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**WRANGLING OVER THE COLONIAL INDIAN MARKET:**

**THE UNTOLD STORY OF GERMAN COMMERCIAL PRESENCE BETWEEN THE WARS**

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**Introduction: The overarching context**

Given the primacy accorded to merchants and entrepreneurs in the literature on the economic history of colonial India, one would imagine that this would have triggered sufficient research interest in the area of commodity trade and markets. However, this has not been the case and our understanding of commodity markets as they evolved remains woefully thin, hazy and largely abstract.

Foreign trade – the engine of growth as most market economists would argue — in the context of Indian economic history, was discussed largely in quantitative and statistical terms and within the prism of the balance of payments matrix.<sup>1</sup> The tortuous journey of commodities

as they traversed long distances from factory or field to the marketplace and the role of an array of agents who had to ensure their movement until they reached the consumer is an area of narrative research that did not attract sufficient scholarly attention in India. The complex and often nuanced story of the struggle, competition, adjustment for extracting a space by various stake holders in the highly stratified, segmented but humongous market was perhaps not easily researchable in the earlier period in the absence of a strong tradition of non-archival research. There are now some welcome signs of change as some of the recent work on consumption in colonial India would seem to bear out.<sup>2</sup>

One of the popular and rather static notions that has tended to hold sway and which still enjoys a fair degree of acceptance, is the assumption that as a classical colonial dependency of Imperial Britain and as its "most prized possession", the Indian market would, by inference, be the latter's exclusive preserve. The question of European and non-European rivals of the British encroaching on the Indian market for a share of its cheap raw materials, as well as for utilizing and tapping the Indian market for their industrial goods, as reflected in the perceptible decline over time in the share of British imports into India, has not been examined with sufficient seriousness.<sup>3</sup> To a large extent this problem possibly stemmed from the absence of major studies on markets in colonial India.

The implication of weakening of the competitive power of British industry, especially in the post-war period, with respect to its control over the Indian market has not entirely escaped scholarly notice as Tomlinson<sup>4</sup> and Basudev Chatterjee's<sup>5</sup> research indicates. Some others, while acknowledging the relative weakening of the grip of British industry over the Indian market, have argued that this was offset by the rise of Indian industrial entrepreneurship.<sup>6</sup>

Given its relatively weak technological base, this appears to be an overstatement of the strength of Indian enterprise at this point of time.

While Indian industry had made significant strides in the inter-war period, yet the fact is that it was rather narrowly based, being largely limited to a few agro-based and consumer goods industries. For a whole range of consumer, intermediate and capital goods, India was entirely dependent on imports well beyond India's independence. This market was increasingly no longer the exclusive domain of the British. European and non-European rivals of the British were, especially in the inter-war period, merrily encroaching on the Indian market for pushing their industrial goods. This, in a sense, is the larger point of departure of the present study. The focus of the study, however, is limited to certain aspects of German intervention in the colonial Indian market, and specifically to the broad contours of control of German manufactures over the competitive market for dyestuff in colonial India in the inter-war period. Further, it attempts to throw light on the complex process of hegemony over a highly stratified, segmented and intensely competitive Indian market for a range of synthetic dyestuff by one of the largest German transnational chemical manufacturing combine viz. the I.G. Farben group of companies. The market for dyestuff assumes particular significance given the sheer weight and importance of the textiles in terms of investment and employment within the manufacturing sector in colonial India, both with respect to the organized and the unorganized sector.

### **German commercial foray into colonial India: A broad overview**

British trade statistics, despite their imperfections, do confirm the relative weakening of the grip of British manufactures over the Indian market between the wars. From a high of over 80

percent in the 1880s, India's imports from Britain declined to 65 percent by 1913-14 and following a continuous downslide thereafter reached an all time low of 29 percent by 1936-37.

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This decline in Britain's share of India's imports was almost matched by an increase in the share of Japan, USA and Germany, among others. Thus even the US Consul in Bombay, Henry D. Baker couldn't resist commending Britain's policy of free trade vis-à-vis India and the positive gains that accrued to the US and other trading countries as his following candid observations made sometime in 1914/15 reveal:

The Empire of British India is one of the few large countries of the world where there is an open door for the trade of all countries . . . Although British India is under the control of the British Government, commercially it is a country of equal opportunity for all the nations of the world. <sup>8</sup>

Even in the pre-war period, Germany had developed fairly significant commercial interests in India. However the distinctive feature of the trade during this phase was that India's exports to Germany were on an average almost 3 to 4 times greater than imports from Germany. Till the early 1920s, India was a fairly important source of some of the raw materials required by German industry. These included food grains, principally rice, raw cotton, oilseeds, raw hides and skin, raw jute, manganese and shellac. The exports from Germany, though not as significant in volume as imports, were still quite considerable and said to be growing rapidly until the war resulted in their total disruption. Imports from Germany in the immediate pre-war period accounted for almost 7 percent of all imports into India. It slowly began picking up from 1920 onwards and from a low of 2.7 percent in 1921 it steadily increased to peak at 9.6 percent by 1936/37.<sup>9</sup> Though in aggregate terms, Britain commanded a substantial share of the Indian

market in the pre-war period, yet in a whole range of commodities, German goods were beginning to establish a niche in the market. These included metals such as brass, copper, iron and steel, zinc, glass, paper, aniline dyes, electrical machinery, hardware, miscellaneous cotton goods, as well as "a wide variety of cheap and meretricious articles for the bazaar trade".<sup>10</sup>

The dominance of the Germans in this line of business was the outcome of their understanding of the peculiarities of the Indian market coupled with their infinite capacity for perseverance and ability to seize the economic opening. German commercial agents were frequent visitors to India and in their extensive travels gathered vital commercial information. Extremely impressed by these German attributes, the US Consul in Bombay exhorted the American merchants to draw lessons from their methods. As he observed, "German manufacturers have gone to considerable trouble to keep themselves well informed as to Indian conditions and have shown enterprise and perseverance in their campaign for trade and either by lowering prices or by giving credit have made the necessary concessions and so secured increases in business".<sup>11</sup>

Commenting on the principal features of the Indian market, the US Consul observed: "The main thing to be considered about Indian trade is that most articles purchased by the masses of people, it is a question of not how good but how cheap." The masses of India numbering 31.5 crores " had no sentimental preferences for or against any particular country... price condition not sentiment were the predominating factors of trade." <sup>12</sup> He went on to add that " in doing business with the upper and middle class" numbering approximately 10 lakhs, " it is possible to secure a wide margin of profit but the sales must be comparatively small. In doing business with the great masses of the people the margin of profit must be extremely small; however the

sales and the collective profits may be enormous.<sup>13</sup> Echoing broadly similar sentiments, His Majesty's Trade Commissioner for India observed that India was "collectively a wealthy country... however the standard of living and individual incomes are low. This means that the masses of the country have only very little money to spend and it is no use offering to them good quality and lasting wares at a high price when they have only got sufficient cash available to purchase articles of cheap quality".<sup>14</sup> The Germans, he added, had understood these conditions and worked on these lines much to their benefit. The Calcutta market, observed the US Consul "is flooded with cheap German materials for electrical wiring such as cables, switches, ceiling roses and cut outs and although these are of the poorest quality they are apparently satisfactory as the demand continues".<sup>15</sup> On the other hand, His Majesty's Trade Commissioner for India was less forthcoming. While grudgingly conceding the German success in the bazaar trade, he made no efforts to conceal his disapproval of the German methods and especially the inducement by way of concessional credit to the Indian traders. To him these methods were based on unsound principles, fraught with great risks and wholly unjustified for the remuneration involved. He couldn't however altogether overlook some of the positive features of German business enterprise. The German merchants in India he observed, "had one great asset and that was their position in the hides trade". The German firms in Calcutta, it was said, "were organized in the form of a ring" or a cartel which by working in tandem "with a similar ring in Hamburg" had managed to establish a virtual monopoly over the export trade in raw hides and skin. It was the profits from this lucrative business which is said to have "enabled the leading German business houses to maintain such large establishments and to obtain a footing in the import trade".<sup>16</sup>

This phase, marked by direct intervention in the Indian market by German agencies in various trades, came to an abrupt halt with the outbreak of the first world war. While overseas trade itself suffered a major setback during the war primarily because of the lack of adequate shipping services, the "Indian" trade with " belligerent" Germany ceased altogether. The Indian market was effectively closed for the Germans for a good four to five years. Many German traders fled from India, but those that couldn't, were imprisoned and their properties and assets confiscated by the government. The elaborate pre-war commercial structure set up by the Germans was virtually dismantled. The strict system of surveillance together with the disruption of the normal channels of trade rendered it difficult for the Germans to establish any meaningful contact with Indian markets for a fairly long period. There were strict entry barriers for both German citizens and goods and German presence in India in the post- first world war period, until as late as 1923, was viewed with considerable suspicion.<sup>17</sup>

The Americans, the Japanese and the British took full advantage of the void created by the absence of the Germans to entrench themselves in the market. The post-first world war period was marked by intense competition and rivalry amongst the major industrial powers to gain access to, and control over overseas markets. In the case of Germany the problem was compounded by intense internal economic pressure. The need to reconstruct and re-strengthen a war-torn economy coupled with the payments of huge reparations to the Allied powers imposed a major burden on the German economy in general and industry in particular. These conditions compelled German industry to both maximise production and regain lost markets. The tendency towards concentration and cartellisation evident during this period strengthened the impetus to reach out to external markets.<sup>18</sup> Paradoxically, this also coincided with the first

phase of import substitution in India in certain consumer goods. This process was greatly aided by the policy of discriminating protection of the 1920s and the more full fledged protection that followed in the 1930s. These conditions quite naturally spawned a growing demand for intermediate and capital goods in India. The German business interests were quick in realising the potential importance of these opportunities and began acting on them post haste.<sup>19</sup>

Thus soon after the war, imports from Germany began picking up and from a low of 2.7 percent in 1921 it steadily increased to peak at 9.7 percent by 1936-37.<sup>20</sup> But even these figures do not tell the whole story. One of the major limitations with British Indian trade statistics, and hence a source of under-estimation, was that they were not derived on the basis of either the point of origin or the ultimate destination of trade traffic. Consequently, a fair amount of trade via Antwerp, Rotterdam and, to a lesser extent, from London, it was claimed by the Germans, was in fact by origin German trade. The statistics also did not account for commercial traffic routed through ports in French Pondicherry, Portugese Goa or those in the Princely States. In effect the actual share of German control over the Indian market would be far greater than what the Indian statistics would suggest.

## **German dyes and the Indian market in the inter-war period**

### ***The initial years***

The major advances in applied chemistry in Europe and particularly in Germany during the last quarter of the 19<sup>th</sup> century, reflected in the successful discovery of synthetic dyes, was a turning point, as their introduction majorly affected the market for natural dyes in India, as elsewhere.



The decline of the cultivation and trade in indigo in India from the last decade of the 19<sup>th</sup> century could be partly attributed to the entry of synthetic dyes from Germany.<sup>21</sup> This was one branch of trade in which the Germans virtually enjoyed a monopoly in the Indian market until the outbreak of the first world war.

As the pioneers in this field, the German manufacturers were able to make inroads into the Indian market with relative ease. By the first decade of the 20<sup>th</sup> century almost all the major German chemical manufacturers had set up branches in India. These included Farbwerke Vorm. Meister Lucius und Bruening of Hoechst, Bayer and Co., Leopold Cassella and Co., Ostermayer and Co. (representing Badische Anilin und Soda Fabrik), Berlin Anilin. The establishment in 1907 of a branch of the Association for the Protection of the Interest of the German Chemical Industry [Verein zur Wahrung der Interessen der Chemischen Industrie Deutschlands] in Bombay indicates the importance of this trade with India.<sup>22</sup>

Significantly, given the prevailing hostility and mistrust towards German business in the immediate post-war period, the latter decided to play it safe and thus chose to enter the Indian market through indirect and involuted routes. This is best exemplified in the strategy employed by the German chemical manufacturers. Thus between 1921 and 1925 leading firms such as Bayer, Hoescht, Agfa, WTM, Greisham, Cassella and BASF re-entered the Indian market in full strength either through a European trading firm from a neutral country or through Indian agents. Thus Cassella & Co. did its business in dye colours and dyeing materials through the Continental Colour Company of Bombay. This private proprietary firm was set up in the early 1920s by Fuchsmann, a Swiss businessman.<sup>23</sup> The latter later joined Haverro and Co. Agfa's interests in India during the early 1920s were represented by Haverro. A Dutch multinational

trading company, Havero had its registered office in Rotterdam with branches in London and Buenos Aires. It opened its third branch office in Bombay in 1922. As an importing firm it initially dealt in a wide variety of commodities ranging from electrical goods, glassware, and piece goods to tyres, chemicals, aniline dyestuffs and photographic materials.<sup>24</sup> Bayer's operations in India in the early 1920s were mediated through La Iridescente of Milan, an Italian trading firm specialising in dyes. The latter's agents in India were Gorio Ltd. with branches in Bombay and Ahmedabad.<sup>25</sup> The sub-agents for almost all these firms were invariably established Indian trading firms.

Despite cartellisation till 1925, individual chemical companies tended to compete vigorously with each other in the Indian market. The process of cartellisation in the German chemical industry was accomplished through various stages, spread over two decades. The formal merger of eight of the larger chemical firms into a unified corporation, Interessen Gemeinschaft [Community of Interests] Farbenindustrie or I.G.Farben, as it was popularly known, came through in December 1925.<sup>26</sup>

This had implications for India since outside Europe and US, India and China were two of the most important markets for the German chemical combine. Following the merger, Havero and Company Ltd were appointed as the sole importers and selling agents in India for the amalgamated I.G.Farben group.

I.G.Farben's extensive operations in India, however, have practically gone unnoticed so far. Unlike the amalgamated ICI (Imperial Chemical Industries,U.K.) and NACCO (National Aniline and Chemical Company, New York), its two principal competitors in India, I.G.Farben

perhaps felt it politically prudent to maintain a relatively low profile and be less visible by operating through the Dutch firm of Havero.

### ***The structure of the dyestuff market and I.G.'s intervention through Havero***

The growth of the textile industry in India in both the organised and unorganised sector in colonial India provided a large captive market for the imported aniline and alizarin dyes. Dyeing and bleaching of yarn were critical and integral preparatory processes in the production of textiles.

The demand for dyes in post 19<sup>th</sup> century commercialising India emerged largely from two broad segments of the market: firstly, the organised mill sector, the cotton textile as well as other industries, such as leather, coir, silk, wool, jute, including the large dyeing factories that emerged to cater to the demand from the former; and secondly, the loosely categorised unorganised market or the Bazaar segment.

In so far as the organised mill sector was concerned, the major market was from the cotton mill industry. It accounted for close to 92 percent of the dye business in that sector. Most mills had their own dyeing units, but those that didn't, outsourced it to stand-alone dyeing factories.

The Bazaar segment was humongous, highly *differentiated* and extremely diverse, both spatially and organisationally, and encompassed a whole range of units from large -sized dyeing factories at one end of the spectrum to the itinerant destitute household weaver, whose requirement at any given time often did not exceed a spoon or two of the dye. <sup>27</sup>

The organisational structure of the dyeing industry in a sense mirrored the structure of handloom industry. Thus much like the handloom industry, it assumed varying organisational forms, ranging from large standalone dyeing factories in major handloom centres to medium and small dyeing units to household enterprises. The symbiotic relationship between dyes and handlooms is best exemplified historically by the section of the Sourashtra weaving community from Madura. Madura almost become synonymous with Alizarine dyes. A contemporary observer had this to say: "Madura is noted for its Alizarine dyeing and the process is peculiar to that place and similar results have never been obtained in any other part of the country. The special results .... May be attributed to the particular method used and also to the climatic conditions due to the fact that the sun rays are very intense for the greater part of the year."

<sup>28</sup>The upshot of all of this was that it facilitated the rise of a small section of handloom /dyestuff entrepreneurs who eventually, atleast up until the early 1930s, came to control the trade in dyed yarn of a certain kind all along the east coast from the Tamil region and "extending ... into the Calcutta market".<sup>29</sup> Decentralisation of the dyeing process and the introduction of new dyes and colors eventually resulted in the decline of Alizarine dyeing and of Madura losing its preminence.

It was found that the proportion of dyed yarn to total yarn utilised by handlooms in most parts of India with the exception of North was significantly high.<sup>30</sup> Interestingly, the availability of the dyes was itself a source of growth and revival for a section of the handlooms as the following observation of the Fact-Finding Committee on Handlooms would suggest. "Taking advantage of the cheap and brilliant dyes imported from Germany since 1922 several centres in Madras, Bombay and Bengal including Madura, Coimbatore, Sholapur ..... took to the production of

elegant multi-colored saris of the kind which the younger womenfolk were beginning to prefer.”<sup>31</sup>

Following the acquisition of the prized agency business of I.G., Havero went in for a major reorganisation and branch expansion in India. It surrendered many of the unrelated lines of trade and instead chose to increasingly concentrate on dyes, chemicals and photographic material.<sup>32</sup>

Apart from Bombay, which was the nodal centre for Havero's operations in India, by 1927, it had set up branches in Ahmedabad, Madras, Calcutta, Karachi and Delhi with resident inspectors in Cawnpore and Amritsar. Already by 1928, discerning market observers were beginning to notice Havero's “large and expensive organisation in India which included 30 European officers”.<sup>33</sup>

The sales structure was organised keeping in view the two distinct markets for chemicals and dyes, namely, the organised mill trade and the bazaar trade. While Havero dealt directly with the mills, who were also very large consumers of dyes, the unorganised bazaar trade, targeting the demand emerging from handloom industry, petty dye shops and contractors and a whole range of other relatively smaller consumers, among others, was handled by its stockists and sub-stockists.

These technical and field officers along with inspectors and demonstrators took it upon themselves to “know exactly what is going on in the Bazar in all the markets (even in the small villages) and it is also in this way that the technical propaganda at the final consumer is made by Havero”.<sup>34</sup> The technical support provided by Havero, was integral to I.G.'s policy of market control. It maintained large well-equipped laboratories in Bombay, Calcutta and Madras “suited

to the needs of the textile and other dyestuff and chemical consuming industries." This also facilitated the introduction of new products and new technology. The US consul in his 1928 special report on the market for dyes in India went so far as to admit that "the german manufacturers are able to offer the Indian market a complete range of colours. No manufacturer of any other country is able to do this at present." <sup>35</sup>

A broadly similar view was expressed by His Majesty's Trade Commissioner in 1927: "It may be stated that the dominating position of Germany with regard to dyestuffs in the Indian market is chiefly due to the fact that Germany can supply a much wider range than any other country. Her superiority in this respect is chiefly marked in the case of the more complicated dyes." <sup>36</sup>

By 1926/27 Germany was said to account for 80 percent of total imports of dyes into India, "with all the other countries" which included, US, Switzerland, Great Britain accounting for a mere 20 percent. <sup>37</sup>

By 1937, Havero had put in place a huge and elaborate pyramidal marketing and sales structure to facilitate I.G. products to reach the most interior parts of the length and breadth of India. It had 17 branches with godowns in all major textile and handloom centres. <sup>38</sup>

### ***Havero and the organised sector***

Havero's customers included almost all the leading mills in Bombay, Ahmedabad, Coimbatore, Kanpur, Delhi, Sholapur, Nagpur. By meeting the requirements for dyes and chemicals, Havero had over the years managed to establish very close ties with the textile industry. <sup>39</sup>

Through the propagation of I.G.'s dyes, Havero was also able to act as a conduit for pushing German textile technology.

This was most evident in the cloth printing segment of the textile sector in Ahmedabad. By and large, the Ahmedabad mills were relatively more responsive and adaptive to the changing market trends and I.G. and other German commercial interests were quick to perceive and act on the economic opportunities. By the mid-1930s, it was observed that machine dyeing and printing had made great strides in Ahmedabad, displacing to a certain extent the traditional hand dyeing and printing.<sup>40</sup> Many of the Ahmedabad and some of the Bombay mills, as part of a process of diversification and rationalisation, went in for cloth printing and the mill machinery requirements was largely sourced from Germany. The machinery suppliers included such well-known German firms as Thies, Obermaier, Zittau.<sup>41</sup> The travelling report of a senior manager of Havero is quite revealing. Writing in August 1936, at the end of a visit to Ahmedabad, he observed: "From a technical point of view Ahmedabad practically leads the textile industry. With the exception of Binnys and some European owned Bombay mills, the finest material is produced in Ahmedabad. It is amazing to see how much has changed in the last 15 months, The amount of new machinery erected and under erection is amazing and Ahmedabad mills buy only the best and being keen buyers and international competition being strong, their purchases are generally at the lowest world market prices obtainable."<sup>42</sup>

### ***Havero and the unorganised sector***

Havero had 28 direct distributors. Of these 15 distributors, with a few of them covering very large territories, dealt exclusively with products of I.G. Farben while the remaining 13

distributors, covering a relatively smaller territorial area, were entrusted with the responsibility of marketing the dyestuff products of CMC, Rohner Durand & Huguenin & Aussig. These were relatively smaller European dye manufacturers who were part of the I.G.worldwide marketing cartel. The 28 principle distributors of Havero had between them 34 branches offices and a further 113 sub-stockists or agents for their products. The latter had 123 depots or shops all across . Together this worked out to 185 marketing outlets across 100 centres. <sup>43</sup>

Havero couldn't always have its way in selecting its distributors and stockists. Thus Havero would have preferred 100 of "a comparatively small party (but financially sound enough)" as its "ideal Bazar distributor" and also someone "who has a good knowledge of the dye business" and one who is in "close touch with all consumers, yarn dealers and weavers etc" <sup>44</sup> However following the amalgamation of the various dye manufacturing firms in 1926 Havero had no option but to give in to I.G.'s demand to "employ all the important dealers ... who at that time were the distributors of the dyes for the then independent I.G.firms as their distributors ( stockists)". Some of them had to be accomodated by offering them "a very large territory" . It was felt that this " was necessary in order not to let such important rich parties go to outside competition."<sup>45</sup> The Havero officials didn't hesitate to express their reservations over this arrangement . "One of the drawbacks.... is however that most of them are rich orthodox merchants with little knowledge of dyes and ( because they are rich) do not take such interest in dye business as a small district agent would display." <sup>46</sup>The principle stockists of Havero were bound under very strict agreement only to " deal in dyes imported and sold by Havero" . For this they were provided a fairly liberal agency commission, a good portion of this had to be shared with the sub-stockists and other agents and brokers to ensure that the



commodities are marketed. The Bazaar business was conducted on a consignment basis with the consigned goods being “covered by deposits (cash or first class security). In the case of cash deposit, the distributor is said to have secured 6 percent interest.<sup>47</sup> As regards pricing , it was said that “Retail sale prices were fixed by Havero Trading Company from time to time” and the stockists in turn were expected to furnish a sales report almost on a daily basis to Havero.<sup>48</sup>

Despite all this, the situation on the ground was far from being orderly and smooth. The US consular report on the State of the Aniline dye trade in India in the late 1920s bears this out. Thus it observed: “Owing to the system of the German organisation the Havero Trading Company more or less loses control of the selling as soon as the goods pass into the hands of its stockists and that the regulation of the retail prices can only be nominal.”<sup>49</sup> It was said that “the territory and stocks which each German stockist is permitted is extremely complicated” and that no stockist was “allowed any definite territory for exclusive exploitation”.<sup>50</sup> As a consequence it was found that “in the larger color centres five or six different German stockists” were “found competing with each other”. Together with this, Havero had also to contend with the competition from other rivals ICI, Nacco and, most critically, from “outside competition” through the Indian mixers and packers. The latter sourced dyes from the other European dye manufacturers who were outside the cartel.<sup>51</sup>

The travelling report of Mr S. Fuchsmann of Havero after his trip to Amritsar, a major centre for dyes in North India, is very revealing in its candid admission of the kind of problems that were encountered in acquiring the requisite space for the product.

He observed: “The prices we prescribe to our dealers are based on what is obtained in the bazaar. We presuppose that our dealers are in direct touch with the actual consumer. As a

matter of fact... at least 80% of their business is being done through sub-stockists, dealers, brokers and middlemen generally, to whom they must give a commission. It might be argued that it should be our stockists endeavour to cut out all these middlemen, but this is impossible. Already D.D's (Dadajee Dhackjee & Co) outstandings in Amritsar equal six months turnover and if they were to cut out their middlemen these credits would have to be increased to an extent that would make business impossible for them . . . The man who finally uses the colour is , as a rule, so poor that, if he had not the middleman's credit, no business would be possible".<sup>52</sup>

Despite the fact that "the range of dyes produced in the United Kingdom" by The Imperial Chemical Industries through the British Dyestuff Corporation "was limited",<sup>53</sup> its share in the market for Alizarine dyes was quite significant and I. G. couldn't escape the heat of this competition through price cutting. Realising its strength, ICI chose to counter I.G. in India essentially through an inexpensive marketing structure and by offering liberal commissions. It chose to deal with smaller parties and by mid-1930s had as many 650 distributors in as many centres in addition to hundred of other agents, most of whom were mixers and packers.<sup>54</sup>

Though huge in terms of volume and close to 50 percent of the total imports, the Bazar segment of the market was intensely volatile and not easily amenable to control and hegemony in contrast to the mill sector. The decision by Havero in 1931 to arrive at some kind of a broad cartel arrangement in India for a rational market sharing policy which involved I.G., ICI, CMC, Rohner, etc was, in a sense, a reflection of the need to cut out needless competition and stem the process of falling profits.<sup>55</sup>

While I. G., through Havero, had established over the years a fairly firm grip over the market by virtue of its aggressive marketing outreach programmes, the quality and range of

colours it offered and, above all, its inherent strength to withstand and counter competition, yet Havero had to face intense competition from its rivals in the Bazar segment and wasn't on as firm a ground. It had to be extremely watchful and evolve appropriate strategies to counter them in order to not only prevent any possible erosion of their market share, but also to retain or enhance it. The attempts to restructure I. G. interests in India on a broader basis even as late as 1938 proved infructuous. By 1939, all this was just history and the market yet again slipped entirely out of their hands.

*This paper is partly based on German archival material drawn from the Bundes Archiv in Potsdam and Hoppe Garten, Berlin, in 1995. The author wishes to thank his German friends who helped him to access this material.*

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#### ENDNOTES

<sup>1</sup> Dharma Kumar (ed), *The Cambridge Economic History of India*, Vol 2, Cambridge University Press, 1983.

<sup>2</sup> Douglas E. Haynes et.al.(ed), *Towards a History of Consumption in South Asia*, OUP, New Delhi, 2010. See also Christina Lubinski, 'Nationalistic Tunes: Western Gramophone Companies and Bengal Nationalism before World War1', (mimeo).

<sup>3</sup> The notable exception would be Christina Lubinski's ongoing work in this broad area.

<sup>4</sup> B.R. Tomlinson, *The Political Economy of the Raj 1914-47: The Economics of Decolonization in India*, Palgrave Macmillan, 1979.

<sup>5</sup> Basudev Chatterjee, *Trade Tariffs and Empire : Lancashire and British Policy in India 1919-1939*, OUP, Delhi, 1992.

<sup>6</sup> Aditya Mukherjee, *Imperialism, Nationalism and the Making of the Indian Capitalist Class 1927-1947*, Sage, 2002.

<sup>7</sup> Statistical Abstract relating to British India and certain Indian states for relevant years.

<sup>8</sup> Department of Commerce, Bureau of Foreign and Domestic Commerce , U.S. Special Consular Report, no 72, **British India** with Notes on Ceylon, Afghanistan, and Tibet, Henry D., Baker, American Consul at Bombay and other Consular officers, Washington, 1915.

<sup>9</sup> Statistical Abstract for British India for relevant years.

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<sup>10</sup> Trade of India - Report of the Conditions and Prospects of British Trade in India at the Close of the War. By His Majesty's Senior Trade Commissioner in India and Ceylon, London 1919, p.10.

<sup>11</sup> Department of Commerce, Special Consular Report, No 72, Henry D. Baker, Washington, 1915, p.10.

<sup>12</sup> Ibid, p. 10

<sup>13</sup> Ibid, p. 15.

<sup>14</sup> Trade of India, London, 1919, pp. 10-11.

<sup>15</sup> Department of Commerce, Special Consular Report, No 72, Washington, 1915, p. 497.

<sup>16</sup> Trade of India, London, 1919, p. 10.

<sup>17</sup> Department of Overseas Trade, Report on the Conditions and Prospects of British Trade in India 1924-25, London, 1925.

<sup>18</sup> Francis C. Steckel, "Cartelization of the German Chemical Industry 1918-1925", *Journal of European Economic History*, Vol 19. No.2. Fall 1990, pp. 329-351.

<sup>19</sup> Department of Overseas Trade, Report on the conditions and Prospects of British Trade in India 1926-27, London, 1927.

<sup>20</sup> Statistical Abstract of British India for relevant year.

<sup>21</sup> Prakash Kumar, *Indigo Plantations and Science in Colonial India*, Cambridge University Press, 2012.

<sup>22</sup> N.K. Barooah, *India and the Official Germany 1886-1914*, Peter Lang. Frankfurt/M, 1977, p.161.

<sup>23</sup> Bundes Archiv (Hoppe Garten, hereafter H) 80 IG 1 /BD 27 File No 3137.

<sup>24</sup> Bundes Archiv HG File no 80 IG1 AW 2909 general Annual report of the international operations of Haverro Trading Company for the year 1926. See also File No 80 IG1/ AW 2910 Special supplement of Times of India on Haverro Trading Company Ltd March 30 1938.

<sup>25</sup> Bundes Archiv 80 IG 1/ BD 21 file no 6467 see also file no B6503.

<sup>26</sup> C. Francis, op cit, 1990.

<sup>27</sup> Bundes Archiv (HG) File no 6240 80IG1/BD21. This contains a confidential booklet on Haverro Dye Business in British India the position as of 1.2.1938. (hereafter Haverro Dye Business in British India 1938, confidential booklet.) This is an extremely insightful account of the state of the market especially the unorganised or Bazaar segment. This study has drawn heavily from it. See also File No 10 80IG1/BD 21. This file contains the Special Circular No 221 dated 9/1/1928 of the Department of Commerce, U.S. Bureau of Foreign and Domestic Commerce

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being a short study of the market for Aniline Dyes. It was authored by the US Consul in Bombay Mr. W. KEBLINGER. Also a very interesting account on the structure of market and consumption (hereafter Department of Commerce, KEBLINGER'S report on the Market for Dyes, 1928.

<sup>28</sup> Department of Commerce, KEBLINGER'S report on the Market for Dyes, 1928.

<sup>29</sup> Bundes Archiv (HG) File no 2850, I G Farben Industrie Haverlo Aniline Bombay. See letter of Haverlo Bombay to I.G. Frankfurt A/M dated 18<sup>th</sup> June 1936 re Madura Market.

<sup>30</sup> Report of the Fact Finding Committee ( Handloom and Mills) 1942, Government of India Press, Calcutta  
(hereafter FFC,) p.1i6.

<sup>31</sup> FFC, p.10.

<sup>32</sup> Bundes Archiv (HG) 80IG1/AW 2910, *Times of India*, special supplement on Haverlo, p. 17.

<sup>33</sup> Department of Commerce , KEBLINGER'S report on the market for Dyes, 1928.

<sup>34</sup> Haverlo Dye Business in British India 1938 (Confidential booklet).

<sup>35</sup> Department of Commerce KEBLINGER'S report on the Market for Dyes, 1928.

<sup>36</sup> Department of Overseas Trade, Report on the Conditions and Prospects of British Trade in India 1926-, London, 1927.

<sup>37</sup> Ibid, pp. 62-63.

<sup>38</sup> Haverlo Dye Business in British India 1938 (Confidential booklet).

<sup>39</sup> Haverlo Dye Business in British India 1938 (Confidential booklet).

<sup>40</sup> Haverlo Dye Business in British India 1938 (Confidential booklet).

<sup>41</sup> Bundes Archiv (H G) File No B 3167 80 IG1/BD21. See technical reports of Dr Lochner regarding the colour requirements of mills.

<sup>42</sup> Bundes Archiv file no 3971, IF Farben Industrie, AG Frankfurt. See letter from Geo J Kreczmer Haverlo Trading Company regarding my visit to Ahmedabad 27<sup>th</sup> August 1936.

<sup>43</sup> Haverlo Dye Business in British India 1938 (Confidential booklet).

<sup>44</sup> Ibid

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<sup>45</sup> ibid

<sup>46</sup> Ibid

<sup>47</sup> Department of Commerce, Keblinger's Report on the Market for Dyes 1928.

<sup>48</sup> Ibid

<sup>49</sup> Ibid

<sup>50</sup> Ibid

<sup>51</sup> Havero Dye Business in British India 1938 ( Confidential booklet).

<sup>52</sup> Bundes Archiv (HG) File no 6303, IG Farben Industrie, Mr S. Fuchsmann, Travelling Report 1928 , I-IV.

<sup>53</sup> Department of Overseas Trade, Report on the Conditions and Prospects of British Trade in India 1926-27, London, 1927.

<sup>54</sup> Havero Dye Business in British India 1938 (Confidential booklet).

<sup>55</sup> ibid