

GD in Indian Business and Politics

The Life and Times of G D Birla by Medha M Kudaisya; Oxford University Press, New Delhi, 2003; pp xv + 434, Rs 850.

THOMAS A TIMBERG

This is a carefully done study of Ghanshyamdas (G D) Birla's career, especially his public life, based on his own correspondence (made available by his family) and numerous other archival sources and interviews. G D Birla and his three brothers managed what was India's second largest business group for most of the 20th century, one that pioneered as an Indian enterprise in several sectors and played a significant political and social role. The extent to which both the business group and GD's private and political life were a family concern is indicated by the frequency with which his friends were characterised as 'friends of the Birlas'. Indian businessmen frequently come in families. Though GD played an active business role along with his brothers, it was he alone who stood out as a political and social actor. Several of his children and nephews have played quite active roles as well. The interfamilial political tensions, between GD and his somewhat more conservative and orthodox relatives, are documented in the book. The importance of Birla as one of India's major private industrialists and business politicians and the richness of the archival base used make this an important book for anyone who wishes to understand 20th century India.

Though the book does deal as well as can be done with GD's personal and psychological development, this is of necessity a limited effort – both because of the lack of raw material and the training and orientation of the author. Perhaps for

these matters we will have to await the autobiographies of some of GD's grandchildren. Though all things considered the family express themselves remarkably frankly. The book does document in considerable detail some aspects of GD's personal life. Actually, it is a rather standard account of a traditional Indian joint family. GD turned in on himself after the death of his second wife in 1926 and tried to lose himself in public work, and the rearing of his children was more or less left to his brothers and their wives. There is some considerable complaint about this from one of the daughters, with whom he actually spent much of his latter years.

Further the book is historical in approach and makes limited forays into general economic or other theory. I should emphasise that despite the collaboration of the Birla family, the book is in no sense apologetic, and sometime is quite critical. It does not go into the details of the various allegations launched against GD and his family at various points in his career particularly in the politically fevered 1970s and 1980s, but it certainly touches on and gives the sources on several of them.

What the book does cover in detail is the history of Indian business and politics, particularly of that faction of businessmen which was connected with GD, and generally advocated staying within the Congress, aligning with its right wing but working with everyone, even when they were anti-business, rather than striking out independently, as with the pro-free enterprise Swatantra Party. The more general task it provides for a follow on is an evaluation of the last 20 years of Indian politics, generally after the period of the book's main narrative, to see what are the elements which continue and which change.

In particular, there is a careful documentation of GD and his family's relation to

explicitly Hindu groups, mostly the Mahasabha and less explicitly political ones, and how GD resolutely preferred his Congress allies. We see the well known tensions here between GD and his more traditional father and older brother. In particular, we follow a move from political reliance on Pandit Madan Mohan Malviya to Sardar Patel as a political guide, even though personal ties with Malviya remained strong. On the other hand, there is a clear depiction of the pragmatic acceptance of partition that characterised Patel and GD – and the practical efforts that the Birlas made to protect their commercial interests during the partition of India. This account could be paralleled for many other businessmen. There is also a frank account of the process of shifting investment from West Bengal in the 1960s, including moving them into the more welcoming, but equally Communist Kerala – an indication of the pragmatic orientation Birla had. The book contains some very useful discussion of the factors influencing investment location, both for Birla and more generally, including for foreign investors.

Detailed attention is also paid to the raising of funds for Gandhi's various causes and for the Congress, including the sub rosa activities between 1942 and 1945. It will surprise no one that GD was an organised and efficient collector and that the fund-raising net was wide and the amounts large.

One particularly interesting chapter has to do with GD's strong backing of Indira Gandhi in the succession struggle after Shastri and against Morarji Desai – a political alignment facilitated by his son Krishna Kumar (KK). This was, according to Kudaisya, based on his dissatisfaction with Morarji's performance as finance minister.

Kudaisya then credits him with some role in the diplomacy surrounding the 1967 devaluation. (I suspect it would have gone through without him.) In any case, in its aftermath there was a disengagement from Indira Gandhi. The chapter is entitled, 'Out of Tune with the New Politics'. The initiative clearly came from Indira Gandhi herself who had decided to move to the left – and counterpose herself to the

business community. In reaction GD moved into the most oppositional phase of his life, though he continued to support the Congress as a whole in the 1969 elections. He gave it money, but organised a campaign against its candidate in Pilani, his home district. In his own family, his brother Brij Mohan was an early backer of the free enterprise Swatantra. Older brother, Rameshwardas, was a Swatantra sympathiser. The younger generation in the family was also pro-Swatantra. In the wake of the elections there were a series of attacks on the Birla groups' commercial interests, which is well documented and did not dissipate until the 1980s.

The last chapter strikes a jarring note when the author tries to 'judge' GD's career. He was after all a businessman so the fact that he was interested in making profits in his enterprises should surprise no one. He would not have lasted long if he had not had this particular interest. Apparently, as with many business families, he was not able to arrange a smooth transition to the next several generations, and perhaps a number of choices and policies with which he could be identified did not continue to be relevant, even though they were initially successful. Indian businesses do tend to be family businesses and the problem of succession affects them all. We note in passing that few Indian business houses have staying power – Tata's is one of the most prominent – but I am not sure how different the picture is elsewhere.¹ There is a considerable literature devoted to this question – ranging from Allan R Cohen's series of IIM-Ahmedabad published in 1974 through the various books in which Gita Piramal and several others have been involved.²

The real question is the counterfactual. If GD had not existed would things have been better. Would public policy have been notably different? If the Birla group had not existed would there have been more or less Indian enterprise? Unlike Microsoft, it is difficult to point to particular rivals – though there certainly were some, both then and more so now. Would GD have had a more positive impact if he had gone underground after the Rodda Case (in which a Calcutta gun merchant was robbed to supply pre-first world war terrorists) and become an active supporter of the terrorists? Would the Gandhian movement have failed because it could not get enough finance from others? If GD had supported the Hindu Mahasabha and similar groups

would they have played a bigger role? If he had joined the Swatantra Party in fighting the Congress in the 1960s, would they have influenced policy?

In any case, the meticulousness of the research is impressive and the background data unearthed will serve many future researchers. There was one detail of fact that requires correction – rather than one ruler, the norm in Shekhawati, including Pilani, was numerous small shareholders in each tiny estate, because the Shekhawat Rajputs did not generally practice primogeniture. This fact enabled the wealthy merchants' local political role in a way that would perhaps have been difficult elsewhere. But otherwise, the insights in the book will help us all understand a person and an epoch which were critical in the

formation of the modern Indian state and economy. **EW**

Notes

- 1 Niall Ferguson, *The House of Rothschild: The World's Banker, 1849-1999*, New York: Viking, 1999 is a useful account for one family with more staying power than most – though the interest is how many of the branches died out and in the old saw about bankers, "how many lost interest."
- 2 A little reluctantly, because I have not read them all – I can give the following citations: Allan R Cohen, *Indian Family Business*, Hague: Mouton, 1974; Sumantra Ghoshal, Gita Piramal, Christopher Bartlett, Field Research by Sudeep Budhiraja, *Managing Radical Change: Will Indian Companies Manage to Become World Leaders?*, New Delhi: Viking, 2000; Sumantra Ghoshal, Gita Piramal, Sudeep Budhiraja, *World Class in India: A Casebook of Companies in Transition*, New Delhi: Penguin, 2001.