

## A LITRETURE REVIEW ON BUSINESS PRACTICES OF MARWARI BUSINESS HOUSES IN INDIA

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### ABSTRACT

*Business practices of different business houses in India are undergoing massive transformation. Sound business practices of various business houses in India, including Marwaris, have instilled focus, discipline, and structure within the current organization and lead it to the expected level of growth. This paper primarily focuses on review of various literatures on business practices of Marwari business houses in India. The reasons for spread of Marwari community's diaspora across the country and their success in commercial activities has been explored .*

**Keywords: Business Community, Business practices, Marwari houses,**

### INTRODUCTION

A literature review corresponds to a systematic review of texts that aims to discuss critical issues of current knowledge as well as its finding on a particular topic. Literature review are secondary source for any further research. Most often this term is associated with preliminary activity of the particular research. The ultimate goal of such exercise is to update reader about the current literature on a topic and form the basis for another goal. A well structured review leads towards real goal of any research. In the absence of well structured review, the research might get deviated from actual goal.

India is a large country with a diverse population, tackling numerous socio-economic and political challenges throughout history and experiencing growth and development while facing economic and fiscal pressure in a context of regional inequalities in terms of various different business houses. Business practices of these different business houses in India are undergoing massive transformation. Sound business practices of various business houses in India have instilled focus, discipline, and structure within the current organization and lead it to the expected level of growth. This paper primarily focuses on review of various literature on “Business practices of Marwari Business houses in India”

Several authors, scholar, and academician contributed significantly in this area. They were confined with the historical review, autobiographies, and articles. *Thomas A. Timberg* “The Marwaris From Trader To Industrialist” and *Dr. D. K. Taknet* “Industrial Entrepreneurship Of Shekhawati” have contributed fundamentally on the business practices of this community. Apart from this some autobiographies, articles and few research papers were also published on this area with varied time frame. *Thomas A. Timberg* (1979) published a very famous book ‘The Marwaris From Trader To Industrialist’ in which he emphasized on macro level research on the Marwaris living in the important cities and some Indian provinces. *Dr. D. K. Taknet* (1986) has published a book on ‘Industrial Entrepreneurship Of Shekhawati’ which focuses on pre- independence contribution and post- independence contribution of Marwaris in India. In this study, Dr. Taknet reveals the secret of Marwari business like practical training in business, enterprises skill, cooperative system of banking, partnership and good will, philanthropy, support to British government and interest of politics. They gradually adopted British techniques in their accounts and they also started correspondence in English. He finally concluded this study

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by the wording” *Community had followed eleven major ideals that are training, experience, organizing, risk taking ability, achievement motivation, thrift, diligence, community cooperation, intimacy, confidence, charity, simplicity, innovation.*” Gita Piramal (1996) in her contribution called “Business Maharajas”, has mentioned about vast business empire and the most powerful man who control sales to the tune of Rs. 550 billion through over 5000 companies and that directly employed 6,50,000 people. In this study, she focused on the businessmen who are different and varied. Some of them were college topper, in contrast some merely college drop-out. In this study, she also described about what they do, how they think, how they react on influence on general economy and how they operate their business. She focused mainly on the notable marwaries like Bajaj, Birla, Goenka, Khaitan. This book separately focuses on the development of various business groups, their critical phases, joint ventures. Ms. Piramal exquisitely narrated on Rahul Bajaj, Aditya Vikram Birla, R.P. Goenka, and Khaitan as Marwari business leaders. *Narayan Chandra Shah* (2003) in his study on ‘The Marwari Community in Eastern India’ studied Marwari groups mainly based of North Bengal’s three districts of Cooch Bihar, Darjeeling, Jalpaiguri. The work focus on Calcutta’s early history of the Marwari community and its social, economic, religious, caste and cultural identities. This community migrated from their original place of birth. He studied the factors that were behind this migration. He also focusses on the way Marwari community emerged as a strong business community in North Bengal. He also elaborates in his study about their switching principal business from money lenders to money investors. He also threw light on the commercial ventures of Marwari business in eastern Calcutta. The narration covers the history of change from agrarian economy to a market oriented and surplus generating economy, the commodities and cash crops like paddy, sugarcane, tobacco, coffee and tea. Finally, Shah examined the influence of adaptability to local conditions and amiable temperament which helped them to set up business in far away places from their home in Rajasthan. Shah concluded the study in following words:

*“Marwaries business starts with very humble beginning. In beginning they started with hawkers or traders. With the passage of time Marwari moved in all business area. Today there is not a single field in which Marwaris are not found. They made notable contribution in community apart from profit making in the concern region. They opened the schools, colleges in the respective areas, published magazines, dailies and journals for dissemination of the information and knowledge. Significant social cultural activities were performed by marwaries. Marwari Yuva Munch which came in to existence in 1977 with main aims of National integration, implementation of welfare programmes for the handicapped, Medical services, relief work during natural calamities and even fight against social evils. They made ‘Dharmashalas’ for tourists and visitors in all three northern districts that provide services on very economical rates. Marwaries also encouraged a bit for urbanization. They provide large donation for construction of Hospitals, Power house in Jalpaiguri district. Finally they moved in public life and political arena.”(Shah,2003)*

Marwaries always live as integral part of the society. They befriend all communities and maintain harmonious relationship. Marwari have played effective role as rural money-lenders. They also conducted large-scale credit transaction in urban and semi urban area in absence of financial institution in the area. These things conferred them strong financial position. Seldom surplus property of peasant would become property of money lenders. But there is no record of tensions between local peasant and Marwari money lenders. Sample study of Shah does not indicate that marwaries have been solely responsible for any fundamental or revolutionary, social economic change in the area. At present, marwaries are captain of North Bengal Trade. *Anne Hardgrove* (2005) in his study on ‘Community and public Culture, The Marwaris in Calcutta, 1887-1997’ discussed historical facts about marwaries such as their migration from Rajasthan to various part of India, their economic activities, custom or rituals. He emphasised over the structure, nature and reasons for the success of the Marwari business organizations. *Antoinette Schoar; Raj Kamal Iyer; Sandya Kumar* (2008) in their research named “Importance of Ethnic Networks for Business Transactions of the Small Enterprises” focused to understand the effect of ethnicity across business transactions of the business communities Andhra,

Tamilian & Marwari. They used an “Audit study methodology” to collect field data and “Randomization technique” to have an unbiased allocation of shops to the auditors. The auditors entered into contracts with the wholesaler with a predetermined script and the observations helped them to investigate the nature of the business transactions and variation in contract terms because of ethnicity of Tamilian & Marwari communities. It also gave the researchers an insight into the “entrepreneurial instinct of a specific Marwari community.” It was also revealed that a match in the ethnicity of wholesaler and auditor does not help alleviate the hold-up problem. However, the team found that “when traders of the same ethnicity meet they offer lower prices.” The study suggest that all business transactions in the SME sector have a combination of formal and informal contracting and the ethnicity of the parties plays an important role in determining the features of the contract. *Ajai Singhal & Mohd. Wamique Hisam (2009)* in their study “Nature And Characteristic Of Marwari’s Business: A Brief History From 16th To Early 20th Century” explained how Marwari community achieved the heights of the success. Their paper focuses on the development of the Marwari business houses in early 18<sup>th</sup> century to 20<sup>th</sup> century. Initial part of the paper mentioned the introduction and their migration trend which was started in early 16<sup>th</sup> century. They settled their business mainly in the West Bengal. The nature of the business organization was very simple. It was controlled by the family members.

The Marwari business organizations have following characteristics:

**Family controlled:** Traditionally, they followed family firm institution. Business is mainly controlled by family members. This tradition of family firms pass on their business generations after generations. Banking, trading in commodities, Hundis, Futures, Broking, and Manufacturing Industries were their prominent business interests.

**Centralized control and Accounting:** As Marwari business organizations were managed and owned by the family, the centralization of power was the key feature of the business organization. In a large business firm with several branches, they have centralized book keeping. They moved one branch to another branch for checking accounts which was maintained by the clerks. Time to time family member would meet for accounting purpose.

**Proper liasioning with the Government:** Marawaries maintained exceptionally healthy relationship with the government (Nawab, Britishers, Rulers of Princely state). The history indicates that whenever the ruler got into crisis, marwaris always backed them to get rid from financial crisis. It can be summarized that from 16<sup>th</sup> century to early 20<sup>th</sup> century, marwaris entered from one business to another depending upon the opportunity and the nature of their businesses. The business can be summed up in four categories. First category is trading and banking which dominated almost all the marwaris up to 18<sup>th</sup> century. Second category is that of bania or brokership in which marwaris took the role of middlemen to the European firms. The third category is speculation in which many marwaris entered from late 19<sup>th</sup> century to early 20<sup>th</sup> century and made huge money. And the last category is manufacturing in which many marwaris entered after the end of First World War. *Ashok Som (2010)* in his article “Emerging trends of human resources practices at Aditya Birla” described the emerging trends of human resources practices at Aditya Birla group and strategic redesigning of the whole organization from 1995 to 2006. This article also focused on business economy like India, and the nature of HR practices needed to new capabilities to beat the global complexities of the business. It focused mainly on two issues; (1) the peculiarities or defining characteristics of HR models unique to India and (2) the main factors that shape people, management policies and practices.

## Conclusion

After reviewing available literature, it is observed that Marwari community’s Diaspora spread throughout the country and their success in commercial activities could be attributed to their knack of grabbing the business opportunities whenever it came, their willingness to move to any place which offered them opportunity, and creating a strong and continuously growing commercial network of fellow community members which provided a platform to any Marwari who wanted to enter into a commercial activity anywhere in the country. Along

with that, they always ensured the government patronage which helped them in running their business organizations without any interference and retaining the autonomy. Marwaris were successful in developing such a strong financial network that even government started depending upon this community in financial difficulties and this network also helped in grabbing many businesses from local community and other business communities across different parts of the country.

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