

is the main strength of the book. Its analysis is unimpressive. The author refers to the assistance provided by prominent members of the Jan Sangh and the backfiles of the Organiser provided most of the source material. It seems

that respect for the subject has deterred the author from conducting a penetrating analysis of some of the vital issues. One wonders if Baxter can be regarded as the Jan Sangh's authorised biographer.

to wait for further empirical work on that firm to be published before it can be answered definitively. Researchers will find the appendices, especially No 15 on the shipping industry for its consideration of the decline of the shipping industry in India in the early nineteenth century, of particular value.

Rungta considers the opportunity structure for industrial development in India in the nineteenth century and the extent to which shortages of capital and attitudinal and organisational inhibitions prevented the taking up of those opportunities. While his final conclusion about these inhibitions and their role is fairly decided — "...potential opportunities were realised to the extent possible without government support" (p 268 and end of Chapter 7) —, it points the subjective attitudes and time preferences of Indian businessmen are seen as crucially important limitations.

Business and Industry in Nineteenth Century India

Thomas A Timberg

Rise of Business Corporations in India, 1851-1900 by Radhe Shyam Rungta; Cambridge South Asian Studies No 8, Cambridge University Press, Cambridge, 1970; pp xviii+332; \$ 16.

THOUGH its title would indicate that Rungta's book is merely a history of the corporate form in late nineteenth century India, it is in fact the most comprehensive available study of Indian business and industry in that period in all its facets. Its mastery over detail, its voluminous bibliography, its relation of major debates among economic historians and economists to its theme and the general economic history of India — guarantee Rungta's study a place as a basic reference in the field of Indian economic history. A recent outburst of interest in the commercial aspects of this history promises that this book will not be isolated; that others will build on its work. This interest is manifest in forms as diverse as Amalendu Cuba's recent contribution to this journal, a panel on "Entrepreneurship in Bengal" at the 1969 Bengal Studies Conference in Illinois, and a proposal submitted by a consortium from some major Indian business schools for an "Inter-institutional Entrepreneurial Research Project".¹ Studies have appeared on Indian business history within the last decade in Russian, German and Japanese — as well as in several Indian languages.

SYSTEMATIC HISTORY

Unlike a great deal of earlier literature, Rungta is not satisfied with vague generalisations, retailed from government sources or the work of other historians and digs deep into primary sources, particularly newspapers and government statistical publications. Probably because most of the work for this book seems to have been done in London, there is little use of non-English language sources — newspapers and business records — and even, as the author himself regrets (p xii), of English language corporate records. These records would have, in any case, contributed more to his general back-

ground sections, for example, on the stock market, than to the sections on company formation and growth. Once or twice this limitation in source material becomes apparent as in his expressions of ignorance about the organisation of the stock market in Calcutta in the late nineteenth century. There must be individuals whose memory extends that far back, who could have been consulted. But work with these other sources can confidently be expected as others turn to the field of commercial history in India. We should be thankful to Rungta for the time-consuming gleaning of materials which his book represents.

Along with what may seem relatively dry sections for some readers, on the progress of joint stock organisation of industry, Rungta gives a systematic history of the commerce of late nineteenth century India — at least insofar as it impinged on the corporate sector. We have lucid accounts of some of the more important speculative episodes — such as the Bombay cotton boom of 1861-1865, the Bengal Gold Craze of the 1890s, and the earlier South Indian gold craze on the London market. We also have treatments of the "Morris David Morris" debate on whether there were in fact difficulties in securing a labour force for the early Bombay cotton mills, concluding judiciously that there was indeed a shortage of skilled but not of unskilled labour; and an exploration of the origins of the managing agency system (pp 223ff). The exploration of the origins of managing agencies concludes with a discussion of Blair Kling's article on the subject (pp 253-255) which challenges Kling's assignment of priority to Dwarkanath Tagore in the use of the managing agency device.³ Rungta's questioning of Dwarkanath Tagore's dominant role in Carr Tagore will have

CAPITAL, ORGANISATION, ATTITUDES

Indian businessmen, who had capital and commercial skills, are alleged to have lacked the correct mentality for industry.⁴ Other classes in society, however, were not inclined to put their capital in industry either (pp 53-55) — or did not have much to invest. On page 56 we are told: "The vision of a merchant is . . . limited by the discipline of his class . . . the criteria he uses for investment are essentially different from those used by an industrialist, who must cast his glances long into the future and expect his capital to be sunk for a number of years and profits to increase only slowly . . . Industries which presented technical or other problems were pursued by a very few and the support they received from the mercantile community can at best be described as half-hearted." Pages 163-167 are devoted to the question of the supposed deficiency in Indian industrial entrepreneurship, particularly in Calcutta and especially among the Marwaris who became the dominant commercial factors there in the late nineteenth century. On page 167, in particular, we are told that Marwaris avoided industrial investment because they lacked "technical knowledge" and "patience to wait for profits arising long after initial investment". Since the first lack — of technical knowledge — was still present when the Marwaris entered industry after World War I, we must presume that the second criterion, a purely subjective one was critical.

Later in the same paragraph, Rungta shifts to a structural approach, explain-

ing that the Marwaris were especially concentrated in the jute trade and that, because of limited demand, opportunities were not as plentiful for opening new jute mills as for other sorts of ventures in the period 1882-1900. The difficulty here is that Marwaris were also prominent in the cotton cloth trade — and might have been expected to undertake some industrial enterprise in the cotton textile field in Calcutta, since Rungta points out that demand for cotton cloth was not as constrained as that for jute during the period under consideration.

Finally, we have some argument to the effect that Marwaris disliked the elaborate forms of organisation required by joint stock companies. This last question suggests an article by Blair Kling, which was probably not accessible to the author at the time he composed his otherwise exhaustive work.⁵ Kling suggests that the difficulty in operating these cumbersome, high overhead forms of organisation was a contributing factor in driving Bengali traders out of the Calcutta commercial world, whereas the Marwari willingness to stick to their traditional business organisation stood them in good competitive stead; it enabled them to stay in the commercial world.

No CONTRADICTION

No contradiction is necessarily implied in Rungta's double emphasis on subjective-structural and then government policy inhibitions on industrial growth. The inhibition of growth may well have been "over-determined" by both subjective and policy constraints. Alternatively, the horizons of the "possible" in Rungta's view may be constricted within the limits posed by the subjective attitudes of "candidate entrepreneurs". But to say the least, the "policy" emphasis in the conclusion undercuts some of the force of the attack on the mercantile mentality. If the British government, or the demand structure, or some other nexus of factors made further industrialisation unprofitable and doomed it to failure — then the failure of Indian businessmen to undertake that industrialisation seems not a result of a short time horizon, or "mercantile" attitudes, but of commonsense. The tension between the "objective" and "subjective" causation of successful industrial enterprise in India and elsewhere, is not resolved in this book — despite the brave statement in the conclusion — and is perhaps incapable of resolution in a completely satisfactory way.

In the case of Marwaris, whom Rungta considers at such length, the only demonstrable fact is that they did enter industry in a big way after World War I and that entry can certainly be attributed in large measure to the profits they had made during the War, and the policy of selective encouragement of some Indian industries adopted by the Government of India as the result of its wartime experiences. I would argue that the entry into industry, certainly in some important cases like that of the Birla's, can partially be traced to the rising nationalist consciousness in the Marwari community — manifest in Calcutta even before the War. This consciousness received its first concrete expression in the widespread support which the Non-Co-operation Movement of 1920 received from segments of the Marwari community. The fact that these three factors — a plentiful supply of capital, a partially supportive government, and a nationalist consciousness enabled Marwaris to enter industry would suggest that their lack in the pre-War period restrained Marwari entry into industry.

Despite the imperfect resolution of the question as to which forces restrained Indian industrialisation, several generations of researchers are likely to find themselves referring to Rungta's analyses and data as they proceed to explore the reality of nineteenth century Indian commerce.

NOTES

- 1 Amalendu Guha, "Tarsi Seths as Entrepreneurs, 1750-1850", *Economic and Political Weekly*, Review of Management, August 1970. "Entrepreneurship in Bengal" *Proceedings of Bengal Studies Conference* (I haven't seen the final publication so can't be sure of exact title), May 1969 at University of Illinois, University of Illinois Press, Champaign-Urbana, to be published in 1970: papers include "Mahisya Entrepreneurs in Howrah, West Bengal" by Raymond Owens, "Entrepreneurs in East Bengal" by Hanna Papanek, "The Rise of Marwari Industrialists" by Thomas Timberg and a study of early Calcutta shipowners by Subyasachi Bhattacharya. Another study of Subarnabanik and Gandhabanik entrepreneurs in Bengal, with which Subyasachi Bhattacharya and Surajit Sinha have been associated, is awaiting publication in Calcutta. Kenneth Gillion, "Ahmedabad: A Study in Indian Urban History", University of California Press, Berkeley, California, 1969 and Howard Spodek, "The Manchesterisation of Ahmedabad", *The Economic Weekly*, XVII, 11, pp 483-490, March 13, 1965 and "Traditional

Culture and Entrepreneurship", *Economic and Political Weekly*, IV, No 8, February 22, 1969, pp M-27-M-31, ought also to be noted.

- 2 The Russian writings include those of V I Pavlov, whose "The Indian Capitalist Class" was published by the People's Publishing House in New Delhi in 1964 and S Levin with two articles whose titles translate as "Muslim Trading Castes" in S G Kotovsky, (ed) *Kasty v Indii* (Caste in India), Moscow, 1965 and "A Reform Movement in the Indian Trading Community of Khoja Ismailis in the Years 1829-1866" in *Ucheniya Zapiski Instituta Vostokovedeniya* in some number in the early 1960s which my notes do not enable me to specify. The Japanese work is Shoichi Ito's on Chettiars, and the German, Eckehard Kulcke's *Die Parsen*, now being published in German. An English translation of Kulcke's Introduction was published by the Parsi Panchayat in Bombay in 1968.
- 3 Blair B Kling, "The Origin of the Managing Agency System in India". *Journal of Asian Studies*, XXVI, November 1966, pp 37-48.
- 4 This differentiation between industrial and mercantile skills has a long history in the literature, stretching back to the seminal work of Weber and Sombart. For a recent review see, Alexander Gerschenkron, "The Modernisation of Entrepreneurship", in "Modernisation", (ed) Myron Werner, NY 1966, pp 246-257.
- 5 Blair B Kling, "Entrepreneurship and Regional Identity in Bengal" delivered at the Bengal Studies Conference, April 17, 1968 and published in its proceedings by the Michigan State University Press, East Lansing, Michigan, 1970.
- 6 See Thomas A Timberg, "Industrial Entrepreneurship among the Trading Communities of India: How the Pattern Differs", *Economic Development Report No 138*, July 1969, Development Advisory Service, Harvard University, Cambridge, Mass, or papers in panel on "Entrepreneurship in Bengal" referred to in note 1. In former paper see esp pp 41-48.

Books Received

- Atchutan, M; Fact Book on Wages; People's Publishing House, 1970; pp 52; Rs 2.
- Bhagwat S P (ed): Perspectives; Popular Prakashan, 1970; pp xi+220; Rs 36.
- Desai, A R and S Devadas Pillai (ed): Slum and Urbanisation; Popular Prakashan, 1970; pp xv+356; Rs 45.
- King, Timothy: Mexico — Industrialisation and Trade Policies since 1940; Oxford University Press, 1970; pp x+160; 15 s.
- National Council of Applied Economic Research: Incidence of Taxation in Gujarat; NCAER, 1970; pp ix+118; Rs 18.