

R K Hazari

R K HAZARI, editor of *Economic and Political Weekly* from September 1967 to November 1969, died of a heart attack in Bombay on November 8. He was 54 and is survived by his mother, his wife, Saroj, who teaches English literature at St Xavier's College, Bombay, and his sons Rabindra, Somendra and Hemendra.

Born on October 21, 1932 at Patiala, Rabindra Kishen Hazari was educated at Government College, Lahore and St Xavier's College and the School of Economics and Sociology, Bombay. He taught economics at St Xavier's College from 1951 to 1964 when he moved to the University of Bombay as Professor of Industrial Economics. After editing *EPW* during 1967-69, he joined the Reserve Bank of India as Deputy Governor soon after the nationalisation of the major commercial banks in July 1969, the youngest person to hold that post; and in 1977, at 45, he was again the youngest person to relinquish it upon completion of his tenure. Since then he was associated with a number of companies as director and consultant and was a visiting professor at the National Institute of Bank Management, Pune, and the Xavier Labour Relations Institute, Jamshedpur.

Hazari's "The Structure of the Corporate Private Sector: A Study of Concentration, Ownership and Control" (Asia Publishing House, 1966) remains a landmark among empirical studies of private business and industry in India. Hazari began work on the project at the beginning of 1958 and published his first results in an article 'Inter-Corporate Investment: The Birla Group of Companies' in *Economic Weekly* in November that year. His study of concentration was based on the proposition that in India the family-controlled business group, and not the individual joint stock company, is the unit of decision-making and the repository of economic power. The definition of the business group and the methodology for identifying the companies controlled by a business group were Hazari's pioneering contributions. To indicate different degrees of control, he distinguished between companies in the 'inner circle' of a business group and those in the 'outer circle'. The inner circle consists of companies over which the group exercises effective control: either the group and its associates have majority share-holding in these companies or the share-ownership is widely diffused or vested in financial groups which are not interested in company management so that the dominant group exercises control with only a minority of shares. The inner circle constitutes the group proper. The outer circle consists of enterprises in which "the group

(or rather its decision-making authority) has a voice and a material influence, but not the controlling voice". The inner and outer circles of a business group together comprise 'the complex'.

Hazari's study presented a wealth of detail on the techniques used by business groups to acquire and maintain control over the companies in their fold. The managing agency system, which has since been abolished, often provided a means of retaining control over routine management. In most cases, it is inter-corporate investment and investment by trusts which provide the main link between companies controlled by the same business group. Hazari was also the first to define and use the concept of 'effective equity', instead of total equity, for measuring the controlling interest in a company.

Hazari's painstaking compilation and analysis of data on capital stock and paid-up capital of companies belonging to different business groups led him to the conclusion that between 1951 and 1958 concentration of economic power in the corporate sector had definitely increased. "The four top inner circles (Tata, Birla, Martin Burn and Dalmia-Sahu Jain)", he wrote, "had 17.91 per cent of the total share capital of non-government public companies in 1951. This proportion rose to 22.34 per cent in 1958. The comparable ratio for their complexes went up from 21.85 per cent to 26.60 per cent. . . The share of the four top inner circles in the total gross capital stock of non-government public companies went up from 16.95 per cent to 22.14 per cent, and of their complexes from 20.44 per cent to 25.66 per cent. In 1958, the public companies in the two largest complexes, Tata and Birla, had nearly one-fifth of the gross capital stock of all non-government public companies!"

Inevitably, Hazari's study raised the issue of the consequences of concentration of economic power for the operation of the Indian economy. In addressing this question, Hazari was concerned primarily with improving the efficiency of the existing private enterprise system. He believed that the organisation built up by the large business groups was valuable but at the same time he felt uncomfortable at the prospect of the large business groups dominating the Indian economy. The remedy he envisaged was to encourage growth of the medium-sized groups, a proposal for which he seemed to find justification in the fact that his study had shown some of the medium-sized groups to have been the most dynamic and to have registered the fastest rates of growth.

It is not easy to think of many instances in recent years of an economist's work which

has influenced government policies as much as Hazari's study of concentration has done. Even as the work was in progress, Hazari's findings on changes in concentration between 1951 and 1958 with reference to 13 business groups were made available to the Committee on Distribution of Income and Levels of Living, better known as the Mahalanobis Committee, at the committee's request and were eventually incorporated in its report presented in 1964. On their basis, the committee recommended the appointment of a commission to enquire into concentration of economic power in the private corporate sector, which led to the appointment of the Monopolies Enquiry Commission in April 1964. The Monopolies Commission too drew heavily on Hazari's work in its report submitted in October 1964. Hazari himself was requested by the Planning Commission to undertake a study of Industrial Planning and Licensing Policy. He submitted his interim report on the subject in December 1966 and the final report in September 1967. He showed in his interim report how the licensing system had favoured the large business houses which had exploited industrial licensing to pre-empt and prevent the entry of new industrialists into particular industries. The debate sparked off in Parliament and outside by these findings led the government to appoint the Industrial Licensing Policy Inquiry Committee in July 1967. The committee's report, submitted in February 1969, confirmed Hazari's conclusions about the abuse of the industrial licensing system by the large business groups.

Hazari's association with *EPW* and *Economic Weekly* and with Sachin Chaudhuri, the founder-editor of the two journals, dated back to long before he became editor of *EPW*. In an obituary note on Sachin Chaudhuri he wrote how he had met the latter as early as in 1953 and had submitted his first contribution, a book review, to *Economic Weekly* in April 1954. This was the beginning of an association which soon developed into one very much more than that of a contributor, though Hazari also became a regular writer for *Economic Weekly*, contributing articles, book reviews and notes as well as unsigned editorial pieces. He wrote a regular stock and commodity markets column between 1957 and 1961 and for a short spell in 1960 even functioned as part-time managing editor. After Sachin Chaudhuri withdrew from *Economic Weekly* at the end of 1965, it was natural that Hazari should be one of the group of "young men who had risen on Sachin's shoulders", as he himself put it, whose efforts were critical in the setting up of Sameeksha Trust and the launching of *EPW* on August 20, 1966. So when, after Sachin Chaudhuri's death, Hazari was

appointed editor of *EPW* in September 1967 it was the culmination of a close involvement extending over almost fifteen years. When Sachin Chaudhuri died barely four months after starting *EPW*, there must have been not a few who feared for the new journal's survival, but by the time Hazari relinquished the editorship in November 1969 these doubts had been stilled. *EPW* had been well and truly put on its feet; in fact Hazari had already launched the quarterly *Reviews of Agriculture and Management* and was full of ideas for starting a research wing of the Sameeksha Trust. Hazari has written jokingly of how he had decided to give up the part-time managing editorship of *Economic Weekly*, "tired of... the absence of any sense of organisation" in those days. None could say this of *EPW* under Hazari's editorship. His colleagues of those days, even more perhaps their spouses and children, still recall nostalgically the times when the day's work in *EPW* would be done and the shutters pulled down by six in the evening. Such a thing had been unheard of earlier; and so it has been since.

To say that, as Deputy Governor of the Reserve Bank, Hazari successfully saw through the post-nationalisation restructuring of the country's commercial banking system would be to state the obvious. Those not privy to official records can only speculate about the awesome effort that must have gone into this achievement which involved, in the crudest numerical terms, an increase in the number of bank branches from about 8,000 to over 28,000 and in the proportion of rural branches from about 22 per cent of the total to over 42 per cent. Given his long spell as Deputy Governor, it was natural that, apart from commercial banking, Hazari should have been involved in most of the other major concerns of the country's central bank: agricultural credit, industrial finance, non-banking companies, and so on. One thing is for sure: Hazari was no Mint Road general, but insisted on systematically travelling to the remotest parts of the country and put a premium on those who worked with him doing the same. For him, therefore, the far-flung bank branch network he was helping to create was not just as assemblage of so many coloured pins on maps on the walls of his office room.

Hazari was, of course, an able manager and administrator. He had to be to accomplish all that he managed to achieve. But he was also an affectionate colleague, supportive and concerned. (In *EPW*, one recalls, he was always ready with prescriptions of home remedies for his colleagues' ailments and the drawers of his table were generally well stocked with Horlicks, Threptin biscuits and such stuff and sometimes one needed not a little tact to escape persuasive invitations to share in the partaking of these supposed restoratives.) Hazari was ever willing to give credit to his juniors—in his academic writings, for instance, acknowledging them

as co-authors instead of consigning them to the customary footnote.

In his Shri Ram Memorial Lecture at the Department of Business Management in the Punjab Agricultural University, Ludhiana, in 1976, Hazari described himself as "primarily a student of history and literature, turned to economics mainly to earn a living, induced to learn from the experience of public service, now moving to philosophy via management". His fascination with history at any rate was obvious to anyone who had chanced to glance at the contents of his book-shelves or who had noticed his penchant for making sweeping historical references while dealing with all manner of

subjects. Mis Sri Ram Lecture, for instance, he chose to call 'Management of Civilisation' and in it references to the origins of the caste system rubbed shoulders with analysis of the Green Revolution.

For almost half his working life Hazari had been a teacher. Though he did not later go back to the profession formally, he continued to be irresistibly drawn to the teacher's role. In recent years it was far easier to persuade him to give a talk or a lecture than it was to induce him to write. So it would have warmed his heart to know how many of his one-time colleagues from his teaching days had turned up at the cremation grounds last Sunday afternoon.

LETTER TO EDITOR

Wasteland Restoration, Last Hope of the Poor

AS a worker involved in the area for the past decade, I have read Arun Ghosh's article 'The Greening of Rajasthan: Sans Water' with mixed feelings. While it is good that a dweller of ivory tower has descended to see the condition of the hewers of wood and drawers of water one would have expected from him a preference for a more insightful and accurate view than that afforded by a guided tour

Perhaps he was not told that the wasteland regeneration programme in Dhar-Ubeshwar area is not a Seva Mandir project. It has a basically different shape and approach. It was planned and implemented by a local Bhil Adivasi organisation, Ubeshwar Vikas Mandal, with support from the state government under NREP, National Wasteland Development Board and Society for Promotion of Wasteland Development. (The Forest Department has also undertaken plantation work on 400 hectares.) It focused on private and village degraded pasture lands and its initial objective was to regenerate these pastures through eliminating open grazing and inducing stall feeding. This has been done through building protective walls and setting up community arrangements for maintenance of pastures and sharing of fodder grasses. The experience of past two years has shown that adequate availability of fodder from these regenerated pastures has ensured the survival of livestock in the lean months. Of course, trees were also planted and nurseries have been raised locally with emphasis on local, hardy species. A significant feature of this work has been self-management and local planning and supervision by the people themselves, who have also taken a lead in curbing green felling by head-leaders. The visibly plentiful grass in the protected pastures has set into motion a movement for this kind of regeneration in the neighbouring areas.

Yes, the rains have failed again at the crucial ripening stage for the main crop and the water shortage will affect survival of half of the 1,80,000 saplings that have been planted. Certainly, there is water shortage all round and it is going to be a really tough year. But these are the wages of ruthless and indiscriminate destruction of the Aravalli forests over the past three decades largely at the behest of agencies of the market and the state. The worst sufferers in this situation are the tribais in the remote hamlets. Their life support system has been devastated and they face a bleak future. Yet they have not lost hope. They have begun to see the result of these destructive pursuits and the possibilities of regeneration of their hills where the rootstock of indigenous grasses, shrubs and trees still survives and there is a greening after every monsoon. They have begun to demand as their right resources in cash and food for undertaking the protection and regeneration tasks as a part of drought relief measures. Water harvesting has also been discussed and experimental work has been done on contour trenching. However, the first priority has been given to protect and regenerate the hillsides so that soil erosion can be controlled by natural means, otherwise anicuts and water storage tanks will be filled with silt rather than water.

While Ghosh is right in pointing out the flaws and lacunae in the wasteland development programmes, it is not fair on his part to damn outright these major efforts for the regeneration of the degraded resources of the poor. The wastelands are the last hope of the poor. It is only through their restoration that the future of the tribal communities can be assured and, in the case of Aravallis, the onward march of desertification halted.

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Ubeshwar Vikas Mandal,
Dhar.