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No. 4. INDUSTRIAL ORGANIZATION IN INDIA

DUSTRIAL ORGANIZATION IN INDIA

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by

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TO THE MEMORY OF MY FATHER

PREFACE

THIS work is the result of investigation and study pursued for nearly five years, during which the writer visited important industrial centres in India, England, Austria, and Germany.

It attempts to examine the structure and efficiency of industrial organization in India. It traces the origin, evolution, and features of the managing agency system which is peculiar to India, and explains the differences in methods and organization between Indian and British managing agency firms. It examines the influence of the managing agency system on the structure of industry, and shows how administrative integration is secured under the system, particularly by British firms. The future of the system is then discussed and the conclusion reached, that Indian industry, which owes already so much to the system, has more to gain by curing it of its admitted defects than by abolishing it altogether.

The various factors which have influenced the localization of industry and the size of industrial units in India are studied in detail. An account of the prevalent methods of financing industry is followed by an inquiry into the problems of industrial finance and the lines on which they may be solved in the light of foreign experience. The book concludes with an examination of the efficiency of the industrial worker in relation to wages and standard of living.

Since this work was completed, the Report of the Indian Tariff Board on the cotton industry has been published. In Chapter IV of the Report the Board examines some of the features of the managing agency system as it has been in operation in Bombay and Ahmedabad, and its conclusions agree in the main with those reached here.

In the preparation of this work the writer has received help from various persons. To Sir Campbell Rhodes, C.B.E., Head of Messrs. Hoare, Miller & Co., London, who so generously placed his wide experience and vast knowledge of the managing agency system at the disposal of the present writer and who found time to go through Chapter I and offer helpful criticisms, he is indebted to an especial degree. He is also under obligation to Sir Thomas Catto, Bart., Head of Messrs. Morgan, Grenfell & Co., London, who both in interview and correspondence elucidated doubtful points and checked some of the conclusions. He desires to express his gratitude to his advisers, Dr. Gilbert Slater, who has for many years taken a friendly interest in his work, and to Professor Coatman, who read through parts of the MS. and offered valuable suggestions. The writer cannot adequately express his thanks to Dr. Vera Anstey for the willing and generous help she gave throughout the preparation of this work. Thanks are also due to the Librarians at the London School of Economics, the High Commissioner's Office, and the India Office, London, for their unfailing courtesy.

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P. S. L.

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NOTE

In India units of 100,000 are called lakhs. 100 lakhs or 10 millions are equal to 1 crore.

The unit of account is the rupee which is linked to the pound sterling and is equal to 1s. 6d. at the par of exchange. A lakh of rupees is thus equal to £7,500, and a crore of rupees, £750,000.

The rupee is divided into 16 annas, and an anna into 12 pies.

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