

Integrated approach to economic issues

Coverage of economic and business issues was characterised by sustained follow-up, critical analysis and incisive editorials, say P.A. SESHAN and P.B. THIAGARAJAN.

RIGHT from its formative years *The Hindu* has provided coverage to financial, industrial and economic issues. Though business reporting was yet to develop as a distinct discipline, the happenings in the general economic sphere as they impinged on the general public were closely monitored and reported. The editorials of those times reflected the paper's concerns for the community's problems.

The Hindu assiduously followed the events and issues affecting Indian industry since those early years of the 20th century. Be it the nascent steel industry or the established cotton mills or shipping, the paper not only reflected the happenings in these fields through its news columns but took unflinching stances editorially on many an occasion.

For example, the young Indian steel industry (mainly the Tata Iron and Steel Company promoted by Jamsheji Nasserwanji Tata) in the early decades of the century had to contend with free imports at low prices.

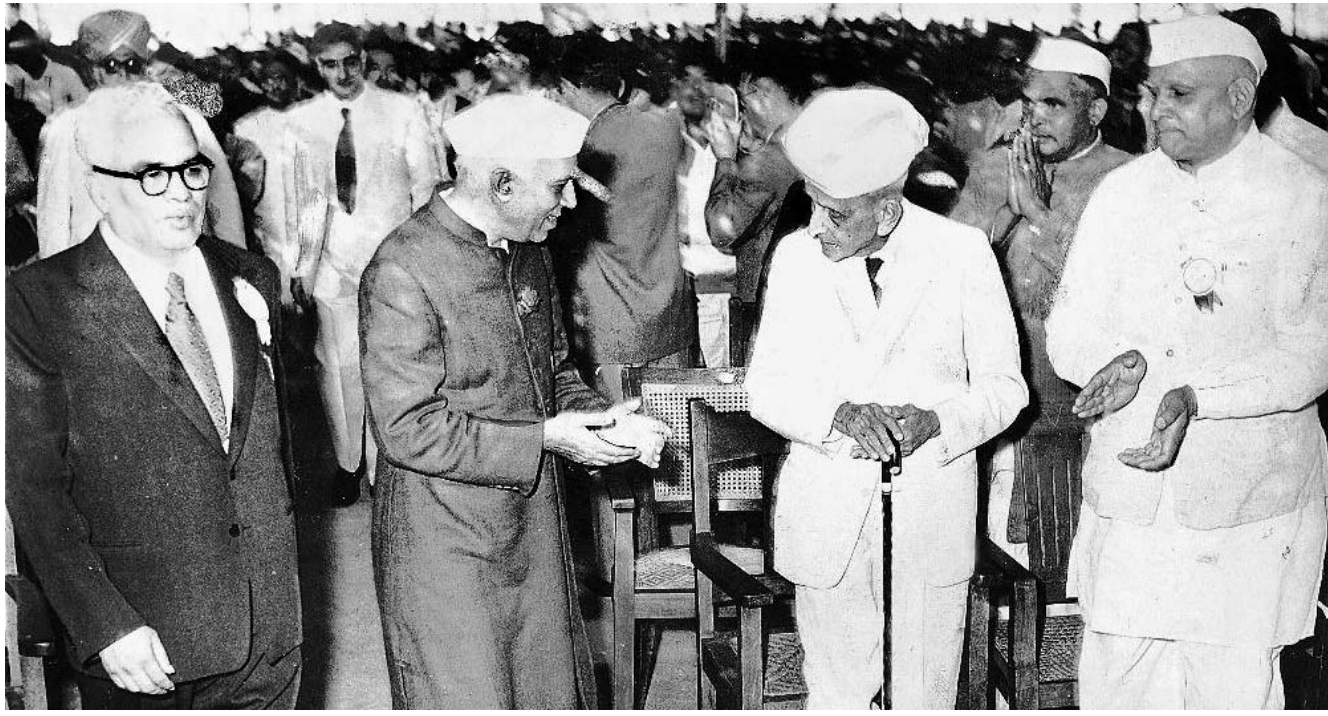
The Tatas approached the Tariff Board for relief. In an editorial in November 1924 on the Tariff Board's report on the Tata request for further protection and the Government's resolution thereon, the paper urged early action and stated: "It is clear that two factors have contributed to the present deplorable position of the steel industry. The first is the dumping of the Belgian and Continental steel generally in the Indian market at some 25 per cent below their cost of pro-

duction. The other factor which also has contributed to the present depression in the industry is the rise in Sterling exchange."

Over the decades, the advent of the Plan era in 1950-51, marking the beginning of a new phase in the growth of the Indian economy and the thinking of the new Government, demanded more attention and news and editorial space. The developments were given prominence in the news pages of the daily in the form of special articles and editorial comment.

With increasing dependence on imports and the dire need to ensure food security, C. Subramaniam, who was the Union Minister for Food and Agriculture, devised a new strategy in the mid-1960s for boosting food production with the use of hybrid seeds developed by Dr. Norman Borlaug, along with intensive application of inputs such as fertilizers and pesticides. From a food importing nation, India became a net exporter. *The Hindu* played its own active role in this Green Revolution by giving sustained coverage of this success story through reports and editorials. In fact, it can claim to be the only Indian newspaper giving special importance to agriculture.

The drastic devaluation of the rupee in June 1966 came as a bolt from the blue to industries and traders dependent on imports. Indeed, the controversy over the extent of devaluation, if it came, had been raging for some time and the opinions expressed by politicians and experts



Prime Minister Nehru with administrator-statesman M. Visvesvaraya at Bangalore in 1959.

were featured prominently.

Indeed, when senior members of the editorial staff were having a discussion a few days earlier in the room of the Editor, G. Kasturi, a foreign visitor told them confidently that devaluation was round the corner and asked them what they felt about the imminent decision of the Government. They were all surprised at his observation and told the visitor that drastic devaluation of the rupee was not in the best interests of the economy. There were also reports of undue pressure from the International Monetary Fund and the World Bank for a correction in the external parity of the rupee as a precondition for resumption of external assistance on a larger scale for the Fourth Plan. Eventually, Sachindra Chaudhuri, the then Union Finance

Minister, announced the decision to devalue the rupee by 36.50 per cent, a decision of far-reaching significance.

The Hindu accommodated a wide range of news and views for and against the devaluation. The likely impact of a lower external parity for the rupee vis-à-vis all major currencies was analysed by staff writers and outside experts.

The editorial on the occasion gave the background against which the measure had to be viewed and hit the nail on the head by observing, "Devaluation as such is no solution to the basic problems we confront. They stem largely from a grievous failure in the past to relate economic performance to investment outlays, to promote the all-round disciplines required in a developing economy to exercise restraints on inflationary finance,

and to release the economy from the burdens of regulations and taxes which have had a stifling effect on growth."

The crisis in the world oil markets in the early 1970s, following the decision of the major oil producing countries to adopt a cartelised approach, created problems for oil importing countries like India.

Special efforts were made by *The Hindu's* experienced correspondents to examine how the surge in oil production from indigenous sources by the mid-1980s even led to a contraction in imports and foreign exchange outflows on this account.

It was during the tenure of R. Venkataraman as Finance Minister that a massive assistance of \$5 billion was secured from the IMF. A controversy arose over the decision to seek the loan from the IMF

with stiff conditionalities. The various opinions expressed by political leaders and economic experts on the issue during the entire period were featured in the general pages of *The Hindu*. There was also special coverage, while editorial comments and analytical pieces in the business section enabled the reading public to have a clear idea of what was involved.

The stock markets turned active in the 1980s with the primary market also becoming buoyant. The healthy developments in the capital market having great significance were highlighted in the business section as well as in other pages of the daily.

However, before the various positive factors for sustained growth could come into full play, the serious balance of payments crisis in 1990 forced the Government to secure the required foreign exchange resources, albeit in an unconventional manner. Gold from the RBI's reserves and Government stocks was pledged with the Bank of England and stand-by credits from the IMF were arranged.

These and other crucial transactions to shore up the balance of payments position were highlighted in the news pages and business section and editorial comments appeared.

The subsequent developments along entirely new lines since the mid-1990s had to be extensively covered to meet the new requirements of the investing public, especially as there was a radical departure in procedures followed for determining the external parity of the rupee and liberalising controls on current account to bring about full convertibility of the rupee on current account.

All these successes were forcefully brought out in the pages of *The Hindu*.

(P.A. Seshan was Business Editor of *The Hindu* and P.B. Thiagarajan was Deputy Editor at the Business desk.)

Bold nationalist stance

Currency regulation

By P.B. Thiagarajan

THE coverage of the visit of the Imperial Currency Commission to India in November 1925 under Sir Basil Blackett reveals the depth of the paper's national concerns. Sir Basil had stated in a speech at Delhi University that the credit of India, which was then solid and immobile, should be liquefied and rendered easily available in necessary quantity at places where it was required. *The Hindu* was quick to question his premises and pointed out that the country was not willing to leave matters of currency regulation to the bureaucracy. An editorial wanted the "management of such questions to be entrusted to a body at once expert and disinterested, one which would have no motive in manipulating the note issue or the remittance business to any ends other than the best interests of the country."

Finding that the Commission contemplated and had, in fact, canvassed the probability of the Imperial Bank of India (now the State Bank of India) being charged with these functions, the editorial drew attention to the fact that the Imperial Bank was just like an ordinary joint stock bank and, hence, "could not by any means be recognised as a bankers' bank discharging impartially" important functions such as management of note issue or remittance transactions. It called for the creation of a Reserve Bank with adequate powers to carry out its responsibilities.

Later in August 1926, the paper carried a report from Bombay on a public speech there on the same topic by R.K. Shanmugam Chetty, MLA, and Chief Whip of the Swaraj Party in the Madras Assembly. Chetty, an expert on public finance, was highly critical of the Currency Commission's stand and said the policy advocated by it was one of utter neglect of India's interests.

Always for transparency

WHEN the occasion demanded, *The Hindu* has not shied away from taking a bold nationalist stance in its editorials, especially on economic issues. Take the cotton mill industry. It was hit hard by cheaper imports of British textiles. Understandably, the industry cried for the abolition of excise duty to enable it to ward off import competition. However, the way it went about seeking redress came in for flak. The daily pointed out in an editorial: "The procedure adopted by the Bombay mill owners in sending a textile businessman to England with a mission, the details of which were kept secret, seems to us to be highly objectionable. We should think that in the matter concerning vital questions of fiscal policy, it was the duty of any businessman, who at the same time claims to be a responsible citizen, to consult the country first and not to confront it with a pact arrived at between the cotton industry here and the proud mill magnates of Lancashire overseas."

It went on to add that "the Bombay mill owners would appear to be bent on securing the co-operation of Lancashire no matter what the cost of that co-operation is to the country. They have offered preference to Manchester before Manchester asked for it."

Support for local enterprise

AGAIN, take the case of coastal shipping. Local enterprise was always discouraged in this field by the British rulers. The world over even today, coastal traffic is reserved for local shipping companies. But in those early years, shipping companies in different parts of the country were crushed by unfair competition from vested interests, mainly British shipping companies.

Commenting on arguments opposing reservation of coastal shipping for Indian companies through a bill in the Assembly in 1928, *The Hindu* observed that national sentiments and "economic considerations and interests" alike pointed to the urgency of the establishment of a national mercantile marine.

From commodities to corporate news

By P.A. Seshan

BUSINESS reporting in India as we know it assumed importance only after the country attained Independence. In earlier years, the daily newspapers did not pay much attention to news and comments on the happenings in the stock, money and commodity markets. In fact, except for the mini boom in stock markets in the late 1930s and the buoyant conditions during the World War II years, when industrial production had to be maximised to support the war effort of the British Government, the bourses were generally dormant.

The coverage of business news in *The Hindu* before 1957 was limited to assorted items relating to bullion, commodities, stock exchanges and shipping movements published in the business page along with happenings in select overseas markets. This was understandable as agriculture and trading were the mainstay of the Indian economy in those days. Industrial activity was confined to textile, jute and other agrobased segments and a couple of steel companies. There was, of course, growing awareness of the importance of business news in the changed economic climate of the country.

When I expressed my desire to join *The Hindu*, the Editor, K. Srinivasan, wanted to know about the special contribution I could make to the finance and commerce page and in helping with editorial comments and articles on economic, financial and other subjects. I was asked to submit a note detailing my approach to revamp the page.

In my note, the need for a daily column providing analytical and objective comments on important developments in the business world was emphasised. More space was sought to cover extensively happenings in the stock and commodity markets and even in international centres. The Editor promptly accepted the suggestions. After my induction in *The Hindu* as Assistant Editor in February 1957, the proposed changes were introduced in a phased manner. The daily column that appeared under the pen name Leo soon became popular. With dramatic developments, particularly in the private sector, in the

1960s and 1970s, coverage of business news expanded with the focus turned on the corporate sector.

The change in approach to business news was widely appreciated by readers, especially as financial dailies from Bombay were not available in time.

In pursuance of the objective of widening the area of coverage, weekly supplements were brought out over a period since the late 1970s. 'The Business Review' supplement was thus launched in the 1980s for enhanced coverage of

developments that could not be attempted in the daily pages for lack of space.

In depth articles by staff writers and outside experts on matters of topical interest have found a place in this weekly pullout. A tax column caters to the requirements of individual assesses. There were occasional serialised write-ups on issues of public interest such as those on the working of the Central Excise Department and the findings of the Comptroller and Auditor-General.

The period also witnessed the appearance of a weekly 'Engineering Supplement' in the business

page, which later took the form of a full-fledged four-page 'Science, Engineering, Technology and Agriculture' feature devoted to developments in key areas of research and technology. Apart from regular columns such as Speaking of Science, IT Trends, Questions and Answers, Paths of Innovators and Farmer's Notebook, this supplement has been a unique and sustained effort to disseminate the latest in technology and pure sciences through extracts from reputed international publications.

For providing a broader perspective and understanding of developments in different segments of the economy, *The Hindu* turned to its annual publication. Launched in a modest way in 1956, *The Hindu Survey of Indian Industry* has grown in size and content over the decades while giving focussed and critical coverage of developments in the industrial, financial and agricultural sectors. The comprehensive articles of the paper's Special Correspondents who closely monitored the bigger core projects in the infrastructure and industry segments during their gestation phases in different regions were unique contributions to development journalism.

With this publication well received by industry and stock market circles as also by the reading public, it was time for the launch of the annual *Hindu Survey of Indian Agriculture* as the agricultural sector was growing in stature after the Green Revolution. Subsequently, an *Environment Survey* was added with a view to creating greater awareness among the public as well as the authorities of the importance of protecting the environment. The weekly and annual publications thus aimed at an integrated treatment of issues of crucial importance.

With increasing awareness among the public, the Central and State Governments and other organisations about the need for more comprehensive dissemination and discussion of economic issues, the idea of bringing out a financial daily was mooted way back in the late 1970s. *The Hindu Business Line* was launched in 1994. The two publications along with their numerous supplements are now meeting to a considerable extent the exacting demands of readers for information and guidance on the exciting nation-building activities taking place around them.

The rupee devaluation story as featured in *The Hindu* of June 6, 1966.

Role as disseminator and educator

By K.T. Jagannathan

INDIAN financial reporting has undergone a total metamorphosis ever since the process of liberalisation was set in motion in the 1990s. Today, business dictates the course of politics unlike in those distant years of the past when politics guided business. Not surprisingly, there are at least four mainline financial dailies slugging it out in the marketplace for a share of the growing business readership. There are besides at least three major business magazines apart from any number of so-called specialised publications dishing out assorted information on business, trade and industry. Where does *The Hindu*, which has seen 125 summers, stand in the field of business reporting?

The general perception about *The Hindu's* earlier years has been that it was rather reserved about accommodating business news in its pages. This perception is found baseless if one cares to take a peep into the earlier editions of the newspaper.

In the controlled era of Licence Raj, access to information proved pretty

hard. That was the time when many a reader looked to *The Hindu* for accurate monetary and industry numbers. If it played the role of information disseminator in the "closed economy" period, in the pre-Independence years, the paper appears to have played the role of an "educator" as well. A case in point was when a nationwide debate was raging in 1933 over the need for a "Reserve Bank" for India. No less a person than the Editor of the paper, A. Rangaswami Iyengar, took time off to preside over a public meeting in Coimbatore in February 1933 where he gave a thorough exposition on the subject.

Raising the question himself as to why a bill on the issue withdrawn earlier was re-introduced, he cited the unwillingness of Whitehall and pound rate-sensitive British interests to transfer financial powers to Indians as the principal reason. He argued for some sort of an arm's length relationship between the proposed Reserve Bank and the legislatures. That he chose to elaborate the need for a Reserve Bank and its modalities at a public forum reflects the keenness of the editor (nay, the paper itself) to educate

The paper always rose to the needs of the time and context to offer relevant information.

the common man about an issue of national importance. Financial reporting of the kind one sees today has evolved mainly over the last two decades. It acquired noticeable proportions only in the wake of liberalisation and globalisation set in motion in the early 1990s.

Ipsa facto, business reporting itself is caught in the crossfire of competition. Not surprisingly, one sees business publications falling over themselves to dish out information of assorted categories in a bid to win the game of one-upmanship. *The Hindu* of yesteryear had no such compulsion or threat to prove itself to anyone. A scan through the pages of earlier times came as a revelation for this writer, especially for the way it had covered trade, industry and business.

A look at the reportage of the extraordinary general body meeting of Alliance Bank in the July 4, 1916, edition

would dispel any perception that *The Hindu* of the past paid scant attention to business news. The EGM was convened to discuss the amalgamation of Delhi and London Bank with it. *The Hindu* not only covered the EGM, but gave the minutest details of the deal. Often, newspapers of the present age are faulted for not pursuing an issue to its logical end. This charge could never be made against *The Hindu*. If proof were at all required, it was available in plenty. The Bank of Burma liquidation found sustained coverage in the editions of the mid-1910s.

Then there was the famous Back Bay Reclamation case. The fact that at a time when communication was undeveloped, a publication from Madras took serious and sustained interest in a subject affecting the citizens of faraway Bombay speaks of the nationalist character of the paper. The Back Bay Reclamation case was a heady cocktail of a

story, revealing the nexus between the bureaucracy and business. Any present day publication will just go gaga over it.

The general perception is that *The Hindu* and scoops do not go together, particularly in respect of business stories. The exposures on Bofors might have changed this perception somewhat. A trip down memory lane to the beginning of the last century is enough to make one realise how such perceptions could be wrong. Way back in 1906, *The Hindu* had brought to light the fall of Arbuthnot & Co, a foreign financial institution. The episode — even as it unfolded — was covered extensively in its pages and elicited sharp editorial comments. More than the expose *per se*, the way the paper went about chronicling subsequent events shows its sensitivity to the public cause.

Thus, peeping into the pages of *The Hindu* of the pre-Depression period, this correspondent is convinced that, constraints notwithstanding, the newspaper rose to the needs of the time and context to purvey with reasonable justice relevant information on business, trade and industry. All through these, the focus remained largely on educating the lay public.

(The writer is an Assistant Editor of *The Hindu*.)