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# UNIT 27 THE CAPITALIST CLASS\*

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## Structure

- 27.1 Introduction
- 27.2 Debate on the Relationship between the Congress and the Capitalists
- 27.3 Emergence and Growth of the Capitalist Class in India
- 27.4 Capitalist Response to National Movement in Early Phase
- 27.5 Ideology of the Early Nationalists
- 27.6 Mass Nationalism and the Capitalists
  - 27.6.1 From Rowlatt Satyagraha to Simon Commission
  - 27.6.2 Civil Disobedience Movement and Quit India Movement
  - 27.6.3 Post-War Period
- 27.7 An Assessment of the Capitalists' Attitude to the Congress
- 27.8 Summary
- 27.9 Exercises

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## 27.1 INTRODUCTION

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In this Unit, we will discuss the relationship between Indian national movement and the Indian capitalist class. Much heated debate has been generated on this issue among historians for a long time. This Unit will acquaint you with this debate before analysing the various features of responses of the capitalist class and the nationalist movement towards each other since the beginning. It is important to understand that the relationship between a vast and ambitious national movement and a fledgling class which was partly dependent for its existence and growth on the colonial connections would be fraught with many inconsistencies which cannot be encapsulated within a singular narrative.

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## 27.5 DEBATE ON THE RELATIONSHIP BETWEEN THE CONGRESS AND THE CAPITALISTS

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There has been heated debate among the historians of India on the relationship between the capitalist class and the national movement, particularly the stream represented by the Congress. Quite often the lines are so sharply drawn that it is difficult to find a common ground. The Marxist historians have generally taken a very critical view of the link between the Congress and the capitalists. M.N. Roy, the initiator of Marxist historiography in India, considered the Congress as basically a bourgeois organisation which ceased to be progressive and turned reactionary and an ally of imperialism as a result of the surging mass movement during the early 1920s. R.P. Dutt, another important Marxist ideologue and historian, regarded the Indian bourgeoisie (in which he included the leadership of the Congress) as basically a national bourgeoisie which had a dual characteristic. In his book, *India Today*, he argued that the Indian bourgeoisie had a genuine contradiction with imperialism and resisted the onslaught of foreign

goods and capital, but, when faced with the spectre of mass upsurge, it sided with imperialism. He also identified the Congress with bourgeois interests.

Another set of Marxist thinkers, such as Suniti K. Ghosh, argue that 'the Indian capitalist class comprised and comprises two categories: one that is big is comprador and the other that is small and medium is national' [S.K. Ghosh 1988: 2445]. Ghosh asserts that the Indian big bourgeoisie had been an ally of imperialism in India since its beginning. According to Amiya K. Bagchi, the abolition of feudalism and establishment of proper capitalist relations were not part of the agenda of either the British capitalist in India or of Indian capitalists. The Indian capitalist class has mostly professed a reactionary ideology which disregarded democratic and secular values. [A.K. Bagchi 1991].

G.K. Lieten argues that while the Indian capitalist class was comprador earlier, it became national in character since the 1920s. However, during the high tide of nationalism, as during the Civil Disobedience Movement, the big Bombay capitalists were 'rather on the side of the colonial administration than on the side of the nationalist forces'. [G.K. Lieten 1983: 33]. According to Lieten, the strategy of both the capitalists and the dominant section of the Congress were short-term struggle and long-term compromise. While industrial depression, boycott and violence hung over the heads of the industrialists, it 'forced them into the role of brokers between the Congress-led nationalist movement and the colonial government'. The Indian bourgeoisie did not always remain within the ambit of nationalism, but quite often tried to enter into separate agreements with colonial government behind the back of the Congress. The Indian capitalist class played a dual role attempting to be on the side of both the nationalists and the colonial rulers.

Kapil Kumar asserts that the capitalists played a crucial role in determining the policies of the Congress. He argues that the capitalist class followed a conscious strategy of controlling the peasant movements, supporting the right wing in the Congress, financing individual Congress leaders on personal basis, buying large chunks of land, and pressurising the Congress to ban Kisan Sabhas. [Kapil Kumar 1991].

On the other hand, an important group of historians, prominently Bipan Chandra, Aditya Mukherjee, and Bhagwan Josh strongly argue that the Indian capitalist class was anti-imperialist, had developed into a conscious collectivity by the 1920s, and was in the nationalist camp particularly since the 1920s. They insist that there was an irresolvable and antagonistic contradiction between Indian bourgeoisie and colonialism. Therefore, there was no possibility of any long-term compromise between them. Thus, it was owing to economic factors that the Indian capitalist class opposed imperialism as it was hampering its long-term growth. The leading capitalists clearly recognized this situation and sided with the Congress against colonial government.

Bipan Chandra argues that the Indian capitalist class never played the role of comprador nor was it subordinated to British capital at any stage. While the Indian economy as a whole was structurally subordinated to imperialism, the Indian capitalist class was an independent class which struggled against imperialism and for independent capitalist development. However, it was also sometimes compelled to compromise with imperialism as it was the capitalist

class of a colonial and underdeveloped economy. The economic weakness of the Indian capitalist class was the reason for its political weakness and its partial dependence on the colonial government. It had a two-fold relationship with imperialism: 'long-term antagonism and short-term accommodation and dependence'. He, however, concedes that the 'overwhelming majority of the capitalists could not ... be described as active anti-imperialist' [Bipan Chandra 1979].

Aditya Mukherjee strongly puts forward the view that the Indian capitalist class remained broadly within the nationalist camp particularly since the 1920s. It believed that only a national government could bring about economic development in India. The ideological and political position of the Indian capitalists was far in advance of their actual economic position which was quite weak. According to Mukherjee, the Indian capitalist class evolved into a 'mature self-conscious class' in struggle against the colonial rule and British capitalist class. It also was able to overcome the internal contradiction so as to emerge as the first class-conscious group in colonial India. The Indian capitalist class tried successful strategy to contain the left trends without, however, going on the side of imperialism. It always remained on the side of nationalist forces, even though it encouraged and strengthened the nationalist right wing to restrict the influence of socialists and communists. The Indian bourgeoisie was successful in projecting its own class interests as the strategic national interest. This could happen because in the colonial situation, 'there was, up to a point, a genuine unity of interest between the national bourgeoisie and the rest of society, as all of them were oppressed by imperialism'. [Mukherjee and Mukherjee 1988]. Although there were certain differences between the capitalists and the nationalists, these differences finally got 'resolved around a compromise programme, with each group... making substantial alterations in their original stands'. There was also no fundamental difference between the approaches of the left nationalists such as Nehru and K.T. Shah and the capitalist class so far as planning and the nature of state's role in it was concerned. Both groups shared certain common basic ideas, the most important of these being 'the overthrow of the colonial state structure', and 'its replacement by an independent indigenous capitalist state structure'. Mukherjee regards the Bombay Plan (1944) as the embodiment of the Indian capitalists' desire for a national government, economic planning and independent economic development. Although there were some differences between them regarding the methods to be adopted to achieve these goals and the extent of state intervention, both groups showed remarkable unity in their basic assumptions [A. Mukherjee 1978].

Bhagwan Josh emphasises that the Congress should not be viewed simplistically as a bourgeois party but should be considered as an anti-imperialist front for all Indian people, an all-class party which was not guided by the will of any particular group or served the interests of any one section of Indian society. There was no pre-determined direction in which the national movement moved. Its direction was decided by how the representatives of various conflicting classes struggled to achieve their hegemony. The march of the national movement did not depend on the participation or non-participation of the capitalists. At various points of time the Congress received support from sections of traders, merchants, businesspeople and industrialists while several sections opposed it. The Congress engaged in both constitutional and non-constitutional struggles against foreign rule. However, the capitalist class only supported the constitutional forms of

struggle and kept aloof or even opposed the non-constitutional forms [Bhagwan Josh 1991].

Claude Markovits is opposed to the idea that the Indian capitalists had evolved into a conscious class. He argues that the capitalist class even during the 1930s had not evolved into a 'very articulate capitalist class capable of acting as a unified lobby and of pursuing a long-term policy to achieve well-defined objectives'. Despite the awareness of common interests among some capitalists, there was no long-term unity of purpose. Moreover, the economic nationalism professed by the Congress was not the main reason for the capitalists to support the Congress whenever it did. The more important factor in the link between Gandhi and the capitalists was that 'between Hindu banias and a Hindu political leader, rather than a link between an emerging capitalist class and a national leader'. This relationship had a large religious component and was traditional in nature. The most modern sections of the capitalists, such as the Tatas, were in fact the 'least pro-nationalist' [C. Markovits 1985: 182, 189].

Dwijendra Tripathi presents a variegated picture of capitalists' response to the national movement. In the initial phase, before the arrival of the Gandhian mass movements, the Indian capitalist class was weak and did not see much conflict of interest with the British business as it was dependent on British technology, and technical and even managerial personnel for establishing industries in India. After the First World War, when the capitalists in India grew in strength a conflict with the British capital became inevitable. However, the capitalist class did not sever its links with the British business. It also could not afford to antagonise the intensifying national movement led by the Congress and Gandhi. To cope with the situation, it evolved a four-pronged strategy: '(1) keep aloof from the confrontationist politics of the Congress, (2) support constructive activity of the Congress to establish a claim on its gratitude, (3) influence policy formulation within Congress, and (4) act in unison with nationalist forces in legislative assemblies and similar other forums' [S.P. Thakur 1989: 1437-8].

According to Manali Chakrabarti, the Indian big business class advocated economic nationalist policies during the inter-war period. However, it was not only the Indian but also the British business class located in India which wanted protectionist measures for Indian industries. However, despite their orientation towards economic nationalism since the 1930s, the capitalist class was basically guided by their economic interests rather than any attachment to nationalist sentiments. [M. Chakrabarti 2009: 1031].

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### **27.3 EMERGENCE AND GROWTH OF THE CAPITALIST CLASS IN INDIA**

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Most early Indian industrialists developed from the merchants who played the role of middlemen and collaborators for British businessmen. There was thus a harmonious relationship in the early period between the big Indian businessmen and the British capitalists and the latter served as models for setting up industries in India in the initial period. However, by the end of the nineteenth century, the Indian capitalists were beginning to mark their independence by forming their own organisations such as the Bengal Chamber of Commerce in 1887 and the Indian Merchants Chamber of Bombay in 1907.

There was steady growth of Indian industries since the mid-nineteenth century. By the beginning of the twentieth century, Indian capital was dominant in cotton industry. The growth of mills continued until the mid-1890s when a series of developments – such as the Bubonic Plague, currency fluctuations, famine and communal riots – seriously disrupted the growth story. The faith in the beneficial effects of the Raj began to dwindle.

Since the First World War, the Indian capitalists made inroads into many sectors. The processes of import substitution, expansion of domestic market, growth of internal trade and transfer of capital from moneylending and land to industrial investment resulted in increasing control of Indian capital. Thus, by 1944, about 62 per cent of larger industrial units and 95 per cent of smaller industrial units were controlled by Indian capital. Industries such as sugar, cement, paper, iron and steel were established almost anew by Indian capitalists. In the industries such as jute, mining and plantations, which had been under prolonged dominance by foreign capital, Indian capital moved in substantial quantities. Indian investment in cotton textiles grew enormously so that by 1919 the share of British cotton textile industry in India's domestic consumption fell down to 40% and the Indian cotton manufacturers also made inroads into some foreign markets such as China. In another big industry—Jute—it was the British capital which had held almost total domination until the early twentieth century. However, during the period between 1914 and 1947, there was a rapid expansion of the Indian capital in jute industry owing to several national and international factors. During this period, the Indian capitalist class also grew significantly in size.

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## **27.4 CAPITALIST RESPONSE TO NATIONAL MOVEMENT IN EARLY PHASE**

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The fortunes of most of the big merchants and industrialists in the nineteenth century were made under the aegis of the colonial government. Close collaboration with the British business and the need for British technical skill in the early years of industries had resulted in dependence upon the colonial rulers. The Indian businessmen kept a political low profile and tended to be on the right side of the rulers for the smooth conduct of their business and industry. The top echelons of Indian businessmen also maintained close social links with the British. However, through the Bombay Association (formed in 1852), some of Bombay's businesspeople experienced some amount of political activity and acquired some political awareness. Later during the Ilbert Bill controversy, some of prominent businessmen, led by Jamsetji Jejeebhoy, participated in a big public meeting called by some nationalist leaders such as Pherozeshah Mehta, Dadabhai Naoroji and Badruddin Tyabji on 28 April 1883. In Bombay Presidency Association, established in January 1885, some of Bombay businessmen and entrepreneurs participated. Some of them were also a part of the Indian National Congress when it was founded in December 1885. The Congress received small donations from individual businessmen although the Indian business community as a body did not financially contribute much. On the whole, between 1850 and 1895, with some exceptions, the political involvement of the Bombay millowners was negligible.

Thus, despite the display of political awareness and the realisation that the colonial government gave precedence to the British cotton industry over Indian ones, the Indian industrialists were too weak and too dependent on British technology to

support the Swadeshi movement. On the other hand, the leaders of the Swadeshi movement vociferously supported the Indian industries which benefitted many Indian industrialists, such as the Tatas, in mobilising capital for their ventures. But the big capitalists generally remained opposed to the Swadeshi movement. Such disinclination to support the nationalist cause also derived from selfish motives. At the height of the Swadeshi movement, the cotton millowners profited enormously due to high demand for Indian cloths. But they hiked the prices of the cloth and refused to lower them even on nationalist request. The Indian businessmen benefited from the Swadeshi movement in many other ways, but they generally refused to support it openly or as a collective. Thus despite the tariff laws of 1878 and 1894, which were against the interests of Indian industries and which the Indian millowners bitterly resented, the millowners as a group generally remained entirely loyal to the Raj during this period. [See Gita Piramal 1991 and B.R. Nanda 1991]

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## **27.5 IDEOLOGY OF THE EARLY NATIONALISTS**

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The economic ideology of the early nationalists favoured a system of independent capitalist development in the country. Economic nationalism, as the early nationalist economic thought has been called, was basically bourgeois nationalism which sought to formulate economic policies which would promote national development without dependence on a foreign country. However, their aim was not to benefit just one class—the capitalists. Instead, they professed industrialism as the remedy for the poverty of the country. They wanted capitalist development because it could, in their view, alleviate the miseries of the Indian people in general. Despite the fact that during the early period the Indian industrialists were basically pro-government and did not contribute much to the national movement, the early nationalists favoured the capitalist path because they believed that only through capitalist industrialisation the country could become independent and prosperous.

The nationalist leaders worked to introduce the spirit of entrepreneurship among the people, urged the need for promoting technical and industrial education, tried to help in mobilisation of internal sources of capital, preached that Indian poverty and backwardness was due to lack of industries which must be revived if India could progress, and asked the Indian people to use only Indian-made (Swadeshi) goods. By the end of the nineteenth century, most nationalist leaders strongly demanded that India should be rapidly industrialised. They severely criticised the free trade policies of the colonial rulers and demanded that tariff barriers should be raised for the protection of emerging modern industries in India. They argued for the state intervention to promote, sustain and strengthen the Indian industries. Some nationalist leaders formed industrial associations and organised industrial conferences and exhibitions in order to spread the ideas of industrialism among people in general and entrepreneurs in particular. M.G. Ranade, for example, was among the founders of the Industrial Association of Western India in 1890. Finding the colonial government not only lacking in efforts to help the Indian industries but also hampering their growth in favour of British industries, the nationalists criticised the government on all such issues on every available forum. [Bipan Chandra 1966: 55-141, 736-759].

## 27.6 MASS NATIONALISM AND THE CAPITALISTS

In the course of Gandhian phase of mass nationalism beginning from the 1918, we can discern various responses from the capitalists which included the industrialists, merchants and traders. Since the big industrialists generally dominated the attention of the media as well as the government and nationalists, their reactions to mass nationalism should be more closely analysed. We will discuss the responses of the industrialists and the nationalists towards each other in basically three phases: from the Rowlatt Satyagraha to the Simon Commission, during the Civil Disobedience Movement and during the War, and finally after the War.

### 27.6.1 From Rowlatt Satyagraha to Simon Commission

The mass and agitational phase of nationalism, beginning in 1918, unsettled the industrialists and big business groups, and prompted even those few capitalists, who had earlier supported the movement, to withdraw. During this period, the large business houses did not provide any support to the Congress. In fact, many of them actively opposed the movement and for this received favours from the colonial government, including knighthood. Another factor in political inactivity of the industrialists was a series of long labour strikes, particularly in Bombay, led by the Communists. The fear of socialism and violent labour unrest pushed the millowners closer to the government. The government also supported the industrialists in their fight against labour and by 1930 the workers' agitations and unions had been suppressed.

During the Rowlatt Satyagraha and the Non-cooperation movement very few capitalists made donations for the Congress, and no industrialist signed the satyagraha pledge against the Rowlatt Bills in 1919. On the other hand, the actual support from the business class came from small traders and shopkeepers who generally supported the movement enthusiastically, participated in the *hartals* declared by the Congress, and also contributed to its funds. Gandhi was aware that his call for boycott of foreign goods would lead to profiteering by Indian industrialists. So, he exhorted them 'to conduct their business on national rather than on purely commercial lines'. But the industrialists did not pay any heed to his appeal. Motilal Nehru later criticised them for being 'bent on profiting by the sufferings of the nation'. Even as late as 1934, some Congress leaders were complaining that the industrialists did not contribute much to Congress funds to enable it to fight elections, and 'that the upper middle class and the industrialists are not at all taking their share of the burden of India's freedom' [B.R. Nanda 1991: 184-5, 186].

During the Non-Cooperation movement, Gandhi made it clear that whether the merchants and businesspersons complied with the call of boycott of foreign goods or not 'the country's march to freedom cannot be made to depend upon any corporation or groups of men. This is a mass manifestation. The masses are moving rapidly towards deliverance, and they must move whether with the aid of the organised capital or without' [cited in S. Bhattacharya 1976: 1828]. Although, Gandhi's thoughts were not in favour of capitalism as such, the capitalists and merchants found Gandhi's belief in non-violence as opposed to radical changes and his theory of trusteeship as a support to private property and wealth. There was a shrewd perception by many capitalists that their hope lay in

Gandhi for restraining the nationalist movement taking an anti-capitalist and radical stance. However, the big industrialists still did not come out in support of the national movement during the anti-Rowlatt agitations, even though the small traders were fully supportive and active. The small businesspeople, including the cotton merchants in Bombay, supported the Non-Cooperation Movement also despite facing personal losses, while the industrialists did not. Some industrialists such as Purshottamdas Thakurdas, Jamnadas Dwarkadas, Cowasji Jahangir and C. Setalvad openly opposed the movement. They formed an Anti-Non-cooperation Society in Bombay. The Congress and Gandhi noted that the success of the Swadeshi led to profiteering as the Indian cloth-producers enjoyed monopoly and in many cases arbitrarily increased prices. The industrialists, on their part, remained apprehensive of the mass movement and boycott as it might create labour problems in their mills. In fact, both profiteering by industrialists and hoarding by traders, and labour unrests in many industrial centres were noted.

From 1922 onwards, however, the slump in the industry compelled most industrialists to side with the Congress in its demand for protection for industries. The millowners and the Swarajists in the Legislative Assembly both called for the abolition of 3.5% excise duty on cotton. In the mid-1920s, their strategy was to try to influence the constitutionally-minded nationalist leaders to take a pro-Indian industry stand in the legislatures and to orient the Congress to speak in favour of business interests. It was in this period, that the Indian business community established their central organisation called FICCI (Federation of Indian Chambers Commerce and Industry) in 1927. [See S. Bhattacharya 1976].

### **27.6.2 Civil Disobedience Movement and Quit India Movement**

Once the depression in the industry set in, the industrialists wanted the government to take strong measures to minimise their losses. The demands of the industrialists included an increase in the duties on imported cotton goods, devaluation of rupee and no preferential treatment for the British cotton industries in Indian markets. The colonial government refused to concede any of these demands. Certain other developments raised fear among the Indian industrialists that the colonial government did not care for their interests. For example, the Ottawa Conference held in 1932 privileged the British industries in the colonial markets. Resentment against such imperial preferences ran high in the ranks of Indian capitalists. Similarly, the decision of the colonial government to link the Indian rupee to the British pound and fix the rupee-sterling ratio at 18d created suspicion in the minds of the Indian industrialists that the intentions of the government were not correct.

The disenchantment with the government led to pro-Congress tilt among the industrialists. The Congress also responded positively by including most of their demands in its list. Another factor was the rise of new groups among industrialists from among the merchants who had held pro-Congress positions. All this resulted in capitalist support for the early phase of the Civil Disobedience Movement. However, general capitalist support for the movement did not continue when Gandhi resumed the movement in 1932 after the failure of talks with the government. The rise of the Congress left wing and Nehru's left-leaning speeches further alienated the capitalists from the Congress. Their interest in pro-Congress politics was only revived during the late 1930s when the Congress decided to work the Government of India Act of 1935.

According to Claude Markovits, there were three phases in the political participation of the Indian capitalists during the 1930s: 'a phase of relative unity in 1930-1931, a phase of open split in 1932-1936 and a new phase of greater unity in 1936-1939'. The Indian business class initially supported the Civil Disobedience Movement launched by Gandhi to get concessions from the British government, particularly related to its harmful currency policy. However, this support became lukewarm in the later stage due to militancy exhibited by workers and for the fear of widespread unrest. Still later, when the Congress put a brake on the mass agitational politics and decided to participate in constitutional politics, the capitalist class again started backing the Congress.

Before the launch of the Civil Disobedience Movement, the Indian capitalists tried to convince Gandhi to avoid open confrontation with the government and to enter into negotiations with it. However, Gandhi had other ideas. He refused to attend the First Round Table Conference to be convened in London in November 1930 to talk about constitutional and political reforms. In the initial phase of the movement, the business groups suffering from Depression and irked by governmental apathy, extended support to the movement in the hope that it would pressurise the colonial regime to make concessions in financial and monetary matters. The more intelligent section of the capitalist class realised that 'it could not fight foreign interest without the weight of the Congress and therefore could not go further than Gandhiji....' Thus, the capitalist organisation FICCI, during the early phase of the Civil Disobedience Movement, supported the basic demands of the Congress by stating that 'No constitution will be acceptable to the country including the Indian mercantile community which does not give sufficient and effective power to a responsible Indian government to carry out the administrative and economic reforms indicated by Mahatma Gandhi'. The FICCI also restrained the industrialists from participating in the Round Table Conference as a mark of solidarity with the Congress, and Thakurdas was persuaded to resign his seat in the central legislative assembly. Many businessmen, as other Indians, felt naturally inclined to take a nationalist position. Thus, when Tata and a few other industrialists wanted to form a pro-government capitalist organisation, Purshottamdas strongly reacted by saying that 'Indian commerce and industry are only an integral part of Indian nationalism and that deprived of its inspiration in Indian nationalism, Indian commerce and Indian industry stand reduced to mere exploitation'.

During the second phase of Civil Disobedience, the capitalists were a divided lot. As the movement progressed and reached the masses while the government showed no signs of compromise, there occurred a split in the ranks of the big business class. One group, led by the Tatas, openly opposed the Congress and sought to derive all benefits from the imperial government it could under the circumstances. Another group, led by Ahmedabad millowners, sided with the Congress and took advantage of the latter's boycott of foreign goods 'to enlarge their share of the internal market for piecegoods at the expense of both Bombay and Lancashire'. This group, and the group led by Lala Shri Ram, remained solidly behind the Congress even during the period of its weakness. Yet another group, led by Birla and Thakurdas, sought to play the middlemen between the Congress and the colonial government. Birla exhorted the British government to realise that 'Gandhiji and men of his type are not only friends of India but also friends of Great Britain, and that Gandhiji is the greatest force on the side of

peace and order. He alone is responsible for keeping the left wing in India in check.'

In the third phase, the conservative policies of the imperial government, the vocal emergence of the left wing in the Congress, and the decline in Congress-led mass movement united the Indian capitalist class in their support to the moderate sections within the Congress. Thus, 'the Indian capitalists denounced the 1939 Indo-British Trade Pact, which was not basically harmful to Indian interests, while in the provinces the Congress ministries often took a tough anti-labour stance, which satisfied business interests'. The new Congress ministries therefore were faced with a difficult task: they had to try to reconcile the interests of both capital and labour which had supported them in the elections, and both equally hoped that Congress rule would bring benefits to them. The ministries were in danger of being subjected to contradictory pressures from above and from below. The Congress High Command, with which the capitalists wielded more influence than the trade unions, was likely to pressurize them towards taking a stand against labour; while local Congress organizations, more responsive to direct pressure from workers, would advocate support for their demands. The provincial governments would be hard put to find a middle way.

The various actions of the Congress ministries, particularly their labour policies began to convince the capitalists that the Congress was not against their interests and wished to promote inter-class conciliation. The Congress ministries, while making some concessions to the workers, tried to check labour militancy by participating actively in labour affairs. The labour struggles were viewed as disruptive and avoidable and a policy of mutual adjustment between workers and their employers was put forward. On the whole, the Congress provincial governments put at rest the fears of the industrialists that the Congress might not succeed in controlling labour. The Congress also allayed the fears of the capitalists that it did not desire to nationalise various sectors of economy and industry, and instead it would favour a policy of collaboration with private enterprises.

Though Congress provincial governments were not always successful in accommodating Indian capitalist interests and could not prevent conflicts from arising between them and sections of the business class, an overall view of the two years of Congress rule in the provinces reveals that a certain amount of stabilization did occur in relations between business and Congress. While during the Second World War many businessmen reverted to a policy of close collaboration with the British authorities in order to benefit from the war orders, the business class as a whole did not break with the Congress during the war period. When the Congress Party made its final bid for power, businessmen found themselves in a position to influence developments to a certain extent.

In the beginning of the Second World War, the Congress ministries resigned to protest the unilateral decision of the imperial regime to include India in the War. However, the Congress decided not to seriously hinder the war efforts of the government. The industrialists also cooperated with the government and supplied goods and services required for the war. But some of them did not hesitate to declare their support for the Congress as G.L. Mehta, the FICCI president, stated: 'Indian commercial organizations did not feel apologetic about the fact that they were fully in accord with the essentials of Congress demand for freedom and transfer of power.'

And yet, when the Quit India movement was launched, many industrialists, including Thakurdas, openly stood against open confrontation with the colonial government. But some of them allowed their workers to go on strike to express solidarity with the jailed Congress leaders. On the whole, however, the capitalists pursued the dual policy of deriving maximum benefit from their support to the government in its war efforts while at the same time making overtures to some of the Congress leaders and occasionally contributing to the Congress funds. [C. Markovits 1985: 179, 180; D. Tripathi 1991: 109, 110, 106, 96, 97, 115; C. Markovits 1981: 498, 524, 526; M. Chakrabarti 2009: 1012].

Bipan Chandra argues that the leaders of the Indian capitalists were farsighted who deftly handled the radicalism of Nehru in the mid-1930s, and managed to persuade him to follow a bourgeois liberal path of growth. It was their biggest achievement which kept the socialist radicals at bay by supporting the right-wing of the Congress which increasingly became stronger as freedom approached. Although a group of capitalists in Bombay reacted strongly against Nehru's radical speeches, most other industrialists took a more cautious stand. Birla and others put their faith in Congress right wing and in Gandhi to restrain Nehru. They were successful in their 'strategy of nursing him, opposing him, and, above all, of supporting the right wing in the Congress' which 'played an important role in first containing him and then moulding him so that, by 1947, the capitalist class was ready to accept him as the Prime Minister of independent India and to cooperate with him in the task of building up its economy along the capitalist path' [Bipan Chandra 1979: 198.].

### 27.6.3 Post-War Period

Due to the ambivalent attitude of the Indian capitalist class, it never had a decisive influence on the nationalist politics. However, by early 1940s when it was clear that colonial rule would end, the capitalist class veered towards the position adopted by the Congress as was clear in its major policy document, the Bombay Plan, in 1944. After the War, when the capitalists realised that the Congress might come to power sooner than later, they became openly supportive of the Congress and even backed the idea of long-term economic planning and state control of certain industries, particularly heavy industries. Although the capitalists had not given much support to, not even shown much interest in, the National Planning Committee (NPC) instituted by the Congress in 1938, they later produced in 1944 the Bombay Plan which supported state initiative and control in certain sectors of national economy.

An important section of the Congress, since the early 1930s, had professed the idea of centrally planned economy. Subhas Chandra Bose, Jawaharlal Nehru and others expressed their strong opinion on this issue. They considered state-sponsored forced industrialisation as the only way to pull India out of poverty and unemployment, as well as to boost national security. The capitalists were somewhat cautious about this view during the 1930s. But during the 1940s, they became quite convinced about the merit of full-scale state intervention in capital goods and defence-related industries.

Although the capitalist class increased its strength after the First World War, and particularly during the 1930s, it still was not strong enough to independently carry out industrialisation in India without the help of the state. Moreover, the threat of foreign competition (from Japan, Germany, America and Britain) loomed

large. The Indian capitalists, therefore, chalked out a plan which supported the role of a national state and planning in initiating and sustaining an independent capitalist development in the country free from imperial control and providing protection to the national capital against the inflow of foreign capital. The Bombay Plan, devised by the Indian capitalists, in 1944 proposed the role of a national state in promotion of industrialisation, particularly in the areas of heavy and capital goods industries as well as in developing infrastructure. The Indian capitalist class realised that it was not strong enough to undertake investment in such core areas of economy. It, therefore, emphasised the crucial role of state's intervention and control in such areas. The desire to free the country's economy from foreign control was another important motivating factor behind the support of the capitalist class for state's role. [D. Lockwood 2012; A. Mukherjee 1976].

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## **27.7 AN ASSESSMENT OF THE CAPITALISTS' ATTITUDE TO THE CONGRESS**

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There seems to be a pattern in the response of the industrialists to the Congress. While in a peaceful atmosphere they openly supported the Congress on important issues of national importance, in times of mass movements they were extremely hesitant and appeared to be siding with the government. Even though the Congress received support from the capitalists in various forms since the 1920s, it does not mean that the capitalists influenced the Congress policies and programmes in any significant ways. Whatever little influence it did have was limited to the conservative section of the Congress. The popular orientation and massive organisation of the Congress could not make it pursue a straight pro-capitalist line. Although the businessmen contributed to Congress funds, they could not dictate terms about its policies. In any case, their contribution to the overall Congress funds was relatively small. Moreover, the ambivalent response of the capitalists to the Congress did not really empower them to decide the policies of the Congress. If the Congress advanced towards a capitalist path of development, it was owing to its own ideology, and not due to any direct or indirect pressure by the capitalists.

Reacting against the adverse economic policies of the colonial government, the Indian industrialists looked forward to the Congress as a counterweight to colonialism. However, the fear of mass upheaval in general, and industrial unrest in particular, were inhibiting factors in their full-fledged support to the Congress. There have always been differences within the ranks of the Indian capitalists in their attitude towards Congress and the Raj. For example, during the 1920s, while Birla supported the Congress, Thakurdas opposed it and sought the active cooperation of the Liberals for creating a moderate political constituency.

Although the Indian capitalists by and large supported the national movement since the 1920s, it favoured constitutional forms of struggle and the idea of sorting problems out at the negotiating table. They wanted moderate constitutionalism and favourable policies for industrial development. They sought a conciliation between the Congress and colonial government which would alleviate the fear of radical mass upsurge. They were generally opposed to prolonged mass struggles as it would unleash the revolutionary forces which could be a threat to capitalism. The capitalists were also against any long-drawn movement which would antagonise the government and hamper the business activities.

The Congress, on its part, tried to take the capitalists on board in their bid to launch an all-class movement. But it was not willing to compromise on fundamental issues. So, although the big business was apprehensive about the Gandhian mass movements, the Congress went ahead with them despite strong reservation of the capitalists. Although many capitalists believed that Gandhi would act on their behalf, Gandhi had his own plans and ideas to fight against colonialism. At one stage, the opposition of the Bombay industrialists to the Civil Disobedience Movement prompted the Congress Working Committee to draw up in August 1930 'a list of 24 mills in Bombay which were to be boycotted'.

Some capitalists joined the national movement in their individual capacities and went to jails, such as Jammalal Bajaj, Vadilal Mehta, Samuel Aaron, and Lala Shankar Lal. Some others such as G.D. Birla, Ambalal Sarabhai and Walchand Hirachand generously contributed to Congress funds. So far as small traders and merchants were concerned, they actively supported and participated in the national movement.

The rise of a strong left wing in the Congress made the capitalist class to reassess the situation and make adjustments accordingly lest the movement would go in a radical direction. The capitalists also avoided forming an exclusive party of their own as it would have been counter-productive. Instead, they strongly supported the right-wing in the Congress which, in their opinion, would protect their interests by keeping the struggle within constitutional limits and which would be opposed to radical elements inside and outside the Congress. Thus, the Indian capitalists, particularly the more farsighted among them, fought on two fronts simultaneously. On the one hand, they resented the imperialist policies which hampered their growth, and on the other, they were apprehensive of the radical and revolutionary forces which worked against capitalism.

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## 27.8 SUMMARY

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During the nineteenth century, the Indian capitalists, particularly the industrialists, were quite weak and could not antagonise the colonial government in order to facilitate the import of machinery and technicians from Britain. Thus, although the nationalists took a strong pro-Indian industry position, the Indian industrialists did not support the national movement. In the twentieth century, there was a massive intensification of nationalist sentiments and activities giving rise to huge mass movements. The Congress was the leading organization and Gandhi was the most important leader who inspired and guided these mass mobilizations. The relationship of the Indian capitalist class with the Congress, and particularly with Gandhi, was generally harmonious. Moreover, some leaders of the class spoke a similar anti-colonial language which the Congress used. However, full support to the Congress was not forthcoming as the Congress did not orient its political and economic agenda in complete favour of the capitalists. Nevertheless, the rise of the nationalist movement gave opportunity to the capitalist class to put increased pressure on the government to grant concessions to it. Until the 1940s, the big capitalists generally remained ambivalent in their support to the Congress. Only during the 1940s, when it had become clear that the Congress would come to power, they openly sided with the Congress and its policies.

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## 27.9 EXERCISES

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- 1) Why did the Indian industrialists not support the national movement in the early period even while the nationalist leaders strongly professed a Swadeshi ideology?
- 2) Discuss the varying positions of the Indian capitalists with regard to the national movement in the period between 1930 and 1942.
- 3) Give a brief assessment of the Indian capitalists' attitude to the Congress.

