

A STUDY ON THE ENTREPRENEURIAL FINANCE AND BUSINESS ACUMEN OF MARWARI'S

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***Abstract :** The magical trick of the Marwari community is that they have changed the complete scenario of the business world in India and to some extent globally. Gradually by their financial business acumen and proper planning, the group became very strong and took the complete control of trade and commerce. They came with such innovative practices in business which became fundamental principles and laws of doing the marketing and business. It helped them to surpass the other groups in market. There is a famous old saying: "Where cannot reaches a gaadi, There reach a Marwari" It truly says the community has dispersed everywhere around the globe. The focus of the research paper is understanding marwari community, their business and financial strategies and simple basic fundamentals used by the marwari to become successful entrepreneurs*

***Keywords:** Business, acumen, community*

Introduction

The Marwaris are among the three or four most influential business communities in India—and even abroad. We all know the Lakshmi Mittal is the world's largest steelmaker and the Aditya Birla group was a global business long before globalisation became a fashionable term in India. Originally hailing from the Marwar region of Rajasthan, but today's definition of Marwari has outgrown this geographical limitation. Most successful Marwaris, despite an emotional connect to the region, live outside Marwar. Marwar and shekawati regions of Rajasthan in a time of peace did business when the local rulers no longer needed their help in financing wars. Just like the Europeans Jews, whose names indicated the place of their origin—Berliner, Frankfurter, Krakauer, Wiener (Vienna) ---the Marwaris also bore surnames like Singhania (Singhania, Jaipuria, Ajmera, and Jhunjhunwala.)

Research Methodology

An in-depth desk research through secondary data has been conducted to understand the various insights of marwari taking business and strategies and simple basic fundamentals used by the marwari to become successful entrepreneurs.

Literature Review:-Past History

If we just go into the past Marwaris / Rajasthani people are Indo-Aryan ethnic group that inhabit the Rajasthan region of India. Their language Rajasthani is a part of the western group of Indo-Aryan languages. The word Marwar is considered to be derived from Sanskrit word Maruwat, the meaning of maru being 'desert'. Others believe that word Marwar is made up of Mar from alternate name of Jaisalmer and last part war of Mewar.

The Marwari name was given to people of Rajasthan by Kolkata, who migrated for trading and to do business in Kolkata. Many people from various Marwari castes migrated to distant states for business, agriculture and later became successful. The term "Marwari" caught on as a way to refer to a businessman

from Marwar. This usage is imprecise. Other castes from Rajasthan did not migrate to such an extent, so awareness about them in other states is low.

Marwaris comprise the people who originally belonged to Rajasthan, particularly, areas in and around Jaipur, Sikar, Jhunjhunu, Bikaner, Pali, Jalore, Nagaur and certain other adjoining The Marwari language It is popularly written in Devanagari script, as is Hindi, Sanskrit and Nepali. The language belonging to the Sanskritic subgroup, of the Indo-Aryan branch, of the Indo-European language family. Marwari, or Marrubhasha, as it is referred to by Marwaris, is the traditional, historical, language of the Marwari ethnicity

The "Marwari" spoken by the marwari merchants, farmers, social workers of the previous generation was actually the dialect of Shekhawati/Dhundhar region. Large numbers, especially in Rajasthan, still converse fluently in Marwari. Various dialects of the language are found, which vary with the speakers' areas of origin, communities etc. But gradually the language is facing extinction.

Few legends:-

One of the Timbergs, the most famous author, favourites is Keshram Poddar (1883-1945), a warren Buffet like character who made and lost his fortune in his lifetime, all the while residing in a modest apartment in Kolkata's Burrabazar neighbourhood. Poddar was one of the first Marwaris to enter the jute industry along with GD Birla, and he bought a jute firm from the British firm Andrew Yule in 1918 for rs 80 lakh. Starting as under broker to Mitsui, then the leading Japanese firm India, Poddar went into a wide range of businesses, from umbrellas and sugar to bricks and high end real estate. A speculator at heart, he eventually suffered a series of reversals in post first world war period which wiped out his fortunes. People like Poddar who played the game for the process rather than the results they did not spend the money they made on themselves but invested it back in the business.

The founder of the Tarachand Ghanshyamdas firm was Bhagwati Poddar. His son was Tarachand and his great grandson was Ghanshyamdas Poddar. The current generation of the Tarachand Ghanshyam Das family is Shrikumar Poddar, the America based publishing millionaire tycoon, and his cousin Rohit Poddar of Poddar Developers in Mumbai, and also Rahul Bajaj of Bajaj Group.

Financial Business Acumen

Marwaris are among the major business classes in India. Marwari Businesses are known for their ethical operations. It is considered to be the most dependable community in terms of doing business with. The Marwaris were the pioneer in the textile and the stock markets and could be said to be responsible for the boom in these sectors earlier. The Marwari business community has contributed to the growth of the Indian economy to a great extent.

In many ways, the early Marwaris were ahead of their times in terms of understanding risk and cash. Their Purta system of daily cash-based accounting, for example, enabled them to keep close tabs on business trends which even today's sophisticated ERP systems may not be able to match. If today's trend is professionals turning entrepreneurs, the Marwaris did these decades ago by encouraging valuable employees to develop their own businesses as suppliers to core businesses.

Most of the successful channel companies are headed by first-generation entrepreneurs. Almost 90% of the channel in Kolkata comprises Marwari business people. This community is strong in the western region and even down south in places like Chennai. In India, Marwaris contribute a measure role in IT sector. In some cases, these people were encouraged by their family to get into the IT business. In other cases, people got into the channel business envisioning it to be a great success.

Marwaris are also very aggressive when it comes to business, and don't let go of any prospective opportunity that comes their way. Working hard is another aspect about Marwaris that helps in the long run. People's common perception about Marwaris is that they are very stingy by nature. But the people from the community themselves deny this. They are definitely very strict when it comes to finance in business matters as they believe that every penny saved is a penny earned. Famous "Purta System" (Costing) is invented by Marwaris. This system helps them to ensure profit. The whole of Marwari community main source of income is from usury (interest) they give money on huge interest to small time borrowers.

Timberg compares the work ethics of the Marwaris, Banias, Jains and other business communities of India as effective as "Protestant ethic" of thrift, hard work and rationality. He says the business lessons imparted by the Marwaris in the yesteryears are still relevant and the firms follow it. They still stick to principles like **"watch the money, delegate but monitor, plan but have a style and system, lead to expand and do not let the system inhibit growth, the right corporate culture, do not get blown away by fads and do not miss new developments."** Timberg also talks about the ability of the Marwaris to adapt to situations. A flexibility of mind, he says, is surely an important trait responsible for their extraordinary success.

In 1905, six Marwaris introduced fatka or futures trading in raw jute that registered meteoric growth at the Baras (informal exchanges) of Kolkata's Burrabazar market. These contracts – rarely resulting in delivery of the underlying goods, since most purchases and sales got cancelled against each other before maturity date – weren't taken kindly to by entrenched European interests. No wonder, one of their representatives claimed fatka to have been “invented” by Marwaris “deprived of the pleasures of rain gambling”, and only to satisfy “their craving for the gains of chance in a system of contracts purporting to evidence the purchase and sale of jute.

Apart from the hundi and fatka, the Marwaris also pioneered trading in indigenous options (satta), giving the buyers the right, but with no obligation, to buy or sell a certain commodity at a specified future date and price. These could be teji (call) or mandi (put), with the premium paid by the buyer of the option known as nazrana. The success of Marwari enterprise can, in short, be put down to these components: Pan-India presence, key to the forging of long-distance networks of trade and finance, extending from the desert towns of Rajasthan to the Brahmaputra valley;

Evolving sophisticated trading and financing mechanisms, complementing their ostensibly hardwired talents at sourcing/selling of produce and ability to draw on information or ground-level knowledge not normally accessible to others.

Dispersion of Marwaris

The first wave's migration took place during the Mughal period, and a number of Marwari banias moved to the eastern parts of India, currently comprising the Indian states of West Bengal, Bihar, Orissa, and Jharkhand; and Bangladesh. Fateh Chand of Murshidabad was one such mega financier. He was given the title of Jagat Sheth by the Mughal emperor in 1722.

The steel magnates, the Mittals, are from Bikaner. Jagat Seths were from Jodhpur state, and among the large banking families are the Daddas from Phalodi, the Dagas from Bikaner and the Malpanis from Jaisalmer.

In the 19th century, this community from the deserts of Rajasthan [spread](#) out to various corners of India. And by the end of the First World War, they had controlled much of India's inland trade. At one point of time, they dominated most of the exporting trades like in cardamom, oranges and potatoes and practically all the import trade of consumption goods.

Rise and fall:-

The question arises is why some of the great firms declined and fell, like that of Tarachand Ghanshyam Das. The famous Birla family got its start in erstwhile Calcutta as a sub-agent to this firm. He explains the business pattern of the Tarachand Ghanshyam Das family, Birla family and Ramdutt Goenka family among many others but, in other ways, the Marwari businessman has lagged behind change: For example, it is difficult to think of a single big Marwari business that has made waves in IT or biotech or any business that involves knowledge and IPR. Marwaris have largely excelled in trading and commodity-based businesses. Clearly, the challenges ahead are immense in the brave new world we are entering. But Marwari businessmen are also beginning to change.

Challenges:-

The major challenges for Marwari family business are

- **Decentralization:** - the decline of several leading business families is attributed to too much intervention by family members and not enough delegation to professional executives.
- **Scouting opportunities.** - The business group is like a venture capitalist and often needs to find businesses for their heirs to run.
- **Succession and continuity:** - always the greatest threat to survival. Heirs need to be groomed by the larger family.
- **Routinisation of Charisma:** the founder's charisma has to be institutionalised, even as the heirs focus on systems.
- **Family splits:** when the business hierarchy doesn't match family hierarchy, there are splits that need to be managed without damaging the organisation.

Findings:-

- One of the reasons for the marwari community success in business has been its propensity to network much before the word came to be used as verb. The psychological orientation here is n –affiliation which is characterised by a need to a group and readiness to help others in that group. This is very

different from n- achievement which is typical of entrepreneurs launching innovative enterprises. Marwari who left Rajasthan to make their fortunes in other parts of India ---especially the east and central parts of the country ---had the benefit of a first class support network.

- Another reason for their success was they never considered any job small. If it leads to any payment, it is worth doing. Hence they never felt ashamed of doing any trivial job.
- Marwari's considered every customer as potential customer and remained nice to them even if they did not transact to them with the feel that may be his friends will transact with them. Therefore not only every business activity but also every person has ROI.
- Marwari consider everyday ledgers more important than annual budget as it leads to know how much unnecessary expenses and leakages done.
- One very important characteristic of Marwari's is investment in diverse business as if one fails money can be recovered from another. Apart from this they also keep a supplement business along with the main business like automobile business then tyre manufacturing too, if a restaurant then a paan shop too etc.
- They also believe in In-house management. That is all the crucial departments are taken care by the family members or close people. Hence has a policy to believe everyone but trust nobody.
- Regarding the risk, they have a policy to look for a calculated risk and minimum damage risk. Apart from this they are always prepared with plan B.

Conclusion:-

Marwari have all the characteristics what an entrepreneur may possess. They are risk taking people. They are very innovative, creative and broad thinking people. Their basic fundamentals like saving equivalent to earning, and cutting down to unnecessary expenses. The world's great businessmen like Kumar Mangalam Birla, Laxmi Niwas Mittal, Shashi Ruia & Ravi Ruia, Gautam Singhanian, Kishore Biyani, Vishnuhari Dalmia, Ajay Piramal, Rahul Bajaj, Sunil Mittal and many other Marwari are dominating the Business world. They are making a mark in the world arena. Business families like the Birla's have been pioneers in various industries and at the same time have been very sincere towards their social responsibility. They have not only earned heavily but also given back to the society in terms of educational institutions and employment in general.

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