The relationship between the Congress party and the Indian business class is a relatively neglected area of inquiry, especially for the pre-Independence period. The few existing studies centre around the political attitude of the Indian business class and its response to the rise of political nationalism, but none focuses on Congress attitudes and policies towards business interests. The paucity of sources available regarding Congress policy-making is a serious limiting factor; thus much of what is presented here must be considered tentative and is more a reconstruction of broad trends than a detailed analysis of processes. The first section of this analysis entails a general overview of trends in Congress policy between 1885 and 1937; those following involve a more detailed examination of the last decade before Independence, which witnessed the emergence of a clear pattern in the hitherto fluctuating relationship between the Congress and the Indian business class.

Congress and the Business Class, 1885–1937

When the Congress was founded the modern Indian business class was still in its infancy. British businessmen occupied a clearly dominant position in most of the rising sectors of the Indian colonial economy (foreign trade, plantation agriculture, finance, transport, and the jute industry). Of all the ‘modern’ activities, only in the cotton textile industry had Indian capitalists secured a clear lead over Europeans. Leaving aside the small millowning elite of Bombay and Ahmedabad, most Indian businessmen were still engaged in ‘traditional’ fields such as trading, moneylending, and ‘indigenous’ banking. Many worked as intermediaries for the large British commercial firms. On the whole, the indigenous business community was a socially and organizationally fragmented sector of Indian society, which prevented it from playing a significant political role, except at the local level. In terms of educational development, it lagged behind the new urban elite, and members of the rising Western-educated middle classes often tended to look down on the merchants as a backward and obscurantist group. It is not surprising that leaders of the early Congress paid little attention to the specific problems of their compatriots in the business professions.

A review of Congress resolutions of 1885–1905 unequivocally shows that in the early Congress sessions only minimal attention was given to economic issues. At the 1888 Allahabad session, however, a resolution was adopted calling for the creation of a commission to inquire into the industrial condition of the country;2 demands for removal of the cotton excise duty were advanced at Madras in 1894 and at Ahmedabad in 1902, while the Lucknow session in 1899 condemned the introduction of the gold standard.3 Discussion of economic issues was left mainly to industrial conferences, which met regularly after 1890 during Congress sessions; however, those conferences were not organically linked to the Congress and were peripheral to its major interests. Businessmen, in turn, were marginal to Congress politics, although some merchant-princes of Bombay played a role in the beginnings of Congress activities. By the 1890s, however, they had tended to withdraw from the political life of the city.4 The attitude