

Visions of Indian Economic Unity On the Eve of Partition: A Tale of Two Companies

This article examines Mahindra & Mohammed (now Mahindra & Mahindra) and the Muhammadi Steamship Company through a microhistory of late colonial Bombay. The paper reveals companies committed to the economic unity of India shortly before the anticolonial struggle culminated in the violent and chaotic Partition of British India in August 1947. In Bombay, the center of Indian industry and not typically associated with the Partition's dislocations, economic partition was unanticipated even by economic actors closely allied with the Muslim League. The two firms examined here highlight the understudied impact of decolonization and the Partition of the sub-continent on Indian capitalism, and suggests that postcolonial territorial realities implied an economic rearticulation that has often been overlooked.

Keywords: history of firms, decolonization, India, Pakistan, stock markets, history of capitalism

In 2011, a US citizen of Pakistani extraction sued India's Custodian of Enemy Property for the return of his shares of Western India Vegetable Products Ltd. (WIPRO), a leading Indian information technology firm listed on the New York Stock Exchange. In his civil suit filed in Bombay High Court, Abubaker Cochinwala argued that the Indian Custodian could no longer term the shares as "enemy" property since he, who had received the shares from his Pakistani father in 1951,

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was a US citizen. The father's contested gift was worth approximately \$153 million in July 2011.¹

Mr. Cochinwala's abortive quest illustrates not only the enduring and messy nature of South Asia's decolonization but also points to the understudied consequences of Partition on Indian capitalism. Culminating in the establishment in August 1947 of India, under Prime Minister Jawaharlal Nehru of the Indian National Congress (INC), and of Pakistan under Governor-General Muhammad Ali Jinnah of the Muslim League, the decolonization of British India has been described as a "spectacular moment of state-making."² The postcolonial nation-states have given rise to twin statist myths—"the Muslim League for Partition" and "the Congress for unity"—as well as a lasting controversy over the trajectory of the subcontinent's history and nationalization.³ The orthodox historiography of independent India and Pakistan has been challenged by scholars such as Ayesha Jalal, whose "revisionist" theory decenters the foundational date of 1947, and by Vazira Zamindar's processual analysis of state and citizen formation.⁴ More recently, the spatial turn in historiography has highlighted

¹ Rosy Sequeira, "US Citizen Moves Court Seeking Release Of His Shares," *Times of India*, 14 July 2011, accessed 31 July 2022, <https://timesofindia.indiatimes.com/city/mumbai/US-citizen-moves-court-seeking-release-of-his-shares/articleshow/9217946.cms>. The court was told that the shares were worth Rs. 750 crores. A back-of-the envelope calculation for the valuation of the shares in dollar terms is derived from an average of the rupee's range for 2011, based on its value on 30 Dec. 2011 of 53.26, and its value on 3 Jan. 2011, of 44.67, based on historical data from the Reserve Bank of India. See "Reference Rate Archive," Reserve Bank of India, accessed 8 June 2023, <https://www.rbi.org.in/scripts/ReferenceRateArchive.aspx>. According to the Bombay Stock Exchange, shares of WIPRO closed at 354.70 rupees on 21 Dec. 2020. See "Wipro Ltd.," Bombay Stock Exchange, accessed 22 Dec. 2020, <https://www.bseindia.com/stock-share-price/wipro-ltd/wipro/507685/>. WIPRO issued 17,000 ordinary shares, of which 8,000 were reserved for its directors and their friends, and 9,000 were issued at 100 rupees per share to the public. See *Commerce*, 9 March 1946, Vol. LXXII, No. 1838, 417.

² David Gilmartin, "The Historiography of India's Partition: Between Civilization and Modernity," *The Journal of Asian Studies* 74, no. 1 (Feb. 2015): 37.

³ For recent overviews of Partition historiography, see William Gould and Stephen Legg, "Spaces before Partition: An Introduction," *South Asia: Journal of South Asian Studies* 42, no. 1 (2 Jan. 2019): 69–79; and Gilmartin, "Historiography of India's Partition." Partition has been described as a profound moment of nationalization in which private socio-cultural expressions of "Hindus" in India and "Muslims" in Pakistan articulated themselves as "the public," while denying that possibility to the other. Gyanendra Pandey, *Remembering Partition: Violence, Nationalism, and History in India* (Cambridge, UK, 2001), 127. The new order established in 1947 was hardly peaceful, as India's violent absorption of the Princely State of Hyderabad in 1948 has been described as a "third front: of Partition. Sunil Purushotham, "Internal Violence: The 'Police Action' in Hyderabad," *Comparative Studies in Society and History* 57, no. 2 (April 2015): 437.

⁴ Ayesha Jalal, *The Sole Spokesman: Jinnah, the Muslim League and the Demand for Pakistan* (New York, NY, 1985); Vazira Fazila-Yacoobali Zamindar, *The Long Partition and the Making of Modern South Asia: Refugees, Boundaries, Histories* (New York, NY, 2007); For a useful discussion about Jalal's "revisionist" theory about Partition, see Asim Roy, "The High Politics of India's Partition: The Revisionist Perspective," *Modern Asian Studies* 24, no. 2 (May 1990): 385–408.

implications of the new geographies established by the contentious postcolonial borders that partitioned British India.⁵ Nisha Mathew's theorization of an intermediate zone between the retreating British Empire and the nascent nation-states underscores trans-regional aspects of the ensuing economic vacuum and reveals a transformation that ultimately benefited regions beyond South Asia.⁶

It is not just Cochinwala's waylaid shares that speak to forgotten connections. Unofficial trade (i.e., trade sanctioned neither by India nor by Pakistan) is five times greater than official trade. Neither Partition nor even ensuing tensions and wars between the postcolonial states have fully severed the economic linkages that had existed across British India.⁷ These stubborn linkages are particularly surprising given that the idea of economic development had been mobilized by Indian nationalists in the 1930s and 1940s in opposition to the drain of wealth by the colonial state, leading to a wide range of conceptions of economic planning in the final years of the British Raj.⁸ The economic linkages that have endured in spite of India's and Pakistan's post-Partition hostility become more legible when seen from the lens of the numerous constitutional and political possibilities that circulated in late colonial British India before the accelerated timeline implemented by colonial authorities in 1947.⁹

This paper examines important movements of capital and changes to the significant shipping sector during the period of transition from British India, whose patronage underpinned a largely unified economy,

⁵The private expressions were socio-cultural attributions of people and groups of people (not businesses).

⁶Nisha Mathew, "At the Crossroads of Empire and Nation-State: Partition, Gold Smuggling, and Port Cities in the Western Indian Ocean," *Modern Asian Studies* 54, no. 3 (May 2020): 898–929.

⁷Ilyas Chattha, *The Punjab Borderland: Mobility, Materiality and Militancy, 1947–1987* (Cambridge, UK, 2022), 6. In 2012, direct official trade between Pakistan and India stood at \$2.6 billion dollars. Unofficial trade, which must transit illegally or via third countries, was nearly five times higher, estimated at \$10 billion. Maria Syed, "Pakistan-India Trade: Rationale and Reality," *Pakistan Horizon* 65, no. 3 (July 2012): 96.

⁸Benjamin Zachariah, *Developing India: An Intellectual and Social History, c. 1930–50* (New Delhi, India, 2005), 11; Manu Goswami, *Producing India: From Colonial Economy to National Space* (Chicago, IL, 2004), 3–4; Amiya Kumar Bagchi, *Private Investment in India 1900–1939* (Cambridge, UK, 1972), 427.

⁹Sugata Bose has noted the need to account for alternative frameworks and historically contested visions of nationhood that had existed within the extensive debates around "development" of the 1940s. Sugata Bose, "Instruments and Idioms of Colonial and National Development: India's Historical Experience in Comparative Perspective," in *International Development and the Social Sciences: Essays on the History and Politics of Knowledge*, ed. Frederick Cooper and Randall M. Packard (Berkeley, CA, 1998), 45–63. The multiple political trajectories at play in the final stages of decolonization are illustrated by Neeti Nair's work on Punjabi politics during the run-up to Partition. Neeti Nair, *Changing Homelands: Hindu Politics and the Partition of India* (Ranikhet, 2011).

to a postcolonial order mediated by the antagonistic territorial nation-states of India and Pakistan.¹⁰ It makes a scholarly contribution to the role of business during imperial retreat, and aims to fill gaps in official narratives, metropolitan and postcolonial alike. “End of Empire” documents discovered in 2011 point to Britain’s efforts to maintain archival and narrative control over imperial retreat, but scholars have also drawn our attention to efforts by postcolonial nation-states to rewrite “connected” histories that predate “decolonization.”¹¹

To fill these lacunae, scholars have searched for alternatives, from literature to oral history.¹² Indeed, Urvashi Butalia’s pioneering oral history transfigured historiography some 50 years after Partition, and has been followed by works on material histories of Partition, including Anindya Raychaudhuri’s transnational approach to memory and recent oral histories of business leaders.¹³ Whereas these approaches tend to analyze history and memory from within a state-centered framework, this paper draws attention to other possibilities offered by South Asian business archives, many of which precede the establishment of postcolonial nation-states. Decentering postcolonial state formation

¹⁰The imperial context sustained, alongside British India, nearly 650 small and large Princely States that had their own independent tax systems. C. N. Vakil, *Economic Consequences of Divided India: A Study of the Economy of India and Pakistan* (Bombay, India: Vora & Co., 1950), 56. Many indigenous merchants and traders maintained ancestral domiciles in these Princely States while operating in the British Indian economy. Ritu Birla, *Stages of Capital: Law, Culture, and Market Governance in Late Colonial India* (Duke University Press, NC, 2009), 57.

¹¹The discovery the much-rumored lost documents relating to the “End of Empire” relates most famously to the Kenyan Mau Mau Emergency of 1952–60. Elkins, “Looking beyond Mau Mau: Archiving Violence in the Era of Decolonization,” *The American Historical Review* 120, no. 3 (2015). Independence celebrations in August 1947 in Delhi were weighed down by the smoke from documents being burned by the retreating British. Benjamin Zachariah, *Nehru*, Routledge Historical Biographies (London ; New York: Routledge, 2004), 133; Riley Linebaugh, “Colonial Fragility: British Embarrassment and the So-Called ‘Migrated Archives,’” *The Journal of Imperial and Commonwealth History* 50, no. 4 (July 4, 2022): 729–756, <https://doi.org/10.1080/03086534.2022.2057740>; Michael Karabinos, “Archives and Post-Colonial State-Sponsored History: A Dual State Approach Using the Case of the ‘Migrated Archives,’” in *The Palgrave Handbook of State-Sponsored History After 1945*, ed. Berber Bevernage and Nico Wouters (London, UK: Palgrave Macmillan 2018), 177–190, https://doi.org/10.1057/978-1-349-95306-6_9; Walter D. Mignolo and Catherine E. Walsh, *On Decoloniality: Concepts, Analytics, Praxis* (Duke University Press, NC, 2018), <https://doi.org/10.1215/9780822371779>.

¹²Pallavi Chakravarty, “The Story of Partition from the Official and the Alternate Archives,” in *Partition and the Practice of Memory* (Palgrave Macmillan, Cham., UK, 2018), 91–113.

¹³Urvashi Butalia, *The Other Side of Silence: Voices from the Partition of India* (New Delhi, India: Penguin Books, 1998); Aanchal Malhotra, *Remnants of Partition: 21 Objects from a Continent Divided* (London, UK: Hurst & Company, 2019); Anindya Raychaudhuri, *Narrating South Asian Partition: Oral History, Literature, Cinema*, The Oxford Oral History Series (New York, NY: Oxford University Press, 2019); Geoffrey Jones and Tarun Khanna, *Leadership to Last: How Great Leaders Leave Legacies Behind* (Gurugram, Haryana, India: Penguin Business, an imprint of Penguin Random House, 2022).

thus decenters the category of “Indian” business, providing for more complicated narratives than the nationalist version of Indian shipping, and greater context to a recent study of the Tata Group that points to World War II, not Independence in 1947, as the major turning point in Indian capitalism.¹⁴

This paper builds on the conception of business history as an alternative archive of decolonization and the Global South, and seeks to reconcile corporate histories within global histories of capitalism.¹⁵ South Asian merchants and companies responded variously to the momentous transition from colonial to postcolonial: from WIPRO (which refused to ally with the Pakistan movement and did not relocate) to Habib Bank (bankers associated with the Muslim League who moved from Bombay to Karachi after the Partition) to yet other companies such as Godrej, which were committed to the anti-imperialist *swadeshi* (economic nationalism) but lagged in their commitment to the postcolonial order.¹⁶ By teasing out business histories from the weighty and dominant state-driven narratives of South Asia that have largely overshadowed economic histories of the region, this paper aims to better understand the rearticulations of economic and commercial relations that accompanied the establishment of territorial national economies in 1947 and to reconstruct a more exact historical account of imperial retreat.¹⁷

Based on a close study of the reporting in *Commerce*, a leading financial weekly in late colonial British India, this paper focuses mainly on two corporate announcements: the October 1945 advertorial announcing the launch of Mahindra & Mohammed, now better known as the Indian multinational Mahindra & Mahindra; and a detailed proposal in May 1947 outlining the launch of Muhammadi Steamship

¹⁴Narayan Gopal Jog, *Saga of Scindia, Struggle for the Revival of Indian Shipping and Shipbuilding* (Bombay, India: The Scindia Steam Navigation Co., Ltd., 1969), <https://archive.org/details/in.ernet.dli.2015.70326/page/n5/mode/2up>; Mircea Raianu, *Tata: The Global Corporation That Built Indian Capitalism* (Cambridge, MA: Harvard University Press, 2021), 7–12.

¹⁵A new history of British colonialism argues that companies played a leading role as agents of empire: Philip J. Stern, *Empire, Incorporated: The Corporations That Built British Colonialism* (Harvard University Press, 2023); Gareth Austin, Carlos Dávila, and Geoffrey Jones, “The Alternative Business History: Business in Emerging Markets,” *Business History Review* 91, no. 3 (2017): 537–569; See also a recent conference on the Oral History and Business in the Global South conference, accessed 16 Oct. 2024, <https://www.hbs.edu/faculty/research/seminars-conferences/Pages/event.aspx?conf=oral-history-business-global-south>.

¹⁶Ian Talbot, “Planning for Pakistan: The Planning Committee of the All-India Muslim League 1943–1946,” *Modern Asian Studies* 28, no. 4 (October 1994): 877.

¹⁷Timothy Mitchell, *Rule of Experts: Egypt, Techno-Politics, Modernity* (Berkeley, CA: University of California Press, 2002), 1–15; Alden Young, *Transforming Sudan: Decolonization, Economic Development, and State Formation* (Cambridge, UK: Cambridge University Press, 2020), 27.

Company, which became a Pakistani company. These cases of companies established shortly before the territorial nation-states of India and Pakistan in August 1947 reveal an initial acceptance of a unitary Indian economy, in spite of their differing political affiliations. Their subsequent retreat from this commitment in favor of postcolonial India (in the case of Mahindra) and postcolonial Pakistan (in the case of Muhammadi) was a response to the modalities of Britain's imperial retreat and highlights the contrast between the expansive economic visions circulating in late colonial India and the narrower realities following the economic territorialization of India and Pakistan.

Overlooked Economic Ties

Business historians tend to be relatively circumspect about the effects of the Partition of British India, sometimes for pragmatic limitations that hamper research, notably the tortuous process of procuring visas that curtails travel between the post-colonial descendants of the Raj.¹⁸ In an expansive 2018 overview of 300 years of Indian business history, Tirthankar Roy makes a mere five references to Partition, even though he notes that the exception to the region's characteristic openness to trade, capital, and labor flows in the period from 1950 to 1990 follows almost immediately from the Partition that coincided with Independence.¹⁹ Relocations to Delhi by as significant an institution as the Punjab National Bank—established in Lahore in 1895—are glossed over and the leading bank is referred to as an “Indian-origin bank.”²⁰ Similarly, in his 2014 introduction to *Business History's* special issue on India, the doyen of Indian business history Dwijendra Tripathi used a map of India, territorially distinct from its neighbors.²¹ This map is based on the contested borders of 1947, which were only made public after the formal independence of India and Pakistan – as strong an indication as any of the deeply political nature of the boundaries that

¹⁸ Claude Markovits, *India and the World: A History of Connections, c. 1750–2000* (Cambridge, UK, 2021), 5. Markovits also explicitly excludes “Muslim businessmen” from his earlier study of the linkages between business and politics in Claude Markovits, *Indian Business and Nationalist Politics 1931–1939: The Indigenous Capitalist Class and the Rise of the Congress Party* (Cambridge, UK, 1985), 5.

¹⁹ Tirthankar Roy, *A Business History of India: Enterprise and the Emergence of Capitalism from 1700* (Cambridge, UK, 2018), 2; The longer period from 1914 to 1991 that has recently been proposed for India's withdrawal from the global economy fails to account for India's engagement with war-production as well as the colony's central role in Britain's imperial monetary circuits. Chinmay Tumbbe, “Globalization, Cities, and Firms in Twentieth-Century India,” *Business History Review* 96, no. 2 (Summer 2022): 5.

²⁰ Roy, *A Business History of India*, 145.

²¹ Dwijendra Tripathi, “Introduction,” *Business History Review* 88, no. 1 (Spring 2014): 3–8.

embody the two-nation theory.²² Indeed, the unproblematic acceptance of the 1947 borders obscures British Indian ownership of important Indian companies such as Tata Steel Ltd., Birla Corp. Ltd., Hindustan Unilever, and ACC Ltd., all predating August 1947. This contested ownership remains in evidence many decades after the rushed division of British India: in 2016, the government of India held around \$400 million worth of contested shares of listed Indian companies, holdings that have served in recent years as a “windfall” to Delhi.²³

As scholars have shown, World War II transformed British India into a major supply base for the Allied war effort, driving massive profits for Indian businessmen and prompting an intensification of industrialization beyond the traditional industrialized provinces of Bengal and Bombay to the point of “exhaustion of both machinery and labour.”²⁴ Emboldened and strengthened, Indian industrialists were planning, even before the war ended, for new industries and a new future under a national government.²⁵ Not enough attention has been paid to the disruptions and dislocations caused by an economic partition that surprised industrialists affiliated with both the INC and the Muslim League and profoundly reinscribed Indian capital and commerce. The division of an economy, which in 1945 had been the world’s tenth-largest producer of manufactured goods, disrupted merchant and trade networks that extended not only across India, Pakistan and the subcontinent, but across the Indian Ocean to the Persian Gulf and British Malaya.²⁶

Thus, in January 1947, the founder of Western India Vegetable Products (the company whose shares Cochinwala attempted to recover

²² Ayesha Jalal has warned of the “cardinal” historiographical mistake of treating the end result of the 1947 as the ultimate goal of the anti-colonial struggle. Jalal, “The Sole Spokesman,” xvi.

²³ Sachin P. Mampatta, “The Pakistani Stake In Over 100 Listed Indian Companies,” *Mint*, 26 Jan. 2016, accessed 31 July 2022, <https://www.livemint.com/Opinion/KlJZFxGDmtWiKqlz8z2ijN/The-Pakistani-stake-in-over-100-listed-Indian-companies.html>; Kiran Kabtta Somvanshi, “Enemy Property Bill To Bring Windfall of Rs. 1 Lakh Crore for Government,” *The Economic Times*, 17 Mar. 2017, accessed 12 October 2024, <https://economictimes.indiatimes.com/news/economy/finance/enemy-property-bill-to-bring-windfall-of-rs-1-lakh-crore-for-government/articleshow/57678900.cms?from=mdr>.

²⁴ Indivar Kamtekar, “A Different War Dance: State and Class in India 1939–1945,” *Past & Present* no. 176 (Aug. 2002): 195; Ravi Ahuja, “‘Produce or Perish’. The Crisis of the Late 1940s and the Place of Labour in Post-Colonial India,” *Modern Asian Studies* 54, no. 4 (July 2020): 1050, 1066.

²⁵ “Post-War Future Of Industries—Annual General Meeting Of ‘CIPLA,’” *Commerce*, 8 Jan. 1944, Vol. LXVIII, No. 1728, 32.

²⁶ B. R. Tomlinson, *The Political Economy of the Raj, 1914–1947: The Economics of Decolonization in India* (Cambridge, UK, 1979), 31. Nation-states altered the international trade and mercantile networks that, straddling the Ottoman and British Empires fostered a specific cosmopolitanism in ports such as Bombay, Surat, and Karachi. Seema Alavi, *Muslim Cosmopolitanism in the Age of Empire* (Cambridge, MA, 2015), 3–7.

in 2011), lamented the lack of clarity about the political life of the country. Speaking less than a year after the share issue of his WIPRO, Mahomed Husein Hasham Premji, outgoing president of the Congress-affiliated Indian Merchants' Chamber (IMC), was concerned in January 1947 by "portents of a general breakdown."²⁷ Neither Premji nor his successor foresaw the implications of August 1947 on territories that had been, at the very least, economically interdependent. Premji's inability to plan for the modalities of the postcolonial order does not appear to be an anecdotal failing; even long-established businesses such as the Godrej group, founded in 1897, would only formalize the postcolonial borders in March 1949, issuing a directive that designated shipments to Karachi as "exports."²⁸ To highlight the foundational link between Indian and Pakistani independence in 1947 and its obverse, the division of the British Indian economy via Partition, this paper uses the term Partition/Independence.

Methodology and Approach

Focusing on the narrow timeframe of 1945 to 1948 and on Partition/Independence, this paper examines two late colonial Indian companies before situating the cases in economic discussions occurring in British India and which extended to the "Indian" India of Princely States, comprising two-fifths of the subcontinent.²⁹ Both the announcements from Mahindra & Mohammed and from Muhammadi Steamship Company are gleaned from a microhistory of the short-lived Bombay-based financial weekly, *Commerce, A weekly review of Indian financial, commercial and industrial progress*.³⁰ One of only a handful of English-

²⁷ Presidential address, 39th annual general meeting of Indian Merchants' Chamber (IMC) for the year 1946, 29 Jan. 1947, page iii.

²⁸ Internal letter of Godrej Order Department and Despatch Department, 25 Mar. 1949. The text reads: "The inscription 'Made in India' should be marked on each and every package exported to Karachi." Ref. No. RKS/Cir/6327, Godrej Archives, Pirojshanagar, Vikhroli West, Mumbai. I am grateful to Vrunda Pathare for her insights and invaluable assistance.

²⁹ For more about the variegated Princely sovereignties maintained by the British Raj, see W. H. Morris-Jones, "The Transfer of Power, 1947: A View from the Sidelines," *Modern Asian Studies* 16, no. 1 (1982): 1–32; Barnaby Crowcroft, "The Problem of Protectorates in an Age of Decolonisation: Britain and West Africa, 1955–60," in *Protection and Empire*, ed. Lauren Benton, Adam Clulow, and Bain Attwood (Cambridge University Press, UK, 2017).

³⁰ The friendly assistance of the periodical staff of the Nehru Memorial Museum and Library (NMML) allowed me to access a nearly continuous series from January 1942 to December 1948. By reducing the scale of observation of the cataclysmic Partition/Independence, still contentious seven decades later, *Commerce's* reporting, war-time propaganda, and corporate announcements provided a chronological but narratively disordered view of the tumultuous period of transfer of British power on the sub-continent. Carlo Ginzburg, "Our World and Thiers: A Reflection on the Historian's Craft, Today," in *Historical Knowledge. In Quest of Theory, Method and Evidence*, 2012, 97–119.

language financial weeklies in late colonial India, *Commerce* was considered influential in Bombay within a few years of its establishment, despite its fairly limited circulation. It was one of the four newspaper sources used by the Reserve Bank of India in its own institutional history.³¹

Commerce was launched in 1935, the same year as the Government of India Act, and during a period of significant churn in both Indian politics and journalism. The act, which provided for provincial autonomy and a federal union with the Princely States at the center, provoked debates in the leadership of the INC, which only intensified in the wake of their party sweep in the ensuing elections.³² Following a bitter clash between the INC's Sardar Patel and Jawaharlal Nehru over INC leadership in Bombay, *Commerce* was established as a paper in support of the new constitutional landscape.³³ Reflecting Bombay's centrality to Indian-owned industry, commerce, banking, and insurance, *Commerce* focused on British Indian companies. Its coverage was thus in sharp contrast with the largely non-Indian editorial staff of *Capital*, based in the center of British capital and industry, Calcutta. *Commerce* maintained a pro-Indian tone, giving space to the role of Princely States but in no way confining its coverage to the land mass of South Asia.³⁴ The corporate announcements of both the companies I elaborate on thus are situated in the co-production of an economy that was grounded in a particular reading of political possibilities, one of many that were cultivated and contested in the plethora of English-language and vernacular periodicals in late colonial India.³⁵ The materiality of *Commerce*'s discourse can be understood as structuring

³¹The other weeklies cited are *Indian Finance*, *The Capital*, and *The Eastern Economist*. S. N. L. Simha, *History of the Reserve Bank of India (1935–51)* (Bombay, India, 1970), 863. Government estimates put *Commerce*'s weekly circulation at 750 in contrast to the far higher circulation of the Calcutta-based papers: *Capital*'s weekly circulation of 6,000, *Eastern Economist*'s fortnightly circulation of 2,000, and *Indian Finance*'s weekly circulation of 3,000. *Guide to Prominent Newspapers and Periodicals in English and Indian Languages published in British India and Indian States* (New Delhi, Jan. 1941).

³²Markovits, *Indian Business and Nationalist Politics*, 100–107.

³³The complete version of Maulana Abul Kalam Azad's narration describes the leadership fights in Bombay and Bihar as a failure of the INC's democratic aspirations. Maulana Abul Kalam Azad, *India Wins Freedom: The Complete Version* (New Delhi, India, 1989), 13–17; Milton Israel, *Communications and Power: Propaganda and the Press in the Indian National Struggle, 1920–1947* (Cambridge, UK, 1994), 243.

³⁴*Commerce*'s outward-looking coverage is evident in a range of matters, from postwar reconstruction to sterling balances: "Natal Indian Segregation Bill Passed," *Commerce*, 1 May 1943, Vol. LXVI, No. 1693, 583; "Post-War International Monetary Co-operation: Principles Already Established," *Commerce*, 1 July 1944, Vol. LXIX, No. 1752, 6; "South Africa Repatriates All Its Remaining Sterling Loans—Notable Departure From Its Previous Policy," *Commerce*, 2 Jan. 1943, Vol. LXVI, No. 1676, 9.

³⁵Douglas R. Holmes, "Economy of Words," *Cultural Anthropology* 24, no. 3 (2009): 381–419.

a particular form of national imagination implying specific state-nation relations.³⁶

Along with *Commerce*, I relied on the archives of the Indian Merchants' Chamber (IMC), a broad-based organization of Bombay-based trading interests and part of the national umbrella group the Federation of Indian Chambers of Commerce (FICCI).³⁷ The IMC advertised its nationalist credentials through its embrace of Mahatma Gandhi.³⁸ Officials' statements and IMC initiatives to mediate dislocations following August 1947 underscore the surprise within IMC circles at the division of the British Indian economy. In contrast to the "inevitability" theory that had convinced influential businessmen such as INC-affiliated industrialist G. D. Birla by the late 1930s of the necessity to partition India along religious lines, the paper concludes that well-connected businessmen—some associated with Muslim League politicians linked with the creation of Pakistan—were making plans for a future that would not materialize.³⁹

A recent study highlights this point, for the banking sector foresaw no economic dislocations, not even in Bengal and the Punjab, the provinces that would be most affected by Partition.⁴⁰ Although the well-connected multinational Unilever was informed by March 1946 that "some form of Pakistan" was inevitable, the specific shape of that Pakistan remained unclear, even in June 1947, when Viceroy Louis Mountbatten announced that there would be no unitary India, but two separate Dominions of India and Pakistan.⁴¹ *Commerce's* coverage

³⁶ Extending Benedict Anderson's insights about the influence of print culture and bureaucratic technologies such as the census and map on nationalism, Srirupa Roy has argued that nation-state relations that take their place alongside the "imagination of community," particularly in the context of imperial withdrawal and decolonization. Srirupa Roy, *Beyond Belief: India and the Politics of Postcolonial Nationalism* (Durham, NC, 2007), 13–17.

³⁷ The all-India native FICCI, established in 1927, consolidated interests that had reaped "massive profits" during World War I. Ritu Birla, *Stages of Capital: Law, Culture, and Market Governance in Late Colonial India* (Durham, NC, 2009), 207. In contrast to the Calcutta Business Chamber and the Bombay Business Chamber, membership of the IMC in Bombay included many Gujarati and a smaller number of prominent Parsi and Muslim industrialists.

³⁸ I am grateful to Swapna Sathe for her assistance at the IMC's F.E. Dinshaw Library for pointing out the IMC's nationalist credentials in the form of the "honorary membership" of Mahatma Gandhi.

³⁹ Medha M. Kudaisya, *The Life and Times of G. D. Birla* (New Delhi, India, 2013), 226–229. The timing of Birla's conviction, which ensued from a lasting difference with Mahatma Gandhi on the question of Hindus and Muslims in India, corresponds to a period of heightened religious differences on the subcontinent following the establishment of the Hindu right-wing Rashtriya Swayamsevak Sangh. Eleanor Newbigin, "Personal Law and Citizenship in India's Transition to Independence," *Modern Asian Studies* 45, no. 01 (Jan. 2011): 9–24.

⁴⁰ Viet Nguyen and Susan Wolcott, "Anticipating Independence, No Premonition of Partition. The Lessons of Bank Branch Expansion on the Indian Subcontinent, 1939 to 1946," *Review of Financial Economics* 38, no. S1 (March 2020): 147–169.

⁴¹ The "inevitability" of Pakistan is attributed to Sir Archibald Rowlands, Finance member the Executive Council of Viceroy Archibald Percival Wavell, in a 13-page report on a Unilever

revealed the many questions that remained after the announcement of the Mountbatten Plan:

Third June, Nineteen Hundred and Forty-seven will go down as the “D” Day in the history of India. Whether it will prove to be the day of deliverance or the day of the devil, or as some prefer to describe it, the day of “Indian Munich,” the future historian alone can tell, for that will depend on how the British Government’s new plan for transferring power to Indian hands is put into effect and worked.⁴²

The National Purpose of Mahindra & Mohammed

In a full-page announcement in *Commerce* on October 13, 1945, Mahindra & Mohammed introduced itself as “a co-operative effort to secure for India that industrial development so indispensable to the full realisation of her dreams.” Inscribed within late colonial ideas of planning for economic development, the announcement evokes an impatience with “plans, many plans” and instead offers a “positive, concrete and co-ordinated scheme to develop India’s resources and raise the standard of living of the masses.”⁴³

Opposition to an economically damaging colonial state, mobilized by Indian nationalists in the 1930s and 1940s, had shifted in the final years of the British Raj into a wide and competing array of economic planning.⁴⁴ The most famous of these, the “Bombay Plan,” aimed to mobilize an ambitious Rs. 10,000 crore, or Rs. 100 billion, to boost prosperity through industrialization.⁴⁵ Bearing the imprint of leading industrialists J. R. D. Tata, G. D. Birla, and Purshotamdas Thakurdas, the Bombay Plan had its origins in a broader INC-initiated conclave of the National Planning

director’s visit to Delhi. “Can we expand in India—and How?” by Roger Hardman Heyworth, 15 Mar. 1946, p. 5, GB1752.UNI/RM/OC/2/2/46, Unilever Archives and Records Management ().

⁴² “Implications Of Mountbatten Plan: Sterling Balances Delegation To Be Dropped,” *Commerce*, 7 June 1947, Vol. LXXIV, No. 1902, 919.

⁴³ “Mahindra & Mohammed” *Commerce*, 13 Oct. 1945, Vol. LXXI, No. 1818, 488. The Indian company’s own history, according to its website, holds that Mahindra & Mahindra was founded on 2 Oct. 1945 by brothers J. C. and K. C. Mahindra and Ghulam Mohammed. The website indicates that Mohammed moved to Pakistan in 1948, after which the company changed its name to Mahindra & Mahindra. See Mahindra Group Companies, accessed 11 Jan. 2021, <https://www.mahindra.com/history>.

⁴⁴ Benjamin Zachariah, *Developing India: An Intellectual and Social History, c. 1930–50* (Oxford, UK, 2005), 11; Manu Goswami, *Producing India: From Colonial Economy to National Space* (Chicago, IL, 2004), 3–4; Amiya Kumar Bagchi, *Private Investment in India 1900–1939* (Cambridge, UK, 1972), 427.

⁴⁵ In keeping with my sources, I use the Indian numbering system of lakh (100,000) and crore (100 lakh, or 10,000,000) to express large sums of money.

Committee.⁴⁶ The Bombay Plan was published in two parts between January 1944 and 1945, revealing the significant clout of Indian industry during this period. Welcomed by *Commerce* as “a clear picture of what the proposed economic development of India is going to be like, or rather must be like,” it was promptly embraced by the colonial government and FICCI although with disparate criticism.⁴⁷

At the time of Mahindra & Mohammed’s 1945 announcement, it was clear that Indian industrialists’ needs for capital imports could only be met by the United States, the world’s biggest supplier of capital goods.⁴⁸ Their American hopes had largely been quashed by the evident failure of Indian industrialists’ lobbying efforts, prompting the urgency in Mahindra & Mohammed’s announcement.⁴⁹ After a “careful three-year study of American war-time achievements,” Mahindra & Mohammed offered a scheme devised by Indian businessman K. C. Mahindra that benefited from “the support and ready assistance of a group of business men with long experience and a firm faith in their country’s destiny.” Rallying around technocratic expertise—“the tools with which to finish the job of India’s industrial and agricultural rehabilitation”—the announcement champions “the acceptance of the fact that ability is the sole test of merit and advancement and that neither colour, creed nor caste should stand in the way of harmonious working.” Moreover, the announcement showcases Mahindra & Mohammed as “a joint venture of Hindus and Muslims,” which appears almost naïve in light of the 1947 Partition of British India that followed less than two years later.⁵⁰

⁴⁶ Zachariah, *Developing India*, 216–26.

⁴⁷ “Economic Development of India—A Plan by Eight Eminent Indians,” *Commerce*, 22 Jan. 1944, Vol. LXVIII, No. 1729, 85. Viceroy Archibald Wavell stated publicly that the aims of the planners were, in principle, identical with his own. Medha M. Kudaisya, *Tryst with Prosperity: Indian Business and the Bombay Plan of 1944*, in *The Story of Indian Business* (Gurgaon, Haryana, India: Portfolio Penguin, an imprint of Penguin Random House, 2018), 130; P. S. Lokanathan, “The Bombay Plan,” *Foreign Affairs* 23, no. 4 (July 1945): 680.

⁴⁸ C. C. S. Newton, “The Sterling Crisis of 1947 and the British Response to the Marshall Plan,” *The Economic History Review, New Series*, 37, no. 3 (Aug. 1984): 392.

⁴⁹ “India Not To Be Allowed To Join the UNRRA?,” *Commerce*, 1 July 1944, Vol. LXIX, No. 1752, 6. *Commerce* analyzed changes in US policies to imply that India was likely not to receive any financing: “The implication of these reports is obvious and, that is, that India must depend on its finance for postwar economic development mostly on its sterling balances with their limited multilateral convertibility and not seek any aid outside the sterling group.” See “Lease-Lend Aid For Post-War Reconstruction,” *Commerce*, 17 March 1945, Vol. LXX, No. 1788, 298. Meanwhile, businessmen traveled to the UK and the US in May 1945 despite Gandhi’s “disapproval” that they were doing so while the INC Working Committee was jailed. See “Mr Gandhi On Industrialists’ Mission—A Statement That Misfired,” *Commerce*, 12 May 1945, Vol. LXX, No. 1796, 543. By July, the “prospecting tour” had “almost ended in thin smoke.” See “Balance-Sheet Of Work Of Industrialists’ Mission To U.K. And U.S.A.,” *Commerce*, 21 July 1945, Vol. LXX, No. 1806, 76.

⁵⁰ “Mahindra & Mohammed” *Commerce*, 13 Oct. 1945, Vol. LXXI, No. 1818, 488.

The assumptions of the Bombay Plan included a recovery of the huge “sterling balances” accrued by Britain during the war and owed to British India, as well as the vital need to maintain the “economic unity of India.”⁵¹ To quote more fully from the first part of the Bombay Plan:

Underlying our whole scheme is the assumption that on the termination of the war or shortly thereafter, a national government will come into existence at the centre which will be vested with full freedom in economic matters. The maintenance of the economic unity of India being, in our view, an essential condition of any effective planning.⁵²

In light of these assumptions, Mahindra & Mohammed was very much a technocratic complement to the plan’s vision for the need for industrialization, and, moreover, fitted the plan’s conception of what was deemed Indian. Rather than a ‘fun fact’ as Mahindra’s 2016 website referred to its origin as Mahindra & Mohammed, the Hindu-Muslim joint venture proposed in late 1945 appears to be an explicit effort to include both communities in the name of the company. To consider Mahindra & Mahindra as an Indian company merely renamed, as some business historians do, glosses over a shift in the conception of India that occurred with Partition/Independence.⁵³

With objections to the Bombay Plan ranging from the left’s concerns about “laissez-faire capitalism” to reservations expressed by some Muslim League politicians about the plan’s premised powerful state, which they feared would undermine provincial autonomy, the idea of India outlined by Mahindra & Mohammed was closer to that of Bombay’s leading industrialists.⁵⁴ So formidable were the Tata and Birla groups—the latter worth six times as much at the end of World War II as at its start—that the Bombay economist and public intellectual C. N. Vakil, who had excoriatingly critiqued colonial war-finance and Britain’s sterling balances

⁵¹ P. S. Lokanathan, “The Bombay Plan,” *Foreign Affairs* 23, no. 4 (July 1945): 683; Dietmar Rothermund notes that the authors of 100-billion-rupee Bombay Plan expected the 10 billion rupees from the sterling balances owed by Britain to British India would be available by the end of war. Dietmar Rothermund, *An Economic History of India: From Pre-Colonial Times to 1991* (London, UK, 1993), 124.

⁵² Sir Purshotamdas Thakurdas, Jehangir Ratanji Dadabhoy Tata, and Ghanaśyāmadāsa Biplā, *A Brief Memorandum Outlining a Plan of Economic Development for India* (Bombay, India, 1944), 2.

⁵³ Roy, *A Business History of India*, 172.

⁵⁴ P. A. Wadia and K. T. Merchant, *The Bombay Plan—A Criticism* (Bombay, India, 1946), 216–226; Kudaisya, *The Life and Times of G. D. Birla*, 251fn67.

before Partition/Independence, referred to the Bombay Plan as the “Tata-Birla Plan.”⁵⁵

For the Muslim linked with Mahindra, Ghulam Mohammed (also spelled Mohammad), was no Muslim Leaguer. He brought with him significant experience in commerce, finance, and administration, having worked alongside J. C. Mahindra at Tata Iron and Steel. In 1942, Mohammed was named in a soon-to-be-launched Tata venture to manufacture machine tools alongside notables such as Sir Ardeshir Dalal, whose subsequent involvement in the Bombay Plan was rewarded with a ministry position in Delhi, as well as M. C. Ghia (the outgoing president of the Bombay-based IMC) and A. D. Shroff (who had represented India at the Bretton Woods conference).⁵⁶ As a Finance member of the Nizam of Hyderabad’s government, Mohammed had turned around the budget of the wealthiest of India’s Princely States and positioned Hyderabad to face the postwar period “to go ahead with the policy of developments and reconstruction of activities by nation-building departments, thus adding to the moral and material resources of the State.”⁵⁷ Inscribed within the context of personal relationships in nationalist- and government-affiliated circles, and the rising tide of enthusiasm of Indian entrepreneurs, the joint venture of Mahindra & Mohammed makes perfect sense. It also underscores that at this stage in the history of the subcontinent, at least one section of Indian capitalists was explicitly rallying behind the notion of unity and cooperation between Hindu and Muslim Indians, between castes and regions. This is particularly relevant, given that the joint venture survived Partition, albeit without Mohammed. Mahindra & Mahindra went on to build a global presence from independent India, including a foray on the New York Stock Exchange.

The corporate archives that are being established by Mahindra have not yet revealed documents pertaining to any financial transactions

⁵⁵Unilever’s 1946 report on its future prospects in India concluded that expansion was essential and outlined some proposals to address the growing competition from the “India Limiteds.” Two Indian industrial groups are named five times in the 13-page report: Tata and Birla. The house of Tata (“the war has saved them”) is singled out as the strongest group against Unilever in terms of combined industries. See Heyworth, “Can we expand in India—And How?” It has been estimated that the Birlas, who were worth \$3.3 million at the beginning of World War II, had holdings of \$20 million by the end of war. Moreover, G. D. Birla boasted of a personal friendship with Mahatma Gandhi, the face of the Indian nationalist struggle. See Leah Renold, “Gandhi: Patron Saint of the Industrialist,” *South Asia Graduate Research Journal* 1, no. 1 (1994): 28; Vakil, *Economic Consequences of Divided India*, 17.

⁵⁶“Tatas To Undertake Manufacture Of Machine Tools,” *Commerce*, 18 July 1942, Vol. LXV, No. 1653, 71.

⁵⁷Mansoor Akbar Kundi, “Ghulam Mohammad: His Life & His Work,” *Journal of Political Studies* 23, no. 2 (2016): 341–356; *Commerce*’s glowing review of the budget quoted from Ghulam Mohammed’s explanatory memorandum. “A Bold And Imaginative Budget—Hyderabad To Have Annual Estimates” *Commerce*, 16 Oct. 1943, Vol. LXVII, No. 1717, 537.

related to Ghulam Mohammed's share at the time of Partition/Independence.⁵⁸ Nonetheless, within six months of Partition/Independence, even as tensions between India and Pakistan were mounting over Kashmir and over their postcolonial financial imbrications, a public announcement by company chairman K. C. Mahindra that the company's name had been changed to Mahindra & Mahindra Limited effective January 14, 1948.⁵⁹ Mohammed had by this point become the first Finance minister of Pakistan, and in spite of his vituperative battle with Reserve Bank Governor C. D. Deshmukh, was evidently cooperating with economist C. N. Vakil.⁶⁰ Mahindra & Mahindra went on to establish technical collaboration agreements with international companies to produce machinery, automobile components, and vehicles, and was listed on the Bombay Stock Exchange in 1955; by 1958, it was ranked among the top 20 managing agencies of independent India.⁶¹

The Curious Issue of Muhammadi Steamship

On May 31, 1947—at the tipping point of the Pakistan movement—a group of Muslim industrialists closely associated with Jinnah's Muslim League advertised the launch of the Bombay-based Muhammadi Steamship Company, with the details of its prospectus appearing in *Commerce*.⁶² Muhammadi's announcement is replete with religious text but makes no mention of Pakistan. Instead, it alludes to the postwar plight of British shipping and describes the business case for “a Steamship Company in all its aspects and also for the purpose of running Air services either supplementing or separate from its steamship

⁵⁸ I am grateful to Prochie Mukherji for her help in trying to track down these documents.

⁵⁹ “Pursuant to the provisions of Sec. 11 of the Indian Companies Act 1913, the name ‘Mahindra and Mohammed Limited’ has been changed to ‘MAHINDRA & MAHINDRA LIMITED’ with effect from the 14th day of January 1948,” *The Bombay Chronicle*, January 30, 1948, 10.

⁶⁰ Simha, *History of The Reserve Bank of India*, 562–563. In the introduction to his book, published in 1952, the influential Bombay economist C. N. Vakil cites the “encouragement and help” that he and his team received from Ghulam Mohammed, with still nascent statistics for Pakistan. See Vakil, *Economic Consequences of Divided India*, vi. Vakil would go on to work with the Hindu nationalist government established by the Bharatiya Jana Sangh in 1977. See Aditya Balasubramanian, “A More Indian Path to Prosperity? Hindu Nationalism and Development in the Mid-Twentieth Century and Beyond,” *Capitalism: A Journal of History and Economics* 3, no. 2 (June 2022): 351–355.

⁶¹ Roy, *A Business History of India*, 171–73; Daniel L. Spencer, *India, Mixed Enterprise and Western Business* (Dordrecht, the Netherlands 1959), 234–235.

⁶² “Muhammadi Steamship Company, Ltd.,” *Commerce*, 31 May 1947, Vol. LXXIV, No. 1901, 893. The company identifies the full-page it had taken out in *Commerce* as “only an announcement and not a prospectus.”

service.”⁶³ Of the 14 directors named in the Muhammadi announcement, five were based in Bombay, five in Bantva (in western Kathiawar), one in Karachi, and two in Calcutta. Leveraging the variegated sovereignties of the small Princely States of Kathiawar—“the only ports outside British India which maintained a significant overseas maritime trade, mainly with the Persian Gulf, the Horn of Africa, and East Africa”—the ambitious vision of Muhammadi Shipping hinged on colonial India’s strategic oceanic connections. The plan aimed “to acquire, gradually, a tonnage of about 50,000 tons” to establish routes from Bombay to Karachi; to Colombo via Calicut and Cochin; to Rangoon and Calcutta; to Madras; via Karachi to Persian Gulf ports; to Aden, Suez, and Europe; to Mombasa; to Rangoon, Java, China, Japan, and Australia; and to the Cape of Good Hope and the Americas.⁶⁴

The beginning of the endgame of the British Raj had been sounded in February 1946. Prime Minister Clement Attlee, whose Labour government had already begun nationalizing key British industries, announced Britain would ensure Indian independence “no later than June 1948.” Indeed, *Commerce* dubbed 1946 the “most eventful year in India’s history,” a year in which Britain’s Cabinet Mission flushed out the Muslim League’s willingness to settle for less than a sovereign Pakistan, and, even as violence across the sub-continent ratcheted to unprecedented levels, an interim government navigated a brittle coalition between the INC and Muslim League.⁶⁵

To this political uncertainty, one must add a litany of socio-economic disturbances. These ranged from joblessness and serious food shortages to workers’ strikes and a mutiny by the Royal Indian Navy that had spread to Bombay, Karachi, and Madras in February 1946; concerns about sovereignty are highlighted by the moves made by one of the Princely

⁶³The competitiveness of postwar Britain lies beyond the scope of this piece, but British shipping was badly hurt during World War II. See Kevin Smith, *Conflict over Convoys: Anglo-American Logistics Diplomacy in the Second World War* (Cambridge, UK, 1996). On the industry’s postwar condition, see R. O. Goss, “Strategies in British Shipping 1945–1970,” *The Mariner’s Mirror* 97, no. 1 (Jan. 2011): 243–258.

⁶⁴“Muhammadi Steamship Company, Ltd.,” *Commerce*, 31 May 1947, Vol. LXXIV, No. 1901, 893.

⁶⁵*Commerce* summarized the cabinet’s mission as having recommended a “three-tier administrative set-up” and ruling out “Pakistan” in May 1946 but worried that “currency and customs the two vital subjects were not specifically mentioned in the Plan. “Most Eventful Year In India’s History—Political Developments Motivate All Activity,” *Commerce*, Annual Review, Dec. 1946, Vol LXXIII. No. 1879, 1082; Ayesha Jalal, *The Sole Spokesman: Jinnah, the Muslim League and the Demand for Pakistan* (Cambridge, UK, 1985), 189–221; Raghabendra Chattopadhyay, “Liaquat Ali Khan’s Budget of 1947–48: The Tryst with Destiny,” *Social Scientist* 16, no. 6/7 (July 1988): 77–78.

States, Travancore, toward a declaration of independence.⁶⁶ As this paper shows, the disruptions would also include a stock market strike.

The standoff between the INC and Muslim League had deepened after Calcutta proved to be a political powder keg, ignited by the Muslim League's call for Direct Action Day in August 1946. The hitherto unimaginable violence of the Calcutta killings, in which more than 4,000 people were killed and 15,000 maimed, fanned religious polarization and encouraged retaliatory violence. With violence and anarchy spreading to other parts of Bengal, to Bihar, and to the United Provinces, an outraged Birla concluded that the Calcutta killings marked a point of no return between the two communities.⁶⁷ Whether as a result of those emotions or of the extremely close connections with the INC, it appears that the Birla group, India's second-largest industrial grouping, was better than others in relocating machinery and liquid assets before Partition.⁶⁸

The Calcutta killings were certainly a significant turning point in INC–League relations. Nonetheless, the anti-colonial parties would maintain an uneasy coalition in the interim government for another few months. It was not until the ill-fated budget for 1947–48—presented by Finance Minister Liaquat Ali Khan of the Muslim League on February 28, 1947—triggered an industrialists' crisis that cooperation between the INC and League appeared doomed.⁶⁹ Big business shrilly denounced the populist budget, framed to discipline exorbitant war-time profits and “based on *Quoranic* injunctions.”⁷⁰ The interim government's member for Industries and Supplies expressed his concern; so did Purshotamdas Thakurdas, one of the architects of the Bombay Plan, who warned in March 1947 against “any deliberate set-back to industrial development.”⁷¹ Stock exchanges in Bombay, Calcutta, and Madras

⁶⁶ Ahuja, “Produce or Perish,” 1066; Srinath Raghavan, *India's War: World War II and the Making of Modern South Asia* (New York, 2016), 444–454.

⁶⁷ Kudaisya, *The Life and Times of G. D. Birla*, 238–239.

⁶⁸ Kudaisya, *The Life and Times of G. D. Birla*, 244; Herbert L. Matthews, “India Challenges British Finance,” *Current History* 3, no. 18 (Feb. 1943): 496–498; Renold, “Gandhi,” 18.

⁶⁹ Rakesh Ankit, “State before Partition: India's Interim Government under Wavell,” *South Asia: Journal of South Asian Studies* 42, no. 1 (2 Jan. 2019): 97–114.

⁷⁰ In its front-page review of the budget, *Commerce* expresses its disquiet “amidst the chorus of approval of the proposals and the condemnation of the capitalist” and “At the outset itself, we must give him credit for his candid confession that, in doing this, he is not guided merely by purely financial considerations, but by certain social objectives based on *Quoranic* injunctions. “First Budget Of An Indian Finance Member,” *Commerce*, 8 March 1947, Vol. LXXIV, No. 1889, 409. Chattopadhyay points out that Liaquat Ali Khan claimed that his proposals were based on INC's leaders such as Jawaharlal Nehru. See Chattopadhyay, “Liaquat Ali Khan's Budget,” 80–84.

⁷¹ “More About FICCI Annual Meeting: Nationalisation Of Industries Not Practical, Says Mr. Rajagopalachari,” *Commerce*, 15 Mar. 1947, Vol. LXXIV, No. 1890, page 456.

closed in protest, forcing Nehru, whose INC had only reluctantly given the major finance portfolio to the Muslim League, to distance himself from the budget and his long-endorsed socialist values so as to soothe businessmen:⁷² “Representatives of industry and commerce . . . almost on the verge of panic, as a result of the taxation proposals of the Hon’ble Mr. Liaquat Ali Khan, sought some consolation in the speech of the Hon’ble Pandit Jawaharlal Nehru on 3 March in New Delhi.”⁷³ Within days of Nehru’s reversal, the INC would pass its resolution of March 8, 1947 accepting the partition of Punjab.⁷⁴

Yet in May 1947, the directors of Muhammadi were intent on the expansion and growth of the Indian transportation industry. Unlike Ghulam Mohammed, discussed in the preceding section, many of Muhammadi’s directors were closely associated with the Muslim League. Seth Mirza Ahmad Ispahani, one of the two Calcutta-based Muslim League directors, had been president of the Calcutta-based Muslim Chamber of Commerce and has been described as Jinnah’s “confidant in Calcutta.”⁷⁵ Underwriting the ambitious new shipping line were the “keen businessmen” behind Habib Bank, which as noted earlier, relocated to Pakistan following Partition/Independence.⁷⁶ Another director, Seth Yusuf Abdoola Haroon has been described as a Karachi-based merchant. His involvement suggests that the directors of Muhammadi were also versed in financial and economic considerations at an international level. In January 1946, Haroon was involved in the legislative assembly discussions over India’s ratification of the articles of agreement of the International Monetary Fund and International Bank for Reconstruction and Development. The committee that he served on was unable to weigh the cost to India of accepting the terms of the Anglo-American loan

⁷² Raghavendra Chattopadhyay has noted that the INC had long held as its objectives the removal of economic inequalities and a transition to a socialist society, both of which were also evident in its 1946 election manifesto. Chattopadhyay, “Liaquat Ali Khan’s Budget of 1947-48,” 84–88.

⁷³ “An Ill-Thought-Out Budget—Pandit Nehru’s Address To Business Men,” *Commerce*, 8 Mar 1947, Vol. LXXIV, No. 1889, 416.

⁷⁴ Ayesha Jalal has described this resolution as the decisive step that finally forced London to begin considering a sovereign Pakistan. Jalal, *The Sole Spokesman*, 247.

⁷⁵ Jalal, *The Sole Spokesman*, 101–103. In the early 1940s, Ispahani had been an office-bearer with the all-India FICCI alongside other industrialists such as Sir Badridas Goenka and G. D. Birla, even as the latter presided over the Calcutta-based Muslim Chamber of Commerce. “Personal Notes,” *Commerce*, 14 Mar 1942, Vol. LXIV, No. 1636, 337. Overlapping membership of this kind was also evident in politics, with many Muslim League members also maintaining membership in the INC.

⁷⁶ “Habib Bank’s Notable Progress: Sound Financial Position Maintained,” *Commerce*, 6 Mar. 1943, Vol. LXVI, No. 1685, 309. In its typically understated tone, *Commerce* in 1943 underlined the “highly satisfactory” working of the first 16 months of Habib Bank.

agreement against membership in the Bretton Woods institutions given the pending sterling balance negotiations with Britain.⁷⁷

It is highly unlikely that the League-affiliated directors would have been unaware of the unstable political landscape, or the political fallout of what was seen as Liaquat Ali Khan's budget, all of which makes the timing of their announcement in May 1947 even more surprising. Although the text employs religious language—"God willing" and "Inshallah"—it is the role of Princely States, rather than of Pakistan, that is underscored by the proposal to develop the smaller ports on both coasts, "and where such harbours are within the territories of Indian Princes to obtain their co-operation in such development."⁷⁸ Figuring prominently in Muhammadi's announcement is Bantva, located about halfway between Bombay and Karachi on the Kathiawar peninsula, and one of the hundreds of small Princely States whose layered sovereignties within the British Empire was thrown into uncertainty after Partition/Independence.⁷⁹ Rather than a territorial Pakistan, the Muhammadi scheme seems tailored to maritime and trans-imperial cosmopolitan commercial networks that would rapidly be disrupted by the emergence of nation-states.⁸⁰ Muhammadi Steamship's plan thus appears in the cross-hairs of two strands of historiography: Ayesha Jalal's revisionist theory of Partition that questions whether Jinnah truly wanted a separate territorial state of Pakistan, and what Claude Markovits has described as the understudied contrast in Indian economic history between a continental and a maritime economy based on its strategic position in the center of the Indian Ocean.⁸¹ At the very least, Muhammadi's subscription list, which was to open on May 28 and close on June 23, 1947, indicates that Muslim industrialists closely associated with Jinnah did not anticipate that the economic unity of the subcontinent would be compromised by the Pakistan project.

Muhammadi's announcement proposed a transportation network on a grand scale. The reliance on both Bombay and Karachi would have leveraged long-established Central Asian/Indian Ocean/Arabian Sea

⁷⁷S. N. L. Simha, *History of The Reserve Bank of India, Vol. 1: 1935–51* (Bombay, India, 1970), 585–590.

⁷⁸"Muhammadi Steamship Company, Ltd.," *Commerce*, 31 May 1947, Vol. LXXIV, No. 1901, 893; This example of an "alter-national" vision of Indian business interests appears to indicate a "forgotten future" that did not necessarily aim to locate itself independently, instead linking Muhammadi to the Bombay Stock Exchange: Nile Green, "Forgotten Futures: Indian Muslims in the Trans-Islamic Turn to Japan," *The Journal of Asian Studies* 72, no. 3 (August 2013): 612–620.

⁷⁹Rakesh Ankit, "The Accession of Junagadh, 1947–48: Colonial Sovereignty, State Violence and Post-Independence India," *The Indian Economic & Social History Review* 53, no. 3 (July 2016): 371–404.

⁸⁰Alavi, *Muslim Cosmopolitanism in the Age of Empire*, 6–14.

⁸¹Markovits, *India and the World*, 18.

trade networks, as well as the more recent changes during World War II that had transformed Karachi into a crucial node of air travel. With British shipping crippled by the Germans, and civilian shipping often diverted to military ends, Karachi had become a pivotal staging post for the British Army as well as a base for US military involvement.⁸² At the time of Muhammadi's announcement, some eight airline companies operated in India, run by powerful players, including a joint venture of the Nizam of Hyderabad, India's richest Princely State, and Tata Airlines.⁸³ Western One India, which provided air services between Bombay, Delhi, Ahmedabad, Saurashtra, and Mangalore, was owned by the Scindia Steam Navigation Company, which was well connected to the INC and celebrated for its role in challenging British interests and establishing a nascent Indian shipping industry.⁸⁴

Invoking nationalist arguments similar to those of Scindia, Muhammadi Steamship argued that the Indian Mercantile Marine was largely excluded from the voluminous shipments of cargo and passengers along India's extensive coastline.⁸⁵ There were other similarities as well; more than a year earlier, in January 1946, *Commerce* had reported that Scindia, which had been championed by the nationalist media since the 1920s for challenging the British shipping monopoly in Indian coastal waters, was seeking to raise capital.⁸⁶

Muhammadi would never compete directly with Scindia. The "crisis of state power" resulting from the uneven pressures of World War II, growing anti-imperial sentiment, and increasingly complicated high politics embodied in the interim government precipitated the

⁸²Sarah Ansari, "At the Crossroads? Exploring Sindh's Recent Past from a Spatial Perspective," *Contemporary South Asia* 23, no. 1 (2 Jan. 2015): 7–17.

⁸³Air travel during 1947 included 2.8 million passengers, and 4.4 million pounds of freight; 21 routes were operated and 8 companies ran scheduled transport services. *Journal of IMC*, Vol. XLI, No. 4, April 1948, 167.

⁸⁴Jog, *Saga of Scindia*, 187–188. In addition to its close ties to the INC, Scindia had ties to Princely Gwalior. Christophe Jaffrelot, *The Hindu Nationalist Movement and Indian Politics: 1925 to the 1990s: Strategies of Identity-Building, Implantation and Mobilisation* (London, UK, 1999), 109; Muhammadi refers to the leading Steam Navigation Company being "almost in monopolistic control" of shipping in India with limited capital: "Muhammadi Steamship Company, Ltd.," *Commerce*, 31 May 1947, Vol. LXXIV, No. 1901, 893.

⁸⁵Citing government of India policy to help build a "National Mercantile Marine", Muhammadi's announcement elaborated: "Immediately prior to the war about 70,000 tons of rice, timber, coal, salt, oils and other cargo were annually carried by the coastline trade alone. Over 15,00,000 of passengers were carried on the West Coast of India and 5,00,000 were transported between India and Burma. The overseas traffic was 250 lakhs tons and of about 2 lakh passengers every year. The value of the overseas trade exceeded Rs. 400 crores. Nevertheless, the Indian Mercantile Marine did not carry even 5 per cent of this traffic." "Muhammadi Steamship Company, Ltd.," *Commerce*, 31 May 1947, Vol. LXXIV, No. 1901, 893.

⁸⁶"Scindia Steam To Issue New Capital," *Commerce*, 26 Jan. 1946, Vol. LXXII, No. 1832, 135; Jog, *Saga of Scindia*, 37–43.

simultaneous announcement by Prime Minister Clement Attlee and Viceroy Lord Louis Mountbatten on June 3, 1947, that there would be no unitary India, but two separate Dominions of India and Pakistan.⁸⁷ The Bombay Stock Exchange, where restrictions imposed after Liaquat Ali Khan's budget had been gradually lifted, responded to the Mountbatten Plan with "erratic fluctuations." According to *Commerce*, rumors and political uncertainties about the plan deflated investor confidence.⁸⁸

Muhammadi's ambitious 1947 vision for a worldwide transportation company would not materialize, although the company went on to look for ships and listed on the Karachi Stock Exchange in 1949.⁸⁹ By the late 1950s, Muhammadi's finances had deteriorated, and the company was nationalized in the 1970s. By comparison, by 1957, Scindia had established cargo routes from independent India: via Aden and Port Said to London, Liverpool, Hamburg, Bremen, Antwerp, and Rotterdam; via West Africa to Apapa, Lagos, Accra, Takoradi, Free Town, and Dakar; and via Black Sea ports in the USSR.⁹⁰ The extensive circuit is, nonetheless, not as expansive as the scheme outlined by Muhammadi in *Commerce*.

Indeed, it would seem that the failure of Muhammadi's ambitious global vision coincided with the gradual fade of postwar efforts to develop Indian shipping. A report in March 1947, subsequently adopted by the colonial government of India, had targeted an increase of two million tons over five to seven years, as well as complete Indian control over coastal trade: 75 percent of India's trade with Burma, Ceylon, and with geographically adjacent countries; 50 percent of India's distant trades; and 30 percent of trades formerly carried in Axis vessels in the Orient.⁹¹

At a conference of Indian and British shipping interests held in London in July 1947, after Mountbatten announced the division of British India, the Indian delegation saw its pleas rebuffed. Much to the

⁸⁷Kamtekar, "A Different War Dance," 215.

⁸⁸Trading resumed in mid-March 1947, albeit with restrictions imposed on the most highly traded stocks. See "Business Resumed On Bombay Stock Exchange—Prices Improve At Close," *Commerce*, 22 Mar. 1947, Vol. LXXIV, No. 1891, 504. But rumors about the taxation proposals from the budget and political uncertainties continued to weigh on stock prices. See "Sharp Fall In Share Values—Confidence Absolutely Lacking," *Commerce*, 24 May 1947, Vol. LXXIV, No. 1900, 824; "Erratic Trend In Bombay Share Market – Calcutta And Madras Relatively Steady," *Commerce*, 7 June 1947, Vol. LXXIV No. 1902, 920.

⁸⁹"Muhammadi Steamship Company—The National Line," accessed 24 Nov. 2022, <http://pakistan-national-shipping.blogspot.com/2013/05/muhammadi-steamship-company.html>.

⁹⁰In the IMC's commemorative book accompanying its 50th anniversary, an event at which Indian Prime Minister Jawaharlal Nehru was the chief guest, Scindia Steam Navigation's advertisement, bearing the tagline "Scindia Ships Serve India's Needs," figures prominently among other companies such as India Steamship, the Bharat Line, and the Malabar Group of Shipping Companies. "Fifty Years 1907–1957 Indian Merchants' Chamber," IMC, Bombay, 1957, p. 44.

⁹¹Jog, *Saga of Scindia*, 138–141.

distaste of the Indians attempting to negotiate the acquisition of ships, the delegation was asked to acquire the necessary tonnage before claiming its overseas trade.⁹² The British were once again negotiating with Indians to “accept our policy of non-discrimination in shipping matters,” quite the opposite of the objectives formulated by Indian authorities in March 1947 to wrest control of local waters from British shipping.⁹³ Shipping matters deteriorated further with the entrenchment of the postcolonial order: the rivalry between India and Pakistan escalated during the 1965 war, when two Scindia ships were impounded by Pakistan in the port of Karachi and three Pakistani ships were impounded at Indian ports, and Indian shipping companies suspended their services to Pakistani ports.⁹⁴

The Essential Economic Unity of India

The changes in the plans of Mahindra & Mohammed and those of Muhammadi Steamship following Mountbatten’s Partition Plan suggest that these otherwise well-connected businessmen had not planned on the form of territorial partition that came to pass on the subcontinent. The name change to Mahindra & Mahindra took effect only in mid-January 1948, nearly half a year after Partition/Independence. By this time, as this section argues, it was increasingly evident that assumptions of economic cooperation and continuity were fraying fast. The Bombay Plan’s essential condition of “the maintenance of the economic unity” had given way to intractable differences between India and Pakistan over their joint sterling account, sparking a feud between Ghulam Mohammed and Reserve Bank Governor C. D. Deshmukh that ultimately led to an early termination of monetary arrangements between the postcolonial nations and the establishment of the State Bank of Pakistan in July 1948.⁹⁵

Neither Mahindra nor Muhammadi were alone in misreading the future. In March 1947, even as trading on the Bombay Stock Exchange was beginning to resume in the wake of the Muslim League’s “populist”

⁹² *Ibid.*

⁹³ Minutes of a meeting on 22 July 1948 of the Cabinet Office’s Overseas Negotiating Committee. Indian Shipping Talks, 4, CAB 134/556, The National Archives, Kew, United Kingdom. The Commonwealth Relations Office’s G. H. Baxter noted that “such an agreement would be of great value, since we should thereby have persuaded the Indians to abandon their attempt to oust British shipping from Indian waters.”

⁹⁴ Jog, *Saga of Scindia*, 216.

⁹⁵ Sir Purshotamdas Thakurdas, Jehangir Ratanji Dadabhoy Tata, and Ghanaśyāmadāsa Birlā, *A Brief Memorandum Outlining a Plan of Economic Development for India* (Bombay, India, 1944), 2.

Budget, Hyderabad State Bank opened a new branch in Bombay with great fanfare and a political message.⁹⁶ The new Bombay branch signaled the “essential economic unity of India” and the hope that such branches would play a notable part in promoting that unity, according to Sir Homi Mody, who had been enlisted to make the case for economic unity at the inauguration of the new branch.⁹⁷ The public effort to invest Hyderabad’s significant wealth in an economically undivided India is particularly significant given that the Princely State would be blockaded by the new Indian state and would cease to be a sovereign entity within a year of the establishment of India and Pakistan.⁹⁸

Mody was an established leader of the Bombay business community and no stranger to the impact of politics on business. A former member of the viceroy’s executive council and chair of the Central Bank of India and a director at Tata, Mody had issued warnings in the late 1930s about the advance of a populist and rural-friendly INC, and in 1945 had been charged with economic considerations as part of the Sapru Committee’s constitutional proposals.⁹⁹ Differing from the Sapru Committee’s overall emphatic opposition to the political division of India, Mody proposed a scheme under which political separation as a means of “conciliating Muslim sentiment” could be made acceptable without serious risk. Along with John Matthai, also affiliated with the Tatas, Mody argued for an intergovernmental council to “bind” the governments stemming from a division of British India to matters of economic development and defense for mutual consultation as a means to mitigate economic and security risks that partition could entail.¹⁰⁰

By contrast, N. R. Sarkar disagreed with Mody’s and Matthai’s recommendations, noting that a division would not only be prejudicial to Pakistan but also would undermine efforts to improve the standard of living of the masses by disrupting the interdependence of “Hindustan

⁹⁶ “Business Resumed on Bombay Stock Exchange—Prices Improve at Close,” *Commerce*, 22 Mar. 1947, Vol. LXXIV, No. 1891, 504.

⁹⁷ *Commerce* praised both the decision to open a branch and the selection of Mody as an “eminent personage” to open the ceremony. “Hyderabad State Bank Opens Branch in Bombay,” *Commerce*, 27 March 1947, Vol. LXXIV, No. 1892, 504.

⁹⁸ In addition to the prevalence of guns, violence, and propaganda in the build-up to the “Police Action,” Purushotham notes that from the start of 1948, the government of India instituted a blockade of Hyderabad that prevented nearly all goods from entering the state. Purushotham, “Internal Violence,” 437–438.

⁹⁹ As early as 1935, Mody warned of “the numerically strong rural interests” and of the tendency to “ignore Bombay and the very important commercial, industrial and other interests it represented.” See Danish Khan, “The Politics of Business: The Congress Ministry and the Muslim League in Bombay, 1937–39,” in *Bombay Before Mumbai: Essays in Honour of Jim Masselos*, ed. Prashant Kidambi, Manjiri Kamat, and Rachel Dwyer (Oxford, UK, 2019), 288; *Constitutional Proposal of the Sapru Committee* (Bombay, India, 1945).

¹⁰⁰ *Constitutional Proposal of the Sapru Committee*, 341–342.

and Pakistan” and by curtailing the size of the market.¹⁰¹ *Commerce*, too, was dismissive of plans for Pakistan, describing as “highly academic” the arguments made by Mody and Matthai in favor of the feasibility of Pakistan.¹⁰² Pointing once again to the various possibilities at play in British India in the 1940s, *Commerce*’s reaction indicates that the willingness of Bombay businessmen to accommodate Partition was not the overwhelming groundswell that some observers have described it to be.¹⁰³ Among the impracticalities of dividing India into separate Hindu and Muslim states, *Commerce*’s front-page article raised the status of Princely States, the question of defense budgets, the uneven distribution of resources between the two states, and that “experience from other parts of the world that had shown that wholesale movement of population provides no satisfactory solution.”¹⁰⁴ *Commerce* took an especially dim view of the caveat maintained by Mody and Matthai that stagnation or disaster might ensue “unless some effective and continuous form of co-operation in matters relating to defence and economic development,” concluding prophetically that assumptions of cooperation sounded “unrealistic.”¹⁰⁵

Hyderabad’s and Muhammadi’s commitment to the economic unity of India, as evidenced by their investments, contrasts with other movements of capital taking place around Partition/Independence. Waves of violence in March and April 1947, stemming from uncertainties about Lahore’s future nationality, dashed the confidence of Hindu and Sikh communities that had dominated banking, insurance, and the stock exchange, and unsettled Punjab’s economic and social foundations.¹⁰⁶ Crucially, the capital flows to Delhi and other “safe” areas preceded Mountbatten’s announcement of Partition in June, and appear to reflect the growing appreciation in financial markets that the INC was “prepared for a division of India into Pakistan and Hindustan,” with the assumptions that the transfer of power would be peaceful and that “both the parts of the country will cooperate with each other and remain friendly.”¹⁰⁷

The largest Indian industrialists appear not to have waited for evidence of that cooperation. By April 10, 1947, Birla’s United Commercial Bank had moved 80 percent of liquid assets from its branches in Punjab and Sindh to “safe” areas, implemented policy

¹⁰¹ *Constitutional Proposal of the Sapru Committee*, Annex III, xviii–xix.

¹⁰² “Is Pakistan Economically Feasible?” *Commerce*, 29 Sep. 1945, Vol. LXXI, No. 1818, 393.

¹⁰³ Kudaisya, *The Life and Times of G. D. Birla*, 234–236.

¹⁰⁴ “Is Pakistan Economically Feasible?” *Commerce*, 29 Sep. 1945, Vol. LXXI, No. 1818, 393.

¹⁰⁵ “Is Pakistan Economically Feasible?”

¹⁰⁶ Tai Yong Tan and Gyanesh Kudaisya, *The Aftermath of Partition in South Asia* (London, UK, 2000), 176–177.

¹⁰⁷ “Downward Trend in Equities Checked—Bullion in Good Demand—Bank Mergers,” *Commerce*, 26 Apr. 1947, Vol. LXXIV, No. 1896, 623.

changes in restricting credit offered, and stopped trading of shares “till market conditions were more favourable.”¹⁰⁸ The Tata Group appears to have been mostly unaffected by the dislocations of Partition/Independence.¹⁰⁹ It is beyond the scope of this paper to compare the experience of these two industrial groups, which remained important well past 1947. It is nonetheless important to underscore the different trajectories that Partition/Independence implied for a company such as Muhammadi; they were more dramatic for Hyderabad State Bank and (to a lesser extent) Mahindra.

Capital, Borders, and Business Anxiety

By early May 1947, these movements of capital appeared as a prelude to the financial “funk” that would accompany territorial anxieties in later years and in other parts of the world.¹¹⁰ *Commerce* confirmed reports that “anxiety among business interests” had driven an estimated Rs. 40 to Rs. 50 crores out of the Punjab, Sind, and North-West provinces to Delhi and adjoining districts, driving up land prices in Delhi.¹¹¹ Citing figures from *The Eastern Economist*, a Birla-funded newspaper, Medha Kudaisya estimates the capital flight out of Lahore to have reached a staggering Rs. 250 crores by May, which was one-fortieth of the funding envisaged in the Bombay Plan, but 4.5 times the disputed Reserve Bank funds that Mohammed and Deshmukh would spar over later in 1947.¹¹²

Whether it was because the League lacked the close connections that industrialists such as Birla had to INC leaders or because of their systematic unwillingness to become involved in efforts such as with the Sapru Committee’s report, it appears that implications of the INC’s March 1947 Punjab resolution—essentially accepting territorial Partition—were not fully comprehended by Muslim League-associated businessmen. In contrast to the economic nationalism of *swadeshi*, closely associated with the INC and images of a territorial India, some scholars have argued that the League’s ideology had a limited attachment to a bounded piece of land.¹¹³ Jinnah’s political maneuvers

¹⁰⁸ Kudaisya, *The Life and Times of G. D. Birla*, 244, 258fn123.

¹⁰⁹ Raianu, *Tata*, 12.

¹¹⁰ Vanessa Ogle, “‘Funk Money’: The End of Empires, the Expansion of Tax Havens, and Decolonization as an Economic and Financial Event,” *Past & Present* 249, no. 1 (1 Nov. 2020): 213–249.

¹¹¹ “Flight Of Capital From The Punjab,” *Commerce*, 10 May 1947, Vol. LXXIV No. 1898, 728.

¹¹² Kudaisya, *The Life and Times of G. D. Birla*, 258fn121.

¹¹³ Lisa N. Trivedi, “Visually Mapping the ‘Nation’: Swadeshi Politics in Nationalist India, 1920–1930,” *The Journal of Asian Studies* 62, no. 1 (Feb. 2003): 13–15; Barbara Metcalf, “Maulana Husain Ahmad Madani and the Jami’at ‘Ulama-i-Hind’: Against Pakistan, Against the Muslim League,” in *Muslims Against the Muslim League: Critiques of Pakistan*, ed. Ali Usman Qasmi and Megan Eaton Robb (Cambridge, UK, 2017), 51.

may also have been hampered by difficulties in mobilizing “Muslim” capital relative to the preponderance of the capitalists who engaged with the INC’s National Planning Committee and other efforts at planning for industrialization.¹¹⁴

In its report on share markets for the week of April 26, 1947, *Commerce* sums up the situation as follows:

The political situation is still obscure. While the Congress [INC] is now prepared for a division of India into Pakistan and Hindustan, subject to certain conditions, the attitude of the Muslim League is still enigmatic. The Muslim League’s conception of Pakistan is still an undefined quantity, although one is able to make out that the latest concession of the Congress does not fully satisfy the vaulting ambitions of the League.¹¹⁵

The Muslim League’s troubles, however, do not account for Mahindra’s lack of preparation, nor does it explain the surprise echoed by close observers of the economy. The influential Bombay economist C. N. Vakil commented in his 1950 study: “To the surprise of the country, the leaders of the Indian National Congress who were wedded to the idea of a United India, agreed to divide the country as the price of independence.”¹¹⁶ Even six months after Partition/Independence, Bombay businessmen had not reconciled themselves to the economic division, as is apparent from the January 1948 address of IMC President Ratilal Gandhi: “For it is inconceivable that the two new Dominions, which have so much in common and are at all events economically interdependent, will allow their future progress and prosperity to be jeopardized by indeterminate political wranglings.” Efforts such as these to maintain “the continuity of economic life in the two Dominions after Partition” make it clear that the division of British India was not universally welcomed, let alone expected.¹¹⁷

As the postcolonial states moved toward ever more stringent constraints on travel between India and Pakistan in the months after Partition/Independence, the IMC’s concerns about the postcolonial

¹¹⁴ Ian Talbot has described the Muslim League’s somewhat half-hearted efforts at lobbying and attracting industrialists to their cause. He cites Jinnah as saying, “Among the Mussalmans, there are hardly any large concerns controlling really solid and big industry.” Ian Talbot, “Planning for Pakistan,” *Modern Asian Studies* 28, no. 4 (Oct. 1994): 878.

¹¹⁵ “Downward Trend in Equities Checked—Bullion in Good Demand—Bank Mergers,” *Commerce*, 26 Apr. 1947, Vol. LXXIV, No. 1896, 623.

¹¹⁶ Vakil, *Economic Consequences of Divided India*, v.

¹¹⁷ President’s address, January 29, in Proceedings of the 40th Annual General Meeting for the year 1947, pp. iv-v, IMC, F. E. Dinshaw Library.

realities of doing business proliferated.¹¹⁸ Along with legal and bureaucratic technologies to regulate and “fix” the movement and belonging, the nationalization of people and citizens that took place in the wake of Partition extended to the economic arena by the “minoritization” induced by “evacuee property” laws that were enacted nearly simultaneously with Partition/Independence in August 1947.¹¹⁹ Within a month, Pakistan and then India established their offices of a Custodian of Evacuee Property to oversee disputes about properties left behind by subcontinentals moving from one side of the 1947 borders to the other. The new laws and institution did nothing to ease the fundamental disagreement between the two postcolonial states about the value of the immovable properties left behind by refugees.¹²⁰

This was not limited to cities such as Delhi and Lahore, whose populations, culture, language, and economic structures were entirely rewritten following massive and often violent movements of populations. Nationalization along religious lines extended to institutions such as the Bombay Stock Exchange (BSE), whose authorities lobbied the Indian government in April 1948 to exclude stocks and shares from the purview of the Transfer of Property (India) Ordinance of 1948. In an echo of Sarkar’s concerns about the impact of Partition on the size of markets, the BSE worried that the regulation, which applied retrospectively to the disposal of properties by Muslims migrating to Pakistan, was “bound to affect the working of the share markets.”¹²¹ Elaborating on those fears about the prospects of Bombay’s share market in April 1948, *Commerce* notes the “loss of hundreds of crores worth of assets to non-Muslims of Pakistan” as well as the lack of interest from British investors and “the diversion of the attention of almost all the Muslim millionaires in the Indian Union to Pakistan.”¹²²

The same BSE that had gone on strike a year earlier in protest over the Muslim League’s budget saw its warnings dismissed by the post-

¹¹⁸ 1948 was a year replete with “Indo-Pakistan” problems in business. See “Indo-Pakistan Insurance Problems,” *Commerce*, 10 Jan. 1948, Vol. LXXVI, No. 1931, 23; “Scramble For East Africa Cotton—Indo-Pakistan Relations,” *Commerce*, 17 Jan. 1948, Vol. LXXVI, No. 1932, 55; “Furore Over Export Permits To India—Check On Outflow Of Essential Goods,” *Commerce*, 28 Feb. 1948, Vol. LXXVI, No. 1938, 320; “Permit System For Entry Into Pakistan From India,” *IMC Journal*, Dec. 1948, Vol. XLI, No. 12, 643.

¹¹⁹ Zamindar, *The Long Partition*, 82–85; Shikhar Goel, “Tales of Restoration: A Study of the Evacuee Property Laws,” *Studies in History* 36, no. 2 (August 2020): 251–279; Rotem Geva, “The Scramble for Houses: Violence, a Factionalized State, and Informal Economy in Post-Partition Delhi,” *Modern Asian Studies* 51, no. 3 (May 2017): 769–824.

¹²⁰ Mohammed Ahsen Chaudhri, “Evacuee Property in India and Pakistan,” *Pakistan Horizon* 10, no. 2 (1957): 97–98.

¹²¹ “Will there Be A Boom In Shares? Muslim Shareholders Handicapped,” *Commerce*, 17 Apr. 1948, Vol. LXXVI No. 1945, 635.

¹²² *Ibid.*

Partition Indian government. In justifying the ordinance, the precursor of the legal conundrum that Cochinwala would try to unravel decades later, Indian authorities cited tax evasion amounting to more than 1 crore of rupees in Bombay. The sum is, however, a far cry from *Commerce's* conservative estimates of capital flight of Rs. 40 to Rs. 50 crores, underscoring a significant shift in trade and capital movements that followed Partition/Independence.

Conclusion

This paper has focused on the circumscribed time period of 1945 to 1948, three years of accelerated political change, to recover and uncover some economic dimensions of the decolonization of British India. This study demonstrates the limits of state-based narratives of businesses in South Asia, which often neglect the changes to “the magical state” that accompanied the territorial changes of August 1947.¹²³ The tumult of possibilities reflected in Mahindra's reference to the “many plans” in currency in late colonial India included economic plans and constitutional possibilities. Notwithstanding broad-based political mobilization in opposition to an economically draining colonial state, opinions varied, even within a relatively select group like the Sapru Committee.

The evidence presented here shows that economic separation – as opposed to a political division that was increasingly viewed as inevitable – surprised businessmen aligned both to the INC and the Muslim League. Even the wealthy Princely State of Hyderabad that was inclined toward declaring its own independence, was not planning on economic separation. Efforts by INC-affiliated institutions such as the IMC in Bombay to minimize the costs of the division on trade and commerce after Partition/Independence were largely ineffectual. Underlying the unpredictable political landscape, notably the accelerated timeframe and vague treatment of the varying sovereignties of the hundreds of Princely States implicated by the Partition Plan of June 1947, was the reality that Indian capitalists' debates and visions about the economic future of British India were not just competing domestically and with other social groups but also with British economic elites.¹²⁴

¹²³ It seems crucial to complicate notions of “the magical state” as a unified actor with a single mode of vision. See Fernando Coronil, “Smelling Like a Market,” *The American Historical Review* 106, no. 1 (Feb. 2001): 123–127; Roy, *Beyond Belief*, 13. Soon after Partition/Independence, the postcolonial state was mobilizing for the capitalization of its territory, natural resources, people, and cultural identity. Ravinder Kaur, “Third World Inc.: Notes from the Frontiers of Global Capital,” in *Histories of Global Inequality*, ed. Christian Olaf Christiansen and Steven L. B. Jensen (Cham, UK, 2019), 302.

¹²⁴ Sven Beckert, *Empire of Cotton: A Global History* (New York, NY, 2015), 408–409.

The transition to the more constrained postcolonial India appears to have taken longer for Mahindra than for Muhammadi, whose business plan of May 1947 was based on leveraging connections to Princely States in an India in which the conjoined ports of Bombay and Karachi would serve as the base for a worldwide transportation company. Further study may well show that this enforcement of the postcolonial borders could be responsible—rather than postcolonial Indian economic policies—for a break in South Asia’s characteristic openness to trade. A scheme such as Muhammadi’s—linking the Indian Ocean ports of Bombay and Karachi (the latter having been transformed by World War II into an aviation hub)—certainly envisioned an India that was outwardly oriented and central to international trade.

The postcolonial borders, hastily drawn and confusingly made public only after the handover of British power prompted a “nationalization” by forcing citizens, businesses, and capital to “choose” one or the other postcolonial states, thus interrupting the imaginings of a bounded economic and territorial whole that had informed the anti-colonial struggle.¹²⁵ A recent study of Indian nationalism and political economy points to the “appropriation” of swadeshi by the short-lived Hindu nationalist government of Bharatiya Jana Sangh in 1977.¹²⁶ The cases presented here point to an earlier rearticulation that occurred alongside the profound reinscription of sovereignty that accompanied Partition/Independence.¹²⁷

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¹²⁵ Manu Goswami, “From Swadeshi to Swaraj: Nation, Economy, Territory in Colonial South Asia, 1870 to 1907,” *Comparative Studies in Society and History* 40, no. 4 (Oct. 1998), 613.

¹²⁶ Balasubramanian, “A More Indian Path to Prosperity?,” 349–359.

¹²⁷ Sunil Purushotham, *From Raj to Republic: Sovereignty, Violence, and Democracy in India* (Stanford, CA, 2021), 247–248.