Association were mainly confined to the tariff question and the threatened factory legislation. The early presidential addresses of the Association are full of criticism of Manchestrians.

In 1877, the Committee of the Association forwarded a representation urging the necessity for an Act providing for the registration of trade marks in India. In due course the Bill was presented and the Act was passed. Thus the Association can very well take credit for initiating this Act.

It is surprising to note that as back as in 1888, the Association had given thought to explore foreign markets for Indian made cotton textiles. During this year the Committee had voted a sum of Rs. 12,000 to be obtained by a special levy from the members for the purpose of opening out new markets for mill made goods. The delegation thus visited Zanzibar, Natal, Cape of Good Hope, Persia, Turkey and Egypt. Further progress in the exports and the result of these efforts are not known.

In 1882, the Association set up a Sub-Committee to consider the setting up of a technical institute in Bombay.
A scheme was drawn and accordingly in 1889, Victoria Jubilee Technical Institute was established in Bombay.

In 1896, excise duty was imposed under the cotton duties Act with the object of hampering the growth of national industry and thus to benefit the British textile producers. The Association sent a detailed memorandum to the Government of India. But this was ignored by the authorities who far from showing any disposition to undo the wrong, added insult to injury by arguing that the excise duty was necessary to protect the handloom industry. In 1896, an influential delegation comprising of N.N.Wadia, J.N.Tata, and Marshall went to Calcutta to see the Viceroy. But this was without any result. The minds of the millowners were very much agitated on this issue and is reflected in Shri Dinshaw Vacha's Presidential Address before the Association in the same year in which he asked "an excise duty on home industries of this character is simply barbarous. Has Lancashire an excise duty on its cottons ". This agitation against the excise levy on cotton went on for a period of almost thirty years and in 1926, this duty was withdrawn by the Government.

The other issues to which the Association addressed itself were weekly holidays for mills, mill assessment by Municipality, Provisions of Smoke Nuisance Act and so on.

The Millowners' Association gave great emphasis on the collection of statistics right from its inception.
Thus very detailed mill statistics giving number of mills, number of spindles, number of looms, number of workers employed daily were published periodically. Similarly import statistics of cotton piece goods were also collected and published.

During the early years, the Millowners' Association had its office in the Bombay Chamber and thus it enjoyed all the facilities of the Bombay Chamber.

2.10 Other Associations

Apart from the Bombay Millowners' Association a few other associations promoted by Indian businessmen were established during this period. Thus in 1881, the Bombay Piece-goods Native Merchants' Association was established at Bombay. The membership of this Association was open for Indians engaged in exports, imports, selling agencies of mills, wholeselling, semi-wholeselling, etc. Many of the members were associated with the textile processing industries. Since the establishment of the Association in 1881, the entire import and distribution trade of the Bombay Textile Industry was handled by the members. The export of mill cloth was also handled by the members of the Association. The Association had a close cooperation with the Bombay Chamber of Commerce and the Bombay Millowners' Association right from the beginning. On 28th January 1885, the Association entered into an agreement with the Bombay Chamber for survey, weight and measurements,
quality inspection and arbitration. The panel of surveyors included representatives of the Association as well. Similarly the Association entered into agreement with Bombay Millowners' Association for setting up joint Arbitration Boards. The Association was recognised by the then Government and it had a right to send a representative in the Governor's Legislative Council. This Association was instrumental in starting Indian Merchants' Chamber in 1906, and it also played an important role in the formation of Indian Mercantile Insurance Co., Ltd. as foreign companies were discriminating in their primia rates.

Another trade association was started on 5th February 1899 by Indian merchants in Bombay in the name "The Grain Merchants' Association" (now called the Grain and Oilseeds Merchants' Association). The aims and objects of this Association were "to promote trade of grain pulses, oilseeds, spices and other raw materials produced in India and other countries with local and foreign markets, to safeguard its general interests, to remove difficulties experienced therein and to do all that is necessary for the welfare of the Association and its members by every means."

During the latter half of the 19th century Mandvi area of the Bombay city had become one of the biggest centres of grain and oilseeds trade, particularly export trade.
Export trade was then almost entirely in the hands of foreigners and they had also the backing of the Government. But there were several difficulties regarding the return of gunnies, quality of goods, refraction, etc. Very often the sellers suffered. Hence this Association was started. The Association very soon introduced forward delivery contracts along with ready business and also organised the trade in different commodities by framing rules and regulations for the same.

In 1887, the Native Share and Stock Brokers' Association was formed in Bombay. The Articles of Association of this Association specifically declared "that no other persons except natives of India shall be admitted as members of the Association." The word 'Native' in the original title which still survives marked no distinction from a parallel foreign organisation, for none existed. This word and the provision in the article only indicated a sense of exclusiveness and pride. The same Association is now known as the Bombay Stock Exchange. The very same articles with modifications and amendments form the basis of the Exchange to this day.

In 1897, the Hindustan's Merchants and Commission Agents' Association was formed in Bombay. Thereafter the Sugar Merchants in Bombay organised themselves into an Association in 1900.

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