

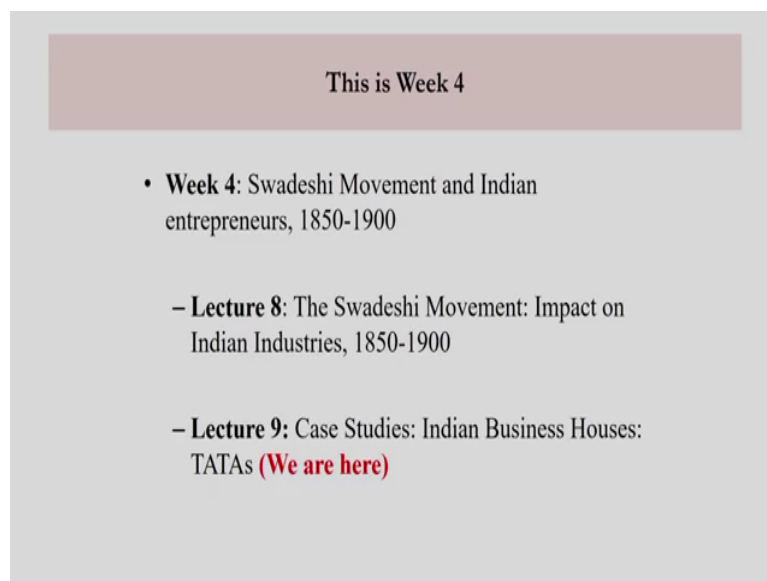
Indian Business History
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Lecture – 09

Case Study: Indian Business Houses, The Tata's and Others, 1850-1900s

Hello and welcome to Indian business history. This is going to be lecture number 9, titled “Indian Business Houses the Tata’s and others from 1850 till about 1900s”.

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This is Week 4

- **Week 4:** Swadeshi Movement and Indian entrepreneurs, 1850-1900
 - **Lecture 8:** The Swadeshi Movement: Impact on Indian Industries, 1850-1900
 - **Lecture 9:** Case Studies: Indian Business Houses: TATAs (**We are here**)

With this lecture we commence our discussion of the 4th week of Indian business history. The 4th week engages with the theme of the Swadeshi movement and Indian entrepreneurs from 1850 to 1950. This comprises two lectures, lecture 8 which we dealt with previously was a discussion of the Swadeshi Movement and its Impact on Indian Industries from 1850 to 1900 and the next lecture in the fourth week which is going to be lecture 9 will be case studies of Indian Business Houses, the Tata's.

So, lecture 9 is where we are presently at and today's lecture, we will deal with an analysis of the history of the TATA operations in the larger political, social and economic context of the times.

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Focus for this lecture

- Emergence of JN Tata and also GD Birla and other prominent names.
- Their contributions to Indian Business Practices
- Features and strengths of their respective operations.
- Analysing the context in which they emerged and their evolution until 1915: Political, Social & Economic

The focus for this lecture will be along four principal access. So, the first point of discussion that will form a running theme throughout this lecture will be a discussion of the emergence of JN Tata. And also certain other business leaders during this decade which also includes GD Birla and certain other prominent names which have had a lasting impact on India's business history of this period.

So, we will discuss their short biographies, we will discuss the nature of their operations and the precise commodity duties and trading ventures that led to the immense amount of success that they faced in the conduct of their operations during this period. Then the second principle access of this lecture will be an analysis of their contributions to Indian business practices.

We will look at the precise ideologies institutions and business practices that they brought to the Indian subcontinent, some of which continue to this day. We will also assess their revolutionizing impact on not just Indian business, but a whole host of different associated activities associated with Indian businesses that have been some of the key contributions of the house of Tata's and other prominent Indian businesses in the early part of the twentieth century.

Thirdly we will also examine in detail the features and strengths of their respective operations. So, we will we will discuss the early histories of the Tata operations; what were the factors responsible for their emergence in the Indian subcontinent and what contributed to their consolidation within this period. A similar exercise will also be carried out with respect to GD

Birla and the business operations that he pioneered in this Indian subcontinent during this period.

So, we will do a comparative analysis of the respective features that contributed to the rise and consolidation of the businesses of these two prominent houses, but we will also generally lay out a pattern of the structures forces and conditions that contributed immensely to the growth of specifically Indian businesses in the Indian subcontinent in the early part of the 20th century.

Finally, we will also be analyzing the context in which they emerged and their evolution roughly until the year 1915. So, the examination of the context in which the Tata's or the Birla's emerged and were able to prosecute successful business operations for themselves depended a lot on the political context of the times it depended on the social and cultural forms that were emerging in the Indian subcontinent during this period.

And also because this is a course on Indian business history the economic context can never be taken away from our discussion. So, apart from detailing the precise political, social and cultural forms that were witnessed while these businesses were growing from strength to strength, we will also examine in greater detail the economic context which operated when these business houses were just beginning to make their presence felt not just in the Indian subcontinent, but also internationally in fact.

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Tata Story: Coal & Beyond, 1900-1915

- Earliest Ventures of JN Tata (1839-1904): Textile, Cotton trade
- **Breakthrough: Coal Mining, Steel Production**
- **1899:** Mineral Policy de-regulated by British govt.: Mines open for operation and investment by Indians.
- JN Tata starts exploring coal deposits to undertake mining business, steel mfg: Result of significant background research, international collaboration.
- 1884: Tata mining operations pass on to JN Tata's son Dorabji Tata

The Tata story therefore, begins at the turn of the twentieth century when JN Tata embarks on an ambitious program to develop key industries and diversify his business portfolio that would contribute immensely to his prestige influence and wealth in the Indian subcontinent. Some of the earliest ventures of JN Tata who lived from 1839 to 1904 involved him in the textile and the cotton trade of this period. These were largely lucrative businesses that were keeping a hold on the Indian subcontinent business practices.

So, the earliest business experience that JN Tata caught for himself personally was by dabbling in the existing textile and cotton trade that was existed in the Indian subcontinent during this period. JN Tata of course, belonged to the Parsi community. He was born in Navsari and his earliest exposure to the subcontinent trading and business practices gave him an early head start to make his forays more formal forays into conducting businesses and economic operations of more international in character.

With his early exposure to the textile and cotton businesses which allowed him to learn the intricacies of global trade and finance and make himself familiar with the channels of global commerce. The first breakthrough for the Tata's came in the form of coal mining and steel production. This also represented a step forward for the Indian entrepreneurial community because it represented a diversified sector in which Indians were also now involved or interested in investing and running successful business ventures.

So, the breakthrough for the Tata's which has contributed a lot to their becoming a national house and also internationally recognized as far as business is concerned came in the form of the coal mining business. This breakthrough came in the form of a legislative act.

So, in the year 1899, Mineral Policy was deregulated by the colonial state in India. This deregulation basically meant that mines specifically coal mines are now open for operation and investment by Indians. So, as a result of this legislative opening Indians were now also expected to invest in new sources of business operations and economic activities, no longer was the Indian business scene only limited to money lending or traditional financial operations. At the turn of the twentieth century it was now possible for Indian community with the requisite capital to invest in areas of operations which had traditionally been reserved for Europeans.

So, the deregulation of the minerals policy by the colonial state represented a breakthrough or an opening for the Tata's to commence, their businesses in different sectors. As a result of this deregulation of the Mineral Policy, JN Tata started exploring coal deposits to undertake his

mining business and also realize his dream of steel manufacturing or to establish a steel manufacturing plant in the Indian subcontinent. So, this happened as a result of significant background research and international collaboration.

The early focus that the Tata's paid on research and international collaboration continues to this to this day also, but their earliest forays into the coal mining business and also their efforts to establish a steel plant in the Indian subcontinent was preceded by a hectic and significant round of background research, geological explorations that they conducted in certain areas of the Indian subcontinent so, as to maximize the benefit that could be achieved from this legislative regulation or deregulation of the mining sector.

So, while on the one hand the colonial state had opened partially the door for Indian entrepreneurs to invest in different areas of business operations. On the other hand, there were only a handful of business operatives in the Indian subcontinent who had the requisite capital, the inclination and bent of mind to undertake research and be in a competitive position to actually carry out these intensive business operations in the first place.

So, it is not just the availability of Indian entrepreneurs that was now responsible for the speeding up of business interactions in the Indian subcontinent, there was also a critical coming together of competitive Indian business leaders who were not only intimately aware of the intricacies of these new kinds of business operations, but also conducted these business operations with a high degree of professionalism, international collaboration and focus on research and technology that drove those business stories forward.

So, the coming off JN Tata into the Indian business scene is not just a milestone for the representative character of India's business history in this period, it is also a milestone for the emergence of a new class of Indian entrepreneurs who were technologically competitive who did not hesitate to invest capital in the furthering of research into science and technology and who were the first people to be aware that science and technology had intimate links with the way in which business operations were to be carried out.

So, the coming together of science and technology with business operations is a distinct legacy of individuals like JN Tata and that legacy continues even to this day as a result of those hectic geological exploration of coal deposits. So, as to exploit the earliest available opportunity into the mining sector and the establishment of steel plants, JN Tata by the end of the twentieth century passed on his mining operations to his son Dorabjee Tata.

So, while the scale of operations continued and the pace of research and collaboration continued, there was a generation shift within the Tata house whereby the control and command of the Tata operations as far as the mining operations are concerned shift to the next generation. Irrespective of this generational shift the Tata house was here to stay and their styles and modes of functioning and prosecuting business operations as complex as coal mining was something that was becoming intensely familiar with observers both in India and abroad.

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Tata Story: Coal & Beyond, 1900-1915

- 1903: Hospitality Business, Taj Mahal Hotel, Bombay
- 1904-1907: Durg area located for iron-ore deposits
- 1907: Site for Steel company located near Durg at **Sakchi** (erstwhile Bihar province ; future **Jamshedpur**)
- **1907: Tata Iron & Steel Co. Registered (TISCO) ; raised domestic capital for TISCO**
- **1911: TISCO operationalised**

While the Tata's were busy exploring coal deposits in India with a view to establish a business architecture focused on coal mining and the development of steel plants, the Tata's also did not hesitate to diversify their existing portfolio of investments.

So, while coal deposits were becoming the mainstay for the prime sources of income or revenue for JN Tata and his descendant. In 1903, the Tata's also were the first entrance into the hospitality business in the Indian subcontinent and with the commissioning and formal opening of the Taj Mahal hotel in Bombay, this marked the arrival of a substantial Indian interest in the prosecution of the hospitality business. The hospitality sector was traditionally reserved for the Europeans and the main actors in this sector tended to be either British or European merchants and European finances.

The establishment of a luxury hotel in Bombay financed, controlled, managed and led by an Indian was the first visible symbol of this up incoming Indian entrepreneurial class that could invest simultaneously in complex businesses like coal manufacturing or steel processing and

yet on the other hand also not hesitate to invest a similar amount of capital in sectors as diversified as hospitality.

The optics of Indians engaging in a wide variety of business operations in the early years of the twentieth century was a heartening development as far as the Indian business history is concerned. It also shifted the discourse as to who could manage or lead a successful business organization. So, the coming of Indian capitalists and Indian business leaders in different sectors of business operations was also a resounding support for the idea of more Indians to dabble in entrepreneurial activity and make the business landscape in the Indian subcontinent more representative of the kind of people who lived in the subcontinent.

In this simultaneous investment into different business sectors, JN Tata's explorations of iron ore deposits took him to various parts of the Indian subcontinent. And in the years from 1904 to 1907, the durg area which is in present day Chattisgarh was located as one of the prominent areas for iron ore deposits and which came across as an area in which a substantial industrial presence could be demarcated for the Tata's to organize the extraction of coal and its use for secondary and tertiary processes like the processing of steel.

So, this is a fascinating context to locate the evolution of the Tata house where they are engaging in a hectic round of research and international collaboration not just to get a head start in the coal mining business. But while that is happening the Tata's are also not afraid to invest in certain other sectors of business operations in the Indian subcontinent.

So, the multilateral entry of different kinds of Indians into business activities in the Indian subcontinent was a unique feature of the early years of the twentieth century. In the year 1907, the site for the steel company which was a vision of JN Tata finally, came to fruition where a site near durg which is in presently Chattisgarh was zeroed in on for the establishment of a future steel manufacturing facility. This site was Sakchi, this was in the erstwhile Bihar province as it existed in British India and this would also become the future Jamshedpur which is also known as the steel city of India today.

So, 1907 becomes a historic milestone for not just Indian business history, but also personally for JN Tata whose personal vision of trying to establish an Indian architecture for production of steel finally, becomes reality. In the same year when a site was demarcated as the center for the establishment of a steel manufacturing unit, the Tata iron and steel company got formally registered. So, the year 1907 marks the formal beginning of the establishment of a company

led by an Indian financed by an Indian all and also managed by an Indian and also it becomes an important example of the long journey that Indian entrepreneurs had covered so far.

So, the early part of the twentieth century is the culmination of a long series of struggles felt by Indian entrepreneurs to not just organize business operations. But to do so, on a level of professionalism that could be compared with their European counterparts and the British counterparts. That reality becomes noticeable in the early part of the twentieth century and especially in the years from 1901 to 1910 where different institutions led by Indians started dotting the landscape of the Indian subcontinent.

So, the coming together of different Indians the intermingling of their business ideas and the resulting outcomes of those business ideas meant that a parallel architecture of business operations was now being erected by Indian business leaders who had links not just with the British colonial government, but also had links with Indian nationalist leaders.

So, the emergence of a definite class with access to capital and with bright ideas and bold ideas for entrepreneurship started becoming a practical reality in the Indian subcontinent in the early part of the 20th century. 4 years after the formal registration of the Tata iron and steel company which became a reality by accessing capital through domestic sources in India in 1911, Tata iron and steel company became formally operationalized. So, its formal functions of coal extraction and the production and manufacturing of steel some of which was also being exported to foreign markets became a practical reality in the year 1911.

So, this roughly 10 to 15 year period in India's business history is not just about more Indian leaders becoming comfortable with the idea of investing in risky and complex sectors of businesses, it was also a successful story of that investment becoming immensely profitable and also ultimately for the Indian subcontinent it meant the arrival of a distinctly Indian infrastructure as far as business operations and critical areas is concerned.

JN Tata was at the front of the line as far as Indian community's contribution to critical sectors of economic operations are concerned. His vision and his practical reality of the establishment of a steel unit and the arrival of a satellite city around those steel units represented the vision that Indian entrepreneurs carried within themselves and also proved that given the right support and access to domestic capital Indian entrepreneurs were no less than their British counterparts.

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While the early twentieth century belonged to JN Tata and his successful business ventures and the spirit of his character which led to the formation of some iconic Indian institutions that continue to this day and which gives modern India's, its definite identity of a land of successful institutions. There are certain features that we have to keep in mind while discussing the evolution of the Tata business in the early twentieth century.

So, while the early part of the twentieth century is a story of spectacular success achieved by JN Tata and his son there are nevertheless certain analytical points of discussion that we must now turn to in order to fully comprehend the Tata story and to analyze the factors and structures that were responsible for their rise in the first place.

The first element that we have to discuss when analyzing the enormous success faced by JN Tata in the early twentieth century was the fact that he was an intrepid businessman he had an acute sense of business acumen, he was apprenticed in distant lands like China and Europe.

So, he had an intimate understanding of the ways in which global capital and global networks of finance operated. So, his keen sense of business, his keen eye for visualizing a potential business opportunity and turning that vision into reality where essential ingredients that made the Tata house so, immensely successful in the initial years of its operations.

So, the intrepidity at with JN Tata operated his Indian businesses went a large way in making him what he is regarded as today. JN Tata was also regarded as an internationalist in an age

where few Indian entrepreneurs had the daring or the vision to prosecute such a large international business operation.

It was possibly JN Tata's spirit and boldness that made it possible for him to organize a business operation at such a mammoth scale. There were 4 or 5 ingredients that went into making him such an internationalist person. He was apprenticed abroad as I have mentioned previously. While he was working in his father's trading firm he was sent to analyze the Chinese markets and he also observed intimately the ways in which global capital operated in European markets and British markets.

So, this early intimacy with global networks of capital and business operations gave him an early head start into understanding what would be the critical requirements for the carrying out of his own personal business.

So, this early international exposure to business ideas and business institutions played a critical role in giving JN Tata an internationalist outlook as far as business activities are concerned. While JN Tata was an internationalist had international sensibilities when it came to working global capital, he was also a nationalist at heart.

So, his investment in India for Indians his efforts in collaborating with international stakeholders to set up a steel plant in India employ Indians and set up a satellite city around those steel mills was a distinctly Indian gesture. This is also a unique feature of this period where Indian entrepreneurs came together not just to collaborate or earn more money, but also did so, with a nationalist vision in their minds.

So, while JN Tata was intensely familiar with the ways in which global capital worked across western capitals and across lucrative East Asian markets. His heart was set on imparting the Indian subcontinent with a definitive business architecture.

So, the crucial distinguishing feature of Indian entrepreneurs in contrast to European merchants and European finances was the fact that Indian entrepreneurs like JN Tata even though trained or apprenticed in foreign markets had a definite aim, motive and vision to put those ideas into practice in the context of the Indian subcontinent the supplying of a definitive business network and industrial architecture to the Indian subcontinent was definite priority for JN Tata.

Apart from his ideas and his vision and the plans that he had for India, JN Tata was also politically very astute. He had definite links with the colonial state and also had a unique rapport with the nationalist leaders of this period.

The last years of the nineteenth century are known for the arrival of a definite political sphere in the Indian subcontinent with the arrival and consolidation of the Indian national congress and the coming together of Indian entrepreneurs and their interactions with nationalist leaders on platforms such as the Swadeshi movement made it possible for individuals like JN Tata to not just have links with the colonial state as it existed in India. But also develop intimate political equations with the nationalist leaders in the Indian subcontinent.

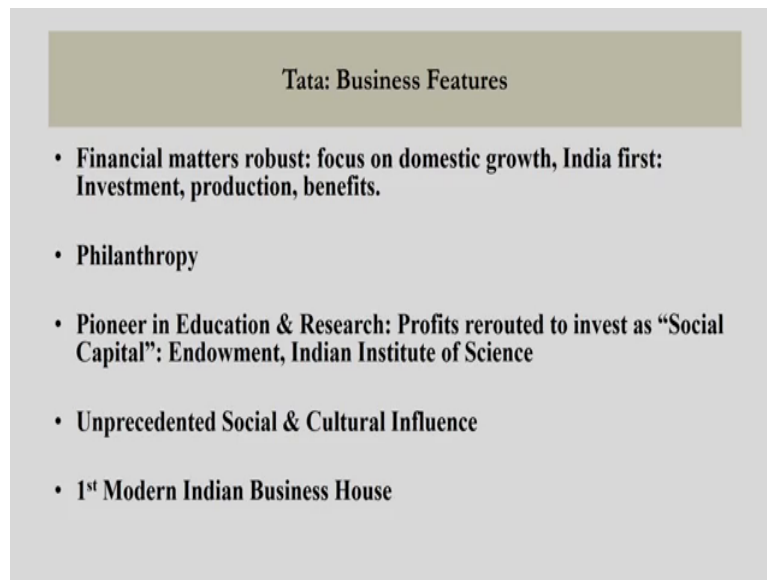
These early linkages that were forged in the last part of the nineteenth century will play a crucial role in the mid twentieth century as we will continue to discuss in this course. But the formal coming together of Indian business interests with Indian nationalist political interests started happening when through the medium of individuals like JN Tata and other business houses.

One crucial feature that was responsible for the early successes of the Tata's in their business operations was their focus on technology and research. They were innovative in technological matters. So, just before the deregulation of the mining sector in the 1899, the Tata's had already embarked on an ambitious program to map coal deposits in the Indian subcontinent. This required a significant input from technological stakeholders and newer technological models.

So, the early emphasis that the Tata's paid on technological assistance with the view to augment their business earnings were there was an early lesson that the Tata's learned during. This period this collaboration between science and technology or advances in science and technology with a view to further business interests is something that continues even today in different parts of the world, but its earliest proof Indian proof to be specific came up with the rise emergence and consolidation of the Tata business as they carried out investments from one sector to the other.

So, the significant emphasis paid on science, technology and money invested in research in science and technology as a crucial component for a successful business operation came to be realized as a strategy early on by the Tata's in the early part of the 20th century and this is an element that contributes significantly to their business growth decade after decade.

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Tata: Business Features

- **Financial matters robust: focus on domestic growth, India first: Investment, production, benefits.**
- **Philanthropy**
- **Pioneer in Education & Research: Profits rerouted to invest as “Social Capital”: Endowment, Indian Institute of Science**
- **Unprecedented Social & Cultural Influence**
- **1st Modern Indian Business House**

Certain other features are also important to understand when discussing the early history of the Tata's in India. The financial matters of the Tata's were robust, their focus was on domestic growth and they also had the policy of supplying the Indian subcontinent with the critical industrial infrastructure.

So, the investment production and benefits arising from those investments were geared primarily towards the Indian subcontinent the employment pattern engineered by the Tata's was also geared towards the benefit of Indians and the establishment of this critical coal mining infrastructure. And the subsequent in establishment of a steel manufacturing unit in the Indian subcontinent was seen not just as a part of an entrepreneurial activity or just another business activity; it was indeed invested with a definite nationalist fervor.

So, the arrival of a steel manufacturing unit or the successful business operations of the Tata iron and steel company was not just a feather in the cap of India's business acumen it was also seen as the capability of Indian business leaders to be able to prosecute successful business operations primarily for the benefit of Indians.

Another feature that is unique to the Tata's in this period was the element of philanthropy. In the previous lectures, we have discussed how certain finances and merchants in the Indian subcontinent like Jamshedji, Jejeebhoy by who earned enormous revenue.

And profits from the opium trade also reinvested a part of the income in establishing a civic infrastructure for cities like Bombay that trend continues in the Indian subcontinent even through the early part of the twentieth century where the Tata set aside a set of the income and earnings through the lucrative businesses for the cause of science, education and research.

So, the terms of philanthropy may have changed as the years went pass from the 18th century to the 19th century, but the definite element of using a part of your business and income for the production or establishment of a civic infrastructure or to forge, social links, cultural links with the society from where you come from was a unique feature of the Tata enterprise during this period. As part of their philanthropic ventures, the tata also became early pioneers in education and research.

So, the profits that they earned through the steel business, coal business and other associated economic activities was rerouted to invest as social capital. As part of the reinvestment of that social capital, money was endowed for the development of different educational institutions in India that have played a critical role in the furthering of science and technology in India. A prime example of the Tata's engagement with education science and research was the endowment that they made towards the foundation of the Indian Institute of Science in Bengaluru.

This seems to be a trend now in Indian subcontinent and also globally where leaders in business and economy are often associated with the sponsorship or the links with higher education and research. But the earliest instance in the Indian subcontinent where a formal link was forged between a business tycoon and the establishment of higher education and learning institutions was in the case of the Tata's who became critically possible for the establishment of cutting edge research institutions in the Indian subcontinent.

So, money on from business activities which transformed the landscape of India's business history and India's entrepreneurial identity also became tied to the subsequent development of India's other social cultural and educational institutions. The Tata's also since the early twentieth century exercised unprecedented social and cultural influence. They were members of the Parsi community which was also one of the foremost communities that engaged in international business in the Indian subcontinent at this point, they were progressive; they were not hesitant to transform some of the customs and traditions in alignment with other sensibilities and other transformative influences.

So, the Tata is starting from JN Tata with the first members of a community which itself was able to modernize itself quite successfully in this period. So, the result of that early modernization and the early experiences of the Tata's in organizing successful business operations was a function of the social, cultural and political prestige that they exercised in different sectors of the Indian economy during this period. It is also safe to say that the Tata's were one of the first modern Indian houses to have come up in the Indian subcontinent.

This is not to suggest that there were no other Indian players at this point. Of course, as we have discussed in previous lectures, there was a whole host of different entrepreneurial individuals in India who either collaborated or started their own business operations within the subcontinent or also internationally, but the prosecution of a successful business operation which was not just domestic.

But also international and which dabbled in critical sectors which had traditionally been reserved only for Europeans was path breaking as far as the Tata's are concerned the breaking of the glass ceiling as far as investment and earning an income through critical sectors is concerned was solely the act of JN Tata and his descendants.

So, in that sense, they became one of the first modern Indian houses to be established and run on professional lights. The distinguishing feature of this period was that a first modern successful business enterprise was being funded and led by an Indian, but their influence was exercised in different sectors in the spirit be it politics, business and economy.

So, the coming together of different aspects of business activities in the Indian subcontinent whether it was traditional business operations, whether it was investment of that capital in different sectors or whether it was the innovative and bold ideas that made Indian investment possible in different European sectors was a unique feature of this period because this was now being broken by the arrival of a visionary like JN Tata.

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The Birla Story

- Pioneered the transition from commercial operations to Industry
- Centre of Operations: Largely Calcutta, later across India
- Early exposure to European business firms since 1857: GD Birla's ancestors
- **1860s:** Birlas move to Calcutta ; dealing with silver, cotton etc.

So, while the Tata's were busy setting up their international business operations in the Indian subcontinent, other Indian business leaders were also not far behind and a story that I want to analyze today alongside the Tata story is that of the Birla's. The Birla's pioneered the transition from commercial operations to industry. They were one of the first Indian leaders to be able to bridge that gap.

So, while JN Tata in the early twentieth century became the first Indian to be able to successfully invest in the coal mining sector and also develop cities alongside that sector and also diversify his capital into different sectors of commercial operations. The Birla's were also not very far behind they were pioneers in this growing trend where Indians were able to transition from traditional business operations to more industrial actions.

The transition of the Indian capital from its primary investment in money lending or traditional economic operations or domestic trade to its transition to a more international scope of operations was started by JN Tata and that economic legacy was carried forward by individuals like GD Birla. There are slight differences in the way in which the Birla's carried out their operations.

Undoubtedly both the Tata's and Birla's are household names as far as Indian business history is concerned and are also responsible in establishing some iconic Indian institutions which have not just economic importance, but also immense social cultural and political importance. Yet the geographical center which contributed immensely to the economic fortunes of the Birla's

was not Bombay initially, but the city of Calcutta their center of operations was mainly based in Calcutta where they were involved in early textile mills and also importantly the Jute mills Calcutta as an urban center which we have discussed in previous lectures was a hub for not just textile production, but had also come to be known and recognized internationally as a production center for jute processing.

The global demand for jute and jute based products brought together a whole host of finances merchants and bankers in Calcutta and it was not this economic context that the Birla's were able to find their footing and start their own business operations which ventured out to different directions as the years went by from 1850 onwards.

Just as JN Tata was able to set up a successful business operation by virtue of his familiarity with international business operations and his study and examination of the global networks of finance and commerce GD Birla's ancestors also had exposure to the workings and the inner workings of European business forms since the mid nineteenth century.

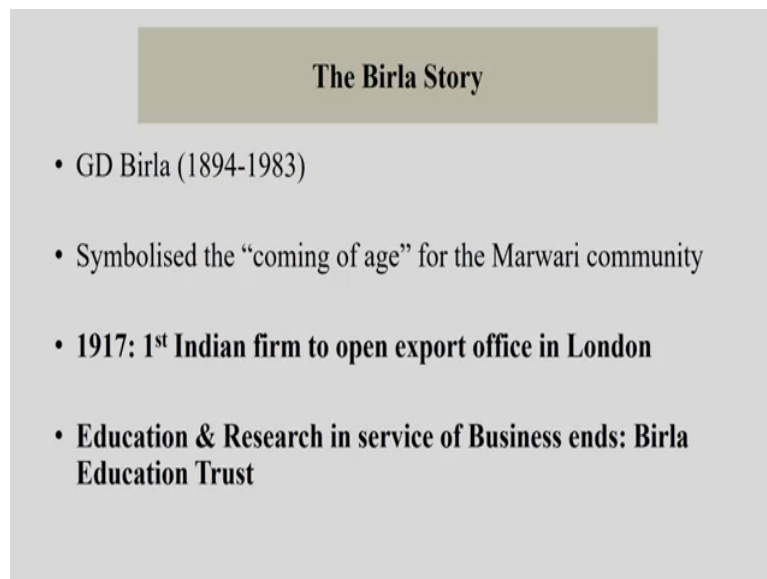
So, unique feature of this period was not just the coming together of Indian entrepreneurs, but also the coming together of specifically those Indian entrepreneurs who had a significant familiarity and understanding of the intricacies of international business and commerce.

So, just as JN Tata began his business by having an immense storehouse of knowledge of what was happening in China or European or British markets, GD Birla also started out his Indian ventures after having learned intimate insights into global business practices by either an intimate peek into European markets or other international markets or through the practical experience of working for European firms in the Indian subcontinent. We have also discussed the issue of agency houses in previous lectures.

So, the brief coming together of Indian capital alongside British capital and the brief collaboration in the management of agency houses and different business operations contributed immensely towards the coming up of families and business houses like those of the Birla's. So, different business avenues different forms of cultural and social interactions contributed towards this new pattern in India's business history that was a renewal or revival of Indian entrepreneurial interest in not just traditional financial operations, but also industrial operations more importantly.

It was in the 1860s that the Birla clan moved to eastern India and most specifically to Calcutta and the early areas of operations were in dealing of precious metals like silver and they also dabbled in the cotton trade during this period. So, just as the Tata's began their initial career in Indian entrepreneurship by dabbling in the immensely lucrative textile trade and cotton trade, the Birla's also by the mid-19th century were responsible in dealing with silver and cotton.

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The Birla Story

- GD Birla (1894-1983)
- Symbolised the “coming of age” for the Marwari community
- **1917: 1st Indian firm to open export office in London**
- **Education & Research in service of Business ends: Birla Education Trust**

I want to spend more time in discussing the Birla story and take it forward because this happens in roughly the same political economic and social context in which the Tata's were dabbling in their own initial businesses and making it more international and more diversified.

So, GD Birla who is now credited largely with the formal setting up of the Birla house and the legacy with which the descendants carry of the business operations lived from 1894 to 1983. His arrival into the Indian business scene happened roughly at the same time when a new wave of nationalism was triggering not just a wave of political consciousness, but it was also making it possible for different Indian entrepreneurial leaders to organize these business operations primarily for the benefit of India or Indians.

So, the shifting of the discourse of the business practices as they took place in the Indian subcontinent was becoming more and more Indian as the decades went by. The Birla's story is also unique because it represents or symbolizes the coming of age for the Marwari community in the Indian subcontinent.

The Marwari community have historically been engaged in business operations, financial operations and commercial operations. So, the Jagat Seths and the descendants and other political actors in the Indian subcontinent all roughly belonged to particular areas in Western India from where the Marwari community also originates.

So, the historical experience of the Marwari community to financial dealings or financial operations is not unique. But the very fact that a class of Marwari businessmen were able to bridge that gap and transition towards becoming entrepreneurs or managers, finances or sponsors of modern industries represent is a turning point in the fortunes of the Marwari community.

No longer will be limited to just traditional area of operations as far as economics and finance is concerned. The Marwari's symbolized primarily by GD Birla and several other families who came in their wake were now not hesitant to invest more constructively in the establishment of prominent critical sector industries in the Indian subcontinent.

While 1907 was the year for the Tata's where the iron and steel company was formally registered. Ten years later within the same decade the Birla's responsible for becoming the first Indian firm to open a formal export office in London. This represented a curious historical milestone in India's history and not just Indian business history whereby an Indian firm was able to successfully establish its presence in the epicenter of the British Empire which was the city of London. So, the success ease and the prestige associated with the representation of an Indian firm abroad was a milestone or a red letter day that belonged solely to the Birla's during this period.

So, from the establishment of a first steel manufacturing plant in India for Indians to the year 1970 when the first export office or liaison office is able to be come up is established in London represented a full circle for the coming of age for the Indian business community in this period. Just as the Tata's were known are renowned for their investment and their roles and responsibility in setting up a critical educational infrastructure that trend was also carried forward by the Birla's who also became known for pioneers in setting up educational and research services in the Indian subcontinent.

The establishment of the Birla education trust in the mid twentieth century was responsible for the setting up of various higher education institutions. And this link between science and

technology with a view to augment business opportunities in the Indian subcontinent a lesson learned by the Tata's early on was something that was emulated by the Birla's as well.

So, the rerouting of business capital into social and cultural sectors of importance was a critical feature of India's business operations during this period. And the trend that was started long ago by Jamshedji Jejeebhoy who invested into the development of Bombay as a cultural city was a trend that was magnified augmented and diversified by individuals like JN Tata and GD Birla.

So, the coming together of business capital and its transformation into social and cultural and even educational capital was a trend that is effectively seen in the early part of the 20th century and this trend continues to even the present times.

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There are certain features associated with the success of the Birla enterprise in India in this period. So, just as they were critical features that contributed towards the making of the Tata's what they are today which is successful entrepreneurs and patrons of art and social and cultural forms and institutions, the Birla's also had certain factors going for them. So, the unique Birla business strengths in the early part of the twentieth century were mainly jute and cotton mills.

So, while the coal mining business and the formation of a steel plant was a quintessentially Tata story in the early part of the 20th century, the Birla fortunes were determined by their successful investments and management strategies visa we got in jute mills. Their initial base

of operations was Calcutta, but by the mid 20th century and subsequent years also see the Birla's moving northwards.

So, the city of Delhi also becomes a prime area for operations for the Birla house just as JN Tata had broken the glass ceiling as far as the Indian investment in core sectors is concerned the Birla's are also credited today with breaking the Scottish monopoly on the management and financing of jute mills in the Indian subcontinent. So, the head start that the Tata's had as far as organizing their business models is concerned was an element that was noticeable in the early journeys of the Birla's as well.

And the pioneering business strategies and methods of innovation that they used in the management of the jute and cotton mills was responsible in making them effective players in Calcutta and which was responsible in breaking the stranglehold that British merchants had in the cloth and the jute business.

The Birla's also just like the Tata's had extensive contacts with the nationalist leadership. They had intimate links with the nationalist leadership that was trying to articulate political position for the voiceless Indians in the Indian subcontinent. So, the crucial links that the Birla's were able to forge with the Indian political class was responsible also in transforming this partnership between the Indian business capital and also the stakeholders of Indian politics during this period.

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Birla fortunes: Beginning of Transformations

- Inspired other marwari business operatives to move to Industry
 - Dalmia Family
 - Lakshmidhand Jaipuria
 - Sarupchand Hukumchand
 - Nandlal
 - Anandilal Poddar
- **Expansion & Consolidation of Birla Industries: During & after WW-I**

One of the most significant contributions of the Birla's as far as India's business history and the sociology of Indian business history is concerned is not just their own transformation from a mainly traditional commercial enterprise into a more active industrial stakeholder in India's business landscape. But also more significantly they gave a head start or became aspirational role models for others to emulate or follow their business strategies.

So, the Birla fortunes attracted the Marwari business operatives in other parts on the Indian subcontinent and the prestige and social and cultural influence that they exercised in the Indian subcontinent also inspired other communities in India to prosecute their own business operations with a level of ease and professionalism that they noticed in the Birla's.

So, the beginnings of transformations in the early 20th century was not just about the coming of Indians and their investment in different sectors which had otherwise been only European. But also the head start that they gave to the other fellow Indians to emulate their success stories and make India an even more vibrant space for entrepreneurial activity.

Amongst the many people that the Birla example inspired was the Dalmia family whose descendants diversified into all sorts of different business operations. Then there were also individuals like Lakshmidhand Jaipuria who found an immense source of support. And inspiration in the Birla success story other individuals like Sarupchand, Hukumchand, Nandlal and Anandilal Poddar also became pioneers in the textile mills business in the jute business and other associated business operations.

So, the success of the Birla's are not just reserved to the successful management of their own personal business ventures, but they also share their success in their ability to inspire several other Indian individuals and communities to mount their own successful business operations in the Indian subcontinent.

So, the gradual shift as far as business activities are concerned from a mainly European grammar and vocabulary towards a more gradual Indianization of that landscape begins with the successful ventures of Tata's and Birla's who did not just earn money for their own business operations, but also set a context in which other Indian communities and individuals could also operate with a degree of convenience and ease. The next phase in the expansion and consolidation of Birla industries happens during the world wars.

This is a theme that we will discuss in the next set of lectures, but this lecture was primarily a focus on an examination of the prewar truth of Indian business houses in this period. The next phase of monumental growth that was witnessed by the Birla's and Tata's and several other Indian business houses happened as a result of global disruptions like the First World War and the Second World War.

So, we will continue those discussions in the next set of lectures, but this lecture was basically a case study of the Tata's and the examination of the context which made it not just possible for the Tata's to mount successful business operations, but also delineates certain structural social and political factors that made it possible for others also to emulate or follow in a wake

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A Sum-up

- Emergence of a new Indian entrepreneurial class with a diversified portfolio of business interests.
- Stronger links with both European and Indigenous sections in commerce and finance.
- Business groups or individuals exposed to international systems and business practices get a head start.

A brief summary of what transpired in this lecture today. We discussed the emergence of a new Indian entrepreneurial class with a diversified portfolio of business interests. So, the legislative deregulation of mining sector made it possible for JN Tata and his vision to successfully organize a complex international business like steel manufacturing.

So, the early part of the 20th century is a prime example where Indian capital Indian capitalists and Indian business leaders bridge the divide and venture out into different business sectors of this period and move out from their traditional business operations into uncharted waters and try their luck in different areas of operations to manage businesses that could stand up to the challenge and influence of European enterprises in the Indian subcontinent.

The second important theme that we discussed in this lecture was the stronger links that were forged between European and indigenous sections as far as finance and commerce is concerned. So, even though the business enterprise is set up by the Tata's and Birla's were largely Indian envision scope operations and benefit. There was also a fair degree of collaboration that happened in the management of these businesses these collaboration's were behind the scenes.

So, in the case of the Tata's, a significant international collaboration took place to geologically map iron ore deposits in the Indian subcontinent whereas, in the case of the Birla's their contacts with European merchants and businessmen and their parallel contacts with the Indian nationals leadership signified a new trend in Indian business history whereby Indian capital was becoming more prominent and was forging more international and inter institutional links in the spirit.

The third important theme that we discussed and which is a crucial element which determine the successes of these early industrial houses was that business groups or individuals exposed to international systems and business practices got a head start. JN Tata's early experiences in the Chinese market or his familiarity with the European networks of capital and business services made him an important player in India's business history because he had an internationalist outlook as far as management practices are concerned.

GD Birla and his ancestors also had significant working relationships with managing agency houses or British firms. So, their employment or their experiences of working with the European financiers and merchants in the Indian subcontinent gave them critical insights into the management of business ventures in the Indian subcontinent.

So, the critical networks of global finance and commerce and its familiarity and deep knowledge of the ways in which global finance operates in different sectors was crucial in the way in which it allowed Tata's and Birla's to mount their own successful business ventures. In the next lecture, we will commence week 5. Week 5 will mainly be a discussion of global disruptions and their impact on Indian businesses.

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In the Next Lecture

- Week 5:
- Lecture 10: Indian Business and Economy during the First and Second World Wars, 1914-1945

So, the next lecture will be an examination of Indian business and economy during the first and the second world wars from the year 1914 to 1945.

Thank you.