

HSS F375 - Assignment 1

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Question 1

Modern business, particularly in India, refers to business over the past few decades, leading up to the 21st century, up until today, where Indian businesses and firms have gone through massive changes.

One of the two main developments in the 'modern business' era include the government's move away from postcolonial '*Nehruvian*' socialism, which was a political movement in the 20th century, an integral part in India's struggle for independence. Socialism became immensely popular among groups in India like farmers and laborers as it benefited their cause against the princely class and castes. After Independence, several national government policies helped shape the move towards capitalism, more economic freedom, free markets, and hence, a market-based economy. The presence of a free-market economy caused business in India to have a sudden boom in the 90's, which was significantly different from, and possibly infeasible in the colonial period. In this decade, India transitioned from a socialist economy to one which encouraged international trade and investment, and formed global economic connections.

The other main developments were the technological advancements and the evolution of the Information-Technology industry in India. The IT Industry has increased

its contribution to India's GDP from 1.2% in 1998 to 7.7% in 2017. The push to digitize was prominent throughout the era of 'modern' business in India, but the pace with which companies are harnessing the power of technology, networking, and artificial intelligence to increase revenue, have a broader reach and gain new customers has especially escalated in the last decade, the 2010s. Almost all important sectors including banking and finance, e-commerce, governments, and retail have pushed to adopt technology. The 2010s have seen the rise of several 'tech' startups spanning several different sectors that have now become ubiquitous all over the country. Important examples include Swiggy and Zomato in the 'food and beverage' industry, Ola, Meru Cabs in transportation, Oyo and Treebo in the hotel industry, Makemytrip, Easemytrip, in the travel booking industry, e-commerce retail on websites like Flipkart and Ajio. Companies are also taking advantage of improvements in tech like GPS, IoT, and cloud computing and are increasingly focussing on cybersecurity and customer experience.

There are several methods we can adopt to study business history. One can look up the vast collection of historical business records of Indian companies - firms like Godrej have records dating back to the beginning of the 19th century. This data can help us understand how the history of the particular firm shaped out, what were the major turning points, good and poor decisions made, what technology existed in a particular period, and how and where the company used it. Further, We can try to dive deep and understand *why* people in the firm *made certain decisions at a given point in time*, and get a better understanding of the scenario - political and economical.

However, we also need to study the history of business as a whole, and not focus on particular companies. For this, it is beneficial to study how the political conditions changed over time. Government laws and policies, at least prior to the capitalist move, shaped the business and economic scene across the country. For instance, after independence up until the 90s, the Indian government laid out policies that played a strong 'directive' role, as opposed to a regular 'interventionist' role over a capitalist economy, hence following a doctrine of dirigisme. Studying the political conditions, especially those regarding international trade, taxation, public sector companies, etc gives us a good overview of the economic scenario at that time.

Godrej's business history archives can be found at <https://archives.godrej.com/our-collection>. The website has a wide collection of manuscripts, photographs, audio-visuals, printed material and more. Manuscripts are available all the way back from 1836 until today. These include paper documents containing key correspondence, business letters, writings, speeches, annual reports,

advertisements, product catalogs, sales and marketing literature, technical drawings, newspaper clippings, policy circulars, customer appreciation letters, etc.

Tata's business archives can be found at <https://www.tatacentralarchives.com/>. The archive houses documents and photographs dating back to the annual report of Jamsetji Tata's first venture, in 1875. The archive also includes multimedia documents (in the form of CDs) and Tata's memorabilia like awards and artifacts. According to a video by Tata, their central archive contains over 1.3 million records, the prints carefully and chemically preserved from wear and tear and natural calamities. Tata's archives also provide a peek into India's industrial revolution, through documents and even photographs, and also have letters of correspondence with Gandhi and other leaders during India's freedom struggle

Wipro stores the archives of all its press releases at <https://www.wipro.com/newsroom/>. The press releases, in contrast with Godrej and Tata date back only to 2008, but share almost all the important milestones, announcements, accomplishments of the company. There are articles about investments in Wipro, the company acquiring startup companies, new technologies developed by Wipro to be used by tech giants like Google, Salesforce, etc.

Hence, for large, particularly family-based businesses, we do have a plethora of data, articles, news, photographs to study dating all the way back to the 19th century. However, not all firms share such archives for their business history. Some firms are generally reluctant to grant access to their documents and archives and may charge hefty fees for researchers interested in publications about the firm. Also, there is little knowledge available about the unorganized sector - small businesses, traders, etc - about their methods, profits, etc, and how they changed their strategies with the changing political scenario - from colonialism to freedom.

Question 2

Shipper

In the context of the 18th century, a shipper referred to a person working in the transportation of goods via, mostly, waterways.

Transportation speed is an important factor for customer satisfaction, so one of the most important ways we would optimize profits as shippers in the 18th century is by making our ships faster and more durable, for instance, converting the sailing ships to modern, state-of-the-art ships to be able to deliver large quantities of goods across the seas and ensure that they reach their destination on time; otherwise, we might be overtaken by our competition, who might have faster ships. One way to achieve this is by upgrading to steamships, which made use of the recently developed steam engines and had a competitive advantage over sailing ships. This would further require a team of well-trained laborers who can easily fix the ships if they ever get damaged and would be able to build new ships from scratch to expand our fleet of ships.

Another important way would be to have ships *stationed at prominent ports* like Surat, where international trade flourished in the 18th century, and employ a crew of skilled sailors to maneuver the ships through rough seas and deliver the goods fast. We would also take advantage of our religious deposition to gain preferential treatment when dealing with traders that are from the Muslim empires in the middle east. Yes, all of these would require capital, but it would be a great investment in our shipping infrastructure which would benefit us in the long run. Our focus would be to expand our trading to Europe in order to diversify and stay relevant to the shifting tide of international trade ie. the decline of the empires in the middle east and the rise of European trade.

Having strong connections, especially with the British, would help in getting better contracts, which would further optimize my profits.

We would also try to advance in terms of technology to keep up with the European traders. We would try to emulate their technological advancements so that we are at par with them.

Broker

Almost all European firms operating in India worked through an Indian agent or broker, a person acting as an intermediary between 2 parties. In the context of 18th century India, brokers connected the British East India company to the hundreds of artisans, weavers and manufacturers residing in villages and working from home.

The most important quality as a broker is to *be aware* of the state of the market. This required experience, and intimate knowledge about manufacturers, their processes, their prices, their raw materials, the needs of the EIC, and their prices as well. This knowledge would extend to understanding what constituted a good product, and we would advise both parties about the quality of the product in hand.

To optimize profits, knowledge itself is not enough, and we would need to be proficient at the art of bargaining, '*jugaad*', not only with our parties, but also with chowkies and other tax collectors on the highways. It would also be important to take advantage of the existence of corruption.

The broker was responsible for enforcing contracts between the EIC and the villages. This hence required strong communication skills in a *multilingualistic sense*, and it was vital to form bonds with people from both parties to scale up our business.

We would try to specialize in certain advantageous trading opportunities in order to reduce transaction costs associated with the business which would help us in the short run by increasing efficiency and profit and in the long run it would help everyone involved by increasing the general volume of trade. We would try to create as much of a divide as possible between the shippers and the manufacturers so as to ensure that both have to go through us in order to make any exchange. This would help us to consolidate the trading thereby we'd be able to increase our profit margins.

We could also make maximum use of different values of currencies in different parts of the trade route. For instance, we could use the Mughal silver coin in North India more where it is significantly stronger than in South India and use copper coins down South.

Further, we could set up better security and hire guards to minimize the chances of robberies during the transport of goods. As the business expands we can also work between shippers and local tradesmen especially in local goods like cotton, silk and indigo to minimize transformation costs.

Manufacturer

In 18th century India, manufacturing was mainly confined to textile goods and handicrafts. A manufacturer refers to a person or a company that uses raw materials and creates a finished product.

One of the most crucial ways to improve profits is by having access to cheap labor, good, modern mechanical parts and proximity to established trading routes and regions that produce the raw materials we need. One of the best examples is Ahmedabad, which is close to the port town of Surat, the cotton production areas of Gujarat and Rajasthan and has access to cheap labor. A large proportion of people in India have always worked in the agriculture sector, however, this was never optimized, mainly due to the presence of 'excess' labor, having and paying wages to more people in the agricultural sector than actually required. We could hire such people on a large scale to the manufacturing sector, and offer them vocational training courses on manufacturing, using machines, and producing fine quality products.

An alternative to hiring cheap labor is to reduce the dependence on labor by purchasing and operating modern machinery. This would be a large, mainly one-time investment, and in general, machines would produce uniform products at a much faster rate than human labor, so this would benefit us later as we would easily maintain a steady supply of products.

One of the issues we noticed with the manufactures was that they were pigeonholed on a single trade at times so as a manufacturer we would try to *diversify* so as to ensure our capital if one of our undertaken trades were to fail.

Manufacturing good quality products would be key and would attract the attention of more brokers, which would give us access to better deals. It is of keen importance to us, manufacturers, to maintain good contacts with brokers, to whom we would sell our goods, but also as they have good connections among themselves, they would spread the business's name as far as possible. Having good connections with bankers and moneylenders is also necessary, so that they will lend us credit whenever needed.

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