

## India's Plutocratic Dynasties

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Of the “great program of national reforms” proclaimed by the leaders of the Indian National Congress about a year ago, not a trace now remains. India has not achieved genuine political independence. The country is split into two opposed parts. National strife threatens to develop into chronic internecine war. The power of the feudal princes, the pillars of British colonial rule, has not been broken.

The “reform” of the princes’ states carried out by the government has lent new firmness to the tottering position of the maharajas, who have been appointed governors of their own fiefs and of whole provinces. The agrarian reform, which the semi-starved Indian peasantry have been so long waiting for, has not materialized. The land remains in the hands of the big proprietors; the usurers still dominate the countryside. The nationalization of industry promised by Congress has, to all intents and purposes, been dropped. Draconic measures are taken against the workers when they stand up in defence of their elementary rights. Chauvinistic organizations and fascist unions are raising their heads more and more boldly and threatening the progressive elements with a reign of terror. The democratic organizations of the masses, the trade unions and peasant associations, which played the leading role in the national liberation movement, are persecuted as fiercely as in the worst days of British rule. At the same time, another tendency is coming ever more distinctly and saliently to the fore: the swiftly and steadily growing influence of forces which are quite clearly bidding for the role of “Zaibatsu” in the new India.

This tendency deserves especial attention. There can be no doubt that here lies one of the chief reasons for the amazing evolutions which have characterized Congress policy of late.

The Japanese Zaibatsu have a century of history behind them. The history of the rise and political efflorescence of the Indian plutocracy is confined to the past few years. The growth of the Zaibatsu in Japan ran parallel with the growth of the feudal-imperial regime, and they bore a nationalist stamp from their very inception. The Indian plutocracy evolved as a by-product of the British colonial regime. Right down to the second world war its most prominent representatives were virtually subagents of British capital.

The war in Europe enabled them within a few years to multiply their wealth and to seize the lion’s share of the Indian market. British imports

into India practically ceased; the Viceroy's government was obliged to place 90 per cent of its war contracts with Indian firms. Big Calcutta and Bombay merchants made fabulous profits out of government orders and in the black market.

When British rule in the country began to totter under the pressure of the masses, these businessmen began to play big politics. The intimate environment of the leaders of the Indian National Congress became infiltrated with multimillionaires, whose influence is now to be felt in every sphere of national life.

Their leader and inspirer is Ghanshyamdas Birla of Bengal, owner of the Calcutta firm of Birla Brothers, Ltd. Only a few years ago Birla was a minor, although big, Indian merchant, who was chiefly known outside the country because of his friendship with Gandhi. Today he may be rightly considered one of the most powerful men in India. It is not for nothing that in certain Indian circles the present government in Delhi is called the "government of Birla and Co." The rapid rise of this Calcutta plutocrat sheds vivid light on the inner workings of the present political regime in Delhi.

Birla is a big industrialist, merchant, banker, landowner and newspaper magnate. His firm today directly controls over 70 corporations, embracing the most diverse branches of the national economy. He owns jute mills, sugar refineries, tea plantations, coal mines, steel works, power stations, textile mills, chemical plants, paper mills, airlines, automobile and bicycle works, transport companies, insurance societies, and real estate firms. In recent years the business of Birla and his associates has been growing by leaps and bounds. During the war he founded the United Commercial Bank in Calcutta, which soon became one of the in most active factors in the industrial life of India, The resources of the hank exceed 300,000,000 rupees; its directors are members of the boards of 94 other joint stock companies.

Birla has long been closely associated with the leaders of the Right-wing of the Indian National Congress, whose administrative machine he is said to have generously financed, Birla controls some of the most influential organs of the pro-Congress press, including the Hindustan Times and Hindustan in Delhi, the Bombay Chronicle, Bharat, Nagpur Times, Eastern Economist, Leader, New India, Searchlight and other publications. Gandhi's son, Devadas, is the editor of a Birla newspaper in Delhi. The moulding of public opinion in present-day India is in the hands of the Birla and two other newspaper concerns, likewise belonging to millionaires.

It is no secret that Birla is particularly close to Sardar Patel, the generally recognized leader of the Congress Right-wing, Minister for Home Affairs in Nehru's government, and the man who is regarded as the moving spirit in that government. Sardar Patel's son, Dahjabhl Patel, is a director in a company which belongs to one of Birla's friends. Birla's newspapers, and on occasion he himself, vociferously boost the Minister for Home Affairs as the "saviour of his country."

Patel has for many years been the treasurer of Congress and the virtual director of its organizational machine. Very many of the present Congress leaders are his disciples and proteges. At the same time he is regarded as the unheralded patron of the most extreme Right of all India's political organizations, the chauvinistic Hindu Mahasabha, which keeps prodding Congress onto the path of arch-reaction.

The Hindu Mahasabha is in its turn connected with the militarist-fascist union, Rashtriia Sevak Sangh. This union instigated massacres of Muslims in various parts of India and planned the assassination of Gandhi. There are numerous facts which indicate that the all-powerful Minister for Home Affairs, whom many regard as India's future dictator, owes his career to the unfailing support of the firm of Birla Brothers, Ltd.

Next among the Indian plutocratic group comes the Tata family, These Bombay millionaires already virtually monopolize India's heavy Industry. They own huge steel works in Jamshedpur, which have some 45,000 employees on their pay roll, This concern also controls 26 power, engineering, chemical, cement, dye and textile firms. In April of this year, a new civilian air corporation, Air-India International, Ltd., was formed under their aegis. The Tatas are planning to build a big automobile works. They own the Central Bank of India, the biggest of the private banks, with resources of over 1,250,000,000 rupees.

The Tata family is another of the pillars of the Indian National Congress. This did not prevent it from closely collaborating with the British colonial administration. Some of the leaders of this group have received British titles of nobility. Dr. John Matthai, one of the directors of Tata Sons, Ltd., was before, during the war, a top administrator in the government of the Viceroy of India; today Dr. John Matthai is Minister of Transport and Railways in the Nehru Cabinet. Two other directors of the firm, Sir Ardeshir Dalai and Sir Gurunath V. Bewoor, were Ministers in the British colonial government under Field Marshal Wavell. Nowadays all these men are

prominently active in the organization of a "national" economy for India. C. H. Bhabha, a director of the Tata bank, was given the post of Minister of Commerce as soon as Congress came into power.

The third place among the new "dynasties" is held by the Dalmias, an industrial family which controls about 30 plants, chiefly coal, power, iron and steel, chemical, sugar, paper and cement, as well as insurance societies and Indian National Airways, Ltd. The Bharat Bank is associated with this group. Like the Birlas, the Dalmias have their own newspaper trust, the second largest in India (Times of India, Indian News Chronicle, Civil and Military Gazette, National Call, etc.) which support the Congress leaders. Like the Birlas, too, the Dalmias finance the organization of the Hindu chauvinists, the militarist-fascist Rashtriia Sevak Sangh.

Another close intimate of Sardar Patel is the opulent Bengal banker, industrialist, merchant and landowner, Sir Badridas Goenka. owner of many firms. His family controls the third largest newspaper trust in India. Goenka represents the London banking firm of Ralli Brothers. Ltd. and is a prominent director in the British-controlled Imperial Bank of India, in which one-third of the bank deposits in the country are concentrated.

The Singhanias family, connected with the Hindustan Commercial Bank and the Bank of Jaipur, predominate in the United Provinces. Their concern embraces 43 plants in various branches of industry—from cotton to steel. The Singhanias have monopolized India's aluminum industry. The head of the family, Sir Lala Padampat Singhanias, is a member of the Indian Constituent Assembly. He is also a patron of the Rashtriia Sevak Sangh fascist bands.

Hirachand Walchand, big Bombay contractor, leading figure in the building and shipping industries, and head of the Bank of Baroda, owns 30 plants in various industries in India, Burma and Ceylon.

The financier Jaipuria, who is known for his close connections with the reactionary Hindu Mahasabha, is associated through his Hindustan Commercial Bank with 81 joint stock companies.

The Ispahanis, a Calcutta merchant family, represent the interests of Muslim capital in the galaxy of Congressist business magnates. The Ispahanis made a huge fortune speculating in rice during the terrible famine in Bengal in 1943, in which millions perished. Members of the government rice control board—rice is the principal item of diet of the Indian masses—the Ispahanis accumulated huge stores in their own warehouses and forced up prices.^

Five of the above-mentioned families—the Birlas, Tatas, Dalmias, Singhanias and Walchands—directly control 185 joint stock companies in India, not counting those they control through their banks. Their financial interests are closely interwoven and tend to become more and more so. Birla, for instance, is associated with the Ispahanis and Goenka in the United Commercial Bank; Walchand has a share in the Tata chemical plants, and so on. The aggregate resources of the six Indian banks with which these plutocrats are associated (Central Bank of India, United Commercial Bank, Bharat Bank, Hindustan Commercial Bank, Bank of Jaipur and Bank of Baroda) amount to from two to three billion rupees.

It is noteworthy that these plutocratic groups have established close financial connections with the feudal dynasties of the Indian princes, who continue to own whole provinces and who under British rule accumulated fabulous wealth. The Maharaja of Jaipur, for instance, is a big shareholder and patron of the Bank of Jaipur, headed by Singhania. The Maharaja of Baroda is connected with the Bank of Baroda, controlled by Walchand. One of the biggest shareholders in the Tata steel works is the Maharaja of Gwalior. It is also known that such prominent feudal princes as the Maharaja of Patiala and the Maharaja of Bikaner are intimate friends of Sardar Patel. The latest “reform” of the princes’ states, carried out by Patel, has given a strong fillip to the tendency toward the identification of the feudal aristocracy with the financial and industrial oligarchy.

These forces are exercising increasing influence on the policy of the Nehru government. The Congress economic administration teems with their agents. The government boards which control various branches of industry are headed by men who were appointed by Dalai, director of the Tata firm, when he was a British colonial administrator. Of the fourteen members of the advisory board appointed by Nehru to plan a new national economy for India, nine are representatives of big business or officials connected with big business.

It is for the sake of these interests that the government rejects price control, as a result of which the cost of living is rising and the working masses are becoming increasingly impoverished. The government’s recent decision to abolish control of the sugar industry was taken under the direct pressure of the sugar refiners’ association, which is headed by Birla.

The economic ministries are becoming the tools of these magnates

and their agents. Against Minister of Commerce Bhabha, who recently resigned, the charge was publicly levelled that his Ministry was an adjunct of the Birla concern. Huge sums of government money were placed at Birla's disposal and his firm was invariably favoured in the distribution of trade licenses and other government privileges. The Minister of Finance, Sir Shanmukham Chetty, is also a direct representative of business interests.

The plan for the industrial and economic reconstruction of India along "national lines" proclaimed by the Congress leaders fully coincides with the principal demands of the plutocrats. In spite of Nehru's recent promises, the plan rejects nationalization of industry, which for the next ten years is to be left in private hands, after which the question is to be "reconsidered." The government only retains for itself the right to build new plants, as well as the monopoly of the munitions industry and the railways, which are already government owned. The power of the trusts is guaranteed. New branches of industry will be chiefly developed by companies in which government and private capital jointly participate.

This decision completely coincides with the cherished ambitions of the Indian concerns, which plan to use government funds for the development of their own monopolies. The leaders of the Indian plutocracy categorically reject nationalization and propose that in the next five years 12,200,000,000 rupees shall be invested in industry, 38 per cent of which is to be provided by private capital, and the remaining 62 per cent covered out of government funds.

The industries built on this money are to be in the hands of the monopolies.

This is precisely the course which the Congress government is taking. A typical example is the new Air-India International, Ltd., founded in Bombay in April 1948. The government guarantees the trust against all losses and grants it all sorts of state privileges. Yet the state owns less than half of its shares—the majority has been secured by Bombay millionaire Tata, who has been appointed chairman and sole master of the trust. He has also been made one of the three directors of the government aircraft plant in Bangalore.

The creation of a locomotive building industry in India began with the transfer of an already existing government plant to the firm of Tata. A projected Indian shipping corporation, with a capital of 100,000,000 rupees, the major part of which is provided by the government, is to be placed under the management of Hirachand Walchand, owner of the Scindia Steam

Navigation Co., Ltd. and head of one of the ten plutocratic families.

## II

The Indian plutocracy, which built up its wealth under British colonial rule, now intends to multiply it under Congress rule. However, the technical and financial facilities of the Calcutta and Bombay magnates are too meagre and their political base too weak to enable them unaided to realize the gigantic plans for the exploitation of the country. In fact, there are other forces already behind them. The young Indian plutocracy is interlocked with British colonial capital, which has dominated the country for centuries, and with American financial groups. It is in this way that, under the aegis of the Indian National Congress, all-powerful monopolies are being formed in India.

British capital continues as hitherto to rule the country, penetrating into every pore of its economic organism. It is significant that British capital investments in India, which before the war were estimated at one billion pounds sterling, have practically not decreased, although Britain lost half her foreign assets during the second world war. According to the London Financial Times, British commercial investments in India have diminished by only 138,000,000 pounds sterling. But even this loss has in all likelihood been compensated by the influx of fresh capital which has accompanied the rapid expansion of branches of British firms in India in the past few years. The magnates of the City may have abandoned their positions elsewhere, but they certainly have not abandoned them in India. They did not relinquish this main citadel of British imperialism even when Britain herself was threatened with mortal danger.

After the war the policy of the City magnates in India—the policy of ruthless exploitation of the 400,000,000 Indian people—remained unchanged. But their tactics have changed. The time when British monopolies could exercise their unlimited sway in India in their own name has passed. The new times demand more carefully camouflaged methods of colonial exploitation. This, in fact, is the underlying significance of the “new” colonial policy of Labour imperialism. The simplest means of camouflage is to “Indianize” the signboard of British capital by enlisting native capitalists as junior, and even nominally, as senior, partners. The British monopolies provide the principal share of the capital, the technical equipment and a solid, well-established machinery of colonial exploitation. The Indian plutocrats, who are prepared to go to any lengths in their lust for profits and their efforts to consolidate their power, lend a national stamp to the Indianized British firms and concerns and guarantee them the political

support of the ruling Congress group.

The interlocking of British monopolies with big Indian firms is proceeding at a rapid pace. In the past year alone, Indian industrial and financial magnates spent one billion rupees in the acquisition of shares in British concerns or their Indian branches. These magnates are becoming partners in big British colonial firms whose representatives only a few years ago were insisting upon the ruthless suppression of the Indian national movement. Of the four oldest and biggest British colonial firms in India, heirs and successors of the East India Co., three—Gillanders, Arbuthnot & Co., Bird & Co., and Martin & Burns—which directly control 200 companies in the country, have already assigned part of their shares to newly accepted Indian partners. The majority of the shares remain in British hands.

Parallel with this, Indian capitalists are establishing close connections with leading monopolies in Britain, and in point of fact becoming their agents. Birla has joined company with Lord Nuffield, the “British Ford,” in the creation of an automobile industry in India. Lord Nuffield is one of the richest of Britain’s magnates and is notorious for his extreme imperialist tendencies. The new Birla-Nuffield trust will not produce automobiles in India, but only assemble parts imported from Britain. The lion’s share of the profits will therefore remain in the hands of the British partners, while Birla will be allowed to exploit the Indian consumer with the help of government subsidies.

The Tata group is knitting similar ties with the Imperial Chemical Industries, the most powerful of the British monopolies. By this step Tata is making his entry into the international cartel of the death merchants, headed by the duPonts.

The new monopoly capital in India operating behind the screen of the National Congress is in fact principally Anglo-Indian capital. But the Indian plutocracy is also in a hurry to build up connections with an even more powerful and belligerent partner in the international and business arena—the American monopolies. The invasion of India by American capital has only just begun. Wall Street, which has already announced a Marshall plan for Asia, does not hide the fact that it regards India, as well as Japan and China, as its future sphere of influence. India teems with representatives of American trusts and banks, which contemplate making gigantic investments in that country and offer alluring terms to Indian industrialists and financiers.

A number of Indian firms have already concluded agreements with



American trusts. The Birla bank has direct connections with the National City Bank of New York. This New York bank is also becoming the financial agent of the Tatas' new aviation trust. The press of Birla, Dalmia and other Indian magnates effusively welcomes "American aid." It is characteristic that in the plan for the reorganization of India's economy, Birla proposes that not less than 42 per cent of the new capital investments in the country shall be invited from abroad, chiefly from the United States. A gigantic sum of over five billion rupees is suggested.

A final deal between the Indian and American monopolists is to all appearances already in the cards. American capital is irresistibly attracted to India because of her immense natural wealth, cheap labour power, inexhaustible markets and, last but not least, the value of India as a strategical base. American pressure on Indian political and business circles is steadily increasing.

The Indian plutocrats, for their part, calculate that a broad flow of dollars and the supply of equipment on credit will enable them to expand their businesses and strengthen their power on a hitherto unwitnessed scale. They are also motivated by other and even more ambitious aims. The greedy eyes of the business magnates rallied around Patel and Nehru are already gazing beyond India. They cherish the dream of becoming the chief agents of British, and especially of American, capital in the exploitation of all Asia, and primarily of the countries adjacent to India: Indonesia, Malaya, Viet-Nam, Burma, Siam, Iran, Afghanistan, the Arab states of the Middle East, and even Egypt.

The representatives of Calcutta and Bombay capital are in the Nehru government insistently pushing this plan as the basis of India's commercial policy. Speaking at Delhi on November 9, 1947, Minister of Commerce Bhabha urged Indian industrialists and financiers to seize the spheres of influence lost by Japanese capital after World War II and to entrench themselves in Southeast Asia, Central Asia, and in the Middle East as far as Egypt. Capitalist India, according to this ambitious plan, is to become the heir and successor of Japan in Asia. It is no secret that this tendency is reflected in the present foreign policy of the Nehru government. The essence of the much boosted "Nehru plan" is, as we know, the creation, under his aegis, of an economic, political and even military bloc of Southeast Asian countries, including India, Pakistan, Burma, Malaya, Indonesia, Siam and other states in this zone.

On May 23, 1948, Henry Grady, American Ambassador to India, suddenly came out with a speech officially approving the "Nehru plan," and declared that it coincided with the Marshall plan for Asia. Grady's speech was soon followed by the election of the chairman of the United Nations Economic Commission for Asia and the Far East. The man elected was Dr. John Matthai, Minister of Transport and Railways in the Nehru Cabinet and director of the Tata firm in Bombay. The secretary general of the Commission is Palamadai S. Lokanathan, a former employee of Birla's. Matthai, in his first statement, proposed the setting up in connection with the U.N. Economic Commission of an agency to "plan the economy" of individual Asiatic countries. The Commission was to determine, in close contact with "agencies able to render such help," what economic and financial assistance was needed by each country. Explaining what agencies were meant, Lokanathan, secretary general of the Commission and representative of the Birla firm, declared: "It is an indisputable fact that progress could be made in Asia only if foreign assistance is forthcoming. Under present conditions such foreign help could primarily mean only the United States."

It is thus the Indian monopolist circles connected with the Nehru government which now officially come forward with a concrete project for the Marshallization of Asia. Birla, Tata and their political allies are hastening to take the initiative in forcing the Asiatic peoples into servitude to American imperialism, believing that they will be assigned a leading place the realization of this plan.

The fact that America's leading policy makers have so far displayed no readiness to entrust India with a leading role in Asia, and that they have of late been systematically restoring the power of Japanese capital and Japanese militarism has not dampened the ardour of their new Indian agents. On the contrary, the threat of Japanese competition, so skilfully held out by the Americans, is prompting the initiators of the "Nehru plan" to redouble their activities. There is talk in Calcutta and Bombay business circles of the creation of special corporations for the economic exploitation of countries adjacent to India. A syndicate with a capital of 200,000,000 rupees has already been formed in Batavia to participate in the "industrialization" of Indonesia: 49 per cent of its shares belong to Indian industrialists and financiers. The underlying purpose of Dr. Matthai's proposal is to prepare, under the signboard of the "Nehru plan," for the seizure of the Asiatic countries by American monopolists, with the assignment of

a certain share of the profits to the Indian compradors.

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Such is the policy of the new "national" Indian plutocracy and its high-placed patrons—a policy which would again drive the country into servitude to foreign capital. The forces whose will the Congress leaders are carrying out want to put an end to the national liberation movement and all its ideals. Their aim is to cement and strengthen the colonial-feudal-capitalistic regime in India. By imposing the fetters of their own and foreign monopolies on the national economy, they are hampering the free development of its productive forces. They are endeavouring, in conjunction with the princes and landlords, to keep the yoke of age-old slavery fastened on the necks of the Indian peasants.

Blinded by imperialistic ambitions, by "Nehru plans" and the like, they are linking the destiny of the country with the policy of the warmongers, striving to sever the Indian people from their natural allies, the other freedom-loving peoples, and again to sow the seeds of national strife on the Asiatic continent. Scared by the growth of the progressive forces, they are prompting the government to wage war on the working class and the labour organizations, which bore the main brunt of the struggle for national emancipation. Birla's newspapers urge the complete prohibition of strikes and the enactment of anti-labour legislation on the American pattern.