

Dwarkanath Tagore was the Elon Musk of his era

# A trailblazer

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Over the past half a century, 'Bengali entrepreneurship' has come to be seen as an oxymoron. Bengali entrepreneurs who survived, like the Nags of IFB and the Chatterjees of Luxmi Tea and Obeetee carpets mainly operated outside Bengal. Even adopted-Bengali groups, like those headed by Harsh Goenka and the late Aditya Birla, have left the state.

This is ironic, since India's first modern entrepreneur was a remarkable Bengali, Dwarkanath Tagore, the Elon Musk of his era, who was a pioneer of what is today called private equity investing: buying into underperforming businesses, turning them around (often into world-beaters), and then selling the rejuvenated business. Dwarkanath's portrait continues to adorn the walls at both the Bengal Chamber of Commerce and The Bengal Club, but ought also to inspire new generations of entrepreneurs as Bengal seeks a new industrial dawn.

Between 1831 and 1846, Dwarkanath was the world's leading entrepreneur, creating some of the greatest firms of his time but also suffering a few spectacular failures (how would you be a true entrepreneur otherwise?). Inheriting a relatively modest *zamindari*, he grew it rapidly, becoming the second-largest contributor to land revenue in greater Bengal. But he pioneered in using his lands to build up extensive export industries in silk, sugar, rum and indigo which soon made him the biggest exporter in British India.

He also founded the largest newspapers in India, and was the leading patron of the theatre in Calcutta. When several major banks of British India collapsed in 1830-33, Dwarkanath bought them at rock-bottom prices and integrated them into his Union Bank, which became India's largest bank in short order.

In 1835, he bought a struggling coal mine in Ranigunj and turned it into India's first truly world class colliery, employing British engineers and technicians alongside several Indian (including Indo-Portuguese) managers and Santhal workers. The British began to import coal from Newcastle to undermine his growing market clout.

So when the Opium War spurred additional demand for coal, Dwarkanath initially held back supplies to teach the British a lesson — until they came begging for him to relent! Although Dwarkanath sold his shares after about a decade, the Bengal Coal Company he created remained India's largest private coal company for 140 years.

He also created an extensive network of steam tugboats across Bengal and North India, eventually acquiring several shipping lines that formed one of the world's largest fleets to take his coal and indigo to markets around the world. In a famous race to carry cargo quickest between Calcutta and Canton, Dwarkanath's clippers comfortably beat those of Rustomji Cowasji Banaji. Those clippers carried opium, the leading



A painting of Dwarkanath Tagore

commodity of that era (although opium trade was a negligible part of Tagore's business).

When the Manchu Chinese dynasty's commissioner, Lin Zexu, seized all the opium stored in Canton (Guangzhou) and arrested Lancelot Dent, the second-largest trader of opium in the city, it became the *casus belli* for the First Opium War between Britain and China. It was to protest Dent's arrest that William Jardine (Canton's biggest opium trader) persuaded the British foreign secretary, (later prime minister) Lord Palmerston, to launch that war. Dwarkanath's clipper, *Ariel*, was one of those forced to give up its cargo to Commissioner Lin, but the loss of one clipper's cargo barely did Tagore much harm.

With one of his subordinates, William Prinsep, Dwarkanath then established India's first tea estates, creating the Assam Company, which still claims him as part of its illustrious pedigree. He and Prinsep had established the Bengal Tea Association, aiming to have an Indian board, albeit with links to a London financing company. After the merger with the London entity, Dwarkanath's share in the Assam Company dwindled to 5% although Prinsep joined the London board once he returned to England.

As to the failures, Dwarkanath's attempt to manufacture sugar in India (on the Caribbean model) failed, but he switched to making *gur* and rum instead. Prinsep's attempts at manufacturing salt were a colossal failure as was his expensive proposal to build a bridge of boats across the Hooghly.

Dwarkanath sold his shares in the Union Bank in 1845 but the bank had become too concentrated in a single industry — indigo — which brought about its downfall two years after Tagore had sold his shares. Had Dwarkanath still been involved, he would have tided the bank over the temporary difficulty caused by a decline in its asset values (foreclosed indigo factories), but his successors were incapable of managing matters as only a pioneer could.

That his sons showed scant business acumen was a crucial reason why he sold-off shares in his key businesses. Dwarkanath himself died in 1846 on a stormy night at St George's (now Brown's) Hotel, London. One of his English journalistic protégés wrote that

the skies themselves had thundered unprecedentedly at the passing of this truly great man.

Dwarkanath had pioneered the managing-agency business model that British Calcutta came to rely on, although Britons carefully ensured that no Indian would ever again become as powerful as him. One that did emerge in the 1890s was Rajendra Nath Mookerjee's Martin & Co. (later Martin Burn), which built most of the iconic buildings of Calcutta's business district, the Ujjayanta palace in Tripura, Belur Math (the headquarters of the Ramakrishna Mission), and established the ironworks at Kulti.

The *swadeshi* movement to protest the 1905 partition of Bengal spawned numerous new enterprises: P.C. Ray's Bengal Chemicals and Pharmaceuticals (with Acqua Ptychotis, Pheneol and numerous other household brands), Surendra Mohan Bose's Duckback, Khagendra Das's Calcutta Chemicals (Margo soap), and P.C. Chatterjee's Luxmi Tea (founded in Tripura).

After his father's early death in 1936, Biren Mookerjee vastly expanded the Indian Iron and Steel Co. (IISCO) in Burnpur. In 1953, the very first loan ever made by the World Bank to a private enterprise was made to IISCO, which received another World Bank loan three years later. Known for its engineering acumen and focus on quality, IISCO — like most of the great *swadeshi* enterprises — became a tragic victim of communist agitation in the 1960s and was nationalised in 1972. Over the subsequent five decades, Bengal became an industrial wasteland, as most iconic Bengali-owned companies were nationalised or closed.

Reviving the entrepreneurial spirit in Bengal requires the re-establishment of a conducive, pro-business climate. Undoing more than a half-century of hostility to markets and business will require a mind-set change among the public. There is a palpable hunger for employment generation in a state that has been starved of opportunity for too long. A strong endorsement of the new labour laws, encouraging agri-processing, stimulating health tourism, and leading in new technologies like AI and EV batteries could provide the breadth of opportunity for modern Dwarkanaths to take flight.