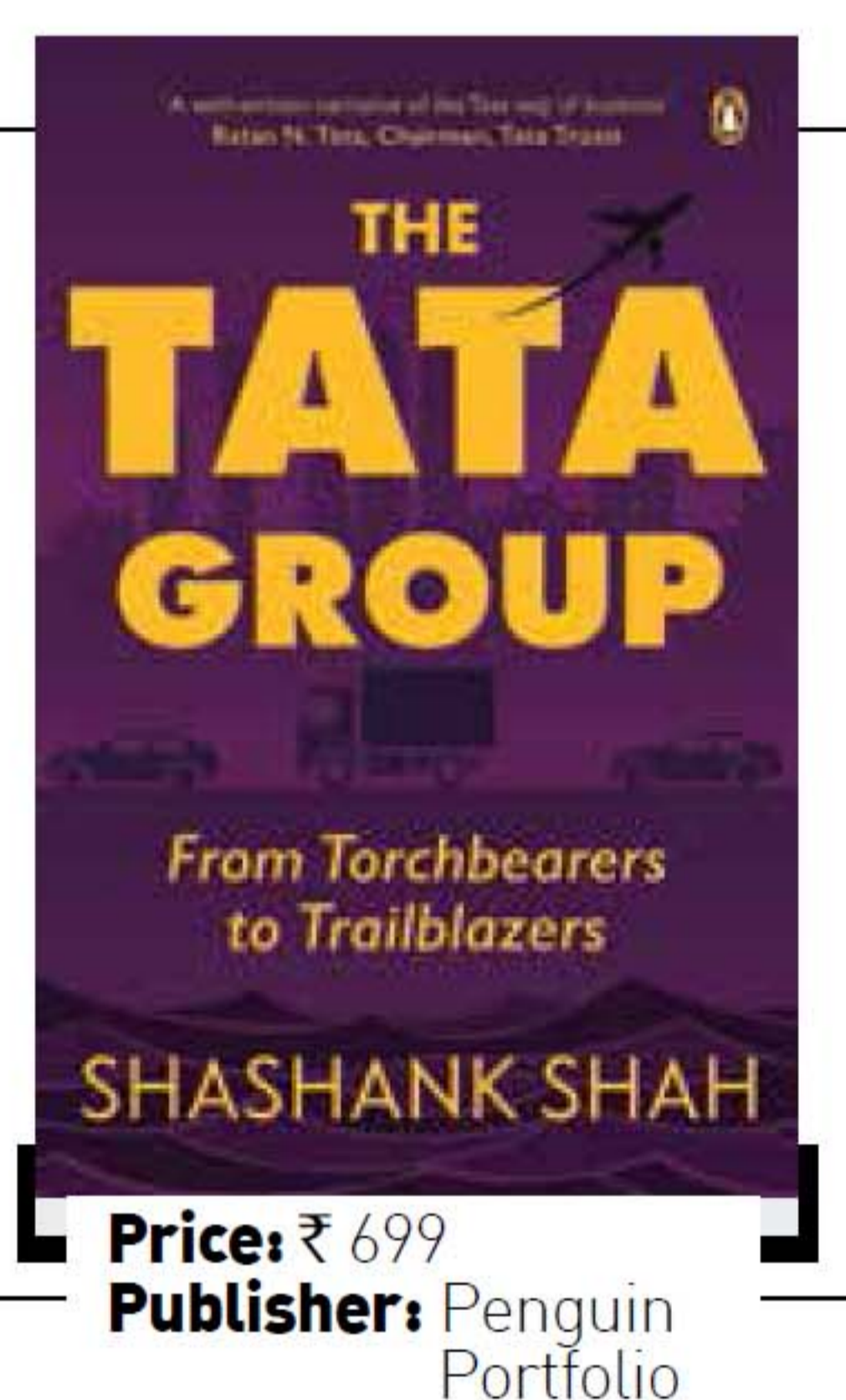
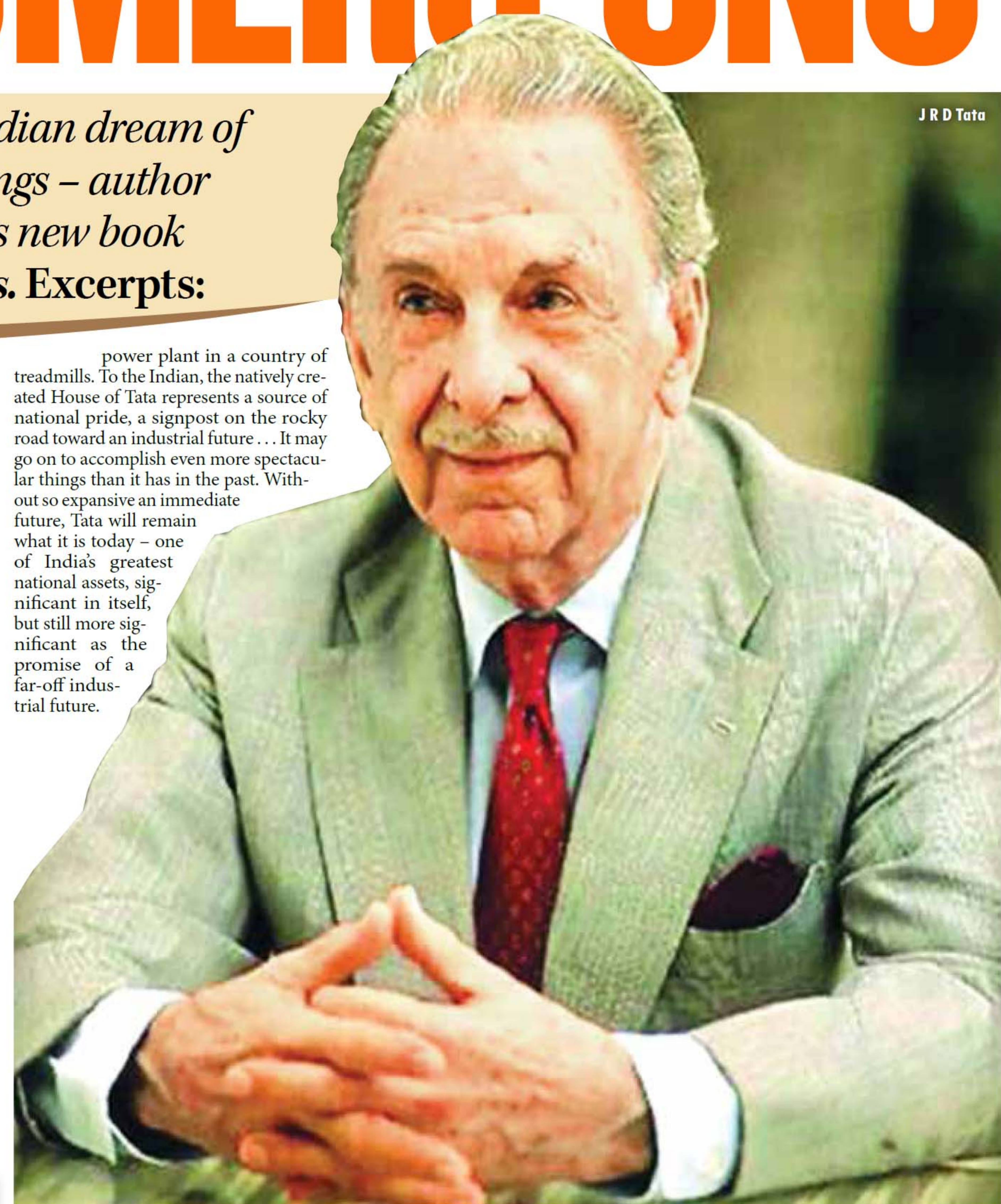




INDIA'S NUMERO UNO

*Tata industries is synonymous to the independent Indian dream of achieving sky-touching success from humble beginnings – author Shashank Shah delves into this massive legacy in his new book **The Tata Group: From Torchbearers to Trailblazers**. Excerpts:*

J R D Tata



would not be like his predecessor – Nowroji, who spent most of his six years as chairman rushing from one board meeting to another, with hardly any time to do creative work. J.R.D. broke with the long-held tradition that the Tata Sons chairman would be the chairman of the operating Tata companies. He devolved powers to heavyweights within the group who had far greater experience than him. He gave the chairmanship of the power companies to Sir Homi Mody and shed the chairmanship of the textile companies. However, he was not interested in remaining a nominal chairman. He took an active interest in the affairs of Tata Sons and of two key companies where he had substantial experience – Tata Steel and Tata Airlines.

Exploring the establishment of new companies and grooming talent to lead them was another priority. As a result, the next decade saw the establishment of several new companies under the House of Tata. Tata Chemicals began in 1939; Tata Engineering and Locomotive Company (TELCO, now Tata Motors) in 1945; Air India International, India's first global airline, in 1948; and National Radio and Engineering Company (NELCO) in 1949. The Tatas' investment in basic industries through Tata Chemicals and TELCO was in continuation of Jamsetji's vision of contributing to India's industrialization through core-sector contributions. These initiatives were costly and intensive, and meant the holding of large funds from the public. In later years, they were even

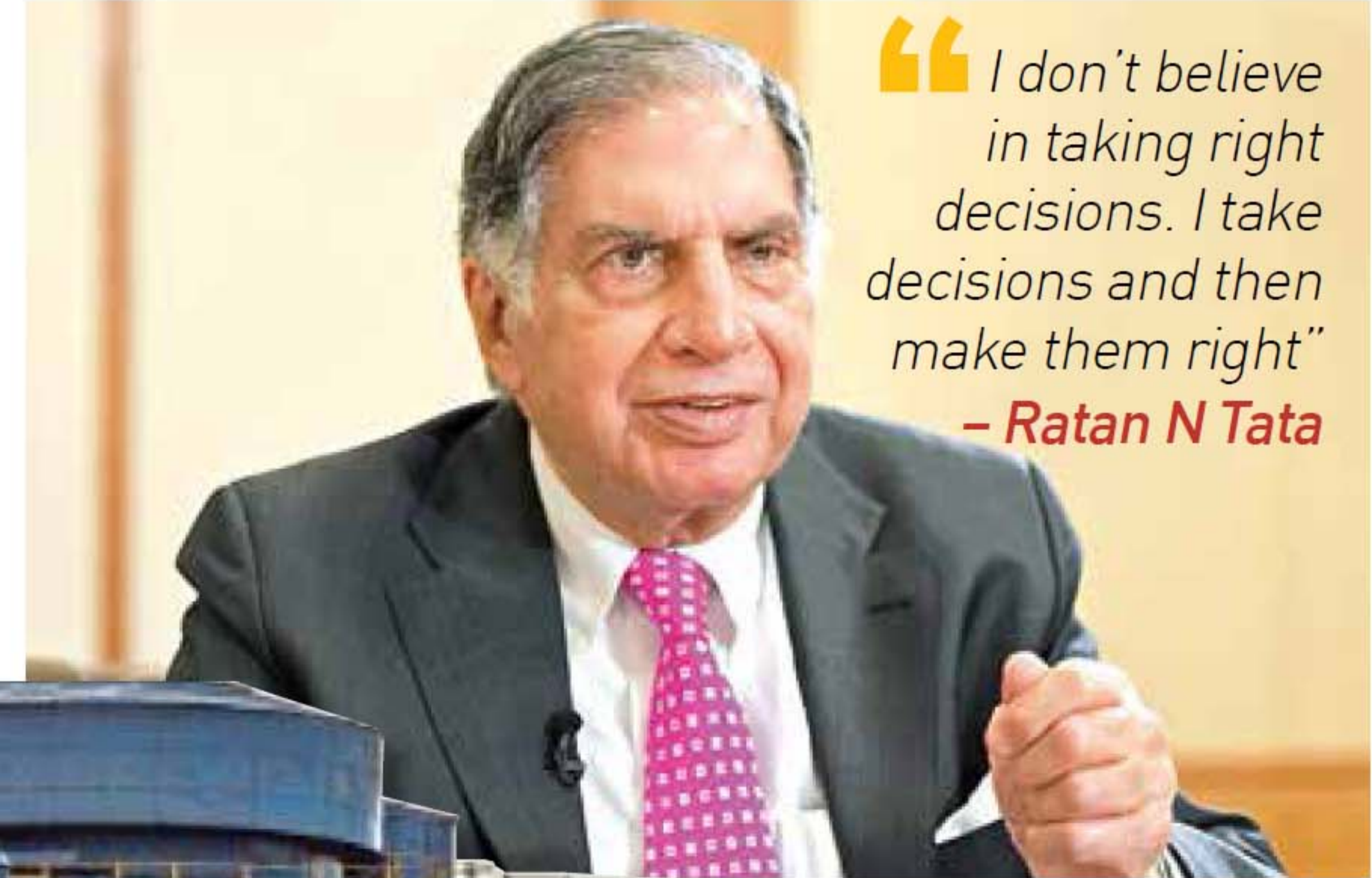
vulnerable to government interventions and nationalization. Some succeeded and some surrendered. Yet, the story of their inception, growth, challenges and revival to global heights makes for a fascinating read and has been captured in later chapters.

The beginning of World War II had stranded a brilliant young scientist from proceeding to Cambridge University for advanced research. The young man's exceptional ideas impressed Tata Trusts, which invested in his research by providing infrastructure and resources in Bangalore and Bombay. The man was Homi Jehangir Bhabha, who became the founding father of India's atomic energy programme. The institutions he subsequently founded were also substantially funded by Tata Trusts – the Tata Institute for Fundamental Research (1945) and the Bhabha Atomic Research Centre (1954), which became the cradle of India's indigenous nuclear programme. It wasn't just the resources, but the time J.R.D. personally gave to the development of these institutions, which has played a significant role in their success and stature. For decades, he remained the president of the governing council of TIFR and the president of the court of IISc. In true Tata tradition, J.R.D. founded the J.R.D. Tata Trust in 1944 to help Indians through scholarships, grants and targeted programmes. In the same year, the Tata way of business was acknowledged by US-based *Fortune* magazine. In its New Year special issue, it noted:

... The House of Tata stands out like a

power plant in a country of treadmills. To the Indian, the natively created House of Tata represents a source of national pride, a signpost on the rocky road toward an industrial future... It may go on to accomplish even more spectacular things than it has in the past. Without so expansive an immediate future, Tata will remain what it is today – one of India's greatest national assets, significant in itself, but still more significant as the promise of a far-off industrial future.

“I don't believe in taking right decisions. I take decisions and then make them right”
– Ratan N Tata



These observations proved prophetic. In the following years, the Tatas became pioneers in giving prominence to staff functions in a business organization. They were probably the first corporate organization in the world to have a department of economics and statistics, and a department of public relations in the early 1940s. In 1945, when management as a discipline was not fully developed even in Western countries, the Tatas set up Tata Industries – the first technocratic structure in Indian business. Eminent economists, lawyers and financial wizards were appointed to its board. None of them were shareholders, their expertise was used to benefit group companies. Tata Industries was owned entirely by Tata Sons and became

the managing agents of all Tata companies in place of Tata Sons. Besides the technocrats, directors of major Tata companies also sat on its board. This brought together the best blend of experience and expertise to benefit and catalyse the growth of the Tata Group in independent India. Between 1945 and 1970, Tata Industries became the group's 'think tank' and spearheaded several new companies.

TATAS IN INDEPENDENT INDIA

The year of India's political independence marked the diamond jubilee of the Tatas' existence. On 15 August 1947, J.R.D. sent a letter to all the employees of the Tata Group. He wrote, '... Let us together harness the Tatas' resources to the task of

national reconstruction and development, and thus play our part in creating the better land...'. In 1757, when Robert Clive entered Murshidabad (Bengal) after the winning the Battle of Plassey, he had commented that the city was richer than London. Over the next two centuries of British rule in India, Britain's share of world trade increased from 2 to 23 per cent. That of India declined from 23 to 2 per cent. Britain's enrichment had been in direct proportion to India's impoverishment. At the dawn of political independence, India had before herself a colossal task of economic and industrial revival.

The first decade of independent India has been described by historians as the 'golden age of Indian industry'. Despite the government's licencing policy, Tata companies, including TISCO, TELCO and NELCO, received generous permissions of capacity expansion. The Tatas optimized the opportunities. There were setbacks too. As part of the nationalization programme of the Nehru government, Air India and New India Assurance Company were nationalized. It was a bittersweet experience and the Tatas were witnessing the unfolding of a new era of centralized planning that was dominated by intrusions in the functioning and decision-making of private companies, including the likes of the Tatas. J.R.D. was exasperated and used every opportunity to communicate to the government about the need to balance private enterprise with public welfare. In later chapters, we'll analyse the negative impact of these policies on the potential of several Tata companies and of Indian industry for over three decades.

(Excerpted with permission from *The Tata Group: From Torchbearers to Trailblazers*, written by Dr. Shashank Shah; published by Penguin Portfolio. The excerpt here is a part of a chapter titled 'Evolution of India's Numero Uno'.)

