



## Marathon man

How did the Hari Shankar Singhanian group survive and thrive from Licence Raj through liberalisation? The patriarch talks to **Bhupesh Bhandari**

**T**he Hari Shankar Singhanian group (J K Tyre, J K Paper, J K Lakshmi Cement, fanbelt and oil seal maker Fenner and agri-businesses of sugar, dairy products and seeds) is studying how to enter the defence sector and planning a 2x660 MW power project in Chhattisgarh. Ongoing investments include ₹3,500 crore in tyres, ₹1,800 crore in cement and ₹1,700 crore in paper. This includes a new tyre factory near Chennai, cement plant in Chhattisgarh and paper mill in Orissa. The group also wants to revamp the idle and old cement factory of JK Udaipur Udyog, that it bought years ago from Bajaj Hindusthan. The expansions, the group hopes, will double its turnover from ₹11,000 crore now, within three years. The outcome will depend on how the economy, now in the throes of a slowdown, shapes up over the next few quarters and how soon the interest rate spiral ends. For Singhanian, 78, it is another turn in a long and eventful journey.

● ● ● ● Singhanian joined the family business in Kolkata in 1921, aged 18. The Marwari family traces its roots to village Singhana in the Shekhawati region of Rajasthan. Perturbed at local lawlessness, the Singhanians moved east in the 19th century, to Farukhabad and then Kanpur. They made their riches as the sole selling agents for large Kanpur clothmakers like Elgin Mills, Crownpoint Cotton Mills and Victoria Mills. They got into production of cloth after Mahatma Gandhi called for a boycott of foreign cloth in the 1930s. Lakshmiapat, Singhanian's father, moved to Kolkata in 1942. He set up Aluminium Corporation of India near Asansol, India's first aluminium producer. He acquired National Insurance Company and Ganges Manufacturing Company, India's largest jute mill. When Singhanian joined the business, the family was among the top industrial houses in India. J K House at 12 Alipore Road in Kolkata had become a prominent landmark.

Things ran out of control in the 1960s with militant trade unionism. "The work

atmosphere was vitiated. Productivity was hampered by political interference," Singhanian remembers. Businessmen fell out of favour. "Once we were sitting in our office in Kolkata, when my father got a phone call that our works manager [of Aluminium Corporation of India] was being beaten mercilessly at the factory gate. This had gone on for two hours and the police hadn't come. I was sent to Writers' Building [state government headquarters] for help," Singhanian recalls. He first met Chief Minister Ajoy Mukherjee [of the Congress] who asked him to see Deputy Chief Minister Jyoti Basu [of the Communist Party of India (Marxist)]. "He knew what was happening. But, he said, your information is wrong that your works manager is being beaten up—I have evidence to show that he is beating so many workers. I was aghast. I said to him that the works manager was the best technician in India, please don't kill him. Let them also not switch off the power supply because it takes a lot of time to restart the aluminium smelters. He was very unhelpful and put the entire blame on us." The inevitable happened. The workers switched off the power and the plant was closed. "For a few months, our top officers in the township of J K Nagar lived on their rooftops because everything was looted," Singhanian says. "There were persistent demands for the nationalisation of Aluminium Corporation of India (and Indian Iron and Steel Company)—which finally happened in 1974.

Lakshmiapat, upset over the nationalisation of his insurance company in 1956, was heartbroken at the way things were going in West Bengal. So, in 1970, he ad-

vised Singhanian, his eldest son, to relocate to Delhi and start afresh. Thankfully, the family had interests outside West Bengal—a paper mill in Orissa, a straw board factory at Bhopal and manganese mines in Madhya Pradesh. "At that time, the transfer of office was also not permitted. The West Bengal government said you cannot go out. I sent our officers first. A lot of them wanted to get out of Kolkata on any pretext," Singhanian says.

● ● ● ● Delhi certainly wasn't Kolkata. But business wasn't easy. It was the Licence Raj and businessmen were looked at with suspicion. Core competence lay in securing licences. Singhanian began to scout for opportunities. "My father asked us to collect every morning reports from Bombay, Calcutta and Madras ports on what was being imported and then decide on what to produce. It showed that everything was being imported," says he.

Singhanian then happened to mention to Mohanlal Sukhadia, the chief minister of Rajasthan, that he wanted to make tyres. Sukhadia said he could do that in his constituency of Udaipur. Backward-area benefits were also thrown in. Singhanian collaborated with General Tyres of USA for technology and the JK Tyre factory started in 1977. "We became the first producer of radial tyres in the country in 1977. All foreign tyre-makers like Dunlop, Goodyear and Firestone came to me and said please don't do this—there are no cars and no roads for it. Still I went ahead, and today we are the largest producer of truck radials," says he.

Other businesses like cement, sugar, seeds and dairy products got added over the years. The group also had a pharma-

ceutical business which it later sold to Teva of Israel. "We saw what [the Singh brothers of] Ranbaxy [who sold it to Dai-ichi Sankyo of Japan] realised later. It is a very research-oriented business. You have to invest a lot of money and then wait [for the returns]," says Singhanian.

The next turn came in 1991 when the Licence Raj was dismantled and the economy opened up. Singhanian came to be associated with the Bombay Club, an informal association of businessmen who wanted their interests protected. Singhanian says the Bombay Club was not against reforms. "Some of us at that time thought that a very good thing has happened but it can be much more effective if a few other things are done. The paper we submitted to Finance Minister Manmohan Singh didn't use 'protection' even at one place. We said we welcome reforms, but they should be widened."

Singhanian says P V Narasimha Rao never got due credit for his role in reforming the economy. "To my mind, he played a salutary part. He was not regarded highly as a prime minister, but he was a real believer in reforms." Rao, Singhanian says, asked him if he would like to be India's ambassador to the United States, because he was active in international business forums (Singhanian was vice-president of International Chamber of Commerce in 1992, and became its president in 1993). "I jumped from my seat," Singhanian says. "How could you think of me. I asked him? I am just a businessman and want to take full advantage of the liberalisation you have brought in. I am not a diplomat. His reply floored me. He said we cannot remain enemies to USA all the time. It has to be made a friend. Diplomats will do what they can do for that. But you people can succeed better." Singhanian had to turn down the offer because his wife was not well and he didn't want to leave her alone, but it made him realise how serious Rao was about reforms.

● ● ● ● One observation outsiders make about the group is that each venture is controlled by a family member, not a professional. The expansion into power generation is led by Vikrampati, and the defence foray is being evaluated by Harshpati, Singhanian's nephews. "We are a family business and are proud of it. Family members have become professionals. Each company has qualified professionals at the level of CEO," says Singhanian. Can a professional aspire to become MD and CEO? "Why not?" he says. "They are all on the board. It's not just lip service." Any Singhanian company can be a member of J K Organisation and use the hammer-and-hand logo, provided it meets benchmarks in "ethics, values and integrity".

In none of the new ventures of Singhanian does West Bengal feature. Will the group return to the state, now that the communists are no longer in power? "I am ready to invest if the opportunity shows up. I have a soft corner for it. I will even go to Timbuctoo," says he.



J K House on Kolkata's Alipore Road, from where the Singhanian family businesses were run until the 1970s