

J.R.D Tata revisited

Harish Bhat

Published by :

THE A.D. SHROFF MEMORIAL TRUST

&

FORUM OF FREE ENTERPRISE

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“Free Enterprise was born with man and shall survive as long as man survives”.

- A. D. Shroff
(1899-1965)

Founder-President
Forum of Free Enterprise

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by Harish Bhat

Brand Custodian, Tata Sons

This booklet is based on the The A. D. Shroff Memorial Lecture delivered by Mr. Harish Bhat on 14th December 2023, in Mumbai, under the joint auspices of The A. D. Shroff Memorial Trust and Forum of Free Enterprise.

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INTRODUCTION

Mr. Harish Bhat, distinguished guest, Mr. Shreyas Doshi, my co-trustee, Ladies and Gentlemen.

It gives me great pleasure to welcome you to the 95th A.D. Shroff Memorial Lecture.

Mr. A.D. Shroff was a stalwart, a great financial genius recognized in India and internationally. He was the only non-official person who was invited to the Bretton Woods Conference which was responsible for the creation of the International Monetary Fund and other institutions. In India, though he was at loggerheads with the then Government where socialism was the new mantra of independent India, Pandit Nehru had great regard and respect for him, and he was invited to join every official committee where finance was involved. In fact, he was responsible for corporate finance being introduced in India. It is at his recommendation that institutions like IDBI and ICICI were both established. They have now, of course, become banks. ICICI and IDBI provided long-term finance to business and industry.

He was the Chairman of Bank of India, New India Assurance Company and, of course, several Tata

companies. J.R.D. Tata had the highest respect and regard for him. When A.D. Shroff passed away in 1966, Mr. J.R.D. Tata, suggested to Mr. Palkhivala and others to establish The A.D. Shroff Memorial Trust to perpetuate the memory of this great legend. The Trust has been organizing elocution competitions every year. The Trust has organized more than 150 elocution competitions in colleges all over India in order to encourage our young people to think and speak and acquire the habit of debating on economic issues.

Since The A.D. Shroff Memorial Trust started, more than 5,000 seminars throughout India have been organized and around 60,000 students have participated in these seminars.

More than 90 memorial lectures have so far been held and we are very happy that the 95th Memorial Lecture is going to be delivered by Mr. Harish Bhat.

Mr. Harish Bhat needs no introduction. He is an alumni of the IIM, having done his engineering from BITS Pilani. IIM Ahmedabad gave him the award as the Best Scholastic Student of the Year in 1987. Thereafter, he joined the Tata group as part of the Tata Administrative Service. He has been on the board of several Tata companies, but his main contribution has been in the field of brand building.

Today brand is the most precious intangible asset in the world, and if someone can build a brand, such a person is the most valuable human resource in that organization. Mr. Bhat has been responsible for building up the Tata brand specially Titan, Tanishq, Croma and others. He is currently on the board of these companies, and continues as the main brand builder for the Tata group.

Mr. Bhat has written several books. He is a prolific writer and he devotes 20 to 25% of his time every day for writing books.

The acquisition of Air India by the Tata Group will give a great opportunity to build that great brand, a brand which J.R.D. Tata cherished. As is well-known, it was originally Tata Airlines started by J.R.D. and then it was taken over by the Government. The Government continued Mr. J.R.D. Tata as its Chairman even after nationalization. The wheel of history has now turned full circle, and the airline is back in the hands of the Tatas. I am sure Air India, in the next five years will be the most valuable airline in the world under the stewardship of the Tata Chairman and other persons who are heading that organization.

I thank Mr. Bhat for agreeing to deliver this 95th Memorial Lecture. He has selected an interesting subject - J.R.D. Tata Revisited.

18th December 2023

H. P. Ranina

Chairman

The A. D. Shroff Memorial Trust

“J.R.D. Tata revisited”

Harish Bhat*

It is my privilege to deliver the 95th A.D. Shroff Memorial Lecture today. I would like to thank the Forum of Free Enterprise and the A.D. Shroff Memorial Trust for inviting me to do so. It was also a pleasant coincidence that the invite I received to deliver this lecture reached me on the birth anniversary of my maternal uncle, M.R. Pai, who spent a large part of his professional life at the Forum of Free Enterprise.

It is an honour to speak at this forum that is organized in memory of an iconic personality and a great supporter of free enterprise, late A.D. Shroff. Particularly, since I work with the Tata group, this is also a unique opportunity to recall the contributions of a man who was an integral part of the leadership of our Group for over two decades. Ardeshir Darabshaw Shroff was invited to join Tatas as a financial advisor in 1940, and he became a Director

* *The author is Chairman, Tata Coffee and Brand Custodian, Tata Sons. The text is based on The A. D. Shroff Memorial Lecture delivered on 14th December 2023 in Mumbai.*

of the Group's holding company, Tata Sons, in the following year.

His grasp of the financial markets was legendary. He participated in many important economic committees in his lifetime, including being a non-official Indian delegate to the famous Bretton Woods monetary conference of 1944. But perhaps what he was most passionate about was the Forum of Free Enterprise, which he founded in 1956. In those heydays of socialism, to champion the cause of free enterprise took a lot of courage and determination, and A.D. Shroff fought many of these battles intellectually through this organisation that he had created. Today, nearly sixty years after his passing away, free enterprise is the default economic system in most parts of the world. The overriding benefits that free enterprise delivers are well-acknowledged and accepted in our own country.

In choosing my theme for today's lecture, I turned to a man who invited A.D. Shroff to join the Tata group, and was his close colleague at Bombay House for so many years – JRD Tata. JRD and A.D. Shroff worked closely together for over two decades. They shared a common passion for India and for nurturing an environment where business can grow and contribute to the nation. This year

marks the 30th anniversary of JRD Tata's passing away. Hence, I thought it would be useful to all of us to revisit JRD Tata's life and reflect on some lessons that his life holds for us.

JRD Tata led the Tata group as its Chairman for over 50 long years from 1938 to 1991 – spanning the Second World war, the Quit India movement, Indian Independence, the construction of the Berlin wall and also its fall, many successive Governments of this country, and, eventually and quite appropriately, the start of liberalization. Through all these tumultuous developments, he led the Tatas from strength to strength, while taking forward the philosophy of the Group's founder, Jamsetji Tata.

Even while he did this, he also contributed to several aspects of nation building, many of which were not directly connected with the business empire that he headed. In 1992, he was awarded India's highest civilian honour, the Bharat Ratna. Until date, he is the only leader of industry to have received this honour. His name continues to evoke great positive emotion amongst millions of Indians. Truly speaking, he may have been a Tata Chairman, but he belongs to our nation.

JRD was a multi-faceted leader, far more than most corporate leaders are. Permit me to present to you, multiple facets of his personality.

The pioneer

He was a pioneer who created very successful businesses which have stood the test of time. So many of the major Companies you associate with the Tata group today took birth when JRD Tata was Chairman of the Group, and were nurtured under his leadership. In 1939, just a year after JRD Tata became Chairman, Tata Chemicals was launched. Over the next fifty years, this Company took wing and grew into a giant, committed to serving the society through science. Tata Motors (or the Tata Engineering and Locomotive Company, as it was then called) was born in 1945 because JRD believed that the Tatas were competent to establish an engineering complex in India, the likes of which the country did not have at that time. Tata Consultancy Services (TCS) was created as the computer software division of Tata Sons way back in 1968 – and one of the key factors that led to its formation was that JRD was quick to realise the importance of computers, perhaps because of his close association with Dr. Homi Bhabha and the Tata Institute of Fundamental Research (TIFR), where the first Indian digital computer TIFRAC had been created. Tata Tea was born as a joint venture with Finlays in the early 1960s and then re-invented in the 1980s, both during JRD's tenure as Chairman. Titan Company, founded in the 1980s

by Xerxes Desai, came to life because of the active encouragement and support of JRD Tata.

The aviator

Flying was JRD Tata's lifelong passion, but he also transformed this personal passion into much more for his beloved nation. He was the holder of India's first commercial pilot's license, a document which gave him great joy. In 1932, jointly with a British aviator named Neville Vincent, JRD founded Tata Airlines. This airline grew rapidly over the next decade, and was eventually renamed "Air India". It was nationalized in the 1950s, though JRD Tata, at the Government's invitation, remained Chairman for many years thereafter. JRD established world-class standards of excellence in Air India. The Maharajah became the ubiquitous symbol of Indian hospitality. In 1968, in a survey conducted by the Daily Mail of London, Air India was rated the top airline in the world. From the 1930s to the 1970s, JRD did more than anyone else to developing domestic aviation in our country, as well as putting India proudly on the world aviation map.

The leader

JRD Tata built outstanding leadership teams around him not once, but twice over. Many of the senior professionals he led, were giants in their own right, people of strong and diverse views,

and yet he led them brilliantly. In the 1940s and 1950s, his leadership team in Tata Sons consisted of towering stalwarts such as Sir Homi Mody, A.D. Shroff, Dr. John Mathai, Ardershir Dalal and Naval Tata. Post the 1960s, a second generation of equally accomplished leaders sat on the Board of Tata Sons and constituted JRD's core team. This included the likes of Sumant Moolgaokar, Darbari Seth, Nani Palkhivala, Rusi Mody, J.J. Bhabha and Ratan Tata. JRD led on the strength of his principles, by empowering these leaders and by building consensus where it was required. Most importantly, he inspired these accomplished leaders to stretch beyond themselves and often achieve the impossible. JRD once said – "To be a leader, you have got to lead human beings with affection". Perhaps it is this approach that enabled him to build the finest corporate leadership teams of that age.

The philanthropist

JRD Tata was actively associated with the Tata Charitable Trusts throughout his career, starting 1932. Through these Trusts, he helped establish some of India's finest social Institutions. In 1937, he played an instrumental role in persuading the trustees of the Sir Dorabji Tata Trust to fund the creation of Asia's and India's first cancer hospital, the Tata Memorial Hospital in Mumbai – with the triple

objectives of treatment, research and education. In 1944, he played an instrumental role in encouraging Dr. Homi Bhabha to establish the Tata Institute of Fundamental Research, once again funded by the Sir Dorabji Tata Trust. In later years, he also championed the creation of the National Institute of Advanced Studies at Bangalore, and played a key role in the establishment of the National Centre of Performing Arts in Mumbai. He also established, with his personal wealth, the JRD Tata Trust as well as the JRD and Thelma Tata Trust. In doing so, he took forward the tradition of Tata philanthropy that began in the 1890s, during the times of Jamsetji Tata.

The citizen

But perhaps the facet of JRD Tata that stands out most to me, because it is so powerful yet so uncommon, is not to do with his pioneering or passion or people leadership or philanthropy. On the other hand, it is how seriously he took his role as a citizen of India. He leveraged his vantage position as Chairman of the country's largest industrial enterprise to step across any boundaries that existed between private enterprise and the state, and deliver real value to his nation. And he did this not once, not twice but repeatedly in his career. I would like to take the liberty to narrate a few of these examples, because they are so inspiring

The Bombay Plan

In 1944, India was on the verge of political independence but did not have an economic blueprint for the country's future. JRD Tata became acutely conscious of this big gap. As he said many years later – “I knew independence was bound to come...I knew the country's economy would have to be tackled...that economic prosperity needed to reach not only the few but the many...businessmen and not only the Government should play a role.” JRD decided to play his role, by joining four other industrialists and three technocrats to create this economic plan for India. This was a stellar cast. The industrialists included GD Birla, Lala Shri Ram, Kasturbhai Lalbhai and Purshottamdas Thakurdas. The three technocrats were part of the Tata think tank – Sir Ardershir Dalal, A.D. Shroff and Dr. John Mathai.

Together, they produced a comprehensive plan for the economic development of India. I have read this document, and find it fascinating. It reflects a detailed data-based quantitative approach to planning, right down to how 2,600 calories of nourishment could be delivered to every Indian every day. It put forward a framework for rapid development of basic industries such as power, mining, engineering, armaments and transport. It set out a requirement of Rs. 10,000 crores for food, clothing, housing, education and

industry and then outlined the various sources of funds that could be used, including the sterling securities held by the Reserve Bank of India, the hoarded wealth of the country, primarily gold, foreign borrowings and national savings.

This bold, imaginative and radical plan was a daring attempt. It made the British rulers jittery. Lord Wavell, the then Viceroy of India, wrote to the Secretary of State in London suggesting that a rival document be produced by the British. They were stung by the fact that Indians had moved far ahead of them in thought leadership for the future of India. The plan also created a storm amongst various segments of Indians. Gandhians thought that the plan was against Gandhi's ideology. Conservative Indian businessmen considered it too far-fetched. Leftists bound it reactionary and a half-hearted compromise.

Yet JRD Tata was unfazed by all these reactions. Addressing the Rotary Club of Bombay in February 1944, he launched a bold defence of the plan. His concluding words highlight how deeply he felt for his country. He said – "That there should be widespread poverty and misery, in a country so naturally endowed by providence with manpower, talent and natural resources, is an intolerable paradox, and a disgrace which should fill us with shame and anger, and a burning desire to wipe out this terrible

wrong done to our people. The obstacles, doubts and setbacks which may have to be faced (in taking forward this plan) should not deflect us from our task, but rather arouse us to greater endeavour.”

We do not have evidence of whether India’s first Prime Minister, Jawaharlal Nehru, ever regarded the Bombay Plan seriously enough. But many years later, in 1986, R. Venkataraman, then the Vice President of India, recalled the Bombay Plan as one of JRD Tata’s key contributions to India. This was the first instance, anywhere in the world, of leaders of industry stepping out of their boundaries to prepare a national economic plan. It highlights how seriously JRD took his role as a privileged citizen of this country.

The Prime Minister’s Relief Fund

Let me move to another episode that illustrates JRD’s impulses as a citizen. Three years after the Bombay Plan was released, India won her independence. There was great rejoicing across the country. But there was also great pain, with the partition of the country leading to horrific riots, mass migration and extensive loss of life and property. More than 20 million people were directly affected. It was becoming clear that the refugees who had entered India from Pakistan would need significant support to alleviate their pain and loss.

JRD Tata must have been very caught up in those days, in ensuring that all Tata companies navigated the volatile post-independence period smoothly. Yet, he was greatly concerned by this urgent national need, and was keen that the Tata group should help as much as it could. He was also equally keen that the country should put in place a permanent, easily accessible platform for the raising of emergency funds to help in all such cases of distress.

Therefore, in October 1947, he took the liberty of writing directly to Prime Minister Nehru, that a national fund for relief and distress should be created in the name of the Prime Minister himself, to provide it the required gravity and importance. He also stated that the Tatas would be happy to make a significant grant to such a fund. JRD went on to tell the Prime Minister – “If you have no such intention, could you advise me as to what we should do?”

He pursued this cause with vigour over the next several weeks. Two months later, his efforts yielded results. In December 1947, Prime Minister Nehru wrote back to JRD, acknowledging a delay in responding to him, but confirming that such a special fund would indeed be established. The Prime Minister’s note went on to say - “After consultation with various colleagues, it has been decided that a special fund should be opened, called the Prime

Minister's National Relief Fund. This should be, in the nature of a permanent fund to be utilized for any kind of relief or distress, but for the present, it should be applied for relief work for the refugees from the Punjab, The North West Frontier Province and other areas of Pakistan.”

The Prime Minister's Relief Fund rendered yeoman service to the nation over the next several decades. As a student of business history, what I find most fascinating is that this idea had its genesis in the minds of a business leader, who did what he thought was right for his country, and took the effort to pursue this matter with the Prime Minister himself.

The Population issue

JRD Tata was the first prominent Indian to bring focus onto the need for population control in the country. He spoke publicly about the fact that meeting the rising expectations of people for clothing, shelter, education and health would be a very challenging task, even if the country's population remained at the 1950 levels of 361 million people. However, the projection at that time was that the population would double in 50 years. He urged the Government to appoint a high-powered commission consisting of eminent scientists, economists and sociologists to consider this issue in all its aspects.

The Government did not act on JRD's urging, and so he set about studying the issue himself. In 1954, he encouraged Dr. John Mathai, the then Chairman of the Dorabji Tata Trust, to propose to the Government the establishment of a centre of population studies. Two years later, the Government and the Tata Trusts, with support from the United Nations, created an independent Institution, the International Institute of Population Studies.

In addition, to ensure even greater focus on this issue, and to fund path-breaking scientific research on the subject, JRD also started in 1970 the Family Planning Foundation of India. This Foundation received grants from the Tata Group and from other corporates such as DCM, Escorts and Godrej. The Foundation has supported multiple research studies and also published for the first time a Population Atlas of India. JRD was very particular about attending the Foundation's meetings in Delhi, and engaging in deliberations on this issue.

Population is a sensitive issue at all times yet because JRD felt so strongly about its importance to our country, he went out of his way to champion the cause of population control and family planning. Once again, in doing so, he was boldly stepping out of his safe boundaries as a leader of industry.

Other national causes

There are many other instances of JRD Tata prioritizing causes of national importance. For instance, in 1961, because he felt that a strong opposition was essential for a vibrant democracy, he decided to provide funding support from the Tata group to C. Rajagopalachari's Swatantra party, at the risk of displeasing the ruling Congress party. He also wrote a detailed letter to Prime Minister Nehru, explaining the rationale for his decision. Nehru was not happy, but JRD had done what he thought was right for the nation.

Similarly, JRD felt that India needed a national Institution which could provide multi-disciplinary education that could train leaders not just in the scientific spirit or in the humanistic arts, but in a rigorous combination of both these worlds. His proposal to establish such an Institute ran into opposition from Dr. Karan Singh, at that time the Cabinet Minister for Education. However, JRD persevered with the idea because he was convinced of its importance, and in 1988 he established the National Institute of Advanced Studies in Bangalore. He also persuaded Dr. Raja Ramanna, one of India's most versatile minds, to take on the mantle of the first Director of this Institute. NIAS, located adjacent to the Indian Institute of Science

in Bangalore, has grown its wings significantly over the past four decades.

Reflections

These few stories that I have narrated are testimony to how seriously JRD Tata took his role as a citizen. For him, this was an essential part of his responsibility. Serving the nation took primacy in his mind – whether this was through the industries he pioneered or by intervening in civic matters of national importance well outside the conventional boundaries of industry. But how did he accomplish this in the midst of his multitude of responsibilities in the corporate world?

He took time to think deeply about national issues, be it the refugee crisis post-Independence or the subject of population. In this process of thinking, he was ably supported by the formidable think tank that he had created within the Tata group. These were technocrats and intellectuals of the calibre of Sir Homi Mody, A.D. Shroff, Ardeshir Dalal, Dr. John Mathai, Nani Palkhivala and Sumant Moolgaokar, amongst others.

He built strong networks with national leaders of his time, ranging from Mahatma Gandhi to Jawaharlal Nehru to Indira Gandhi to Jayaprakash Narayan. He often disagreed with their ideologies, but he kept his personal friendships intact and distinct from these

disagreements. This enabled him to access these national figures and put forward his points of view candidly, sometimes at the risk of displeasing them.

He was persistence personified when he began addressing a particular subject in which he had developed great conviction. He would not let the matter go until it had been satisfactorily addressed, even if it meant repeated follow-ups with the highest authorities of the land. This is a trait that most successful leaders bring to the table, and JRD displayed it in ample measure.

Most importantly, I think that JRD firmly believed that he had a larger responsibility to serve the nation from the privileged position that he occupied. Leveraging his position as a respected Corporate leader to help achieve progress in some important social and national areas was, to him, an important part of his overall responsibility. He was first an Indian and then a corporate chieftain.

This aspect of JRD Tata's life should inspire each of us to contribute to our nation in our own spheres of endeavour, and stretching beyond our narrow roles as a corporate manager, doctor, lawyer, architect or entrepreneur. What causes of national importance can we engage in? Whether this be casting our vote, creating jobs, minimizing our use of environmentally unfriendly resources, championing diversity and inclusion, or donating some part of our income

during a national emergency – there are many important national and social causes that each of us can support in our individual capacities, or through the positions we occupy.

JRD Tata has taught us that thinking of ourselves as citizens first is the best way we can add value to our nation and to the society around us. This is one very important lesson that we can take away from revisiting his life and legacy.

Thank you very much.

This booklet is issued for public education. The views expressed in the booklet are those of the author.

“People must come to accept private enterprise not as a necessary evil, but as an affirmative good”.

- Eugene Black
Former President,
World Bank
(1949-1962)

FORUM

OF FREE ENTERPRISE

The Forum of Free Enterprise is a non-political and non-partisan organisation started in 1956, to educate public opinion in India on free enterprise and its close relationship with the democratic way of life. The Forum seeks to stimulate public thinking on vital economic problems through booklets, meetings, and other means as befit a democratic society.

In recent years the Forum has also been focusing on the youth with a view to developing good and well-informed citizenship. A number of youth activities including elocution contests and leadership training camps are organised every year towards this goal.

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