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INDIAN BOURGEOISIE: CONTRADICTIONS AND CONFLICTS

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INTRODUCTION

Class analysis of the bourgeoisie of an underdeveloped country has been undertaken generally from two different approaches. In one approach associated with the names of A.G. Frank, Samir Amin, I. Wallerstein and others, the bourgeoisie of a backward nation is treated as a more or less indifferentiated single class, in fact a part of the world capitalist class, and then the contradictions that differentiate this class from other social classes are studied. In the other approach, initiated by the Third International and later adopted by the Communist parties of the underdeveloped countries notably by the Chinese party, the differentiation within the bourgeoisie of a backward nation appears to be of primary concern.

There, however, hardly exists any criterion to evaluate the plausibility, theoretical and empirical, of any such framework of analysis. According to our understanding of social classes, it is only the existence of relation of contradictions between the members of a well-defined social group of economic agents with other economic agents that qualify the social group under consideration to be treated as a well demarcated social class or strata. In other words, a system of social classes and strata may be defined as a system of clustering (nonexhaustive) of eco-
nomic agents so that the contradictions existing between members belonging to two different clusters tend to dominate whatever the intra cluster conflict of interests that may exist.

Therefore, a class analysis of the Indian bourgeoisie should be ultimately an analysis of contradictions that differentiate the Indian bourgeoisie and various segments within it as a distinct social class or strata. The present paper gives a systematic description of the contradictions that are relevant for evaluating the different hypotheses implicit in the approaches mentioned above.

Some limitations of our analysis need to be clearly stated at the outset so that no misconception arises about the scope of the present paper. Firstly, we do not intend to present a political economic analysis of the process of capitalist development or rather of underdevelopment in India, although we agree that any study of the Indian bourgeoisie would not be complete without it.

Secondly, we do not claim to have made a comprehensive analysis of all the aspects of the Indian bourgeoisie and no definite conclusions about the class behaviour of the Indian bourgeoisie are preferred. Our exercise remains more at the methodological level in the sense of laying down a framework for making a more broader and fuller class analysis that is
called for. That is why, we have not made any great effort in bringing the empirical material involved up to date.

Thirdly we have excluded the agrarian bourgeoisie from our scope of analysis.

The plan of the rest of the paper is as follows.

In section I, we discuss the two theoretical frameworks in greater details and outline our own one. In section II and III and relevant sets of contradictions are discussed.

Section I

Method of Analysis ado. ed by Gunder Frank and others

"In today's underdeveloped countries", A.G. Frank writes, "probably, ownership of the means of production is better index of the bourgeoisie than it is in the metropolitan countries where corporate control has come to play a relatively greater role". Therefore, Frank argues, "the capitalist productive organisation in the underdeveloped countries relegates owners of large scale land, domestic trade, international commerce, industry, finance all together to Bourgeoisie". Furthermore, "there are no conflicts of interest between these any more than one can deny that there are such conflicts between say, capitalists in the
United States and in Germany or anywhere else. And finally, "by virtue of their relation in the productive process to the proletariat, those capitalists in the underdeveloped country are allied to analogous ones elsewhere and to the bourgeoisie in the remainder of the periphery and in the metropole."

It may be argued that Frank was mainly denying the existence of an independent national bourgeoisie in the periphery and did not attribute homogeneity to the dependent bourgeoisie at its every level. But the question is precisely this. When Frank denies the existence of an independent national bourgeoisie, he necessarily denies the existence of a peripheral bourgeoisie of a class interest of its own—a class interest distinct and contradictory from that of the metropolitan bourgeoisie.

The element of oversimplification implicit in the above-wideranging conclusion is in fact rooted in the way Frank and other writers of the so-called 'Dependency School' conceive peripheral economies as such. The peripheral economies in their view, are organically linked with the metropolitan economy and together they form a single 'world capitalist system.' Frank himself writes, "underdevelopment as we know it today, economic development as well, are the simultaneous and related products of the development on a world-wide scale and over a history of more than four centuries at least of a single integrated economic system: capitalism." Therefore, the particu
of the peripheral economies, the role of internal classes, many of which are associated with pre-capitalist organisations of production are not taken note of in an appropriate manner in such a conceptualisation of the peripheral economies. And what is more important, the unity of the peripheral economies with the capitalist economy of the developed countries (i.e. centre), the integration with the so called world capitalist system has been considered mainly at the level of exchange. In other words, a world network of commodity exchange has been taken for a world production system which is only gradually taking shape since there still exists severe disjunctions between the national economies and also within a national economy (for many countries). 3

A more fundamental criticism of this approach has been made by Giovanni Arrighi in his letter to Frank, where he has observed "In this approach the analysis of the internal structure is always subordinated to that of the external conditions. . . . . . . . Explanations of the development of things are not first of all looked for in their internal structure and contradictions, analysing, once these have been identified, their dialectical interaction with external conditions . . . . . . Instead . . . . . . external determination of both phenomena - internal structures and contradictions" 9/ are looked for. In fact, the way Frank analyses the bourgeoisie of an underdeveloped country, the class character of such a bourgeoisie ceases to be a proble-
matique and is practically subsumed under a very general definition of a world capitalist class.

The other approach:

The essence of the other approach lies in the study of "the dynamics of the dependent societies as the dialectical unit of internal and external forces". This approach, however, defines a very broad spectrum of particular methodologies. The only common denominator in them is that "the relationship between external and internal forces" is conceived in them "as forming a complex whole those structural links are not based on mere external forms of exploitation and coercion, but are rooted in coincidences of interests between local dominant classes and international ones."

The local classes in third world countries are not seen in this type of analysis as mere reflections of the relations obtained between classes in metropolitan countries but they are looked upon as classes with their own class interests. Whichever way these classes may interact with the metropolian classes must be, therefore, analysed in terms of their respective class interests. And in respect of the bourgeoisie this line of analysis enables us to pose the question of differentiation of the bourgeoisie in a backward nation.
Differentiation of the bourgeoisie in the underdeveloped countries: Why?  

The question of the differentiation of the bourgeoisie in colonial and semi-colonial countries was first explicitly formulated by the Third International in its colonial thesis. Later Mao-Tse-Tung and the Chinese Communist Party under his leadership made this idea of a differentiated bourgeoisie pivotal element in their political strategy. Mao differentiated the Chinese bourgeoisie into two sections with pronounced contradictions between the members of these two sections. These two sections were the comprador big bourgeoisie and the national bourgeoisie which was by implication medium and small.

In the context of the Chinese society Mao's definitions of these two sections of the Chinese bourgeoisie aptly brought out the essential features of some real categories. As for example, the term comprador was a socially understood category of economic agents and Mao's definition only reveals the essence of their relationship with foreign capital and other Chinese classes. In other words, the categories Mao developed to differentiate the Chinese bourgeoisie was very much rooted in the Chinese social reality and an uncritical acceptance of these categories for analysing the bourgeoisie in a different country would be prima facie unacceptable.

The general observation that can be, however, made from Mao's writing is that any theory of differentiation of the bour-
Geoisie in a peripheral economy must be based on an analysis of the relationships that exist between the local bourgeoisie and the metropolitan bourgeoisie and also between the local bourgeoisie and the dominant classes in the pre-capitalist sectors. The simultaneous existence of these two factors - one external which is the presence of a very developed capitalist classes as alien forces, and one internal which is the extent prevalence of precapitalist social and economic institutions social classes associated with them - generates the structural differentiation within such a bourgeoisie. 14/ 

No such structural differentiation however, occurred in the case of the bourgeoisie in developed countries. During the process of their coalescence into a social class, the capital in the developed countries has to struggle hard against the classes that were dominant in the pre-capitalist modes of production. The rising industrial capitalist even had to struggle against the monopoly merchants of the mercantilist period who were not associated with any radically new mode of production.

But when the capitalist mode of production had become all pervasive and the dominant one, the intra-bourgeoisie contradictions were obscured by the more fundamental contradiction between the working class and the bourgeoisie. Since the ultimate source of profit lies in surplus value (i.e. unpaid plus labour) all categories of capitalists, large or small,
industrial or mercantile, have to close their rank against any assault on their very basis of existence i.e. profit. The competitive struggle among the capitalists thus becomes secondary. In times of crisis, however, when the excess capacity surfaces in many branches of industry, the struggle for survival within the capitalist class may become fierce. And the typical capitalist business cycle of accumulation-concentration (and/or over-accumulation)-crisis-centralization of capital occurs, with the elimination of unsuccessful firms by the successful ones through merger, takeover etc. The recurrence of this cycle leads to a qualitative transformation in the structure of capitalism itself. The capitalist sector gets divided into two parts – one part consisting of the oligopolistic large firms and the consisting of smaller, so-called 'normal profit firms'. The basis of this division, according to Steindl, i.e. the differential cost structure and hence profitability between the two sectors.

It is possible to point out many more such features distinguishing these two sectors but one point that needs to elaboration is that the formation of large oligopolistic firms, which are now expanding their areas of operation to every corner of the world, has been a natural outcome of the struggle between competitive firms and also of free operation of the market forces. This is, however, not to deny the role of other factors, like deliberate state intervention in promoting an oligopolistic industrial structure.
But things are quite different in the context of an underdeveloped country like India. Here, as we have already argued, the highly concentrated nature of the capitalist sector did not result from any free play of market forces as such. Rather this could be seen as a result of many other factors like, the dominance of foreign capital, policies of colonial power, small size of the market. In other words, the monopoly and non-monopoly capital, if these categories exist, would be related in a different way in a country like India.

It is necessary to put a note of caution at this point. Whether there exists any differentiation within the Indian bourgeoisie is the issue at hand and we need not prejudice it. To settle this issue we must study the contradiction that may exist between various sections of the bourgeoisie. What we have discussed above is only to point out the reasons for considering this question of differentiation as a relevant one.

Two section of the Indian bourgeoisie:

Before we discuss the contradictions between different sections of the Indian bourgeoisie, we have to identify, on a priori grounds, the sections of the bourgeoisie that we are going to discuss. A capitalist, by Marx's definition, is the human embodiment of one end of a social relation which has been called 'capital'. Capital represents a sum of exchange values which become capital only by "maintaining and multiplying" itself.
This criterion of accumulation on an expanding scale is meant to exclude from the ranks of the bourgeoisie, the petty capitalists who has little or no scope for accumulation on a significant scale. In India, the capitalist form of activities of any significant scale may be found mostly within the core and ancillary sectors. and hence the bourgeoisie may be located mostly within these two sectors. Furthermore, it has been theoretically found that the corporate firm is the best suited for unlimited accumulation of capital. An individual entrepreneur's drive for accumulation is constrained by the amount of capital he individually can command. The corporate firm gives an individual entrepreneur or a group of entrepreneurs an unlimited access to the total available capital in a society without destroying the private nature of control over the process of accumulation. Thus the most advanced and developed form of capitalist operation is to be found in the corporate sector.

We may therefore identify the bourgeoisie in India consisting of two smaller social groups which are the core industrial bourgeoisie and the corporate bourgeoisie active in the ancillary sector. The line of division is drawn here at the spheres of operation of the individual capitalists. We may justify this line of division within the bourgeoisie by arguing that substantial contradictions may be expected to be present between these two racial groups. Our argument would, however, be valid in situation when the capital functioning

* The core includes all sectors of economic activity material goods and transportation of these the ancillary belongs commerce.
these two sectors are largely independent of each other. And such a situation might exist when merchant capital to a large deals in good produced in pre-capitalist sectors. In India are very big traders dealing in agricultural commodities and purely financial operators, speculators etc. who may be said to functioning relatively independently of the process by which productive capital is produced and reproduced. In India this section is not an insignificant part of the bourgeoisie, in social and political power its members wield. Important Whether section of the bourgeoisie is, there exists very little social or qualitative information about it.

Furthermore for an individual capitalist there exists hardly any rigid Chinese wall between different spheres of op and interpenetration between productive capital and purely com and financial capital is a fairly common phenomenon. a class point of view, what is important is how capital Two organised and how the control over the accumulation process is exercised. In India the decision making centre for big capital is not located within the firm but within the family based business houses. For a particular business house, the capital is allocated into various activities and what is human right to be maximised is the total profit accruing to a house, not the profit of an individual firm belonging to the house called, our primary units of analysis are these family bas
business houses. We stratify them, into two sections—namely, monopoly big business houses and the rest consisting of medium and small business houses and study the contradictions between these two sections of the bourgeoisie. Let us clarify the concept of 'business houses' and 'monopoly business houses' that have been used in the context of India, in a greater detail.

Business houses and Monopoly houses:

The term 'business house' essentially refers to a concentration of corporate enterprises under the control of a unit with management. A business house, or equivalently a corporate group, according to Hazari, "consists of firms which are subject to the decision making power of common authority", the decision varying "prices and profits, investments, production, purchase and sales, employment and labour".

As a business organisation, a business house has two essential features. Firstly, a business house draws its essential inputs from a group of closely related families, instead of from an individual entrepreneur.

Secondly, a business house, in its organisational practice, resembles an investment cum financial firm more closely than a purely industrial firm. There is common pooling of capital at
the group level and investment is made in different branch
industry according to its impact on overall profitability.

Nathaniel H. Leff has very aptly summarized the acti
of a group in the context of Latin American economy in the
ing words and it can be readily seen that they are entir
cable to the Indian business houses as well:

"Somewhat like the Zaibatsu in pre-World War II Jap
a group invests and produces in several product markets rat
in a single product. These product markets may be quite a
geographically, for example for consumer durables to chemicals to
set: rolling. These activities have sometimes been selected on
basis of forward or backward integration. In other cases;
investments have been made in product markets which are w
about in activities where the group's technical and mana
tilities are applicable as inputs."21/

In fact, such group pattern of business organisat
common to underdeveloped countries and can be "understood
the economic response to well known conditions of market
and the less developed countries."22/

Among these corporate groups, a few have been term
gi R.K. Hazari and subsequently in various official documen
t BUSINESS HOUSES or MONOPOLY HOUSES. Only houses havin
Ove some arbitrarily decided level have been so clas
The only difference between the monopoly houses and non-monopoly houses, by this definition, would be a quantitative one of size.

If we go by a text-book definition, a monopoly firm would be one which is a single seller of a definite product. The analytical utility of such a definition is clearly not much, for purpose. The essential point here is a firm's ability to influence the product market prices. The point of departure for its notion of monopoly is market. Such a notion of monopoly might be useful for analysing monopoly pricing policy and related aspects of a firm's behaviour in market. But when we want to understand the monopoly bourgeoisie as a social group, we must consider the phenomenon of monopoly in its totality and not with respect to market alone.

Kazari and others, therefore, have taken the size of total capital commanded by a business house to be a surer indicator of its overall power in the economy. But size per se cannot be taken to be a distinguishing feature of the monopoly houses. We must look for some qualitative aspects distinguishing the monopoly houses from other and those aspects may be expected to appear only after the productive assets of a business house has attained a certain minimum size.

We can point out three such qualitative aspects.
(a) **Spatial Diversity:** In terms of location of and market for the products, the monopoly houses have a character. In other words, the domain of operation of houses is the national economy and not a regional one.

(b) **Industrial diversity:** Industrial activities monotony house are not confined to any particular industry and are spread over a number of industries including trade, to forward and backward linkages.

(c) **Financial Linkage:** The monopoly houses have links with various banking and insurance companies. A number of important banks have been identified to be under the control of one or more monopoly houses.

We have till now talked of two sections of the Indian bourgeoisie, namely the monopoly houses and non-monopoly business houses. There is a third bourgeoisie interest group operating in India. This is the imperialist bourgeoisie, assisted by foreign capital in India. We can think of three hypotheses about the nature of relationships between these groups, and the contradictions arising there of.

**Three broad hypotheses:**

The first hypothesis may be stated in the following way:
There is a coincidence of interests of and a non-antagonistic relation between the Indian monopoly houses and foreign capital. The non-monopoly Indian houses are directly threatened and dominated by this alliance between the international and local monopolies.

Following Merkav, it is possible to describe the mechanism of establishing such an alliance in the following way.

Let us assume that the market for the industrial products is so restricted that any particular group of related products can be supplied by a very few plants of large size with imported capital intensive technology. Even this smaller demand structure for a specific group of products may be further fragmented due to the product differentiation that is made possible by the demonstration effect of consumers' taste in the advanced countries. Now if we further assume that the economy is "characterized by a structural incapacity to produce the capital goods required for growth" this technological dependence then leads "to the emergence of a monopolistic structure because the scales of output that must be adopted to introduce modern method of production are large relative to the extent of initial market". Now the Indian monopoly house to retain their control over the supply of products enter into collaboration with international monopolies, get access to their most advanced technology and in return shares with them a part of the monopoly rent that accrues to them. The smaller size of the market ensures a high degree of monopoly and high rate of return to make this sharing, advantageous for both the party.
Remembering that international market for most of the industrial products is highly oligopolistic it can be said the dominant international firms have an interest in helping the Indian monopoly houses to get the advanced (not necessarily the best ones) technologies, often at credit, since in that they can both beat the tariff wall and their competitors A conflict may arise if the international firms seek to invade directly without any collaboration with the local monopoly geoisie. But in the long run that strategy may turn out to be politically suicidal since they would then expose themselves to a constant threat of nationalisation with no local interest to defend them.

The international firms would prefer to collaborate with the local dominant bourgeoisie to any collaboration with the smaller and medium ones since that would ensure (i) a better relationship with the host state in which the local monopoly have a greater control (ii) a well developed marketing network and a pool of competent managerial persons which the local monopoly houses have (iii) and also access to domestic credit. Large plants based on imported technology in the monopoly sector and a slowly developing market jointly ensure a constant problem of excess capacity in different industries, which acts as a brake to new productive investments on the part of non monopoly houses.
In the second hypothesis, roles of the monopoly and non-monopoly business houses are reversed but the structure of overall dependence on the foreign capital is retained. Since the monopoly houses are better placed in terms of capital and control over the home market, they, have, it is postulated, better leverage to choose a suitable collaborator with less stringent conditions for collaboration, shop for the best technology at a minimum price and obtain credit in the international capital market more easily. Their desire and capability for attaining technological independence through adaptive innovations is much greater than that of smaller non-monopoly houses. The non-monopoly houses have diversified to a lesser extent, are much more dependent on a particular project and hence their survival is at stake if some collaboration projects flounder. So they have more subservient relationship to the foreign capital than the monopoly houses have.

Since the individual Indian monopoly houses are pigmies compared to the giant international firms, they use their State to curb the growing influence of the foreign capital to force them enter into collaborations with the monopoly houses at favourable condition to the later.

According to the third hypothesis, the entire Indian bourgeoisie has been integrated with the world capitalist structure and is fully dependent on the imperialist bourgeoisie. The
scenario is best described in the writings of A.G. Frank, the Chief exponent of this thesis. Though Frank states it in the context of Latin America, his thesis may well apply to the Indian case.

"Since the metropolis" Frank writes, "pre empts an increasing share of the most profitable Latin American business and forces the remainder into growing economic difficulties, the Latin American bourgeoisie that lives off this less profitable business is left no choice but to fight — even if vainly — for its survival by increasing the degree of wage and price exploitation of its petty bourgeoisie, workers and peasants and in order to squeeze some additional blood out of that stone, ... For this reason almost the entire Latin American bourgeoisie is thus thrown into political alliance with — that is in the arms of — the metropolis. And finally, the inevitable future of the peripheral bourgeoisie is to become, "associates, partners, bureaucrats, suppliers and clients of mixed foreign-Latin American enterprises and groups." These three hypotheses essentially describe three different structures of relationships (i.e. contradictions or lack of it) between three dominant interest groups within the capitalist formation (obviously excluding those sections we have not considered i.e. purely mercantile and financial bourgeoisie, the specul..."
tors etc.) so, what we require is to study those contradictions to which we pass over in the next section.

Section II

Contradictions between two sections of the Indian bourgeoisie

The contradiction, between the monopoly Indian bourgeoisie and the non-monopoly Indian bourgeoisie may arise principally due to two broad strategic objectives that the monopoly bourgeoisie may pursue vis-a-vis the non-monopoly bourgeoisie.

The first objective is to prevent entry into those areas where monopoly capitalists are interested. The second objective is to squeeze out the existing non-monopoly capitalists from the industry where both are operating. The measures adopted by the monopoly bourgeoisie to realise these two objectives give rise to contradictions between the two sections of the bourgeoisie. These contradictions are grouped into four broad types, arising out of –

(i) Control over technology

(ii) Product market policies
(iii) Control over the credit market
(iv) State policies affecting operations of the private corporate sector.

A note of caution must be given here about the discussion that follows. It may later so appear that we have substituted contradictions between the big and small bourgeoisie for the contradictions between the monopoly and non-monopoly bourgeoisie. Bigness and smallness obviously refer to a purely quantitative dimension and no social strata or social group can be differentiated with the help of a quantitative characteristic alone. Obviously a certain level of bigness or size gives rise to some important qualitative characteristic not shared by those below that level.

We have identified the monopoly bourgeoisie by some qualitative aspects and ideally we should have confined our attention only to those factual evidence which signify contradictions between the monopoly bourgeoisie such defined and the monopoly bourgeoisie. But in the official reports, the major source of our information, all the business houses with capital assets above a certain level, have been classified as monopoly houses. It is not possible to judge definitely, how many of these houses actually possess those qualitative characteristics that we have identified as defining ones for the monopoly bourgeoisie. But, it can be said that there would be not many business gro
Outside the officially identified big or monopoly houses, which may possess all the above mentioned characteristics. Therefore, with some reservations notwithstanding, contradictions that are being shown to exist between the monopoly or large business houses (by official definition) may reasonably pass for the contradictions between the monopoly bourgeoisie (by our identification) and the non-monopoly bourgeoisie.

Furthermore, one may legitimately ask whether or not such competitive strategies apply with equal significance to the monopoly sector itself. Here, I believe, the question of quantity transforming into quality arises. If the monopoly bourgeoisie is to be treated as a distinct stratum or class within the broader stratum of the bourgeoisie, the intra-monopolists conflicts must relatively in significant compared to the contradictions existing between the monopoly and non-monopoly bourgeoisie. Obviously the question of empirical verification remains.

**Control over technology:**

Technology consists of two components - one may be called the 'hardware of production' which exists in the form of capital goods i.e. machines, tools, etc., embodying a specific mechanism operation. The other one may be called the soft ware of production which includes the knowledge about product process,
product designs, process know how and also the skill of technical

The control over technology may be exercised through control over the supply of either or both of these two components of technology. In a national economy the monopoly capitalists may take control over these supplies by monopolising the capital goods sector and also taking the R&D activities under its firm grip.

At the time of independence there was hardly any capital goods industry in India and industrial research and development activities were almost non-existent. India had, so to say, no independent technological basis.

The Indian bourgeoisie, in particular the dominant section of its therefore had clearly two options, assuming that they had the potentiality to initiate state policies consistent with the chosen options. Either they could go for large scale import of foreign technology or they could muster all the national resources of develop an independent technological basis, importing technologies only to complement that effort.

As it happened, the first option was chosen and as a result there was a large scale import of technology without any major effort to increase domestic R&D activities, atleast for the adaptation of imported technology. The importance of tech
import can be seen from (i) the import content of the investment in the private corporate sector (ii) the spate of technical and technical cum financial collaboration agreements entered by the Indian firm with foreign firms. Table I presents figures of the import content of the licensed investment in the corporate sector for a few years.

Table 1

<table>
<thead>
<tr>
<th>Years</th>
<th>Import component of Investment (in percentage of total investment in machinery)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1959</td>
<td>74.4</td>
</tr>
<tr>
<td>1960</td>
<td>78.3</td>
</tr>
<tr>
<td>1961</td>
<td>68.7</td>
</tr>
<tr>
<td>1962</td>
<td>59.2</td>
</tr>
<tr>
<td>1963</td>
<td>56.8</td>
</tr>
<tr>
<td>1964</td>
<td>61.7</td>
</tr>
<tr>
<td>1965</td>
<td>63.5</td>
</tr>
<tr>
<td>1966</td>
<td>69.2</td>
</tr>
<tr>
<td>(upto June)</td>
<td></td>
</tr>
<tr>
<td>Total for the period</td>
<td>66.8</td>
</tr>
</tbody>
</table>

Import of technology was not again restricted to any particular size of investment and was almost invariant with the size of investment, as can be seen from the Table 3.

From the Table 2, it can be also seen that this import of technology was not specific to any particular product group.

**Table 2**

<table>
<thead>
<tr>
<th>Product Group</th>
<th>Import component of investment (in percentages)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Goods</td>
<td>66.0</td>
</tr>
<tr>
<td>Other consumer goods</td>
<td>68.0</td>
</tr>
<tr>
<td>Chemicals</td>
<td>70.5</td>
</tr>
<tr>
<td>Engineering n.e.c.</td>
<td>68.4</td>
</tr>
<tr>
<td>Machines and components</td>
<td>67.7</td>
</tr>
<tr>
<td>Transport equipments</td>
<td>74.2</td>
</tr>
<tr>
<td>Minerals and processing</td>
<td>48.3</td>
</tr>
<tr>
<td>Others</td>
<td>63.6</td>
</tr>
</tbody>
</table>

Source: Hazari, Ibid. p-38.
Note: For details see the footnote.

But for the mineral industries, variation in the import component of investment for different product groups is quite low.
Table 3

Import component in various size group of investments

<table>
<thead>
<tr>
<th>Investment Size (in lakhs of rupees)</th>
<th>Import component in the investment (percentage of total investment in respective sizes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>65.7</td>
</tr>
<tr>
<td>10 - 24</td>
<td>68.1</td>
</tr>
<tr>
<td>25 - 49</td>
<td>68.3</td>
</tr>
<tr>
<td>50 - 99</td>
<td>66.5</td>
</tr>
<tr>
<td>100 - 499</td>
<td>64.5</td>
</tr>
<tr>
<td>500 - 999</td>
<td>69.3</td>
</tr>
<tr>
<td>1000 and above</td>
<td>63.4</td>
</tr>
</tbody>
</table>

Source: [Text cited on page p-39.]

This liberal import of technology itself when indigenous technology has not taken a viable shape, may act as a barrier for the entry of the non-monopoly smaller capitalists into many industrial sectors.

Firstly, the international market for technology is highly monopolistic and therefore the cost of technology import is high. If the non-monopoly capitalists thus cannot afford to pay the high cost, they may also find it difficult and unremunerative to enter an industry on the basis of indigenously available technology, since they would face the problem of marketing their product
in a market with marked preference for foreign products and the problem of high cost per unit of product.\textsuperscript{40/k}

Secondly, the optimum plant size corresponding to the technology available in developed countries are quite large compared to the Indian market and requires an initial investment of considerable amount.\textsuperscript{1/k} This will also act as a barrier for entry of smaller capitalists.

Furthermore, monopoly capitalists can import technology in a much more planned way. They can properly pre-plan and technology in required parts and then can suitably adopt it through some R&D activities which they can afford to support. A NCAER study on the import of foreign technology has thus stated - "the large firms more often propose to import separate of technology such as, patents, pre-investment services and problem solving services. Small firms tend to import more comprehensive combination of knowledge. The probable explanation is that large firms employ technical staff to supply a good deal their requirements of technology and go out to buy technology when either their staff or their R&D facilities cannot generate it, while small firms have to rely heavily on purchases of technology.\textsuperscript{42/k}

From the above discussion we can conclude that, although the Indian monopoly business houses do not generate the tech
nological inputs into the economy, they effectively control the
flow of technology into the economy from the international
market for technology and force the non monopoly houses to secure
competition with them in that market.

**Contradictions manifest at the level of product market**

In the product market the monopoly capitalists and non
monopoly capitalists may meet in more than one way. They may
compete with each other in a market for a single product or pro-
ducts which are close substitute of each other. They may encoun-
ter each other as buyers or sellers in the market for industrial
raw materials and other means of production which are used in
their respective production processes. Or the monopoly houses may
buy finished products produced by the non monopoly firms and use
its wide marketing network to market those products. To the extent,
a particular group of the bourgeoisie derives benefit systemati-
cally from the interplay of these mutual relations to the detri-
ment of another, contradictions would crop up between the two
groups of the bourgeoisie.

In a product market where competition prevails, price war
is the classical instrument for waging war to squeeze out the smaller
less resourceful firms from the market.43 In India we find very
few instances where Indian monopoly houses have used this instru-
ment for ousting a smaller firm from a particular product area. We can suggest mainly two reasons for it. Firstly, the small size of the market and its further segmentation does not make a highly profitable strategy for any firm to engage in an all-out price war to weed out its smaller rivals. The market is segmented mainly into two parts, in the case of the consumer products, the segment caters to the needs of the lower and middle income groups. The products, similar in other respects, differ substantially in quality, design and prices between the two markets; cheaper, standardised and low quality goods are sold in the former market, while quality, high priced and differentiated products are sold in the latter market. The income distribution of India is such that the latter market is much more lucrative from the capitalists' point of view and has been, in fact, expanding faster in the recent periods. So the monopoly bourgeoisie find it more advantageous to leave the former market as a preserve of the smaller capitalists and strive to get monopolistic or oligopolistic control over the latter market. And price competition is not an important feature of this market. Product differentiations, high pressure advertisement and different sales gimmicks are the most important means that are employed to get control over this market.

There is not much information on the nature and extent of product differentiations prevalent in the Indian market. In the drug industry, to give one example, there are up to 15,000
products, though the number of basic drugs are well below 1000. The practice of entering into foreign collaboration to use the internationally reputed brand names on the products has been a common phenomenon in the Indian industries, which indicates the implicit product differentiations that these collaborations entail.

High pressure advertising is another well used method to increase market share of the products of a particular firm. The monopoly houses, commanding large resources, can outbid their rivals in influencing the consumer's tastes and preferences through large scale advertising in newspapers and other mass media. According to one report, in the first 10 months of 1977, 760 of the smaller companies had given advertisement worth a total of 3.5 crores. The average expenditure per firm comes out to be 86 thousand per firm. In the same period 180 bigger firms incurred advertisement expenditure of Rs.8.2 crores in all, the average per firm being Rs.4.6 lakhs.

The second reason for the absence of price wars in the Indian market is the highly concentrated nature of the market in sense that the most of the targeted consumers are located in big cities which are again geographically quite distant from each other. In such a situation, it is possible to control the pricing network more easily by the use of various restrictive practices and substantial advantage can be derived thereof.
solo selling agents, (ii) appointment of exclusive dealers, 
(iii) resale price maintenance (iv) full line forcing (v) 
gro system of discount etc. Through these restrictive trade 
prices, the large business houses can effectively control the 
sale and retail outlets for the industrial products and bar 'not so resourceful' smaller houses from reaching every part 
the market. This ability to control the market that the monop
houses possess gets reinforced by their ability to extend bu
credit to the traders and also the bulk consumers.

The control over the marketing network that the monopo
enables houses exercise on them either to enter into product lines where 
they are not allowed to enter because of the government flat to expand their operations into areas where they are not all to expand. In such cases monopoly business houses get the pro
produced by the smaller firms and market these products through 
their own marketing network and with their own brand name. By, the monopoly houses can avoid the necessary investment of 
diture and skim off the lion's share of the profit from the of those products. To give an example, Godrej and Killicks made elaborate production arrangements with the smaller producers 
for the manufacture of pressure cookers and other domestic anc
ances and marketed them under their respective brand names. Monopoly houses in such situations force the smaller firms to 
enter into agreements whereby smaller firms, "undertake not
Another important way by which the monopoly houses can enhance their competitiveness in the market and harm the interest of smaller firms is to vertically integrate the manufacturing of two product lines which have forward or backward linkages. Very often the monopoly houses or the multinationals are the most important manufacturers of raw materials for some products which are produced both in the monopoly and non-monopoly sector. The monopoly houses by controlling the supply and increasing the prices of raw materials can effectively squeeze out their smaller rivals from the final product market. Federation of small scale industries' association in India have made a number of allegations against big houses for adopting this method.\textsuperscript{56} According to one enquiry undertaken by the Monopoly and Restrictive Trade Practices (MRTP) Commission, National Organic Chemicals and Herdilla Chemicals Ltd. belonging to one monopoly house were "acting in concert and caused abnormal increases in the prices of acetone which (were) unrelated to the cost of production of acetone".\textsuperscript{57} At the same time National Organic was supplying acetone at a through-away prices\textsuperscript{58} to Herdilla Chemicals, an associated firm for production of other chemicals and pesticides.

Cartels and trusts are the organisational means to achieve and retain monopolistic control over the market and monopoly rents
are secured through regulating the supply of products to the market. Very few cartels and trusts have been formed on a formal basis but there are associations of firms in the industrial products. The associations like Indian Jute Association (IJMA) and Indian Sugar Mill Association, often like cartels and draw up production schedule according to a member's market share. One agreement, to give an example, IJMA members stipulates a reduction of the production of jute goods by 16% of the installed capacity.

There has been also agreements between the large producers to control the supply of the products, to maintain the price level and to share the market among themselves. For example, the tyre manufacturers have entered into an agreement among themselves to maintain at a reasonable level (sic.) the "prices and profits derived from the production, supply or distribution of goods or from the performance of any service". The agreement provided for "joint action whenever any of them was threatened".

Contradictions due to the control over credit market by the monopoly Houses

Credit is one of the most important instrument for capitalist accumulation. Access to a well developed credit market
enables an individual capitalist to command a capital base larger than his own capital. In case of a running enterprise, the short term credit always happens to be an important part of the working capital.

We have already seen that one of the important features of the Indian monopoly houses is their control over the organised banking capital. This close relation between the Indian monopoly houses and the organised banking sector has enabled the monopolies to embark on large scale investment programmes and tide over their working capital problems. But the non monopoly capitalists who do not have such easy access to the organised banking capital, have to suffer from the paucity of funds in times of crisis and to depend largely either on internally generated funds or on the unorganised credit market where the interest rates are much higher.

RBI data on finances of medium and large public Ltd. companies give the debt equity ratio according to the size of net assets. There it can be clearly seen that larger companies have a higher debt equity ratio than the smaller ones, indicating that the importance of outside finance in the bigger companies. A study of the balance sheets of the 101 industrial giants in India showed that, as against their paid up capital of Rs. 443.34 crores in 1965-66, these companies had borrowed Rs. 281.68 crores
from the bank and a further sum of Rs. 133.55 crores from financial institutions.

In other words, the borrowed capital is as much important for accumulation as the internally accumulated capital for these giants. A RBI survey on the sources of finance small scale industries has concluded that "own capital" (defined as owners equity plus funds from directors and silent partners) is by far the most important source of funds for such small companies.

According to S.L. Shetty, the large and medium companies cornered 55.7% of the total commercial bank credit extended in 1966, while the small scale sector got a trifle 6.4%. With the RBI sample of large and medium public limited companies, also, we observe that the companies with assets not less than one crore cornered 98.4, 95.2 and 96.3 percentages of total bank credit advanced to all the companies included in the sample in the years 1966-67, 1967-68 and 1968-69 respectively. In practice of advancing credit by the banks only against some assets automatically ensures that the existing larger firms get a higher share in the total credit advanced. This inbuilt discrimination against the smaller firms in the credit policy followed by the banks, continued even after nationalisation of banks, reinforces the existing concentration of corporate assets in larger firms.
State policies as source of contradiction

The last and the most important source of contradictions between the two sections of the bourgeoisie is the state policies which affect the two sections of the bourgeoisie differently.

In the post independent India, role of the State in shaping the direction of the economic development has increased enormously. The industrial and other economic policies followed by the State have empowered the state organs with enough discretionary power to discriminate one section of the bourgeoisie against another.

If the state is assumed to be a non-neutral and biased in favour of some social groups and classes, then these policies could be seen to have been adopted in favour of the dominant faction of the bourgeoisie. It remains to be analysed whether such had been really the case.

The state policies can affect the interests of the bourgeoisie at different stages of their operation. Firstly, the state regulates the process of entry into the corporate industrial sector. Secondly, the state policies affect the supply and prices of various factors of production. Thirdly, the state itself is a major consumer of industrial products and can affect the structure of product market. We analyse these state policies in that order below.
State policies as barriers to entry:

The principal instrument that the state has devised to regulate the entry into the corporate sector (above a certain level of operation) is the licensing policy. The scope for the licensing policy has been extremely wide and this policy can be easily used to bar any capitalist from entering into any particular area. The operation of the licensing policy can, therefore, become a major source of contradiction between the monopoly and non-monopoly bourgeoisie.

The licensing policy Enquiry Committee (LPIC) was constituted to specifically go into such allegations. LPIC report a detailed study of the licensing practice in India upto June 1966. The methodology the adopted to examine the question whether large business houses have been unduly favoured by the licensing authority is, however, not entirely satisfactory. Calculated first the share of the large houses in the total paid up capital of the corporate sector in 1958-59 (as a proxy for year 1956 when the licensing started). Then the Committee calculated the share of the large Houses in the total number of licenses issued, in the amount of proposed investment and in the amount of capital goods approved. According to the Committee's calculations, the other companies category (Companies which outside the large industrial sector category) has 45.36 of the total paid up capital in the private corporate sector in 1958.
While for the period under the review of the Committee, these companies obtained 58.81% of the licenses (number) issued. The share of these companies in the total number of applications rejected was 65.8%, in the total amount of proposed investment of machinery 55.8% and in the total amount of import of capital goods approved 32.4%. The share of 73 large business houses in the paid up capital for 1948-59 was 45.0%, while their share in the number of licenses issued, rejected and in the proposed value of investment of machinery was 32.2%, 30.6% and 55.5% respectively. So by the criterion of the number of licenses issued it cannot be said that the large business houses were unduly favoured. But obviously the number of licenses is a very bad indicator of any favour that might have been shown to any group of business houses and LPIC also acknowledged it. But in terms of the share in the proposed investment on plant and machinery and in the amount of import of capital goods approved, large business house were definitely accorded favour. If we look at the figures relating to individual business houses, Birlas were the most favoured one according to the above two indicators. They alone cornered over one seventh of the total equipment imports although they had only one twentieth of the paid up capital in the year 1958-59. Other houses which received undue shares in the total import of capital goods approved were JK, Kilachand and Sarabhai. Analysing all these data, LPIC come to the following conclusion - "Our studies show that licensing in the earlier years was guided far more by technical than by economic leave alone social considerations. It may,
therefore, not be considered surprising that during a large part of the period of our enquiry (1956-66), not only was no attempt made to use licensing to provide (italics added) the further assistance of Larger Industrial Houses, but the process actually worked against their favour. The licensing system worked in such a way as to provide a disproportionate share in the newly licensed capital to a few concerns belonging to the Large Industrial Sector. The maximum benefit of all this went to a few Larger Houses".

LPIC used two indicators to examine whether any undue favour was accorded to any particular group of business houses. Firstly, the share of a given business house in the total amount of proposed investment (i.e., investment proposals that came before the licensing authority, were compared with the share of that business house in the total paid up capital in the private corporate sector in a given initial year (1959). If the former share was higher than the latter one, it was concluded that the licensing practice had favoured that particular business house. In the case of the second indicator, the share of a particular business house in the total amount of approved import of capital goods was compared with the share of that house in the total paid up capital of the sector in 1959. If the former share turned out to be higher than the latter, we could say that the particular business house had received undue favour from the licensing authority.

The above two indicators at best may indicate whether
Large business houses (LBH's) have received a share in the total licensed investment disproportionate to their initial position in the private corporate sector.

In other words, what can be really concluded from studying the operation of the licensing policy by LPIC' methodology is that the licensing practice has not at least prevented the LBH's from growing. This itself is definitely a significant observation to the far as it signifies that the licensing authority has not at least shown any favour disproportionate to their relative position in the private corporate sector. But we are interested in finding out whether the licensing practice has acted as a barrier to entry for the companies outside the large business sector into their chosen industrial sectors. To examine such a hypothesis what we require is a systematic study of rejection of licenses.

In terms of number of rejections alone the LBHs had more than their share in the total number of rejections in the private corporate sector than which would be commensurate with their share in the total paid up capital of the private corporate sector. The LBHs had applied for 3667 applications out of which 34.9% were rejected. The 'other companies' category had applied for 133 licenses out of which 38.6% were rejected.74 So the applications of the non-monopoly houses were probably little more often rejected than the applications of the monopoly houses. But
nothing more definitive can be asserted about this from the available data. The rejection figures for the LBHs is most likely an overestimate since LBHs, according to the LPIC report, have the habit of making simultaneous applications for a single item. Furthermore some of the companies belonging to the 'other companies' category are really dummy companies and they are acquired by the LBHs after they have obtained a licence for items of which the LBHs would not get any licence due to official policies.75/

Licenses have been rejected on many grounds. Some of them are purely technical like faulty application, inadequate design, non-compliance with different official rules and procedures. Some are purely of entry prevention nature like 'item on banned list' etc. Licenses were rejected on such grounds, presumably to prevent the creation of any excess capacity and waste of social resources. It is not for us to judge the social welfare consequences of such economic policies practiced by the government. What interests us is the fact that such reasons were at all used to the smaller business houses for not allowing them entry in their chosen fields. The following table gives the percentage of rejections in three important reasons categories for LBHs in 'other companies' category.76/
Table 4

Distribution of rejected application by category of reasons for rejections and also by category of houses

<table>
<thead>
<tr>
<th>Reasons for rejection</th>
<th>Large Business Houses</th>
<th>Other companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item of banned list</td>
<td>6.5</td>
<td>4.1</td>
</tr>
<tr>
<td>No further scope</td>
<td>42.9</td>
<td>46.1</td>
</tr>
<tr>
<td>No scope in the region</td>
<td>5.8</td>
<td>7.8</td>
</tr>
<tr>
<td>Sub-total of above (1+2+3)</td>
<td>55.2</td>
<td>58.0</td>
</tr>
<tr>
<td>Total no. of rejections</td>
<td>1349</td>
<td>2688</td>
</tr>
</tbody>
</table>

Source: Licensing policy Enquiry Committee Report. Appendix - III

From the table we can see that three reasons cited above accounted for 55.2% of all reasons for rejections offered to LBHs, the comparable figure for the 'other companies' category being 58.0%. So in percentage term there is no substantial difference in the incidence of these three reason categories in the total number of reasons for rejection, for the LBHs and 'other companies' group. But the interesting point is that such a large number of applications by the 'other companies' were rejected on this ground alone. The principal victim of such a policy has obviously been the potential entrants into this oligopolistic structure.
Another way the monopoly houses can prevent the non-monopoly ones from entering into a chosen field of activity is by pre-empting the capacity to be licensed, i.e., cornering the monopoly of the capacity to be licensed in the monopoly sector and leaving licenses unimplemented so that potential entrants are kept out.

There is, however, no firm estimate of the degree of pre-emption resorted to by the monopoly business houses. Since industry-wise detailed figures of the capacity licensed for industrial houses and also no estimate for the extent of implementation of these licensed capacities are available, it is not possible to estimate directly the degree of pre-emption pre-empt among the monopoly houses. However, some authors have tried to estimate the incidence of pre-emption of licenses among monopoly houses by some indirect methods. In one such method, the proposed investment of imported machinery contained in the original proposals approved by the licensing authority for that group has been compared with actual amount of capital goods imports applied for and also with the amount finally approved. The idea is that a business house applied for import licences importing capital goods when it has finally decided to implement a particular investment proposal licensed for it. So the amount of investment for imported capital goods which was included in the original proposal but was not later applied for represented
amount of investment unimplemented by the particular investor, with the help of this measure of degree of pre-emption, it has been concluded that, "pre-emption of licensed investment by Indian monopoly is roughly about double i.e. 100 per cent more is licensed than it is possible fully to implement".72/

Apart from preempting the investment programme of the smaller houses through non implementation of licenses, the LEBs may resort to capacity expansion without a licence and thus acquire a bigger share of the market through back door. Most often this unauthorised expansion of capacity are made legal through ex-post sanctioning of the expanded capacity. LPIC report cites the results of an official survey for the period 1965-67 which detected at least 45 cases where actual 'production has been substantially in excess of the licensed capacity'.80/ The survey covered some 50 products or product groups produced in 45 undertakings and could find only 2 instances where actual production was below the capacity authorized. And in the case of 13 products, the actual production exceeded the authorised capacity by as much as 200% of the authorised capacity. Of the 45 undertakings covered, as many as 33 belonged to the Large Industrial Sector, including a few transnationals. Most interestingly, in 10 instances where the excess output was in the order of 100% or more of the authorised capacity, the items were actually on the 'banned list'.81/ LPIC report also cites, 12 instances where the unimplemented part of the licensed capacity was more than 40% while there was simul-
taneous rejection of new applications on grounds of "banned and no scope". And the major part, often 100%, of this unimonted capacity was licensed for the large houses. Some of these items like soaps and bicycles were actually reserved for the small scale sector but the declared official policy was to serve the interest of large industrial houses and transational companies. In many cases, the LBHs got licences in the product lines which were to be reserved for the public sector according to the Industrial Policy Resolution of 1956.

Apart from all these, LPIC report cites some concre where licensing authority has used its discretionary power to help an individual monopoly house. To take one extremely interesting case, DDT was on the 'banned list' at the beginning of except for substantial expansion of the existing undertaking. The only existing undertaking at that time was a public sector unit. In April 1966, a MP wrote a letter to the Minister of petroleum and chemical enquiring about the licensing policy for DDT. In September 1966, the item was put on merit list and in the following month a Birla concern applied for a license to manufacture 3000 tonnes of DDT per year. In January 1967, an inter-ministerial meeting considered a Birla application and March 1967 the licensing committee issued a letter of intent the Birla application with a condition that no foreign technical collaboration would be enter
In April 1957, the company wrote to the Ministry saying that Hindustan Insecticides, the sole public sector unit manufacturing the same product, was not in a position to provide them with the technical know-how due to its commitment to its foreign collaborator, Technical Enterprises of U.S.A. The Government later approved a collaboration agreement between the Birla concern and the very same foreign company.

LPIC report also cites instances where the licensing policy for a particular product was repeatedly changed, without any reason given, to suit the needs of one or more monopoly houses and transnational firms. In a few cases, the de facto official policy has been to grant exclusive monopoly to one or more monopoly houses or transnational firms so as to encourage them to enter some technologically intensive areas in a big way. Thus polyester was preserved for the ICI, aluminium and earth moving equipment for the Birlas and so on.

All those facts suggest existence of a close working relation between the monopoly houses, transnationals and the licensing authority. The ability of an individual monopoly house to influence the policies of the executive branch of the government in its favour has been clearly revealed in many cases cited above and here lies an important distinction between the monopoly and non monopoly houses.
The IIMs have better access to inside information regarding government's intended policies and can easily grab the lion's share of the capacity to be licensed. Moreover, the elaborate procedural wrangles that are generally involved from the stage of applying for a license to the stage of obtaining an import license, necessitate a constant touch with the administrative authority. Liaison offices in Delhi where decisions are taken are to be maintained. Relations with the power to be are to be cultivated, all these require a large amount of resources. Since the smaller houses cannot afford to set aside such large amounts of resources for this kind of purposes, they are always at a disadvantage.

So, on the basis of all available information it can be reasonably concluded that licensing policy as practiced has at least not curbed the economic power of the monopoly houses. Rather, in all probability, it has acted as a barrier for entry for many a smaller houses into their chosen fields.

State as a source of finance:

The post independent rapid industrialisation programme launched by the Government of India opened up a wide investment horizon for the private corporate sector. To maintain and consolidate their monopolistic control over the private corporate sector.
sector, the monopoly houses had to seize upon the most of the fresh investment opportunities and undertake a massive investment programme. The internal surplus generated within the firms under the control of individual houses was not sufficient to finance an investment programme of such a large scale.

The organised capital market was also not strong enough to finance this expansion of corporate sector. At this stage, Union Government entered the field in a big way to bridge the institutional gap in the capital market. Industrial Finance Corporation of India was established in 1948 for granting loans, underwriting issues of stock, shares, bonds and debentures, guaranteeing loans, deferred payments etc. In 1955, the Industrial Credit and Investment Corporation of India (ICICI) was set up on the recommendation of the IBRD cum American Investment Mission in 1954. ICICI's capital has been entirely subscribed by Indian and foreign private institutions such as banks, insurance companies, development finance institutions and joint stock companies, and individuals. The large houses owned nearly 20 per cent of the ICICI's paid up capital as on 31st December 1956 and 19.6 per cent as on 31st December 1966. Of the original paid up capital of Rs. 5 crores, Rs. 1.50 crores or 30% was subscribed by foreign institution and individuals. Thus it was primarily a development finance institution organised jointly by foreign and Indian monopoly capital. To this institution, Government
of India sanctioned an interest free loan of Rs. 7.5 crores payable in 15 equal instalments, commencing after the expiry of years. Government and IDBI granted further loans to this institution.

In 1964 Industrial Development Bank of India was set up as a wholly owned subsidiary of Reserve Bank of India, with the main object "to reorganise and integrate the structure of trial financing in the country". One of the main policy objectives of IDBI was to "concentrate on larger projects which had not come to fruition without its assistance". Apart from State Financial Corporations and State Industrial Development Corporation, Government owned Life Insurance Corporation, Unit Trust of India and State Bank of India to meet the financial needs of the private corporate sector. The establishment of such institutions by the Government of India to promote the growth of the private corporate sector clearly indicates the degree of control that the Indian bourgeoisie commands over the State. What needs to be examined by us is whether the monopoly houses have been the major beneficiaries of the State's munificence. If the answer to this question turns out to be in the affirmative, then this aspect of state policies should be a major source of contradiction between the monopoly and non-monopoly capital.

LPIC report gives an account of the disbursement of
It is clear from the figures given in LPIC report that
large industrial sector and in particular the large business
units received the lion's share of the financial assistance made
available by the Government financial institutions. According
to report, total funds disbursed to the 20 larger business
units amounted to 305 crores of rupees, which represented 13.2%
their total assets in December 1966.

An analysis of rejection of applications for assistance
by the three major financial institutions (ICICI/IFCI/IDBI) shows
that most of the rejected applications (75.2% of rejected appli-
cations) were made by the 'other companies'. The following table
classifies the rejected applications by the size of assistance
sought for and gives the share of the 'other companies' in total
number of rejections in each size group.

From the table it can be seen that share of the 'other
companies' in the total number of rejected applications decreases
with size of the assistance applied for increases.

In other words, even among the 'other companies' bigger
units with large investment projects got better assistance
than the smaller ones. The total number of rejected
Table 2

Distribution of rejected applications by size group of assistance sought and by category of business houses

<table>
<thead>
<tr>
<th>Size group of funds applied for</th>
<th>No. of rejections in the size group</th>
<th>No. of rejections of applications made by other Cos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs. 10 lakhs</td>
<td>95</td>
<td>87</td>
</tr>
<tr>
<td>10-15 lakhs</td>
<td>117</td>
<td>78</td>
</tr>
<tr>
<td>50 lakhs - 1 crore</td>
<td>23</td>
<td>14</td>
</tr>
<tr>
<td>1 crore and above</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>Total number of application</td>
<td>250</td>
<td>188</td>
</tr>
<tr>
<td></td>
<td></td>
<td>75.2</td>
</tr>
</tbody>
</table>

Source: LPIC report Appendix IV

applications for all the institutions was 977 during the stipulated period and the share of LPH's in them was only 10.3%, while the share of 'other companies' was as high as 71.6%.24/

So there is every reason to believe that the state entered the capital market mainly to help the accumulation process of the large business houses in general and monopoly houses in particular. The State financial institutions((including have been in many cases unable to provide any economic justification for not advancing loans to the 'other companies'. In cases out of a total rejection of 695 for 'other companies'
[i.e. 30.2%], no reason was given for the rejection, while in only 8 cases out of a total of 93 rejections for the LSHs, no reason was cited.25/

The LSHs also cornered most of the foreign currency loans advanced to the private corporate sector by the State Financial Institutions. In particular, 20 larger houses secured over one fourth (27.5%) of the total foreign currency loans advanced by these institutions according to LPI report.26/

State policies regarding the allocation of various factors of production like imported capital goods, industrial raw materials etc. and contradictions arising thereof: (a) Import of capital goods:

We have already seen that import content of investment for the entire corporate sector is on a very high side. Since import of any item requires government approvals government policies regarding such imports have important consequences for the investment programme of any business house. Delay in or refusal of allocating foreign exchange for important raw materials, capital goods or spare parts for machineries may seriously affect the competitiveness and profitability of individual manufacturing firms. According to LPIIC report, LSHs secured 60.4% of total amount of imports of capital goods approved, while the 'other companies' obtained only 32.4%.27/ However, it cannot be said from the available data that the government more often rejected
the application for import of capital goods from the 'other companies'. In fact the amount approved as a percentage of
applied was slightly higher for the other companies than for LBHs. Hence, as far as the allocation of import licenses
concerned, no favouritism was shown to the LBHs.

(b) Allocation of raw materials:

The government policies regarding the supply and fix
of prices of some important industrial raw materials or in-
mediate products (like steel, coal after nationalisation of
etc.,) for which the public sector is the sole or the largest
ducer may sometimes turn out to be more advantageous for the
scale sector in general and monopoly houses in particular.
is not much systematic evidence about this aspect of state
Complaints have been voiced by many small and medium scaled
triglists against the government policies about these aspect.
For example, the Bengal National Chamber of Commerce complained
against the steel allocation policy of the government, which
gave special advantages to the bulk consumers. The same or-
nisation, an organisation mainly of regional medium capital,
has repeatedly protested against the Central Government poli-
regarding freight equalisation for coal. While the cost of
carrying coal from the Eastern India to the rest of India has
been subsidised no such subsidy has been offered for the raw
materials imported to the Eastern India from the rest of Indi
The Calcutta based Bharat Chamber of Commerce also "invited attention to the glaring disparity in the allocation of the basic material between the DSTD (i.e. large) and small scale units" in the aluminium conductor industry.¹⁰¹ Such allegations indicate the possible existence of a discriminatory policy of the government of India, in this regard.

(c) The purchasing policy of the State and contradiction arising thereof:

The State is the biggest single buyer of goods and services in India and the demand for industrial goods from the public sector is a major source of demand for the private corporate sector. Furthermore, industries like public utilities, railways and defence which are the biggest buyers for sophisticated industrial products, like electric transmission equipments, large transformers, pvc cables, electronic instruments etc. are in the public sector.

So, the government by suitably altering the purchase policy of it can affect the growth or decline of a large number of manufacturing firms. There is no hard fact to examine the direct and indirect beneficiaries of the government purchases. But Monopoly Inquiry Commission in its report has commented in a way to suggest that largely the monopoly houses have benefited from the government purchases.¹⁰² The very fact that the monopoly capital has grown very fast in the post independent India, especially in modern technologically intensive industries suggests that, at
least in this respect the government policies have not stood
obstacles to their growth.

(d) Other State policies:

There are other state policies which have important con-
quence for the growth of the private corporate sector and its
various constituents. An important one among them is the cor-
porate taxation policy of the government. The corporate tax-
policy is manifestly regressive since after a certain level of
corporate income its rate does not increase with the size of
corporate income. V.D.Lall, on the basis of data of some sam-
ple companies belonging to the larger houses, made a study of the ef-
cidence of taxation on profits and noted of these companies. He con-
cluded, "The top seven (houses) as a whole have a low
effective tax and higher profitability, before and after tax,
then the other Indian controlled groups. The large volume of
investment in fixed assets by the top seven as a whole enab-
led them to benefit to a greater extent from tax concessions and
kept their effective tax rate low".103/ It may be, however, that the large houses could secure greater tax benefits beca-
use of their better tax management policies. The RBI study on the
large and medium public Ltd. companies also shows that effec-
tive rate of taxation, measured in terms of tax as a percentage of
pretax profit, is lowest for the companies in the highest size-group by assets.  

Another way the monopoly or other large business houses may gain is by keeping a large amount of payable tax in arrears. The ability to engage in expensive legal battles, their political connections have enabled them to invoke little penalties for such tax evasion. According to one report, seven big houses did not disclose income of Rs. 58 crores in 1976-77. Birlas alone accounted for Rs. 28 crores out of the sum and had to pay a penalty of as little as Rs. 15.42 lakhs, less than even 1% of the amount evaded.

On the basis of our above analysis it can be reasonably concluded that the contradictions between the monopoly and non-monopoly capital in India have been both reflected in and reinforced by the state policies. In fact, the most important source of power of the monopoly houses have been their control over the State.

Section III

Contradictions between the metropolitan bourgeoisie and the two sections of the Indian bourgeoisie

We have so far discussed the characteristic features of two groups of the Indian bourgeoisie and also the contradi-
ction existing between these two groups that may justify such stratification. A third group of bourgeoisie also operates in India, which is the metropolitan bourgeoisie represented by foreign capital in India. We may observe that foreign capital constitutes a very important segment of the Indian corporate sector and according to some political analysis the determination of the contradictions existing between the three groups of bourgeoisie should be taken to constitute a system, where each element is inter-nally related with other. So when we introduce foreign capital in our discussion of the Indian bourgeoisie, we cannot possibly discuss foreign capital's relation with the Indian bourgeoisie as a whole but only with the two separate groups of the Indian bourgeoisie that we have identified.

We are, however, considering the foreign capital as a and ignoring any division that may exist within the metropolitan bourgeoisie. In our opinion this is not a serious limitation to our study since we are interested in understanding the quality of the contradictions that may exist between any section of the metropolitan bourgeoisie and the two groups of the Indian bourgeoisie.

Before we discuss these contradictions, it will be worthy while to point out one important feature of the formation proc
the Indian bourgeoisie, which is its relation with the foreign capital in its early years.

Partial relation of the Indian bourgeoisie with the foreign capital

There is a strong opinion among a section of the economic historians that the Indian bourgeoisie of the present era and the monopoly houses arose only or principally from the 'comprador' sections of the mercantile bourgeoisie of the early British period. For example, Levokovsky has written "Indian capital was first partly an agent of British merchant capital, later to extent of British Industrial capital and finally of British financial capital". The error in such arguments stems from wrong understanding about the nature of comprador bourgeoisie as such. According to levokovsky "the comprador bourgeoisie is concerned only with trade operations connected with the export of indigenously produced raw materials and the import of manufactured goods from Western countries as well as credit and money lending dealings". Both words, 'compradors' are equated with the export-import factors and financiers of a colonial country.

The term 'comprador', however, originally meant a specific of social and economic relationship existing between a section Chinese merchants and foreign agency houses. "The comprador (pan) was the Chinese manager of a foreign firm in China serving middleman in the company's dealings with the Chinese. Within
the foreign firm, he (the comprador) recruited and supervised Chinese staff, served as treasurer, supplied market intelligence, assumed responsibility for native bank orders ....... and served the foreign manager in transactions with the Chinese comprador differed from the (licensed) broker in the sense that while a Ya-hang (licensed broker) was an independent commission agent, a comprador was in the main contractually employed by the merchant. The comprador's main source of income, apart from a fixed salary covering his services and expenses in maintaining a staff, consisted of commission income and illegal 'squeezes' from many business transactions. The huge wealth that compradors amassed were often invested in industrial enterprises - mainly in shipping, coal mining and then in textiles.

In India, the banians had been truly the counterparts of Chinese compradors. "A banian (was) a person by whom all purchase and sales of goods, merchandise and produce (were) made on and on behalf of the merchant or merchant firm in whose establishment he (was) a banian". Sometimes the banians also acted as transport agents and labour recruiters. That 'banianship' involved a direct subservience relationship to their British masters, which was clear. Timberg in his study on early Marwari entrepreneurs rightly noted that "these banian relationship were essential conservating ones, in that the banian's identification and coordination to British firms kept them away from taking an independent commercial policy of their own. The large banian firms move into direct import and export trade on their own. They
not start industrial enterprises. They opposed social reforms and the nationalist movement at least in the early 20s.¹¹⁴/

But the banians were not the only category of Indian businessmen available. There were large independent traders, moneylenders and brokers, whose interest differed substantially from that of the banians. Founders of many of the present day monopoly houses were independent traders and brokers on their own account.¹¹⁵/ That the banian agents of British houses had a different perspective about their own interest from that of the independent traders can be seen clearly from the internal struggles that was splitting early Marwari caste associations in Calcutta.¹¹⁶/

These rising mercantile bourgeoisie came into direct conflict on the strength of their accumulated capital, with the colonial state power and the metropolitan bourgeoisie behind it, when the latter wanted to confine the Indian merchants in their secondary position. But this confrontation did not follow any simple and straight path. Not in every sphere of activity there was contradiction too. But the Indian capital had to fight its way into areas where the European interests had been firmly entrenched.

To protect and upheld their own distinct interest, the Indian bourgeoisie formed their own associations, chambers of commerce etc., signifying that they were gradually evolving into a social class for itself¹¹⁷/. When FICCI, the apex body of various
regional and industrial chambers of commerce was formed. The doyen of Indian capitalists, explained candidly the risk of such an organisation in a letter to Puroshottom Thakurdas the following words: "I have been watching very clearly the activities of the Associated Chambers for the past few years. I feel that their strong organisation will be very detrimental to Indian interest, if steps are not taken immediately to organise a similar institution of the Indians. You will perhaps agree with me that if we do not check their activities in time, the influence with the government will increase to an extent which government will find it most difficult to resist".117

It is however, interesting to note that when FICCI was formed in 1923, not all sections of Indian Capitalists agreed to participate in the organisation and the Calcutta based Narwe groups, at that time composed mainly of traders, really formed its core. For example the Parsi group in Bombay headed by To never participated in FICCI, but for a few years after independence similarly the Bombay mill owners did not participate in FICCI but the grain dealers, cotton-piece goods merchants and salt became the most active and vocal members of FICCI. Many small regional chambers of commerce, like Bengal National Chamber of Commerce, the earliest nationalist business organisation, also were not present in FICCI.118
This suggests that possibly a structural stratification was taking place even in that formative period of the Indian bourgeoisie. Not all sections of the Indian bourgeoisie were viewing their relations with the metropolitan bourgeoisie in an identical perspective. And, contrary to Levokovsky's suggestion, the 'most advanced' section of the bourgeoisie i.e. the large scale manufacturers, were compromising more with the metropolitan industrial bourgeoisie, especially when the demands for wage rise affected both the parties. [112] Despite the nationalist intentions proclaimed by some, the Indian capitalists could not step out of the limit set by their objective class interests. Thus, in an interesting speech read before the members of Indian Mines Federation, an all Indian body of smaller mining interests, its Chairman M.C. Sirkar noted, "Nothing is further from truth than to regard that we who represent Indian capital are not interested in the uplift of the Indian masses by which alone the nationalist aspirations may find its realisation. In this movement, in its general aspect we are interested enough but it is to be remembered that the ignorant masses we come in contact with does not represent in our special sphere an underdeveloped citizen but only a human factor in the production of wealth in the wider sense". [underline ours]. [120]

Furthermore, it should be remembered that the international capitalist structure has undergone some important changes since
the second world war. It is no longer true that the metropolitan bourgeoisie is against any programme of industrialism in the underdeveloped countries. It would no longer be valid to regard industrialism per se with any brand of nationalism in the case of an underdeveloped country. As is well known the process of colonisation did not bring about an end to the dependence of erstwhile colonial economy on the metropolitan economy but meant a change in the nature of integration of the national economy with the international one; it meant emergence of a new international division of labour. The framework of an underlying the conceptual categories like 'comprador' and 'nationalist' bourgeoisie in the context of underdeveloped economies in their classical terms seems no longer adequate. In fact, the decolonisation process as also be seen as a result of the change occurring in the structure of metropolitan economies.

Giovanni Arrighi has made an important observation in this regard. Through decolonisation, the "colonial preserves of European imperialism" were opened up to American capitalism, in which the polistic corporation plays a more central role than in French or British capitalism. More important still was the outflow of small scale competitive capital that accompanied independence. In fact, decolonization was among other things, the result of conflict between the dynamic elements (the big companies) and backward elements of colonial capitalism.
The swing from an attitude of hostility to of collaboration towards the foreign capital, particularly after the independence, in the part of a large section of the Indian bourgeoisie can thus be better understood in the light of the above comment. Thus during the second world war period, while the old British managing agency houses, which accounted the bulk of foreign private capital operating in India, were being taken over by the Indian capital, the British multinational like Lever Brothers were gradually entering the Indian corporate sector, and now collaboration agreements with international firms were being entered into. 124/

We need to examine the nature of association or linkage between the foreign capital and two sections of the Indian bourgeoisie and study the contradictions arising from these linkages if we are to arrive at any conclusion regarding the overall class features of the two sections of the Indian bourgeoisie.

**Forms of Operation of Private Foreign Capital in India and Forms of Association Between Foreign Capital and Indian Capital**

Private foreign capital may operate in the Indian corporate sector, mainly in two ways - through direct equity investment with associated control over the invested capital and through *portfolio investment* (i.e. equity investment without control, and loan) in Indian controlled companies. In another way foreign firms may extend its influence into the Indian corporate sector is through supply of technology, in the form of knowhow, product designs etc.
and also granting the right to use brand names of its products.

These three forms of operation of foreign capital involve different degrees of control over investment exercised by national firms over their foreign investment. Obviously direct investment by definition implies the highest degree of control over the affiliates of the international firms, operating in host country like India. It is, however, not necessary for international firms to own 100% equity interest in its foreign affiliates. As LPIC report has suggested, as low as 1/3rd of total equity capital holding in a block may be sufficient to control a business enterprise. The RBI has defined a category of foreign controlled rupee companies (FCRC), which it uses in studies on foreign business investment in India. FCRCs, are Indian joint stock companies - (i) which are subsidiaries of companies (i.e., more than 50% equity capital is held by a single foreign firm) or (ii) in which 40 per cent or more of the share capital is held in any one country or (iii) in which 25 per cent or more of the share capital is held by a foreign company/its nominees or (iv) which are managed by a foreign controlled management company.125/

The wide ranging definition indeed points out the many by which an international firm may control an Indian company from by the most obvious one viz. owning the majority share in the total equity capital of the Indian company. Various stud
multinational enterprises have suggested that given the option
a multinational enterprise will try to keep complete control
over its invested capital. But due to pressures exerted by the
Third World governments, the international firms are more and more
forced to accept local capital as business partners. The extent
in which the international firms will be ready to share their pro-
et, which includes a large amount of monopoly rent in it, with
local capitalists will obviously depend on relative bargaining
strength of two groups. The bargaining power of local capital will,
in turn be determined by the relative size of the national market
and its rate of growth. In a growing economy where the market and
the total surplus to be distributed, is growing very fast, foreign
capital will more readily accept local capital as partner. But
foreign capital is expected to resist any type of reduction in its
control over capital invested in a stagnant or a slow growing eco-
omy. The following table gives the trend of the composition of
foreign business investment in India.

From the table it can be seen that, the share of the direct
investment in the total foreign business investment declined upto
1967, but since 1967, this gradual decline has been arrested. It
is a well accepted fact that the Indian economy took a turn for
worse since 1967 by any measure viz., rate of growth of gross
domestic product, rate of growth of manufactured products etc. But
so from 1967, when the Indian economy has entered a phase of
stagnation and crisis, the foreign capital has not given up to
any further extent, its control over the invested capital. However
Table 6

Trend in the composition of (long term) foreign business investment in India

<table>
<thead>
<tr>
<th>Nature of investment</th>
<th>End 1955</th>
<th>End 1961</th>
<th>After devaluation 1967</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Direct Investment</td>
<td>87.9</td>
<td>79.2</td>
<td>47.0</td>
</tr>
<tr>
<td>2. Portfolio Investment</td>
<td>12.6</td>
<td>20.8</td>
<td>53.0</td>
</tr>
<tr>
<td>3. Out of which loan</td>
<td>0.6</td>
<td>13.0</td>
<td>32.9</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: RBI Bulletins different issues.

It may not be entirely correct to treat investment in the loan capital as investment without any control. Most of the loans have not been raised through floating overseas bonds investors in the metropolitan capital market but these loans have been either advanced by multinational banks or by international financial institutions like world bank or agencies. Much of these loans are tied in the sense that creditors exercise substantial control over the utilisation patterns of these loans.  

By supplying technology, patents and brand names, the international firms may have substantial say in the opera
If purely local firms. And control through supply of technology is not necessarily less compared to the ownership control of a firm. Vaitsoe, studying the 'contracts of technology commercialisation' has thus observed - "If the volume, markets, prices and quality of what a firm sells, if the sources, prices and quality of its intermediate and capital goods, if the key personnel to be hired, the type of technology used etc. if all of these are left under the control of the licensor, then the only basic decision left to the licensee is whether or not to enter into an agreement for technology purchase. Technology through the present process of commercialisation becomes thus a mechanism of control of the recipient firms".129/

The three ways in which foreign capital may operate in India are also the three ways in which Indian capital may associate itself with foreign capital. Indian capital may be associated as minority partner or passive shareholders earning dividends in foreign controlled rupee companies. In Indian-controlled and owned enterprises Indian capital may be majority partner with foreign capital as the minority one. Indian enterprises may also have technical collaboration with foreign enterprises. It is to be seen which form of association between India capital and foreign capital is more important than others.

According to RBI survey report on foreign collaboration, the limited subsidiaries of foreign companies accounted for 5% of total capital employed by all the public limited companies included in RBI survey on Indian joint stock companies.130/
companies with foreign minority participation accounted for 24.1% of capital employed by the RBI sample companies. The companies with pure technical collaborations accounted for a further 15.5% of total capital employed by 1333 selected public Ltd. companies.131/ 

The table 7 showing the value of production in three

Table 7
Value of total production in subsidiaries:
foreign ownership and purely technical collaboration enterprises

(Rs. crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Subsidiaries</th>
<th>Minority</th>
<th>Pure Technical collaboration enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1960-61</td>
<td>381.3</td>
<td>235.9</td>
<td>293.1</td>
</tr>
<tr>
<td></td>
<td>(41.9)</td>
<td>(25.9)</td>
<td>(32.2)</td>
</tr>
<tr>
<td>1964-65</td>
<td>550.3</td>
<td>435.4</td>
<td>434.4</td>
</tr>
<tr>
<td></td>
<td>(38.8)</td>
<td>(30.7)</td>
<td>(30.5)</td>
</tr>
<tr>
<td>1969-70</td>
<td>1181.6</td>
<td>1197.1</td>
<td>705.0</td>
</tr>
<tr>
<td></td>
<td>(38.3)</td>
<td>(38.8)</td>
<td>(22.9)</td>
</tr>
</tbody>
</table>


Note: 1. Figures in brackets give percentages to the row.
2. Figures refer to companies included in RBI sample.
of enterprises, also points at the growing importance of the joint business ventures in which foreign capital occupies a minority position.

Within the subsidiaries also, we find, from the RBI survey, that 100% foreign ownership is becoming a rare phenomenon, and 29.2 per cent of capital of these enterprises have come to be held by Indians (year 1969).

Incidence of association with foreign capital in two sections of the Indian bourgeoisie

Information necessary to answer such a question is extremely limited and at best we can have some indirect indicators of this incidence of foreign association on two sections of the Indian bourgeoisie. Most of the existing studies suffer from a serious limitation in as far as these studies have considered one or the other aspect of the problem but not both viz., aspect of foreign association have been studied without any reference to the monopoly non-monopoly dimension and vice versa.

Subsidiaries are by definition foreign controlled and under foreign minority ownership. It is more likely that foreign controlling interest would prefer to distribute the rest of the shares widely so that no single Indian business house can acquire a substantial block of share and thereby try to exercise some con-
control over management of the enterprise. So the Indian capital invested in foreign subsidiaries will be in the nature of portfolio investment (i.e., without any control) and it is more likely that small capitalists, salaried earners belonging to the higher income groups would own most of such share capital. Government financial Institutions and banks may also hold some shares in these enterprises as passive share-holders. But instances are there, when Indian monopoly houses have become minority partners in foreign subsidiaries. For example Tata became a minority partner in Marck Sharp and Dehno of India, subsidiary of a U.S. multinational.132/ LFIC report also mentions a few foreign subsidiaries or foreign controlled rupee companies in which Indian monopoly houses have equity interests.133/ It is not known whether in such cases Indian monopoly houses have any say over the management of enterprises.

On the part of the multinational, they seek the cooperation of Indian monopoly houses in enterprises otherwise controlled by them possibly for gaining entry into industries in which establishment of subsidiaries is not encouraged by the government. The global strategy of them is to operate through directly controlled subsidiaries only. For example, in the case of Merck, Sharp and Dehno (KSD), the original proposal of the multinational was to establish a wholly owned subsidiary which was to have some stringent foreign collaboration proposal with its principal.
Proposal in that form was rejected by the Indian government.

Later that the multinational proposed a joint business venture
with Tata as a minority partner and got the government approval.
It is likely that association of Tata with the venture facilitated the government approval. Friedman & Bagvin in their study reported that "for practical purposes, the enterprise has been managed in the same way as a wholly foreign owned subsidiary" without any interference from Tata. But apart from earning dividend, Tata has also a more direct interest in the enterprise, since Voltas, a Tata company, is the distributing firm for MSD.

If there is a growing market for the products involved, a multinational may be willing to take the risk of seeking co-operation of a powerful local group which in the future may not remain content in its role of a passive investor.

The second form of co-operation between Indian and foreign capital is seen in enterprises which are under the control of Indian majority ownership with a small to significant foreign financial participation. It is theoretically possible to classify all such enterprises into two groups - enterprises controlled by Indian monopoly houses and the rest - and find out the incidence of foreign association in this respect, in the two groups of the Indian bourgeoisie. In the absence of such a through study, we have to fall back upon some indirect methods.

If we look at the distribution of minority enterprises by the size of capital employed, we find that capital is mostly con-
| 960.0 | 73 | 5 shells in reserve |
| 100.0 | 62 | 1 - 5 shells to be used |
| 960.6 | 101 | 25 Tzara - 10 Tzara |
| 7.5 | 70 | Under 5.5 Tzara |

| 960.0 | 73 |
| 100.0 | 62 |
| 960.6 | 101 |
| 7.5 | 70 |

**TABLE**

| (Aynu: 960-62) |

Data from a study conducted in different sites of the country and compiled by the National Research Council.
The following table, giving the average size of new companies with and without financial collaboration also points out that, on the average, financial participation by foreign companies are higher in larger sized firms in the corporate sector.

<table>
<thead>
<tr>
<th>Year</th>
<th>Average size (amount of initial issues consented) of the companies without financial collaboration.</th>
<th>Average size with financial collaboration (including subsidiaries)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951-55</td>
<td>0.51</td>
<td>0.98</td>
</tr>
<tr>
<td>1956-60</td>
<td>0.52</td>
<td>0.93</td>
</tr>
<tr>
<td>1961-64</td>
<td>0.48</td>
<td>0.95</td>
</tr>
</tbody>
</table>

Source: Quarterly Statistics of the Working of Capital Issues Control. (Ministry of Finance, different issues)

It can be seen from the above table, that, average size of firms with foreign financial participation is nearly 79% higher than that of the firms without such participation, when the size is measured in terms of the size of initial issues. So it is more likely that a larger number of such companies when they are Indian controlled, belong to the Indian monopoly sector. If we look at
the industrial distribution of such minority enterprises and compare them with that of the RBI samples of large and medium public Ltd. companies, we can see that technologically intensive industries have relatively more weight among such minority enterprises. For example, Transport equipment, Machinery and metal tools, Electrical goods and machinery and chemical and allied products accounted for 39.8% of total capital employed in all enterprises, while the comparable figure for the companies in the sample was only 20% in 1963-64. On the other hand, Textile products accounted for 23.9% of total capital employed in RBI while for the minority enterprises, it was only 7.0%. If we look at the industrial distribution of subsidiaries also (given in survey), we see that there is a preponderance of these companies too in such industries as requiring sophisticated technology.

It is interesting to note that the average size of these subsidiaries is much less than the bigger minority companies. For example in 1963-64, among the companies covered in the RBI survey there were 13 subsidiaries with capital employed per company more than Rs.10 crores. The total capital employed by these companies was 254.1 crores of rupees, the average being 19.5 crores of rupees per company. On the other hand, there were 17 companies in the minority group, with capital employed per company being more than Rs.10 crores. The total capital employed by these companies was 438.5 crores of rupees, the average per company being 25.8 crores of rupees. Similarly in the next size group of
There were 14 subsidiaries and the total capital employed by these subsidiaries was 94.8 crores of rupees, the average capital employed per company being 6.8 crores of rupees. At the same time there were 20 minority companies in the same size group, their total capital employed being 159.5 crores of rupees, and the average capital employed per company being 7.5 crores of rupees.

It is not difficult to see why this should be so. Depending upon the level of imperfections in the international market for technology, the international oligopolistic corporations can demand and retain more or less control over their investment in less developed countries. If, however, coupled with a substantial amount of imperfection in the technology market, the capital intensity of some projects are very high, multinational firms may sometimes find it worthwhile to collaborate in a joint venture with local monopoly houses since the latter may be able to provide a substantial part of the **required capital and management** too.

Furthermore, the local collaborator, having a strong influence on the state, may restrict competition from other international rivals by urging the state to adopt suitable protective policies, e.g., disallowing any further creation of capacity, banning any export of the locally manufactured products etc. Sometimes an international firm may be able to enter the Indian market, where one of its rival has already established a subsidiary, only by associating itself with a dominant local group. For example before
the entry of Hindalco, a successful joint venture between the
firm Kaiser and the Indian monopoly house Birla, India Alum,
a subsidiary of another large U.S. multinational was the do-
undertaking in the aluminium industry. Since Kaiser, was no-
pared to provide a large proportion of the capital required,
venture was the only alternative to maintain its presence, on
a small segment of the world market.140/

The third way through which Indian capital may associ-
ate with foreign capital is by entering into technical collabor-
agreement with foreign firms. We have already seen that tech-
ological dependence has been a structural phenomenon for the
large corporate sector and not for any particular section of the
bourgeoisie. But the degree of dependence may not be the same
for every section of the bourgeoisie and the form of dependence
also may vary. Technical collaboration is one form through
this dependence become manifest.

According to LPIC, the Indian large business houses
among themselves obtained 678 collaboration proposals appro-
cut during the years 1956-66 (upto June). This was 26.9% of
the total collaboration proposals approved for the private corporate sec-
Companies outside the large industrial sector secured 49.2% of
the total collaborations approved.141/

Within the Indian monopoly houses there is a wide va-
tion in the extent of collaboration sought by these houses.
The LPIC data, it has been found that only 8 houses had more than 20 collaborations approved per house. Bulk of the large business houses had less than 5 collaboration, per house.\(^{142}\)

Only two largest houses, Birla and Tata had more than 100 collaboration each.

Within each Indian large business house, there are companies without any foreign collaboration whatsoever. Such big houses like Birla and Bangur had large number of companies without any foreign collaboration. For Birla, 47.4% of assets (42.6% according to NITP data, given in the same study) were in companies with foreign collaboration. For Bangur it was as low as 11.2%.\(^{143}\)

At the same time, houses like Sri Ram Wadia, Sarabhai, Khatau, Tata and few others had very little assets in companies without any foreign collaboration.

It may now be asked whether degree of foreign collaboration had any impact on the rate of growth of assets of different business houses. In other words, we want to find out whether a greater association with foreign capital has helped a business house to grow faster than others. There is no proper data-base to answer such a question satisfactorily. One general point is to be noted, that the weights of the monopoly houses in the private corporate sector, in terms of total paid up capital or assets, have not lessened much.\(^{144}\) So the large number of foreign collaborations approved in the non monopoly sector, has not been of much help to the non monopoly capital, at least, in increasing their relative position in the private corporate sector.
In particular, if we take a look at the composition of Indian large business houses, prepared by various government
encies at different points of time, we would find that some are falling behind some new entrants in respect of total and
controlled by these houses. The following table prepared for a study on Indian business houses, gives the degree of for-
boration in two types of houses viz., those houses which appeared on one list at the later year but not for the earlier year,
those houses which failed to appear on a list in a later year were enlisted for an earlier year. The degree of foreign as-
 ration has been measured in terms of the relative weight of companies with foreign collaboration in the total asset-
ing to each house (For detail see the note).

From the table, we can see that the houses which were lagging behind have been less active in securing foreign collab-
oration and the houses which appear to be advancing very fast have mostly done very well in matter of securing foreign co-
 ration. However, the indicator chosen to measure the degree of foreign collaboration is not very satisfactory, since the qu-
titative impact of any particular collaboration proposal on the operation of a business house cannot be measured by such a
method. The suggested correlation between the level of perform-
ance of an house and its degree of foreign association does,
however, imply any causal relation between the two and it w
### Rate of foreign collaboration of two different types of houses

<table>
<thead>
<tr>
<th>Degree of foreign collaboration of the house of 1st kind</th>
<th>Degree of foreign collaboration of the house of 2nd kind</th>
<th>Name of the houses of 1st kind</th>
<th>Name of the houses of 2nd kind</th>
</tr>
</thead>
<tbody>
<tr>
<td>52.6</td>
<td>15.8</td>
<td>Agarwal</td>
<td></td>
</tr>
<tr>
<td>56.0</td>
<td>69.3</td>
<td>Godrej</td>
<td></td>
</tr>
<tr>
<td>75.5</td>
<td>2.3</td>
<td>Malhotra</td>
<td></td>
</tr>
<tr>
<td>64.9</td>
<td>26.4</td>
<td>Mapadia</td>
<td></td>
</tr>
<tr>
<td>87.7</td>
<td>32.8</td>
<td>Protopal Bhogilal</td>
<td></td>
</tr>
<tr>
<td>72.6</td>
<td>3.6</td>
<td>Raunaq Singh</td>
<td></td>
</tr>
<tr>
<td>92.8</td>
<td>46.8</td>
<td>Somayia</td>
<td></td>
</tr>
<tr>
<td></td>
<td>62.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>38.0</td>
<td>Shapoorji Pallanji</td>
<td></td>
</tr>
<tr>
<td></td>
<td>19.1</td>
<td>Vissini</td>
<td></td>
</tr>
</tbody>
</table>

Source: Subhendu Das Gupta - A study of the collaboration behaviour of Indian Business Houses (mimeo) Centre for Study in Social Sciences, Calcutta.

Note:  
- a) asset of companies with foreign collaboration as % of total assets in the houses.
- b) 1st kind of house - which appeared on Monopoly Research list (MRU) of 1974 but not on Monopoly Inquiry Commission (MIC) list of 1964.
- 2nd kind of house - which appeared on MIC list of 1964 but not on MRJ list of 1974.
- c) A statistical significance test (tost) also shows significance difference between the groups at 1% level.
be too hasty to conclude that foreign association, per se has produced a better performance for some houses. There could be other reasons for this. Probably, these declining houses to diversify at proper time, did not seek entry into the most technologically intensive sector and therefore did not need foreign collaboration and ultimately could not grow fast.

We should take note of another interesting feature of collaboration practice of Indian business houses. For each of the houses, but for a few exceptions, the foreign technical collaborations have been confined only to bigger companies belonging to the house. Much higher sizes of the companies with foreign collaboration, than other companies without foreign collaboration, with these houses, indicate that these houses have gone for foreign collaboration in these industries which have higher capital intensive and sophisticated technological requirements.

Contradictions between foreign capital and two sections of the Indian bourgeoisie

On the basis of our above discussion, we can try to locate areas of contradiction between foreign capital and two sections of Indian capital; Firstly, let us identify areas of contradiction between Indian non monopoly capital and foreign capital.

So far as foreign capital operates on its own through diaries and branches, it becomes a part of the monopolistic...
The Indian corporate sector and its contradictions with non-monopoly capital, would be in substance and form of the same mature as have been shown to exist between Indian monopoly capital and non-monopoly capital. But such industries where non-monopoly capital can operate on its own, with its own technology and capital, would generally be less capital intensive, technologically less sophisticated and more standardised, and therefore would not provide such monopolistic advantage to foreign capital. Therefore, there would be very few industries, like match, soap etc. (mostly consumer goods industries) where such competition would prevail. The general preference of consuming masses for foreign brand names would act as a deterrent to non-monopoly capital's growth in such industries. Only if the State had been to help the non-monopoly capital by restricting the operations of foreign companies, it could have grown much faster. But, there is no evidence to suggest that the State has restricted to any significant extent the growth of foreign companies in such industries. Companies like Wimco, Hindustan Lever, Bata etc. have come to dominate such industries. There is no evidence to suggest that the State, through licensing and other policies, have really tried to cease out such dominant foreign companies. In fact, these companies have been accorded 'national treatment' as a result of the state policies contained in 1956 Industrial policy resolution.

But in modern and growing industries where capital intensity is much higher and technology required is much more complex,
the non monopoly capital can operate only through associating foreign capital and technology. Since the resources and strength of non monopoly capital is insignificant compared to large multinational firms, they have to accede a greater control to their foreign collaborations. And in general, their capacity to assimilate foreign technology, develop their own technology base and acquire a greater control over their enterprises are less compared to the monopoly houses and in fact there is no evidence to suggest that non monopoly capital in general has grown faster than monopoly capital, through its association with foreign capital. It should be however, noted that no extra-economic action on the part of foreign capital has compelled non monopoly capital to enter into a subservient relation with foreign capital but the very structure of the economy, dominated by monopoly, has impelled non monopoly capital to accept such a subordinate role for their survival. Therefore, contradictions between monopoly and non monopoly capital is much more basic to the determination of structure of the corporate sector than between non monopoly and foreign capital.

Let us now identify that sources of contradiction between foreign capital and Indian monopoly capital. There may be four areas of contradiction between foreign capital and Indian monopoly capital. These areas are -
control over technology (ii) access to international market
(iii) use of investible resources and (iv) control over the state.

Control over technology:

Monopolisation of innovative activities and technology resulting from them may be looked upon as the key to monopolistic power of international firms. The international market for technology is highly oligopolistic and few large multinationals almost dominate it. According to one report, out of about 3.5 million patents, only 200,000 or 6 per cent have been granted in under developed countries and, "only one-sixth of that 6 per cent is owned by nationals of the third world". 146/

Against this general background of a highly skewed international distribution in possession of technological information and know-how, we must evaluate the collaboration practice of Indian monopoly houses. Collaboration has been the most easily available way to obtain the required technology for expansion and diversification into new industries, for Indian monopoly and other business houses. It would be of interest to international firms to protect their monopoly control over technology and perpetuate the dependence of their collaborators in under developed countries. But the interest of their Indian partners obviously lies elsewhere. The smaller monopoly houses do not generally possess the required resource
base to assimilate the imported technology through their own activities and acquire their own technological base. 

But the large monopoly houses would try to progressively reduce their dependence on imported technology, not for their entire activities but only for those areas in which they have already imported technology. This reduction they could achieve by - (1) entering into collaboration agreements with less onerous terms (in particular, would refuse to enter into agreements which impose restrictions on the Indian partner to develop new product range based on the technology supplied by foreign firms; (2) by increasing the R&D activities for assimilating foreign technology; (3) by reducing import costs in products made through collaboration.

There is not much documentation to examine whether Indian monopoly houses have really differed much from their non monopoly counterparts in all these aspects. And we also cannot expect every collaboration agreements entered into by the Indian monopoly houses would be of some nature, since as nature of technology determines the nature of agreements. Many of the published agreements do contain restrictive clauses through which international firms may exercise absolute control over every aspect of products of not only existing products but also of the future products may be produced in the collaborating Indian firm. But, it is known what has been the fate of such agreements in practice. In one instance, we find that it is the Indian monopoly house which really determined the future course of the joint venture. In
Itse, Cummins, an international giant, has entered into a collaboration agreement with Kirloskar to set up a joint business venture for the manufacture of diesel engines. Fifty per cent of the equity of this firm was held by cummins and 25.5 per cent was held by Kirloskar Oil Engines. After some years the joint venture ran into difficulties. Cummins wanted to make the plant, established under the collaboration agreement, a single product plant. But Kirloskar wanted to use the idle capacity to service their own engines and produce parts of their own engine. In the ensuing conflict, "Com- ments management decided to go the Indian way and let Indian Manag- ement run the show". According to Jack Baranson, who has documented this conflict "(the) overriding consideration in the cummins decision was that it had little alternative but to go along with Indian preferences. (Since) Indian laws governing foreign enterprise favour Indian citizen, in any running encounter with industrial autho- rity the American partner would probably loose out". 148

In another agreement between Telco, a Tata firm and Daimler-Benz, for manufacturing trucks, it was stipulated: "On the expiration or termination of the agreement, Telco may continue production with the benefit of all technical information and experience acquired without the use of the Daimler-Benz name or trade mark in any manner." 149 And Telco now produces Trucks under its own brand name. It is difficult to assert the representativeness of such cases and a rigorous study with such perspective may provide the final answer. What is implied here is that the Indian monopoly houses do
possess the ability to become technologically independent in certain areas of production through their practice of collaboration, without necessarily being so in their whole range of activities.

Access to international market:

A stagnating home market has compelled the Indian economy to look for market abroad. The rising import bill and debt charges have been additional compulsive forces. The need for markets are more in the Indian monopoly sectors where excess city has been existing for a long time. Entry of Indian monopoly houses in the international market would run counter to the interests of international firms of developed countries, which had been competing the international market for manufactured products. The international firms may prevent the entry of Indian firms into the international market is to impose export restrictive clauses in collaboration agreements. From the RMI survey, it can be seen 52% of all agreements in minority enterprises had export restrictive clauses. The corresponding figure for pure technical enterprises was only 37%.

Among all kinds of restrictive clauses, we find the export clauses to be the most important one. The international capitalists in their effort to divide the international market among themselves impose these restrictive clauses, and thereby force the Indian capitalists to confine themselves in the Indian market alone.
May be expected to become an important source of conflict between the Indian monopoly houses and the metropolitan bourgeoisie.

(iii) Control over the state:

As technology is the trump card in the hand of metropolitan bourgeoisie, so is the control over the state in the hand of Indian monopoly houses. It is the Indian State which has tried to break the monopoly of foreign capital in some vital sectors of the economy like Petroleum, drugs etc. either by entering itself into these sector or forcing the foreign firms to Indian collaborators along with them.\(^{151}\) It may be true that the degree of overall control over the Indian economy exercised by foreign capital has not been substantially reduced, but the nature of dependence of the Indian economy on the metropolitan economy has definitely undergone drastic changes. India is no longer dependent on a single national economy for the supply of technology, capital as well as market for its export. The very fact that the Indian government has assiduously tried to develop links with the soviet block suggest that the state has acted in a way to reduce India's dependence on a single economic power. The policy of import substitution along with some restrictions on indiscriminate import of foreign capital has definitely helped the Indian bourgeoisie in general, and the monopoly houses in particular to grow at a faster rate than would have been possible otherwise.
Section IV: Concluding observations

We may now summarise the salient points of our above discussion.

1. Our discourse has been aimed mainly to lay down a framework for analysing the Indian bourgeoisie as a social class.

2. The principal feature of our framework is that we have tried to make a systematic enumeration of the contradictions that should form the necessary point of departure for undertaking such a class analysis.

3. The Indian bourgeoisie has not been looked upon as a homogeneous whole; rather it has been stratified into two sections, namely monopoly and non-monopoly bourgeoisie.

4. We have then studied the contradictions between the two sections of the Indian bourgeoisie and found that the essence of all these contradictions gets manifested in the policies which are discriminatory in favour of the monopoly section.

5. Finally there exists contradiction between the monopoly Indian bourgeoisie and the metropolitan bourgeoisie, although in many respects they share common interests as against the interests of the non-monopoly Indian bourgeoisie.
NOTES

   Samir Amin: Accumulation on a World Scale: 2 Vols.

3. Ibid loc. cit
4. Ibid loc. cit
5. I bid, loc. cit
6. About the evolution of 'World capitalist system' - See I. Wallerstein (op. cit)
11. Some of the current works falling in this broad spectrum are:
12. From Cardoso and Faletto (op cit) quoted in Gabriel Palma (op cit) p. 910.

16. Ibid.


19. Hazari (op. cit) p.5.


22. Ibid, p.165.

23. For the problem of a purely logical definition monopoly, Joan Robinson: The Economic of Imperfect Competition, Macmillan 1968, p.4-5.

24. By this criterion some of the monopoly houses included in the Monopoly Inquiry Commission (MIC) report cannot be considered as monopoly houses; for example the Naidu Group of South India.

25. See the MIC report for the distribution of turnover of various monopoly houses in different industries.

26. MIC report gives a list of the banks which were owned/controlled by the monopoly houses.

27. Peter Evans has described the relation between the Brass bourgeoisie with the metropolitan capital in such terms. See Peter Evans (op cit).

29. Ibid p.59


33. Ibid p.373.

34. For a description of various components of technology see Frances Stewart: Technology and Underdevelopment, Macmillan 1977.

35. For example in 1951, the weight of 'machinery and others except electrical machinery' in the Index number of industrial production was as low as 0.59. See Subramanian Swamy: Economic Growth in China and India 1952-1970, University of Chicago Press 1973 p.36.

36. See in this respect, Ashok V.Desai. The origin and Direction of Industrial Research and Development in India-Working paper No.84 Centre for Development Studies, Trivandrum. and also, A.V.Desai, "Research and Development in India" in Margin (NCAER, New Delhi) No.7 1975.

37. For the role of the bourgeois in shaping the State policies see Stanley Kochanek: Business and Politics in India Berkeley, California 1974.

38. About the import of technology in the post Independent era See: Machael Kidron Foreign Investment in India, Oxford University Press 1965.


41. 

42. See NCAER (op cit)

43. "So the mechanism which, according to the classical theorists, distributes the fruits of technical progress consists of a long term trend of falling prices and constant nominal income. This mechanism implies competition, or as they would perhaps have said, this mechanism is competition" from P.Sylwester, Oligopoly and Technical Progress, Harvard University Press 1969 p.123.

44. There are, however, some examples of price war in few, mainly consumer industries. And interestingly, it was foreign firms which emerged as dominant undertaking these methods. For example Hindustan Lever has been accused by Indian manufacturers of resorting to such practices, Kidron (op cit) p.214. Similarly WIMCO has acted in a similar in the match industry.

45. Shotty has written, "disproportionately large increase in the output of manmade fibres, beverages, perfumes and cosmetics, watches and clocks, finer varieties of cloth all signify the emergence of an output structure that was increasingly getting elite oriented" in S.L.Shotty: "The structural Retegression in the Indian Economy since mid-sixties" Annual Number February 1978 Economic and Political Weekly Bombay p.198.

6. A study in respect of Latin American countries thus noted, "51% of the firm gave 'brand name' consideration as one of the reasons for licensing thus implying entry into a 'quality-segment' of the market in which standards had been set by foreign firms and foreign imports" – L.K. Mytelka: "Licensing and Technology Dependence in the Aduan Group" in World Development Vol.6 No.4, 1978, p. 447-159.

7. As Baran and Sweezy have written, "In an economic system in which competition is fierce and relentless and in which the fewness of the rivals rules out price cutting, advertising becomes to an ever increasing extent the principal weapon of competitive struggle" – Baran and Sweezy (op. cit) p.120.


10. See N.K.Chandra: "Monopoly Legislation and Public Policy in India" in Economic and Political Weekly Special Number, August 1977. Chandra cites many examples of those restrictive trade practices that are actually practised.


14. Many of these complaints have been voiced in the bulletin of the Federation of Association of Small Industries in India (Fasii) See for example Fasii Bulletin, March 12, 1965, p.5; August 12, 1965, p.6.

58. Ibid.

59. For a description of the mechanism of such cartels and combines see E.A.G. Robinson: Monopoly, 1948.

60. Some of the earlier combines were Indian Sugar Mills Association (founded in June 1932) Similarly the Cereal Marketing Company was formed to regulate production on a quota basis see for the early history of these combines and cartels, Levkovsky (op cit), p.283-308.

61. See MRTP Enquiry No.80 of 1975.


63. Ibid.

64. For the importance of outside finance in the Indian monopoly houses see Aurobindo Ghosh: "Joint sector and 'Control' of Indian Monopoly" in Economic and Political Weekly June 8, 1978.


67. Reserve Bank of India: Survey of Small Engineering Units at Howrah However a latter survey concludes that external borrowings has become very much important for small scale industries too See "Financing of small scale industries - A profile" in RBI Bulletin April 1980, p.208-215.

68. See S.L. Shetty: "Deployment of commercial Bank and other Institutional credit" in Economic and Political Weekly, May 8, 1976 p.696-97. The figures for later years for large and small sector respectively are 1972-(39.9, 12.3), 1974-(42.9, 12.6)

69. See Financial statistics of Joint Stock Companies, RBI.

70. For a discussion of the inequality in the corporate sector the section VI, chapter 4 of my unpublished thesis - contradictions in the Indian society.
For details of the history of the licensing policy
See Industrial Licensing Policy Enquiry Committee
Report (LPIC): Department of Industrial Development,

LPIC Main report (op cit) See p.49.

Quoted from LPIC (op cit), Main report:

LPIC report Appendix III.

LPIC Main Report gives many such examples. See p.104-8.

The other reasons are mainly of technical nature like
lack of proper project report, delay in submission etc.

See Aurobindo Ghosh: "Investment Behaviour of Monopoly
Houses" in Economic and Political Weekly, October 26,
Nov.2, and Nov.9, 1974. Also see N.K.Chandra: Monopolies
and Industrial Licensing Policy part A and B(mimeo)

Aurobindo Ghosh (op cit) - EPW Nov. 2, 1979 p.1813-22

Aurobindo Ghosh, ibid.

See LPIC (op cit) Main Report p.93-4 and Vol III
Appendix IV-f.

Ibid p.93-94

Ibid, See Vol.III.

Ibid, for details of the scheduled industries see Appendix
I-A of LPIC report.

LPIC main report (op cit) p.66.

For these instances see Ibid p.53-60.

Ibid p.53-56.

For similar arguments see LPIC Main Report (op cit)

For the history of these financial institutions see
LPIC Report Vol. IV.

Quoted from LPIC Report (op cit) Vol IV.

Ibid.
91. Ibid.
92. Ibid.
93. Ibid.
94. Ibid.
95. Ibid.
96. Ibid.
98. Ibid p.49.
99. See the allocation in the annual report of Bengal Natl Chamber of Commerce, Annual Report, 1974.
102. See MIC report 1965.
104. See Table 4 a. of my thesis (op cit)
106. For the operation of foreign capital in India see Mich Kidron (op cit) and K.K. Subrahmanian: Import of capital and To Technology, A study of foreign collaboration in Indian Industry, People's Publishing House, New Delhi.
107. See section VI, Chapter 4 of my thesis (op cit)
108. For example, See B. Nagi Reddy: Indian Mortgaged, Hyd.
109. For example, recently it has been argued that Soviet Union also represent an imperialist force and the famous Chinese thesis is that the contradiction between America Imperialist forces and Soviet Imperialist forces represent the most important contradiction of the present day world.
110. Levkovsky (op cit) p.308-12.
Similar view about comprador bourgeoisie is largely prevalent in the Indian political circles. For a definition of national bourgeoisie in the context of advanced countries, see Nicos Poulantzas: classes in contemporary capitalism, pp. 70-71.

Quoted from Yen-P'ing Hao: The comprador in Nineteenth century China, p. 1-2.


For example Birlas were not Vanian, see Timberg (op cit), p. 162.

For this history see Stanley Kochaneb (op cit), p. 134-40. Also see Timberg (op cit), p. 156-67.


For the history of FICCI see Stanley Kochaneb (op cit).


124. For an account of this changing behaviour of Indian multipoly houses see Michael Kidron (op cit), Chapter 3.


126. Data regarding ownership patterns in selected countries showed that, "there is a strong preference for foreign direct investment to take the form of wholly owned subsidiaries and where this is not so, the second choice is for majority participation in most circumstances". M.Z. Brocke and H.L. Remmers: The Strategy of Multinational Enterprises, Longman, 1970 p.260-261.

127. For the description of this structural retrogression in the Indian Economy since mid-sixties see S.L. Shetty's article in EPW, 1978 (op cit).

128. For the real nature of these foreign loans and aid see Teresa Hayter: Aid as Imperialism Penguin Books 1974.

129. See Constantine V. Vaitsev Inter-country Income Distribution and Transnational Enterprises, Oxford University Press, 1974, p.68.

130. For the estimate of capital employed in subsidiaries, Foreign Collaboration in Indian Industry, Second Survey Report 1974, RBI Bombay. And for the estimate of capital employed by RBI sample companies, see Financial Statistics of Joint stock companies, RBI.

131. Ibid.


133. See LPIC Report (op cit) Vol.III, for the list of companies under the various industrial houses.
4. See W.G. Friedman & J.P. Beguin: Joint International Business Ventures in Developing Countries.


6. See RBI Survey on Foreign Collaboration (op cit)

7. Ibid.

8. Ibid and also Financial Statistics of Joint-stock companies, RBI.

9. Ibid.

10. For the history of this collaboration see Friedman & Beguin (op cit).

11. See LPIC Main Report (op cit), p.49, and Subhendu Dasgupta: Foreign Technical Collaboration in India Business Houses 1957-76, Quantitative Analysis (mimeo). Occasional paper No.28, Centre for studies in Social Science, Calcutta. We have depended mainly on the latter study since its gives collaboration figures for Indian Houses only. See Table 1, p.22 of this study.


13. Ibid p.25.


15. LPIC report gives instances, as in the case of Bata, Hindustan Lever, ICI, where dominant foreign companies were allowed to grow without any hindrance.


17. See NCAER (op cit)

149. Quoted from Friedmann & Kalmanoff (op cit) p. 466-470.

150. See RBI Foreign Collaboration Survey (op cit)

151. See Michael Kidson (op cit)