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SWADESHI CAPITALISM IN COLONIAL BOMBAY*

Aashish Velkar

School of Arts, Languages and Cultures

University of Manchester

Manchester M13 9PL

Email: aashish.velkar@manchester.ac.uk

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ABSTRACT: This article examines economic nationalism in India, specifically the role of capitalists in late-colonial Bombay. The transformation of indigenous capitalist practices between 1860 and 1950 was rooted in *swadeshi* or indigenous manufacturing in India. The notion that Indian capital needed to be used for the benefit for Indian nationals became established as a nationalist thought by the 1930s. Such *swadeshi* capitalism - Indian capital for Indian industries - recasts the notion of *swadeshi* as a broader more sophisticated cultural response to colonialism and globalisation. The maturation of *swadeshi* capitalism during the political struggle for independence uncovers an important narrative concerning Bombay's commercial classes, their reasons for seeking political alliances initially with the colonials and subsequently with the nationalists, and their shifting preferences for India's integration with the global economy. This article is an effort to decolonise the narratives of modern capitalism by shifting the focus away from the global West. Novel archival material presents a fresh perspective on the contested role of capitalists in Indian nationalism. It will appeal to readers interested in South Asian history, and those interested in cultural responses to globalisation, the contested nature of economic nationalism, and histories of capitalism in the global south.

The *swadeshi* movement in late-colonial India was conceived as a vehicle for industrial development, an expression of nationalist ideals, and a socially engineered institution to galvanise mass support for political independence. The movement gathered momentum just as economic nationalism permeated the British empire more generally. For instance, the interwar 'patriotic selling' campaigns unleashed feelings of national protectionism within different parts of the empire.¹ *Swadeshi*, however, sought to channel nationalist sentiments to protest against being part of the 'British World' itself. *Swadeshi* had greater resonance with Indian consumers and successfully moulded a patriotic consumer culture by labelling

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¹ David Thackeray, 'Buying for Britain, China, or India? Patriotic trade, ethnicity, and market in the 1930s British empire/commonwealth', *Journal of Global History* 12, (2017), pp. 386–409; Felicity Barnes, 'Lancashire's "war" with Australia: rethinking Anglo-Australian trade and the cultural economy of empire, 1934–36', *The Journal of Imperial and Commonwealth History* 46, no. 4 (4 July 2018), pp. 707–30.

products as national as opposed to foreign.² The comparative longevity of *swadeshi* can be attributed to how it transformed from a simplistic call for ‘boycott’ of British goods to a cultural anti-globalisation response by Indian businesses, political elites and consumers alike.³ *Swadeshi*, as a form of economic patriotism, can be distinguished from similar expressions of nationalism within the Empire and dominions because it became a political and cultural phenomenon to secure both economic and political sovereignty.

During the 1930s, *swadeshi* (literally meaning ‘of one’s own country’) brought together disparate interest groups - capitalist, mercantile, nationalist, socialist, philanthropic, etc. in a tenuous alliance. Accordingly, the term *swadeshi* simultaneously referred to a way of protecting village crafts and those who derived their livelihood from them, as a form of economic non-cooperation and political protest, as a device for protectionism, as a standard that private enterprises had to meet, and so on. These, subtle variations to the *swadeshi* framing are detectable throughout the interwar period. Simultaneously, the notion that *Indian capital* needed to be used for the benefit for *Indian nationals* became established as a key principle within the nationalist thought by the 1930s. This principle also became a central tenet of post-independence development planning and protectionist policies. I refer to this notion - Indian capital for Indian industries - as *swadeshi* capitalism. By the 1940s, this form of capitalism legitimised the state’s protection of Indian capital and management of industrial investments as a strategic necessity for the nation’s development.

² Compare similarities with Chinese consumer culture around the same time; Karl Gerth, *China made: consumer culture and the creation of the nation* (Cambridge, MA, 2003).

³ Globalisation usually refers to some form of unrestricted international trade in capital and goods. As this article shows, many Indian capitalists supported some form of ‘regulated’ globalisation, whereas many Indian nationalists were vocally anti-globalisation.

The maturation of *swadeshi* capitalism during the struggle for political independence uncovers an important narrative concerning Bombay's commercial classes, their reasons for seeking alliances initially with the colonials and subsequently with the nationalists, and their shifting preferences for the extent to which the domestic economy was being integrated into the global economy. Bombay merchants had thrived on mercantile capitalism in the late nineteenth century.⁴ They prospered from the increased globalisation of the Indian economy revolving around the industrialisation of cotton and textile manufacturing (Section II). In contrast, the *swadeshi* capitalism of the 1930s and 1940s supported by the Bombay industrialists eschewed unbridled globalisation and sought to protect Indian capital from it (Section IV). This vision, as articulated in the so-called Bombay Plan of 1944, underlined the importance of indigenous capital for planned development and for the mediation of economic and social relationships.⁵ Alongside this transition to industry-based capitalism, we can also detect a hardening of economic nationalism that became intolerant of India's integration with the global economy. At its most extreme, this hard nationalism resulted in autarchic protectionism after 1950, a version of development policies that rejected engagement with Bombay capitalists and their version of *swadeshi* capitalism.

By situating the links between the Indian business community and the political leadership in colonial India within the context of *swadeshi*, the article examines how the politics of this period grappled with the notions of economic nationalism and planned capitalism. The intellectual clash between Friedrich Hayek and John Maynard Keynes regarding government 'interference' in the market provided a backdrop to similar debates

⁴ Lakshmi Subramanian, *Three merchants of Bombay: business pioneers of the nineteenth century* (New Delhi, 2016).

⁵ Purshotamdas Thakurdas et al., *Memorandum outlining a plan of economic development for India, parts one and two* (Harmondsworth, UK, 1945), hereafter *Bombay Plan*.

amongst various factions of Indian nationalists and socialists, thereby shaping the multiple approaches to economic planning in the 1930s.⁶ Even as leading Indian businessmen quizzed Keynes over the consequences of his monetary policies on India's fiscal sovereignty, colonial administrators were laying down the rudimentary infrastructure to aid a nascent form of economic planning in India.⁷ This article seeks to further excavate links between *swadeshi* non-cooperation, nationalism, anti-globalisation and economic planning. It does this by interrogating the role of Bombay's business classes in the context of the longer-term maturation of economic ideology and nationalism (Section III). In historicising *swadeshi* capitalism as a form of economic nationalism the article deconstructs the movement's discursive role in presenting itself as an amalgam of nationalist responses to colonial hegemony and economic globalisation. This narrative of *swadeshi* lifts the movement from its somewhat narrow confines of South Asian political history and connects it to the broader historiographical turn of decolonising capitalism. As section I shows, the article links the normally disconnected histories of nationalism and capitalism.

I

The term *swadeshi* was used by contemporaries to promote domestically manufactured goods as opposed to the consumption of imported products. However, when foreign firms with production facilities in India claimed their products too were *swadeshi* such a crude distinction became untenable. It politicised the problem of how to determine the legitimacy of *swadeshi* labelled products. Accordingly, *swadeshi* became linked to the extent of Indian

⁶ Medha M. Kudaisya, *Tryst with prosperity: Indian business and the Bombay plan of 1944* (Gurgaon, India, 2018), p. 78ff

⁷ Raghabendra Chattopadhyay, 'An early British government initiative in the genesis of Indian planning', *Economic and Political Weekly* 22, (1987), pp. PE19–29.

capital used in the manufacturing of a given product. Thus, *swadeshi* became a method of certifying the Indian-ness of products and was not just a political slogan for promoting the use of Indian made products.

The marriage of *swadeshi* and capitalism in India was not entirely disharmonious. Nationalistic space in colonial India - the very idea of India as a unified whole - was a site of economic conflict and violence, where contesting notions of economic prosperity collided, and where widely contrasting economic futures were imagined. Some, like Gandhi, looked into past history to spur their vision of a particular economic future (e.g. preservation of village industries). In contrast, Bombay capitalists envisioned a vastly different economic space requiring large amounts of capital for industrial development aided by ‘production of power and capital goods.’⁸ Western (to mean primarily English) economic thought, unsurprisingly shaped much of the economic homogenisation of colonial spaces in India, particularly with the introduction of state-issued paper currency and other monetary institutions.⁹ Indians, with a western education and familiar with ideas of economists such as Frederick List or John Stuart Mill challenged the colonial view of India’s political economy.¹⁰ Simultaneously, nationalists resurrected the vision of ancient (Hindu) versions of a political economy that allowed for a prominent role for a developmental state to provide an alternative trajectory for India’s future.¹¹ By marrying such nationalist imaginings to one where sovereign control over capital could be clearly established, the framers of *swadeshi*

⁸ *Bombay Plan*, 9.

⁹ Manu Goswami, *Producing India: from colonial economy to national space* (Chicago, IL 2010).

¹⁰ Mahadev Govind Ranade, *Essays on Indian economics*, 2nd ed. (Madras, 1906).; Dadabhai Naoroji, *Poverty of India: papers and statistics* (London, 1888).

¹¹ C. Vijayaraghavachariar, ‘Presidential address, Indian National Congress, 26 December 1920,’ reprinted in *Indian Annual Register* (Delhi, 1921), II, part III, p. 125.

capitalism hoped to transition India out of the colonial-era capitalism. Notwithstanding the recent material turn in the study of global capitalism, this alternative trajectory, and apparently anomalous nature of Indian capitalism, is worthy of historical excavation.¹²

Paradoxically, whilst *swadeshi*'s ideals promoted economic sovereignty, its practices required restricting several economic activities. Economic nationalism through restriction of particular economic freedoms is a distinguishing aspect of *swadeshi* capitalism. This form of capitalism sought to transcend the 'rule of contract law' that made the market a central aspect of imperial economic governance.¹³ Although the performative aspects of such rule may have been conceived to embed the market both as an object of colonial governance and as a stage for colonial politics, taming the market became a nationalist agenda in India, mirroring similar developments in late-Victorian Britain.¹⁴ Securing India's economic sovereignty through *swadeshi* capitalism involved replacing some market freedoms with a techno-legal framework to render indigenous capital manageable by the state for the benefit of Indian nationals through state intervention.

The attempts to shackle economic freedom and private enterprise was contested, especially by the big business interests who had historically benefitted by cooperating with the colonial state and the colonial production of market-based capitalism. Despite these tensions, by 1936, some Indian business leaders had aligned themselves with the Indian

¹² On Indian capitalism see Tirthankar Roy, *A business history of India: enterprise and the emergence of capitalism from 1700* (Cambridge, 2018); Nasir Tyabji, *Forging capitalism in Nehru's India: neocolonialism and the state, c1940-1970* (New Delhi, 2015); for material turn see Erika Rappaport, *A thirst for empire* (Princeton, NJ, 2019); Sven Beckert, *Empire of cotton: a global history* (New York, 2015).

¹³ Ritu Birla, *Stages of capital: law, culture, and market governance in late colonial India* (Durham, NC, 2009).

¹⁴ Paul Johnson, *Making the market: Victorian origins of corporate capitalism* (Cambridge, 2010).

National Congress political leadership. By the time the Bombay Plan was published in 1944, the alliance between the two groups institutionalised in the early attempts at economic planning.¹⁵ Thus, as *swadeshi*'s role to promote Gandhian self-sufficiency amongst the Indian masses faded by the 1930s, the *swadeshi* principle of protectionism and capital controls filtered into the various national plans that were drawn up between 1938 and 1944. These *swadeshi* principles were retained by the national planning process after 1950, although the planning process itself became opaque and disengaged from the Indian business community as a whole.¹⁶

The initial scepticism of the Bombay commercial classes regarding the *swadeshi* movement gradually transformed into a cautious support of the nationalist vision as they came to support planned development based on industrial rather than mercantile capitalism.¹⁷ This paralleled the reimagining of capitalist practices from a means to accumulate and control capital into a technocratically managed system where planned capitalism simultaneously ensured a greater degree of national economic sovereignty and a more orderly, equitable and productive use of capital. The realignment of both attitudes - political and capitalist - and visions of how planned capitalism should function for the benefit of Indian nationals was a long drawn out and contested process that co-constituted the nationalist and *swadeshi* movements during the 1930s. Political leaders struggled to temper the more extreme socialist demands to curtail the ability of private enterprises to profit from capitalism. In turn,

¹⁵ Kudaisya, *Tryst with prosperity*.

¹⁶ Partha Chatterjee, *The nation and its fragments: colonial and postcolonial histories*, (Princeton, NJ, 1993).

¹⁷ This is debated within the literature on planning. Some like Chibber remain sceptical about the 'support' from capitalists for planning, whilst others like Kudaisya present a contrary view. This article deviates from Chibber's interpretation. Vivek Chibber, *Locked in place: state-building and late industrialization in India* (Princeton, NJ, 2003); Kudaisya, *Tryst with prosperity*.

Bombay's industrialists were inherently suspicious of those socialist elements within the nationalist movement who sought to counter the resistance by businesses to any form of control. Mass civil disobedience, picketing, and boycotting of businesses suspected of selling foreign goods was not the best way to capture the political support of the commercial classes.

Swadeshi, as a form of economic non-cooperation, thus confronted the capitalist practices that Bombay's businessmen had developed during the nineteenth century. However, *swadeshi* also provided an opportunity for businesses to push back against the hardening of imperial policies that discriminated against the indigenous commercial interests.¹⁸ Ultimately, it was the British imperial policies in India which helped to overcome the mutual scepticism between the commercial and nationalist groups in India. The *swadeshi* brand of industrial capitalism that emerged in the 1930s was distinct from the mercantile *swadeshi* capitalism of the nineteenth century. However, where the *swadeshi* response to colonialism was steeped in politics, the development planning process that inherited the *swadeshi* protectionist principles became increasingly technocratic and disengaged from the capitalists after 1950.

II

Historicising the distinct forms of indigenous capitalism reveals a range of different attitudes of Bombay's commercial classes with regards to the capitalist integration of India into the global economy. By the end of the nineteenth century, Bombay had become a major metropolis and industrial hub that, more than Calcutta, Surat or Madras, further integrated India into the global economy. Cotton trading and later the cotton textile industries were the

¹⁸ B. P. Adarkar, 'Tariffs and Fiscal Policy', *The Annals of the American Academy of Political and Social Science* 233, (1944), pp. 141–45.

fulcrum of this rapid transformation, which happened within a matter of generations.¹⁹ Indian merchants and entrepreneurs forged close links between trade, industry and finance that proved crucial in sustaining industrialisation beyond the nineteenth century. The changing structure of internal and foreign trade played an important role in Bombay's ascendancy, especially since foreign trade gravitated towards this region away from Calcutta. With the establishment of the Bombay Presidency, a highly centralised province within the colonial possessions in western India, the physical and urban infrastructure that developed within the island city transformed it into a metropolis of political and economic importance.²⁰

Indian intermediaries were prominent in the nexus of capital that connected trade, manufacturing and finance within the city, enabling capital to move seamlessly between private commercial and public infrastructure activities. The interconnections are most evident in the case of the cotton industry, where financial capital moved from cotton trading into textile manufacturing due to the intermediation of Indian stockbrokers. Contemporaries, such as Dinshaw Wacha, a millowner and local politician, recalled the heady days of speculation in cotton futures in the early 1860s, when, encouraged by the rising demand for Indian raw cotton due to the American Civil War, traders such as Premchand Roychund and his associates actively moved into brokerage of company stocks.²¹ Roychund was an enigmatic figure, who also represented the financial interests of Europeans and European banks feeding the speculative bubble around cotton trade in the region as well as real estate development on

¹⁹ Rajnarayan Chandavarkar, *The origins of industrial capitalism in India: business strategies and the working classes in Bombay, 1900-1940* (Cambridge, 2002).

²⁰ Chandavarkar, *Origins of industrial capitalism*, pp. 25-27; Prashant Kidambi, *The making of an Indian metropolis: colonial governance and public culture in Bombay, 1890-1920* (Aldershot, 2007).

²¹ Dinshaw Wacha, *Premchund Roychund: his early life and career* (Bombay, 1913), p. 53.

the island city.²² Roychand's various speculative activities enabled both foreign capital, such as that managed by the Asiatic Banking Corporation, the forerunner of numerous financial institutions set up during this period, and the wealth derived from the cotton broking business to fuel the 'mania for share speculation.'²³ In the ensuing financial crash of 1864, Indian businesses run by Parsi traders such as Nowrosjee Wadia (who established Bombay Dyeing) and Jamshetji Tata (who had set up Alexandra Mills) survived by spreading risks and investing in textile manufacturing. Similarly, Ardeshir Godrej set-up his lock manufacturing business with a sum of Rs 5,000 he borrowed from Merwanji Cama, whose family had become wealthy through real estate speculation in Bombay. More generally, the Parsi community had benefitted from British rule from the early days of the EIC in the seventeenth century, an association that had transformed their economic, political and social status in western India and especially in Bombay.

The 'joint enterprise' of the colonial government along with Indian and European mercantile capital also produced a distinctive urban infrastructure that, although serving different interests, aided the economic and industrial interests of both the Indian and Anglo-European communities.²⁴ The ill-fated Backbay Reclamation Company, in which the equally feckless Asiatic Banking Corporation invested a substantial amount of capital on the recommendation of Roychund, was only one of about a hundred such land reclamation and real estate development companies floated at the time. The Backbay Reclamation Company, like its other contemporary the Elphinstone Land Company, had not been a speculative venture to begin with. These enterprises had responded to the increasing need to

²² Subramanian, *Three merchants*.

²³ Wacha, *Premchund Roychund*, pp. 53, 62, and 68.

²⁴ Preeti Chopra, *A joint enterprise: Indian elites and the making of British Bombay* (Minneapolis, MN, 2011).

accommodate the ‘first tide of labour immigration’ into the city after c1858.²⁵ They were also established to meet the land-hungry expansion of the railway corporations.²⁶ Such improvement projects were conceived to be carried out by the ‘pioneers of public works by private enterprise’ into which both Indian and European capital was invested, demonstrating the close links between Bombay capitalists and the colonials.²⁷

The nexus of capital that connected trade, finance and manufacturing in Bombay was also accompanied by the proliferation of an indigenous middle class. The ascendancy of this class, fraught with contradictions and ambivalence, was predicated on a series of concomitant developments, both economic and political in nature.²⁸ The commodification of agriculture, mechanisation of industries, reorganisation of banks and financial markets, introduction of British company law and a British-inspired legal system into India attracted up-country merchants to metropolitan cities such as Bombay and Calcutta. It further encouraged the growth of entrepreneurial groups that benefitted from the nexus of capital that formed around the metropolitan networks. The middle classes were overwhelmingly drawn from such mercantile and industrial groups. However, the existence of the vernacular educated classes who remained distinct from the commercial classes complexifies the nature of the Indian middle class in this period. The political and cultural gulf between such different middle-class groupings would become significant after c1905. In Bombay, the wide gulf between the English- or Marathi-speaking educated middle class and the predominantly Gujarati-speaking

²⁵ Dinshaw Wacha, *Shells from the sand of Bombay: my recollections and reminiscences 1860-1875* (Bombay, 1920), p. 470.

²⁶ Dinshaw Wacha, *Rise and growth of Bombay municipal government* (Bombay, 1913), p. 14.

²⁷ Wacha, *Shells from the sand*, p. 470; Chopra, *A joint enterprise*.

²⁸ Sanjay Joshi, *The middle class in colonial India* (New Delhi, 2010), pp. xv-xvi; Claude Markovits, *Merchants, traders, entrepreneurs: Indian business in the colonial period* (Basingstoke, 2008), 172-173.

commercial classes spilled over from local politics into national politics once *swadeshi* in the form of boycott began to gain traction.²⁹ To complicate matters, the Gujarati-speaking Parsi community (who were distinct culturally and religiously from the Gujarati-speaking *bania* merchants) had historically been able to straddle racial boundaries. They traded with and produced for both Indian and colonial consumers. Godrej's soaps had a substantial following within the Indian community where his 'vegetable' soaps appealed to Hindus who rejected soaps made from animal fats. Equally European consumers consistently rated his soaps equal to any manufactured by foreign firms or imported into India. Nonetheless, as the political, social and cultural transformations in India began to reflect the concerns and contradictions of the middle classes, the relations between the middle class and the subaltern groups whose interests they claimed to represent displayed an uneasy relationship between class and caste.³⁰ As the growth of this middle class came to be reflected in the range of consumer industries that were established in India, the concerns of these businesses and its middle class consumers constituted the politics of *swadeshi* nationalism.

With its unequivocal demand for economic autonomy, the *Swadeshi* movement, inspired by Rabindranath Tagore's Bengali renaissance, provided a coherent platform for the nationalist critique of colonialism. Although it was Curzon's Partition of Bengal in 1905 that led to 'the greatest anti-British upsurge in India since 1857', pockets of resistance had existed before 1905.³¹ The vision promoted by the economic nationalism of *swadeshi*, in the form of boycott of British products ultimately coalesced around a range of nationalist and cultural organisations. This coming together of the various manifestations of nationalism gave

²⁹ Kidambi, *Making of an Indian metropolis*, pp. 194-7

³⁰ Joshi, *The middle class*, p. xlviii; Maria Misra, *Vishnu's crowded temple: India since the Great Rebellion* (New York, 2007)

³¹ Jon Wilson, *India conquered: Britain's Raj and the chaos of empire* (London, 2016), p. 372.

substance to a national economic space and the various political platforms to secure its autonomy.³²

Nationalistic attitudes had germinated a marriage between Indian traditions, and science and technology earlier in the nineteenth century. Prafulla Chandra Ray, who established Bengal Chemical and Pharmaceutical Works (BCPW) in 1893, adapted western approaches to manufacturing pharmaceutical products, to promote *Deshiyio Oushad* or indigenous medicine.³³ This *swadeshi* spirit of combining indigenous enterprise, local traditions and western technologies was also present amongst nineteenth-century Bombay entrepreneurs. Godrej's innovative techniques to manufacture his 'vegetable' soaps and his patented series of safety locks and burglar-proof safes, borrowed western manufacturing techniques (such as mechanisation) but produced for a local market that was immersed in Indian tradition. His soap manufacturing process, developed by Godrej himself, was chemically sophisticated in terms of its use of refined vegetable oils, free of alkalis and used no animal fats at all. To an orthodox Hindu middle class this was instantly appealing, given their aversion to using imported or locally produced 'western style' soaps made from animal (and at times human) fat.³⁴ Godrej's efforts to produce his *swadeshi* soaps (established 1920) had its origins in the Bombay *swadeshi* movements instigated by B G Tilak who became an ardent advocate of nationalism in the form of boycott of British goods.³⁵

³² Goswami, *Producing India*, p. 251.

³³ Pratik Chakrabarti, 'Science and swadeshi: the establishment and growth of Bengal Chemical and Pharmaceutical Works, 1893-1947', in Uma Das Gupta, ed., *Science and modern India: An Institutional History, c.1784-1947: Project of History of Science, Philosophy and Culture in Indian Civilization*, vol. XV, Part 4 (Delhi, 2011), pp. 117–142, at p. 128; Omkar Goswami, 'Sahibs, babus, and banias: changes in industrial control in eastern India, 1918–50', *The Journal of Asian Studies*, 48 (1989), pp. 289–309.

³⁴ B. K. Karanjia, *Vijitmatma: founder pioneer Ardeshir Godrej* (New Delhi, 2004), pp. 87-89.

³⁵ Karanjia, *Vijitmatma*, p. 84; Babu Aurobindo Ghose, *Bal Gangadhar Tilak: his writings and speeches* (3rd edition, Madras, 1922), pp. 373 and 376.

Not all Bombay merchants and industrialists welcomed Tilak's firebrand nationalism and his establishment of the *Swadeshi Vastu Pracharini Sabha* (Society to Promote the use of Swadeshi Goods). The society's activities to eschew the use of imported manufactures and instead encourage the use of indigenously manufactured articles were generally ignored by local textile mill owners. The mercantile elite of the Bombay Presidency Association could barely tolerate Tilak: this feeling was reciprocated by Tilak.³⁶ Other industrialists, such as Ratan Tata, supported Tilak by becoming directors of the Bombay Swadeshi Cooperative Stores in 1905. But the nature of local racial, class, and religious politics meant that many non-Hindu communities and prominent Hindu merchants stayed away from the Bombay *swadeshi* movement.³⁷ Tilak's message of *swadeshi*, however, resonated with the city's Marathi- and Gujarati-speaking lower middle classes 'especially small merchants, shopkeepers, teachers, and journalists.'³⁸ The Bombay *swadeshi* movement began to unravel by 1908, until it was resurrected by the return to India of Mohandas Karamchand Gandhi from South Africa.

By drawing on a variety of national and international ideologies of nationalism, Gandhi sought to popularise a particular *swadeshi* style based on khaki or homespun cloth. It was different from the science inspired *swadeshi* manufacturing of Ray or Godrej. Through his Satyagraha Ashram (established 1917) as well as other organisations such as the All-India Khaddar Board and the All-India Spinners Association, Gandhi sought to promote *swadeshi* politics with a view to establishing India's economic autonomy and to attain *swaraj* (self-

³⁶ Ghose, *Bal Gangadhar Tilak*, p. 173; Kidambi, *Making of an Indian metropolis*, p. 195.

³⁷ Kidambi, *Making of an Indian metropolis*, pp. 195-198; Sumit Sarkar, *Modern India 1885-1947* (New York, 1989), pp. 132-33.

³⁸ Kidambi, *Making of an Indian metropolis*, p. 197.

government).³⁹ Given that cloth could ‘evoke power symbols of community and right conduct’ due to its historical role in India’s society, *swadeshi* based nationalism, symbolised through the act of using hand-spun cloth made in India, united a fairly heterogeneous population towards political dissent.⁴⁰ Gandhi had intended the use of homespun cloth to be more than merely symbolic. He sought to use the act of spinning to become a ‘creative’ (i.e. productive) and communal act uniting village-based local economies.⁴¹ The Indian National Congress (INC) did not entirely share this vision, although they did support Gandhi’s Non-Cooperation resolution of 1920 that envisioned *swadeshi* as a route to *swaraj*. Gandhian *swadeshi* also enabled women to actively engage in economic non-cooperation, either through private acts (such as promising not to buy articles made of foreign spun cloth) or public political acts (such as picketing shops selling foreign cloth under the banner of organisations such as the Desh Sevika Sangh (Women’s National Protection Association)).⁴² Whilst the practical role of Gandhian *swadeshi*, like its earlier Bengali incarnation, on the actual attainment of political independence in 1947 is questionable, the *swadeshi* principles survived these early attempts and became institutionalised in the form of both an anti-colonial, and anti-globalisation critique.

³⁹ Lisa N. Trivedi, *Clothing Gandhi’s nation: homespun and modern India* (Bloomington, IN, 2007).

⁴⁰ C. A. Bayley, ‘The origins of swadeshi’, in Arjun Appadurai ed., *The social life of things: commodities in cultural perspective*, (Cambridge, 1988), pp. 285–322, at p. 285.

⁴¹ Bayley, ‘Origins of swadeshi’, p. 309; Anonymous, *Cent per cent swadeshi or the economics of village industries* (Ahmedabad, India, 1938).

⁴² Desh Sevika Sangh to Motilal Nehru, 14 May 1930, Nehru Memorial Museum & Library (hereafter NMML), All India Congress Committee (hereafter AICC) File G-150; ‘Weekly Reports,’ NMML, AICC File 6.

As *swadeshi* developed into a particular form of ‘patriotic duty’ of every Indian - whether producer or consumer - the discursive practices surrounding *swadeshi* changed between 1920 and 1934. The institutionalisation of *swadeshi* as a demonstrative form of economic nationalism morphed from the somewhat straightforward ‘protection’ of village crafts and Indian manufacturing to a more complex array of criteria defining the term. This complexification was a response to the fluid economic environment of the interwar years as well as the practical issues of organising economic non-cooperation at a massive scale throughout the country. *Swadeshi* was never intended to be restricted only to textile piece-goods or the production of hand-spun cloth. Gandhi’s ‘cent per cent swadeshi’ embraced protection of village production of many essential commodities such as sugar.⁴³ When the INC invoked the language of *swadeshi*, it was to include the protection of virtually all ‘power driven’ domestic industrial sectors, which for Gandhi were just as undesirable as competition from foreign manufacturers. Nonetheless, the nationalists as well as the commercial classes soon realised that the simple distinction between ‘Indian-made’ and ‘foreign-made’ was insufficient and did not necessarily discriminate in favour of Indian capital and enterprise. Framing *swadeshi* products as ‘goods produced in India’ as opposed to imported goods was both too simplistic and counterproductive. From such debates a definition of *swadeshi* that incorporated ownership of capital by Indians emerged in 1931.

The INC’s Boycott Resolution of 1923 made economic non-cooperation an integral part of the nationalist *swaraj* movement by connecting boycott of British made goods to the ‘triple boycott’ of British-run legislative councils, law courts and schools/colleges. Economic

⁴³ *Cent Per Cent Swadeshi*, pp. 9-10.

non-cooperation became a 'principal (economic) weapon in the fight for *swaraj*.'⁴⁴ The framers of the resolution, including Motilal Nehru, Subhash Chandra Bose, Vithalbhai Patel and J N Mehta, were cognisant that economic non-cooperation was not going to be a 'simple proposition' but wanted to build upon the 'success' of Gandhian *swadeshi* that had popularised the notion that India could be 'self-contained' in manufacturing terms.⁴⁵ Consequently, the INC called for the 'immediate boycott' of about twenty-seven product categories and the simultaneous promotion of Indian made goods in these categories. The economic context surrounding the 1923 Boycott Resolution was the resumption of manufacturing imports into India following the wartime hiatus between 1914 and 1919. The list of 'boycottable' commodities in the resolution contained a mixture of 'undesirable' products - such as liquors, wines and alcohol - as well as products aimed at the consumerist middle class such as textiles, soaps, furniture, glassware, toys, cutlery and shoes. Economists such as Maneklal Vakil reckoned that economic non-cooperation was an effective way to achieve fiscal autonomy, and was a legitimate 'political weapon to put pressure on an opponent.'⁴⁶ Indeed, the 1923 resolution had claimed that boycott of British goods in India was just as legal as the British and French boycott of German goods had been during the war.⁴⁷

The nationalists thus visualised economic non-cooperation both as a voluntary act by an individual and as a social act organised through national political protests. Consequently, organising *Swadeshi* meant institutionalising the concept in particular ways in addition to

⁴⁴ 'Report of the Boycott Committee, Indian National Congress,' reprinted in *Indian Annual Register* (Delhi, 1923), Vol I, p. 112.

⁴⁵ 'Report of the Boycott Committee,' p. 109.

⁴⁶ Maneklal Vakil, *Boycott of British goods and foreign cloth* (Bombay, 1930), p. 14.

⁴⁷ 'Report of the Boycott Committee,' p. 109.

mobilising mass support for it at the grassroots level. Jawaharlal Nehru was convinced that that boycott activities needed to be backed up by an efficient nationwide organisation and ‘well-thought out schemes to achieve economic effects.’⁴⁸ The appetite to take direct and coordinated action against the commercial classes who were not cooperating with organised boycott had crystallised within India’s political leadership.

Boycott of and propaganda against the use of foreign cloth was an issue around which mass opinion could be mobilised at a local level more easily than boycott of other foreign consumer and industrial goods. In 1928, the INC established central and provincial boards to coordinate and organise boycott activities across India. The Central Board was set up with a dual aim to boycott the Indian Statutory Commission (also known as the Simon Commission) as well as to promote boycott of foreign cloth.⁴⁹ Nonetheless, many senior party functionaries, such as Sarojini Naidu, were sceptical about how such a strategy would work in practice.⁵⁰ Local boycott activities, unsanctioned by the boards and which often descended into picketing of businesses and confiscation of suspected foreign cloth, only alienated already sceptical local businesses.

The *swadeshi* goal to combine economic non-cooperation (boycott) and encourage domestic manufacturing industries had unanticipated consequences when colonial protectionist duties prompted several foreign firms to establish manufacturing facilities in India. Indian entrepreneurs were not the main beneficiaries of the colonial government’s increasingly protectionist policy towards industry in India.⁵¹ The creation of the Tariff Board

⁴⁸ Nehru to Subash Chandra Bose, 15 Mar. 1927, NMML, AICC File G-48.

⁴⁹ NMML, AICC File G-64.

⁵⁰ Ibid.

⁵¹ Before 1920, the government in India followed a policy of ‘absolute laissez-faire’ with tariff policy governed by the ‘wishes of English manufacturers.’ Dhananjaya Ramchandra Gadgil, *The industrial evolution of India in recent times* (Bombay, 1938), p. 310.

in 1923, following the 1921-22 Fiscal Commission, initiated a policy of ‘discriminating protection.’⁵² An increase in the general tariff to 15%, levied strictly for revenue purposes, amounted to *de facto* protection, but were accompanied by higher tariffs in select industries. The main beneficiaries of tariff reforms were large foreign companies who transferred small parts of their productive capacity to India.⁵³ Indian economists at the time complained how ‘a very large proportion of Indian industry is still controlled by external capital and the control of this capital has become an important problem, especially since the policy of protection has been accepted.’⁵⁴

During 1930 and 1931, as many businesses began to feel the deleterious effects of economic depression, INC received several complaints from small businesses that the combination of boycott and protectionism at times worked against their interests. A clearer definition of *swadeshi* products became more urgent once the colonial government introduced tariff reform and protectionist duties gradually after 1923. The case of the match industry in India illustrates these issues stemming from the intersection of protectionist duties introduced by the Tariff Board, *swadeshi* propaganda by the INC and the shifting preference of Indian consumers to buy locally manufactured products. During the 1920s, the Swedish Match Company (SMC) had been increasing its investment in production facilities in India.⁵⁵ The multinational was gradually able to replace its imports of matches into India with increased production from domestic factories allowing it to capture a greater share of the Indian market (figure 1). SMC had effectively edged out the Japanese firms from the Indian

⁵² F. Lavington, “The Indian Fiscal Commission, 1921-22.” *The Economic Journal*, 33 (1923), pp. 51–59; Adarkar, ‘Tariffs and Fiscal Policy.’

⁵³ Claude Markovits, *Indian business and nationalist politics 1931-39: the indigenous capitalist class and the rise of the Congress Party*, (Cambridge, 2002), p. 59.

⁵⁴ Gadgil, *The industrial evolution*, p. 330.

⁵⁵ SMC was an international conglomerate dominating the global match industry.

market, whilst out-competing the small scale Indian businesses making matches.⁵⁶ Indian businessmen complained the company's allegedly 'unfair competition' during the hearings before the Tariff Board, such as the testimonies by Ahmed Fatehully and Adamjee Hajee Dawood who owned match manufacturing facilities in Bombay.⁵⁷ Between 1922 and 1928, the SMC had increased its share of the domestic market from 24% to 44%. Following tariff reforms, its continuing strategy to expand domestic manufacturing allowed it to command a 58% share of domestic consumption by 1932.⁵⁸

Figure 1:
Market Share of Swedish Match Company (1922-1938)

Source: Based on Modig, *Swedish match interests*, Table 8

⁵⁶ Hans Modig, *Swedish match interests in British India during the interwar years*, William Christopher Barrett, trans. (Stockholm, 1979).

⁵⁷ *Report of the Indian Tariff Board regarding the grant of protection to the match industry* (Calcutta, 1928) hereafter ITB Report;

⁵⁸ Modig, *Swedish match interests*.

Complicating this situation was the fact that SMC claimed that its matches were *swadeshi* since they were not on the banned list of foreign products issued by the INC. The Indian Match Manufacturers' Association vociferously complained to INC about SMC's *swadeshi* claims. The association's representative urged INC

'to counter the wrong statement of [SMC] that matches manufactured in India by the Swedish factories under Swedish control with foreign capital are swadeshi goods [and clarify] if under Congress definition and standard [the] matches manufactured in India by the Swedish capitalists are Swadeshi or not'⁵⁹

Such squabbles illuminate the contested nature of *swadeshi*'s economic geography. The Indian Merchants Chamber (IMC), Calcutta, as well as the Bombay Provincial Congress Committee reported on the 'hardships' that Indian manufacturers faced as products made in India using foreign capital were being branded *swadeshi*.⁶⁰ As Indian firms lobbied INC to clearly establish the criteria for firms claiming to manufacture *swadeshi* products, the party struggled to address this problem in many sectors, such as tea. Nationalists began to boycott tea packaged and sold by foreign firms such as Brooke Bond, even as the Indian Tea Cess Committee (a British association) claimed that all teas produced in India were *swadeshi*. Exhibitions promoting Indian teas featured 'swadeshi' brands by both Indian and foreign owned packers and distributors.⁶¹ The Swadeshi Tea Distribution Company from Jalpaiguri questioned whether tea produced on estates owned and managed by British firms could be claimed as being *swadeshi*, whereas the Swadeshi Mart in Jamkhandi wanted the INC to declare the Belapur Sugar Company to be 'semi-swadeshi' as a substantial proportion of its

⁵⁹ Rai to Motilal Nehru, 5 Oct. 1930, NMML, AICC File G-48.

⁶⁰ IMC to AICC, 24 Sept. 1931, NMML, AICC File G-180; Bombay Provincial Congress Committee memo, 22 Oct. 1931, NMML, AICC File G-180.

⁶¹ Rappaport, *Thirst for empire*, pp. 255-6.

capital was 'foreign-owned'.⁶² Chand Brothers, retailers and distributors of tobacco products, complained that the Imperial Tobacco Company that had begun manufacturing cigarettes in India were claiming that their products were *swadeshi* as they were 'purely Indian.'⁶³ Bombay capitalists, too, feared that 'the increased attachment of Indian public to *swadeshi* goods may lead to exploitation of the purchasing public' by foreign firms unless there was a 'proper check' of products and firms claiming to be *swadeshi*.⁶⁴ On the whole, Indian businesses - small and large - welcomed protective duties on imports of manufactures by the colonial government, but they were restive about the fact that the boycott movement had led foreign firms to claim that they were manufacturing *swadeshi* products.

Certifying authentic *swadeshi* products and discouraging untruthful claims in advertising became integral to the institutionalisation and organisation of *swadeshi*. Voluntarily co-opting themselves into the *swadeshi* ecology, many small- and medium-scale businesses sought to be on approved lists compiled by the INC and its local affiliates. Manufacturers and traders, especially dealing in cotton textiles and cloth, signed *swadeshi* pledges to ensure they were not targeted for boycott. The party received scores of letters from small businesses seeking 'certificates' to show they were not on the boycott list.⁶⁵ INC was thus inundated by declarations and pledges, invitations for *swadeshi* promotions, clarifications of criteria for meeting the *swadeshi* standard, and requests for certificates. Local party functionaries and affiliated *swadeshi* organisations also wanted clarification about who could issue these certificates and compile lists of approved businesses and products. The Mahila Satyagraha Samiti (a women's organisation) sought clarity on whether

⁶² Swadeshi Mart to Motilal Nehru, 19 May 1930, NMML, AICC, File G-150.

⁶³ M/s Chand Brothers to AICC, 18 June 1930, NMML, AICC file G-48.

⁶⁴ FICCI to Motilal Nehru, 31 May 1930, NMML, AICC File G-150.

⁶⁵ 'Correspondence regarding boycott', NMML, AICC File No G-177.

they could inspect shops and certify them as '*swadeshi* selling shops.' Meanwhile, there were several reports of overzealous supporters entering shops to inspect without authorisation.⁶⁶

The Bombay Provincial Congress Committee in contrast reported their inability to systematically inspect businesses and supervise local *swadeshi* activity: the situation is 'hopeless' claimed one internal memo.⁶⁷

INC thus found itself boxed in and pressured on how it intended to resolve this issue of establishing genuine *swadeshi* and identifying spurious *swadeshi* products. Compiling lists of approved firms was closer to the party's political aims of boycott rather than certifying individual products and inspecting shops and factories where they were produced or sold. Boycott lists could also be used to pressure individual businessmen to align them with INC's objectives, or at least to bring them to the negotiating table if nothing else. Local *swadeshi* organisations and party functionaries could use these lists to picket commercial premises of firms suspected of dealing in foreign goods.⁶⁸ Organisationally, lists of approved businesses, especially within the textile industry, was something that the party could effectively achieve, and they had considerable symbolic and practical value. The view that emerged within the INC leadership was that other strategies of organising *swadeshi*, such as compiling catalogues and holding exhibitions for other commodities, needed to be delegated to local leagues. Accordingly, the central INC committee confirmed that it would not issue certificates and that the local leagues could issue them if they wanted. Instead, the central party would continue to compile lists of approved and banned businesses, focussing mainly on the textile industry. Other businesses, such as the Bikaner Glass and Pottery Works were

⁶⁶ Cloth merchants of Agra to Motilal Nehru, 19 May 1930, NMML, AICC File G-150.

⁶⁷ Bombay Provincial Congress Committee memo, 22 Oct. 1931, NMML, AICC File G-180.

⁶⁸ Nehru to Bose, 15 Mar 1927, NMML, AICC File G-48; Patna Congress Committee to AICC, 27 Nov. 1931, NMML, AICC File G-179.

directed to be included in the *swadeshi* directories, such as those published by the Bombay Swadeshi League.⁶⁹

Through these discourses emerged the consensus view that *swadeshi* products needed to be defined on the basis of ‘Indian-ness’ of the capital used by the businesses who manufactured these products. Agreement over this *swadeshi* standard was the result of intense negotiations between nationalists, capitalists and the business community at large. Eventually, the principle that any product claiming to be *swadeshi* needed to be manufactured using capital managed by Indians was generally accepted by most. With G D Birla mediating between the INC and the textile millowners, about 250 mills signed a declaration in 1931 agreeing that at least 75 percent of the mill’s capital was to be held by Indians.⁷⁰ Mills signing this declaration included both ‘Indian’ businesses, such as Swadeshi Mills managed by the Tatas, as well as ‘non-Indian’ mills such as businesses managed by ED Sassoon & Co. and James Finlay & Co. The directory in which the names of the businesses signing this declaration appeared also listed more than 40 businesses to be boycotted as they were not amenable to INC’s demands. The connection between *swadeshi* and the ownership of capital, clearly established in the case of textile mills by 1931, was picked up by non-textile businesses such as Godrej Soaps who began stressing the Indian-ness of their capital to legitimise their *swadeshi* credentials (see the ‘True Swadeshi’ mark at bottom left in figure 2).

⁶⁹ Various letters, NMML, AICC File G-179.

⁷⁰ Various letters between Birla and Motilal Nehru, NMML, AICC file G-150; AICC, *Directory of Textile Mills in India*, (Allahabad, 1931).

Figure 2

Advertisement for Godrej Soap (1940) showing the *swadeshi* mark (bottom left)

another milestone
ON THE ROAD TO PROGRESS

The House of Godrej, with many years of pioneering efforts and national service behind it, moves ever onward, reaping fresh laurels. After patient research and experimentation, Godrej now proudly present a New soap—

Godrej Vatni
Vegetable **TOILET SOAP**

It is what its name promises : made to the famous Godrej standard of perfection, as testified by eminent scientists and skin specialists, it is the national soap of unequalled value.

Skin Beauty and Cleanliness are India's heritage. The soothing vegetable oils in 'Vatni' will give your skin new loveliness; and you'll enjoy, to the last chip, the caressing softness of its fragrant lather. This Big pure cake—entirely free from adulterants—will be your regular soap, if you get your first today.

Godrej
TRUE SWADESHI
CAPITAL
MANAGEMENT
LABOUR
PRODUCT

3 as. a cake
9 as. per box of three large or twelve guest-size cakes.

GODREJ SOAPS, LTD.
Sales Dept.
DeLisle Road
Bombay.

The pioneer makers of all-Swadeshi vegetable toilet soaps.
Guaranteed 100% pure and free from animal fat.

Source: *Times of India* (Bombay), 30 May 1940, p5.

The ecology of *swadeshi* was further bolstered by the burgeoning visual and print culture of *swadeshi* exhibitions, which helped to co-opt businesses and consumers into its national geography. Employing strategies similar to those used earlier in the industrial and empire exhibitions displaying technological superiority of foreign manufacturing techniques, the *swadeshi* exhibitions were intended to popularise the appeal of home manufactures.⁷¹ The annual exhibitions of khaki (homespun) textiles, beginning with the 1923 INC meeting that had adopted the Boycott Resolution, displayed a range of textile products such as dhotis, saris, shirtings, towels, blankets, and other knitted products. The ‘rhetorical consistency’ of the *swadeshi* exhibitions tied the large numbers of attendees to a particular vision of a unified nation, transcending religion, region, class and caste.⁷² The extensive reach of the exhibitions, both in terms of the cities and towns where they were held and also the extensive press coverage they received, enabled the nationalists to construct a national geography around *swadeshi*. The visual culture of the *swadeshi* exhibitions connected the visitors to a host of other Indian-made consumer products besides khaki and textiles: biscuits, shoes, buttons, cigarettes, combs, cookers, fruit syrups, glassware, inks, lanterns, medicines, paints and varnishes, soaps and other toiletries, etc. They were encouraged to soak in the material, technological and experiential demonstrations of the achievements of Indian manufacturing capacity. The Bombay Swadeshi League and the Allahabad Swadeshi League, for instance, produced detailed catalogues and directories listing hundreds of thousands of individual businesses deemed to be genuine *swadeshi*. The print culture of product catalogues shown at the *swadeshi* exhibitions and the accompanying directories of manufacturers sought to connect both the aspects of the ‘true spirit of swadeshi’: that the production and consumption

⁷¹ Trivedi, *Clothing Gandhi's nation*, p. 59.

⁷² Ibid., pp. 61-62.

of *swadeshi* commodities was a ‘duty of a true Indian.’⁷³ On balance, buying into the *swadeshi* ecology made good commercial sense for both the petty traders and the capitalist elites. Despite their misgivings about the radical forms of *swadeshi* - picketing of shops and factories, and confiscation of stocks - Bombay’s industrial elite co-opted the *swadeshi* spirit and melded it with their vision about the future of capitalist enterprises in a politically autonomous India.

IV

After 1931, nationalist politics institutionalised the primacy of Indian-owned capital for economic development and legitimised the protection of domestic industry as a strategy for planned development. Nonetheless, this politics continued to confound and frustrate private capitalist interests regarding the functioning of *swadeshi* capitalism within the confines of the national planning process. Many Bombay capitalists broadly agreed that some form of state control of capital was required, although the exact nature of state intervention and control were differently visualised and keenly contested by the various groups.⁷⁴ Big business remained suspicious of the socialist influence on national planning, as they had during the organisation of boycott activities during the 1928-31 period. In turn, the nationalists remained sceptical of the capitalist’s intentions. Despite mutual distrust, some sections of Bombay’s commercial classes were willing to cooperate with the Indian nationalists just as a generation earlier they had showed willingness to work with the colonials.

⁷³ Allahabad Swadeshi League, *All India swadeshi directory* (Allahabad, 1933), p. vii.

⁷⁴ Chibber claims that planning failed due to the ‘organised resistance of the business class’, Chibber, *Locked in place*, p. 85. Lockwood argues that Chibber produced ‘very little evidence’ for his claims; David Lockwood, ‘Was the Bombay Plan a capitalist plot?’, *Proceedings of the Indian History Congress*, 72 (2011), pp. 618–31 at p. 623.

Many Indian businessmen were generally sympathetic to the nationalist aims for greater political independence, and in fact extended financial support to the early nationalist movements. Nonetheless, the radicalisation exhibited by the *swadeshi* movement in organising boycott and picketing of businesses suspected of selling foreign goods led to the evaporation of support from merchants in the early 1930s. In 1921, the Tilak Swaraj Fund promoted by Gandhi had attracted large donations from industrial centres like Bombay, considerably more than other parts of the country such as the Punjab.⁷⁵ Godrej, with his successful small-scale manufacturing business, had personally donated Rs 300,000 or almost 10% of the total amount raised for the Fund in Bombay.⁷⁶ Such enthusiastic support began to dissipate in 1930-31 as many in the business community began to question the necessity and effectiveness of mass civil disobedience. Bombay's business leaders had traditionally expressed a preference for constitutional opposition, exhibited by their attempts to use the legal and legitimate colonial institutions to oppose imperial policies.⁷⁷ The Bombay Presidency Association, influential in early INC politics, and the Indian Merchants Chambers that spawned the 'anti-non-co-operationists' such as Purshottam Thakurdas and L R Taisree, preferred to work through colonial institutions such as the Bombay Municipal Corporation to promote both *swadeshi* and *swaraj*.⁷⁸ Mass civil disobedience, for the Bombay merchants, carried the threat of radicalising labour as well as threat to private property, as demonstrated by the increasing reports of violent action against businesses suspected of trading in foreign

⁷⁵ Rs 3.75 million was raised in the city of Bombay against Rs 500,000 raised in the entire province of Punjab; *The Bombay Chronicle*, 2 Aug. 1921.

⁷⁶ *The Bombay Chronicle*, 11 August 1921

⁷⁷ Aditya Mukherjee, *Imperialism, nationalism and the making of the Indian capitalist class, 1920-1947*, SAGE Series in Modern Indian History 3 (Los Angeles, 2002).

⁷⁸ L. R. Tairsee, *Boycott of British empire goods as a businessman sees it* (Bombay, c1926-8); S. Bhattacharya, 'Cotton mills and spinning wheels: swadeshi and the Indian capitalist class, 1920-22', *Economic and Political Weekly*, 11 (1976), pp. 1828-34; Kidambi, *Making of an Indian metropolis*.

goods. Notwithstanding the increasing scepticism of big business merchants, the *swadeshi* movement had considerable support from small businesses, petty traders and merchants.

The pushback from the business classes against the hardline *swadeshi* approach to non-cooperation came to a head during the series of civil disobedience actions following Gandhi's protest against the salt taxes in Dandi during 1930. Boycott of goods and picketing of businesses, as an expression of non-cooperation, turned violent as party workers confiscated stocks of cloth and other suspected foreign goods from stores and warehouses of merchants. The restiveness of merchants following such acts did considerable damage to both the party as well as to *swadeshi*'s reputation for non-violent protest. INC received numerous letters from small merchants complaining of capital locked in sealed or confiscated inventories. INC was asked to remedy this situation by releasing capital so that 'merchants will not hold a grudge against the boycott movement.'⁷⁹ G D Birla posed similar arguments to Motilal Nehru on behalf of Bombay industrialists and sought to negotiate a common ground between INC and the Bombay millowners. He questioned the sustainability of 'indefinite picketing' as a political strategy and urged Motilal that it was 'good to compromise' with the traders as they could not be compelled to burn stocks of cloth they carried. Birla offered Motilal a choice, either INC could continue rigorous picketing and alienate merchants or relax vigilance and get merchants to cooperate voluntarily.⁸⁰

The pushback and attempts to reach a compromise between the business communities and the nationalists resulted in the linking of *swadeshi* activities to the protection of Indian capital. The capitalists realised that the process of economic planning could also provide such

⁷⁹ Keshavlal Parikh to Motilal Nehru, 16 June 1930, NMML, AICC file G-150; also, unsigned postcard to Nehru from Oudh [n.d.].

⁸⁰ Birla to Motilal Nehru, 19 May 1930 and 31 May 1930, NMML, AICC file G-150.

protection. This changed attitude of industrial elites towards the nationalists may be attributed to the realisation that discursive practices of *swadeshi* such as those evident during the civil disobedience movement of the 1930s were a useful device to exert pressure on the colonial state.⁸¹ Although mass civil disobedience was generally not good for business, the protection offered by *swadeshi* was an effective retaliation against the colonial-era tariff reforms and the accompanying foreign investment in manufacturing facilities that was effectively limiting the participation of Indians in the development of domestic industrial sectors. Birla's 'plea for planning' was not only a blueprint for Indian businesses to overcome the economic distress of the 1930s depression years, but also a plea to them to accept the principle that state intervention in the form of a planned economy regulating capital investment was in the interests of the Indian business community as a whole.⁸²

The burgeoning interest in a planned economy c1934 thus provided a model to deal with the immediate effects of economic depression and the lopsided effects of interwar globalisation on India industry. By the late-nineteenth century, Indian economic thought had already begun to imagine a far greater and more active role for the state in economic matters, in divergence to western (especially British) notions of political economy. The idea of planning had already germinated within Indian economic thought even before it gained traction with the INC leadership.⁸³ In fact, Keynes' writings about the government's control of the economy resonated with Indian economists and businessmen.⁸⁴ In 1934, N R Sarkar from Bengal and G D Birla from Bombay, both industrialists and leading figures in FICCI

⁸¹ Markovitz, *Indian Business*, pp. 36-37.

⁸² Ghanshyamdas Birla, *Indian prosperity: a plea for planning* (Delhi, 1934).

⁸³ Chattopadhyay, 'Early British government initiative'; Benjamin Zachariah, *Developing India: an intellectual and social history, c1930-50* (New Delhi, 2005).

⁸⁴ Kudaisya, *Tryst with prosperity*, pp. 85-88.

urged the business and political elite to embrace economic planning as a way out of the economic depression of the 1930s.⁸⁵ Birla claimed, ‘we cannot improve our lot until we decide to take mass action, well-thought out, well-planned, launched with necessary authority to make it a success. Government intervention thus becomes necessary.’⁸⁶

The ebb and flow of capitalist-state relations hinged upon the degree to which Indian businesses and nationalists co-opted the key ideological principles of *swadeshi* and then used these principles to frame their ideas about planning. *Swadeshi* provided a way for the growing participation of businessmen in politics that straddled the entire spectrum of domestic business interests, from the big business capitalists to the mass of small traders and entrepreneurs forming the bulk of the commercial classes.⁸⁷ Thus, the Indian capitalists were willing to accept an active role for the state in independent India after 1934.⁸⁸ They also actively inserted themselves in policy debates, in order to retain their voice in shaping India’s fiscal sovereignty in the post-war world economic order. Bombay businessmen such as Sarabhai Prataprai lobbied hard to safeguard India’s accumulated sterling balances during the second world war. Prataprai wrote to J K Mehta, secretary of the Indian Merchants Chamber (IMC) in 1944 arguing that the sterling balances (nominally amounting to nearly Rs. 10 billion) should be utilised to purchase ‘foreign mercantile investments’ in India before the British government ‘gathered them for the capitalisation of pensions and provident funds of

⁸⁵ Birla, *Plea for planning*; Chattopadhyay, ‘Early British government initiative.’

⁸⁶ Birla, *Plea for planning*, p. 8.

⁸⁷ Markovits, *Indian Business*, p. 2.

⁸⁸ Aditya Mukherjee, ‘Indian capitalist class and the public sector, 1930-1947.’ *Economic and Political Weekly*, 11 (1976), pp. 67-73; David Lockwood, *The Indian bourgeoisie: a political history of the Indian capitalist class in the early twentieth century* (London, 2012).

Britons in India.’⁸⁹ The IMC lobbied the imperial government to have an Indian delegation representing industrial and commercial interests at the Bretton Woods conference where the issue of India’s sterling balances could be debated at an international forum. In the end, the Indian delegation to the conference was comprised only of ‘non-official representatives’ which remained unsuccessful in settling the issue of repatriating India’s sterling balances. The IMC noted a general feeling of ‘disappointment and subordination’ further consolidating the view that international institutions such as the Bretton Woods Conference and its successor the International Monetary Fund were a ‘collaboration between politically advanced and powerful countries.’⁹⁰ Although not all Indian businessmen agreed that the IMC should lobby for repatriation of India’s sterling balances, these experiences further helped to institutionalise the *swadeshi* principles of anti-globalisation, self-sufficiency, and protectionism as part of the process of planned capitalism that Indian business interests had come to support.

The ecology of planning, however, was essentially different from that of *swadeshi*. Where *swadeshi* was rooted in the mass political mobilisation of consumers, businesses and grassroot activists, planning became a supra-political activity. As Chatterjee has argued, planning was to be ‘a bureaucratic function, to be operated at a level above the particular interests of civil society [outside] the normal processes of representative politics.’⁹¹ Where *swadeshi* was promoted as an inclusive political ‘duty’ of Indians, Nehru’s vision of planning was that it should be an exclusive domain of policymaking based on the ‘superior rationality

⁸⁹ Prataprai to Mehta. 9 Aug. 1944, NMML, Indian Merchants Chamber (IMC) File No. 902; Prataprai to secretary Government of India, 12 June 1944, NMML, (IMC) File No. 902.

⁹⁰ Various internal memos, NMML, IMC File No 902.

⁹¹ Chatterjee, *The Nation and its fragments*, p. 205.

of scientists and economists.’⁹² The INC, which in the interwar years had begun to closely identify itself with a post-independence ‘state’, translated this as an attempt to monopolise planning and exclude the capitalist classes from the process: Nehru was keen to exclude other dissenting political voices as well.⁹³ Nonetheless, there was never a clean break from *swadeshi*’s inclusivity to planning’s exclusivity. Planning only became an institutionally embedded technocratic function once the Planning Commission was established in 1950, amidst widespread debate, as part of the post-independent central government machinery. However, the principle of regulating capital linked *swadeshi* and planning, two essentially different approaches to economic nationalism.

The 1944 Bombay Plan was one of the many proposals for a planned development of Indian economy that attempted to steer the planning agenda between 1934 and 1950. Whilst there was little consensus between the various overlapping intellectual ideas underpinning the several planning proposals, especially on what exactly planning involved, they all shared a common vision of some form of state control of the economy.⁹⁴ The intellectual ideas straddled colonial administrators (such as George Schuster), socialists and the so-called Nehruvians, Gandhians (including Gandhi’s economic advisor, J C Kumarappa), technocrats such as Visvesvaraya, as well as those on the extreme left such as B N Banerjee and G D Parikh. The Bombay Plan of the capitalists was situated somewhere within this intellectual melee for India’s planned development. It was an expression by the big business capitalists of the desire to protect Indian capital and resources for ‘the benefit of Indian nationals’.⁹⁵ The manner in which the plan visualised the role of the state intervention went beyond just

⁹² Sunil Khilnani, *The Idea of India* (London, 2004), pp. 81–8.

⁹³ Chatterjee, *The Nation and its fragments*, p. 201-2.

⁹⁴ Chattopadhyay, ‘Early British government initiative’; Zachariah, *Developing India*.

⁹⁵ *Bombay Plan*, p. 100.

protecting the narrow sectoral interests, both in terms of specific industries and domestic markets for their products. The plan signalled a willingness by the capitalists to transition from mercantile modes of state-business relations to a more strategic mode of planned economic development through industrialisation.⁹⁶ It also signalled the institutionalisation of the relationship between India's business leaders and the nationalist political leadership with the alignment of their respective aspirations.⁹⁷ The framers of the 1944 Plan accepted the reality of state control whilst campaigning for a 'temporary role' for the state in terms of management of capital, and new capital issues in the financial markets.⁹⁸ The business leaders argued that the broader social objectives of securing more equitable distribution of resources, preventing inflation and generally to 'provide an orderly development of resources' required state control in the form of controls on international trade to 'conserve foreign exchange and promote Indian industries.'⁹⁹ The capitalists thus presented protectionism as an intermeshing of social justice and protecting narrower commercial interests, and that the aims of the industry were not be antithetical to those of broader Indian society. The Plan was well publicised in India and internationally, but attracted criticism from those Indians who simultaneously mistrusted the motives of its capitalist framers and considered their proposals as overly 'industry focussed.'¹⁰⁰ The wartime profiteering through price hikes of scarce consumer products by Indian traders and industrialists had added to the general mistrust of the commercial classes. Although the Bombay Plan refracted the *swadeshi* principles of self-sufficiency and protectionism, its proposals did not envision

⁹⁶ Tyabji, *Forging Capitalism*, pp. 35-53.

⁹⁷ Kudaisya, *Tryst with prosperity*, p. 98.

⁹⁸ *Bombay Plan*, p. 93.

⁹⁹ *Ibid.*, pp. 99-100.

¹⁰⁰ Kudaisya *Tryst with prosperity*, pp. 128-38; Lockwood, 'Was the Bombay Plan'

autarchic state control of the economy: this only emerged during the post-1950s planning process.

The INC had attempted to monopolise the agenda for and the form of economic planning since the mid-1930s; the party was able to achieve this only after 1950. The *Report of the Economic Programme Committee of the Congress Party* (January 1948) created a furore amongst prominent Indian capitalists and big business leaders particularly on the extent of state regulation of capital. An IMC meeting in Calcutta in February 1948 recorded a ‘discordant note’ amongst industrialists to the proposed ceiling on income from capital investments: ‘there would be a serious setback to confidence amongst industrialists and investors’ which would ‘arrest the growth and development of future industries by drying up the flow of capital’, noted the industrialists at the IMC meeting.¹⁰¹ Big business thus strongly objected to INC’s attempt to place controls on *Indian* capital, not just foreign capital. Although the subsequent scaling back of capital controls have been seen by some as ‘watering down regulation to favour private business’, other historians have situated this scaling back as part of the broader inability of INC to maintain an effective ‘control regime’ between 1947 and 1950.¹⁰²

An industrial policy based on control of all capital (domestic and foreign) was thus substantially different from the earlier *swadeshi* interpretations of capital control that did not regulate Indian capital, only foreign capital invested in India. This form of economic control was not what the Indian capitalists had desired. With domestic capital controls becoming

¹⁰¹ Reactions to Economic Programme of AICC, 6 Feb 1948, NMML, IMC File No. 1138; also, IMC’s telegram to Nehru, Patel and others, 13 Feb 1948, NMML, IMC File No. 1138.

¹⁰² Rahul Mukherji, ‘The state, economic growth, and development in India’, *India Review*, 8 (2009), pp. 81–106 at p. 84; B. R. Tomlinson, *The economy of modern India: from 1860 to the twenty-first century*, 2nd ed., (Cambridge, 2013), pp. 136–38.

increasingly likely, the IMC attempted to involve themselves in the planning process by securing a representation of business interests on the newly established Planning Commission (PC) in 1950. Whilst ‘welcoming’ the establishment of the PC, the IMC advocated the appointment of ‘a person of high eminence drawn from the sphere of commerce and industry with insight into problems of industrial undertakings and practical experience in major industries.’¹⁰³ However, the PC with Nehru as its chairman, became an exclusive, supra-political institution, which functioned in a fairly opaque fashion throughout the 1950s and beyond, largely shunning engagement with Indian capitalists, and whose members were ‘appointed not so much for their economic expertise but for their socialist leanings and views of India’s political future.’¹⁰⁴ In a departure from the vision of the Bombay capitalists, *swadeshi*’s version of economic nationalism became overshadowed by autarchy and import-substitution policies. Even though the *swadeshi* principle of protecting Indian capital - and protecting the Indian public from the excesses of capitalism - continued to resonate within the ecology of planning, post-independence economic nationalism had hardened by rejecting globalisation in its many forms. This was in stark contrast to the indigenous mercantile capitalism of the 1880s that had embraced global integration of India’s economy. The development plans after 1950 based on what Roy describes as ‘indiscriminate protectionism’ nevertheless were a tool to ‘nurture *indigenous* capital’ not just a tool for state-led

¹⁰³ Saraiya to Planning Commission, 2 March 1950, NMML, AICC File No. 1184.

¹⁰⁴ Medha Kudaisya, “‘A mighty adventure’: institutionalising the idea of planning in post-colonial India, 1947-60’, *Modern Asian Studies*, 43 (2009), pp. 939–78 at p. 947. The proceedings of the Planning Commission are unavailable for public access, only their published plans and reports are available. The results are thus known, but not how this institution operated.

industrialisation.¹⁰⁵ Planned capitalism in post-1950s India was a variant of the *swadeshi* capitalism that had emerged during the interwar years.

Conclusion

This article has shown that *swadeshi* was the fulcrum that supported the expressions of nationalism and capitalism in late-colonial India. Superficially, it was similar to the various expressions of economic nationalism permeating several parts of the British empire in the interwar years. The ‘state’ had a role in such economic nationalism. In Britain, it was through the government-sponsored but short-lived Empire Marketing Board. In India the nationalist ‘state’ promoted *swadeshi* to keep the colonial state out of the ‘inner domain’ of India’s economic prosperity.¹⁰⁶ *Swadeshi* capitalism - protection of Indian capital for the benefit of Indian nationals - was a cultural, political and economic response to colonialism. In the 1930s, the indigenous commercial classes in Bombay responded to the particular manner in which colonialism shaped the global integration of India’s economy. This attitude contrasted sharply with the merchants in nineteenth-century Bombay who had greatly benefitted from the lax controls over mobility of capital between trade, finance and industry.

The participation of the business classes in the politics of nationalism helped to overlay a radical, grittier form of economic nationalism over the intellectually driven version of the nineteenth century ‘moderates.’¹⁰⁷ But as capitalism transitioned from mercantile activities to capital-hungry industrialisation, nationalism was itself reframed from being anti-colonial in

¹⁰⁵ Tirthankar Roy, ‘The Origins of Import Substituting Industrialization in India,’ *Economic History of Developing Regions*, 32, (2017), pp. 71–95 at p. 75, emphasis in the original.

¹⁰⁶ For ‘the state’ and the ‘inner domain’ of sovereignty, see Chatterjee, *The Nation and Its Fragments*, p. 6.

¹⁰⁷ Bipan Chandra, *The rise and growth of economic nationalism in India: economic policies of Indian national leadership* (New Delhi, 1966).

1905 to anti-globalisation by the 1950s. In this more extreme form, the nationalists had returned to its intellectual underpinnings. *Swadeshi* provided the nationalists with a strong anti-globalisation rhetoric, who used it in conjunction with a sophisticated vocabulary of state-directed planning as a vehicle for India's social development. The Bombay capitalists who had come to support *swadeshi's* principles of state regulation of capital in the 1930s found themselves disengaged from the autarchic version of economic nationalism by 1950.

Swadeshi was, and continues to be, an eclectic discursive device in India deriving ideas from various strands of nationalism. At the time, it was institutionalised to galvanise political support from the masses, a vehicle to protect and develop domestic industries, a device to preserve and resurrect Indian traditions, and a normative standard for individuals and organisations. The term continues to resonate with some of these meanings in the twenty-first century.¹⁰⁸ It transcended the simple boycott British goods and was a complex cultural response to colonialism and economic globalisation.

¹⁰⁸ Harmony Sigamoria, 'Who dreams this dreaming? Patanjali's symbolic usurpation of the trope of the "enslaved" Indian economy', *Continuum*, 32, (2018), pp. 758–69.