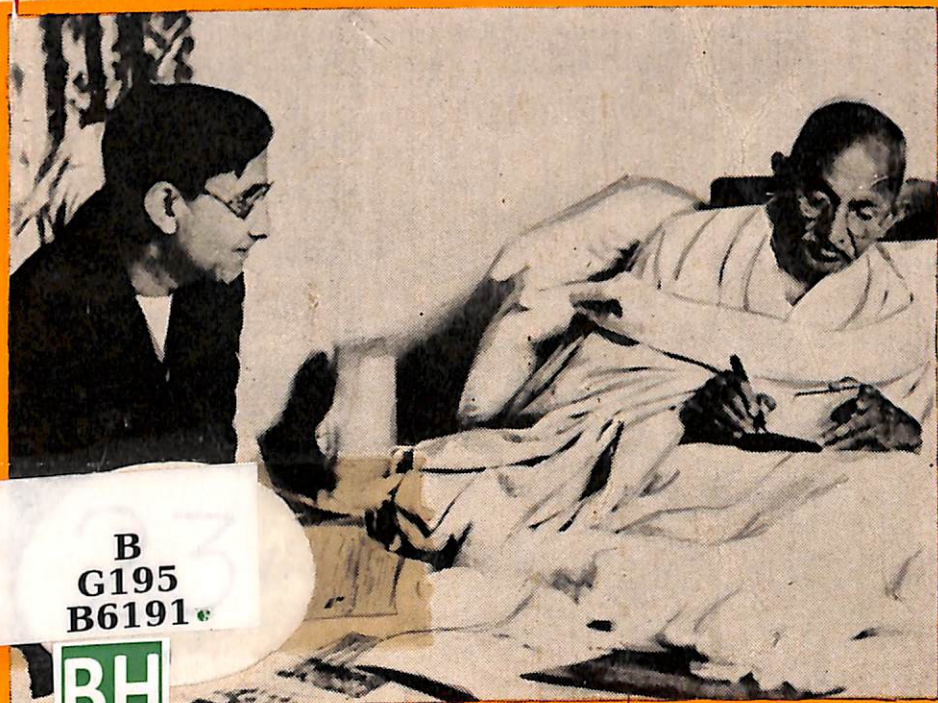


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# TOWARDS SWADESHI

Wide-ranging Correspondence  
with Gandhiji

GHANSHYAMDAS BIRLA



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BHARATIYA VIDYA BHAVAN, BOMBAY-400 007

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GHANSHYAMDAS BIRLA



1980

BHARATIYA VIDYA BHAVAN

Kulapati K. M. Munshi Marg

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## PUBLISHERS' NOTE

This book is compiled from our four-volume *Bapu — A Unique Association* which we had published earlier. The need for a comprehensive selection focusing mainly on economic issues was voiced in many quarters. The views of men of vision like Mahatma Gandhi and Shri G. D. Birla do have significance beyond mere contemporary issues and immediate controversies. The relevance of their views to our own disturbed times is the *raison d'être* for this volume.

Gandhiji's economic views were informed by idealism and GDB's by pragmatism. Gandhiji had much of the pristine simplicity in his approach to wealth. Like Aristotle, he maintained that the necessities of life constitute true wealth; and nothing is wealth if it is not made for use. When applied to an industrial society—which was a reality even in Gandhiji's times—this theory will be seen leading easily to the concept of trusteeship. GDB the pragmatist is as candid as he is astute. (That is why he was so close to Gandhiji.) His dissenting note on the economics of khadi reveals his business acumen as well as his personal regard for Gandhiji.

“I wear khadi just for your satisfaction. . . .”

“If I had your strength, I would, in addition to what you are doing, impose a levy on Manchester goods, besides imposing a production tax of Rs. 20/- on mill-made coarse cloth. This would ensure speedy popularization of khadi. But you lack faith in legislative work and I lack your strength.”

GDB's emphasis on legislation here and elsewhere is noteworthy because it is characteristic of what one may term enlightened capitalism. Even as he appreciates the economy of the free market he does not consider—à la Hayek—that a national authority will be injurious. This faith in legislation naturally leads to an appreciation of planning on a national level. It is approaches like this that make capitalism a progressive force. GDB is not only practical; he is a man of vision, too.

Even on matters political and fiscal he shows himself to be an ardent patriot, motivated by a sense of nationalism. The extremists might explain this away by saying that even the national bourgeoisie had to be a progressive force at a particular stage in history. But then history is fact. Besides, current intellectual thought is veering round to discover capitalism again as a progressive force. For instance, Irving Kristol in his "Two Cheers For Capitalism" discusses aspects of such 'liberal capitalism.' GDB's letters often seem to anticipate these aspects.

We believe that the issues raised and discussed in these letters are of topical interest and of great relevance to the problems of our own times.

The following extract from one of the many letters\* received from the readers of the source books speaks volumes for the patriotism and idealism permeating the entire range of correspondence between Gandhiji and GDB:

"I got from you the four volumes of *Bapu* by Shri G. D. Birla and I got myself so engrossed in them that for the last fortnight or so I went through them word by word. I was simply exhilarated.

"How imperfectly and incorrectly we comprehend events and personalities! Even for a person like me who prides himself on keeping track of the course of political history of Bharat for the last 40 years and more, the name Ghanshyamdas Birla signified only a typical member of the clan of money-spinners who nibbled at politics merely by way of business

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\* From Shri Janardan Hari Damle, Advocate, P. O. Wani, Dist. Yavatmal, Maharashtra.

proposition. But how pathetically stupid my impression was, was, to my shame, brought out in bold relief by going through the books. I can never forgive myself for having entertained such a lurid opinion about Shri Birla.

“Shri Birla appears to have been a fundamentalist right from his early age and it is refreshing to see him contend with revered Mahatma Gandhi on certain issues. His clear vision and transparent honesty are reflected everywhere in the correspondence. What an amount of mental and physical energy besides money he poured out in the service of our motherland! But for the publication of the letters, very few people might have known the very important role he played at the critical stages of our history by being a sort of liaison between Mahatma Gandhi and the British Government!”

The title “*Towards Swadeshi*,” we thought, would be a fitting one for a book so comprehensive and generic and covering topics of such vital national interest during our struggle for freedom like khadi, indigenous mill-made cloth, boycott of foreign cloth, trade agreements favourable to India and fiscal autonomy.

There is also a deeper import to the title of the book — something which we did not perceive in the beginning. Yes. Implicit in it is the exhortation to find Indian solutions to Indian problems.

A skilled surgeon before attempting to transplant an organ onto a human body undertakes a series of intricate and well-calculated measures such as tissue-matching. Any transplant undertaken without these precautions is bound to be infructuous as the transplanted organ would be rejected by the host body. But alas! this aspect of tissue-rejection, which is so evident in the human body, is not taken into account by our economists and politicians who are only keen on transplanting alien ideologies and economic theories on the national body-politic. The result

invariably is that these alien transplants, undertaken with a lot of unjustified hope and fanfare, prove infructuous.

Even after 30 years of freedom, our economic thinking does not seem to have attained the clarity which it ought to have by now. It would seem that our economic policy is nothing but an *olla-podrida* of economic thinking prevalent in various countries of the world pursuing diverse ideologies and having different social and cultural milieu. If we are to truly emerge out of the morass of confused economic thinking, we have to necessarily have a Swadeshi approach to our economic problems. And this approach can best be made by practical economists and industrialists like G. D. Birla and J. R. D. Tata and a host of others, big and small, whose patriotism is beyond reproach, whose social-conscience has been enkindled and set aglow by modern Indian renaissance, of which Mahatma Gandhi, the Father of our Nation, was an authentic symbol.

We can win economic Swaraj only if we conduct the movement for it on the same lines as Gandhiji did to win political Swaraj, viz., harnessing the talents of all for the greatest common good of Mother India.

We shall be happy if this small book gives an incentive in this direction, in the light of the proven fact of this century that no "ism" by itself can be a panacea for all the socio-economic ills. Each nation has to evolve plans and programmes suited to its needs and genius.

## PREFATORY NOTE

Mahatma Gandhi and Shri G. D. Birla exchanged a number of letters expressing their respective points of view on the place of khadi, hand-spun and hand-woven cloth, in the country's economy. The Mahatma, who often spoke and wrote in rapturous language about the "music" of the spinning wheel, had unshakeable faith in the potency of khadi to galvanise the economy of India's vast countryside. As far back as October 1921, he wrote: "I feel convinced that the revival of hand-spinning and hand-weaving will make the largest contribution to the economic and the moral regeneration of India." He hoped that khadi would become the means for the revival of all rural crafts.

Shri Birla respected the Mahatma's convictions, but had his own reservations about the economics of khadi. "About the khadi work," he wrote to Gandhiji on October 11, 1927, "what I have always been apprehensive of is its fate after you are gone." In an earlier letter, he had pointed out that in most varieties khadi was some "2½ times dearer than the mill-manufactured goods while in some others the difference in prices was nearly six times." "I wear khadi," he said, "just for your satisfaction."

Shri Birla told the Mahatma that, in addition to propagating the message of khadi, certain tariff and fiscal measures were necessary to make the cloth widely popular. In his letter of October 11, 1927, he suggested: "If I had your strength, I would, in addition to what you are doing, impose a levy on Manchester goods, besides imposing a production tax of Rs. 20 on mill-made coarse cloth.



This would ensure speedy popularisation of khadi."

As Shri Birla put it, the Mahatma had no "faith in legislative work," but the Indian cotton mill industry was convinced that only through appropriate legislation would it be possible to stem the tide of cloth imports from Britain. In 1927-28 Indian import of textiles was of the breath-taking magnitude of 1,936 million yards, including 323 million yards received from Japan. With a pertinacity that was most disconcerting to the British Indian bureaucracy, the Indian mill industry demanded tariff protection. The first faltering step was taken in that direction by the appointment of the Tariff Board in 1926 under the chairmanship of Sir Frank Noyce. In the subsequent years the statutory shelter to the industry was liberalised till it proved an effective deterrent to unchecked textile imports. With the outbreak of the Second World War, this measure, however, became unnecessary.

The Mahatma and the magnate freely exchanged their views on questions like Swadeshi and boycott of foreign cloth. Enlightened and forward-looking Indians were always overwhelmingly protectionist. They categorically rejected the argument that protection penalised the consumer and tended to undermine the vitality of indigenous enterprise. The movement to encourage India-made goods had gained some degree of popularity even before the Indian National Congress came into existence in 1885.

Sri Aurobindo's maternal grandfather, Raj Narain Bose, one of the makers of modern Bengal, was an ardent preacher of the Swadeshi spirit. In Maharashtra, the Sarvajanik Sabha was the pioneer organisation to spread the message of self-reliance. As far back as 1875, the Secretary of the Sabha, J. V. Joshi, proved with an array of facts and statistics that Swadeshi was the "only means for the salvation of India." The convulsive movement that followed the partition of Bengal in 1905 gave a tremendous countrywide impetus to the Swadeshi gospel. In the same year the Indian Industrial Conference was brought into existence to work in close co-operation with the Congress.

Shri Birla, who discussed the subject of boycott of foreign cloth with a number of leaders besides Mahatma Gandhi, told the latter in his letter of April 11, 1928, that it was possible to draw up a boycott programme in co-operation with the mill-owners but it would not work. The political leaders did not have the necessary sanctions to ensure the industry's co-operation, especially when mills were not entirely Indian-owned. In another letter, he pointed out that, while the boycott would certainly push up the production and sale of khadi, "it is the mill cloth that will sell more."

The mills would also produce khadi-type of cloth and would be able to sell it briskly on account of its cheapness. The protagonists of the boycott movement could do nothing about it. Writing to the Mahatma on April 28, 1930, Shri Birla said: "If the boycott can be successfully implemented by the efforts of the mill-owners only, khadi need have no place in it. But I am convinced that the boycott will be successful only through khadi." In an earlier letter, he had suggested that the best course would be to accept financial help from the mill-owners provided no strings were attached to such assistance.

The cotton mill industry was undoubtedly most interested in the Swadeshi and boycott movement. Sir Homi Mody, Chairman of the Millowners Association, Bombay, met the Mahatma in June 1931 in this connection when he explained to the national leader how the Indian enterprise was forced to fight a desperate rearguard action against foreign competition.

Writing in his paper *Young India*, the Mahatma explained his standpoint thus: "If I had my way, India would be clothed in khadi to the exclusion of all other cloth, even made in indigenous mills. Whilst India is unwilling (there is no question of inability) to manufacture all the khadi she needs, I should allow indigenous mill cloth to supplement it." The Mahatma favoured the picketing of shops selling foreign cloth. Shri Birla entirely agreed with this method of discouraging the sale of foreign cloth.

Shri Birla had made it a point to discuss a wide variety of subjects with Mahatma Gandhi. On August 8, 1937, he addressed a detailed letter to the Mahatma on the trade agreement concluded between India and Britain on August 20, 1932, at Ottawa, the capital of Canada. This Agreement was supplemented by another on January 1, 1935. Nationalist opinion in India was firmly opposed to the system of imperial preference. The country's subordinate position militated against its negotiating any kind of agreement with Britain on equal terms. As far back as 1903, even the government of Lord Curzon, a high priest of British imperialism, had declared categorically that India derived no advantage from the system of imperial preference. The same view was expressed by the Indian Fiscal Commission in even more forthright language. It pointed out that Indian exports were not of a kind that would benefit much from any scheme of preferences.

In matters of this kind India had, however, little choice. The Indian delegation to the Ottawa Conference was led by Sir Atul Chatterjee and included the Commerce Member of the Government of India, Sir George Rainy. The Agreement provided for the grant of a preference of 10 per cent on specified commodities (except motor vehicles on which  $7\frac{1}{2}$  per cent was granted) imported into India from Britain. A similar concession was offered to Indian goods entering Britain. In addition, free entry to the British market was permitted to a certain small group of Indian commodities. Both the Agreement and its Supplement were resented in India since they were regarded as making inroads into what little autonomy this country had in the matter of regulating its fiscal policy and promoting its economic development.

In the meantime, some of the Indian mill-owners conceived the idea of initiating direct negotiations with Lancashire in order to regulate the flow of British textiles into the Indian market. The Chairman of the Millowners Association, Bombay, Sir Homi Mody, who happened to be in England in 1933, took the initiative in the matter. Following his talks with the British textile interests, a

textile mission from that country under the leadership of Sir William Clare Lees, arrived in India in September of that year. The visiting delegation conceded the need for statutory protection for the Indian cotton mill industry. The Indian side in its turn agreed that preferential treatment should be given to British textiles imported into this country. The Mody-Lees Pact of October 28, 1933, was not acceptable to all sections of the Indian mill industry. In his letter of November 10, 1934, to the Mahatma's Secretary, Mahadev Desai, Shri Birla presented his views on the Pact.

Mahatma Gandhi laid great emphasis on fostering the growth of hand, household and small-scale industries since, as labour-intensive enterprises, they could provide employment to a large section of the population and thus emancipate it from enforced idleness. Shri Birla agreed with this point of view. Writing to the Mahatma on July 22, 1932, he said: "I agree that as far as possible production should take place in consumers' cottages."

There was, he said, every need for decentralised production, but this goal could not be achieved without legislation. He thought that the textile and sugar industries would not object to the levy of a cess on them to finance the production of cloth and sugar in the small-scale sector provided the import of these articles was strictly controlled.

Since independence, protection and preferential treatment for cottage and small-scale industries have claimed the magnitude of State policy. The Government of India's Industrial Policy statement of April 1948 declared that these capital-light enterprises held an important place in the national economy. The Planning Commission has also laid stress on this fact. The specific measures envisaged by it in this connection are: (a) reservation of spheres of production; (b) non-expansion of the capacity of a large-scale industry; (c) imposition of a cess on a large-scale industry; (d) arrangement for the supply of raw materials and (e) co-ordination for research, training etc.

In the case of the cotton textile industry, most of these

suggestions have been implemented. An excise duty on mill cloth has been imposed with effect from January 1, 1949. This impost existed during the British period from the year 1896 in order to favour Lancashire but was abolished in March 1926 following a persistent agitation by the indigenous mill industry. A special cess was imposed on mill cloth in 1953 to help the handlooms. To achieve the same end, the weaving capacity in the organised mill sector has been frozen.

Shri Birla wrote to Mahatma Gandhi about the labour problem in his mills. In October 1929, he informed the Mahatma that he had four mills and that the management was doing its utmost to promote the welfare of the workers, including the provision of living quarters for them. "When you again visit Calcutta," he wrote, "I intend to take you round my mills." The Mahatma, who knew the working of the textile industry well, expressed to Shri Birla in his letter of June 7, 1932, a desire to see how his mills worked three shifts. In their correspondence, the two exchanged their views on strikes and lock-outs.

Till the outbreak of the First World War there were not many in this country who realised that the problem of industrial labour could not be effectively solved unless an institutional basis was given to its activities. A significant step in this direction was taken in 1920 when the All-India Trade Union Congress was founded.

In Ahmedabad, the second largest textile centre in India, Bombay being the first, the movement for the workers' solidarity began three years earlier, that is, in 1917. Some of the workers in that city went on a strike which eventually led to the formation of the Textile Labour Association—a body that had the great good fortune of being guided by Mahatma Gandhi for many years. The Royal Commission on Labour, which reported in 1931, praised the Ahmedabad organisation for winning "a substantial measure of success." Trade unionism in India has gained in strength in recent decades but it is still essentially a middle class movement.

Shri Birla, with his wide-ranging interests, was keen

that the deliberations at the three Round Table Conferences in London on the constitutional set-up for India should yield substantial results. The first session of the Conference began on November 12, 1930, and ended on January 19, 1931. The Congress boycotted the discussions. The second Conference lasted from September 7, 1931 to December 1, 1931. The presence of Mahatma Gandhi won for the deliberations international interest, although the outcome was a monumental zero.

Shri Birla, who was a member of the Round Table Conference, naturally took a keen interest in the question of the transfer of fiscal power to Indian control and management. In a detailed letter from London, dated October 31, 1931, written to Sir Tej Bahadur Sapru, the eminent Liberal leader, Shri Birla gave his reactions to the Report of the Federal Structure Committee which had been set up by the Conference on September 22, 1931. Shri Birla held that the control of the Finance Department should be judged "by our control of the actual amount of finance." He feared there would be continual interference by the Governor-General in the budgetary arrangements unless there was a substantial reduction in military expenditure and in the Debt charges.

Shri Birla wrote freely to Mahatma Gandhi on almost every subject of public importance. On March 21, 1933, he apprised the Mahatma of what he saw in a number of Harijan quarters at Calcutta, in company with Dr. B. C. Roy, and how frightful were the living conditions there. Gandhiji often wrote about slums and much more frequently about untouchability. He felt strongly about it and on one occasion gave expression to his indignation in these words: "It (untouchability) is, to my mind, a curse that has come to us, and as long as that curse remains with us, so long, I think, we are bound to consider that every affliction in this sacred land is a proper punishment for the indelible crime that we are committing."

The Mahatma laid great stress on personal integrity and on exemplariness on the part of institutions in the management of their finances. An example of his stand

in such matters is furnished in Shri Birla's letter of October 4, 1934, to Mahadev Desai and the latter's reply of October 9.

Mahatma Gandhi did not believe that control over prices and distribution was a panacea for dealing with the shortage of essential articles. He assumed that in a free market the producer and distributor would exercise great restraint in the matter of prices while the consumer would resist the temptation of hoarding.

Discipline of this kind is, however, a rare virtue. The Mahatma was naturally much distressed during the Second World War when the prices of foodgrains and other essential goods shot up. He heard bitter complaints by the people against the grain merchants. In his letter of July 13, 1942, Shri Birla called the attention of Mahadev Desai to this and said such evils could be overcome if there was proper co-operation between the Government and responsible merchants.

V. B. KULKARNI



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G. D. BIRLA'S LETTER TO GANDHIJI  
(Calcutta, June 21, 1926)

I have visited the office and godown of the Khadi Pratihthan at Bowbazar Street and stayed there for nearly 45 minutes. I was generally impressed with the systematic method in which they conduct the business. Satis Babu and Praphulla Babu have succeeded in pushing up the sales, which have been increasing regularly from month to month. At present the monthly sale is stated to be worth Rs. 24,000. The total stock of khadi in the godown is worth Rs. 75,000.

My object in visiting the place was to find out whether a part of my promised loan could be utilised by them. But I found various difficulties which I wish to enunciate:

First, the price of the cloth as sold in the market is very much higher than the price of similar mill-made cloth. Khadi of 10 warps and 12 wefts produced by mills is generally sold at Rs. 00-14-00 per lb, but *shuddha* khadi of much inferior quality is sold in the Pratihthan at Rs. 1-10-0 per lb. This is only about the plain khadi, but the difference in the prices of dyed and fancy goods is even greater. For instance, a plain saree made at Pratihthan with fancy border fetches about Rs. 6 per lb, while similar quality of mills' product can be had at Re. 1 per lb. Thus, in some cases the price is nearly 6 times higher than that of mill-made cloth, while in most cases it is nearly  $2\frac{1}{2}$  times dearer than the mill-manufactured goods. Taking

## 2 *Towards Swadeshi*

a liberal estimate, my valuation of the goods in their go-down will not exceed Rs. 75,000. On the basis of my valuation, if I advance 70%, I can pay only Rs. 21,000.

But there is another difficulty. Satis Babu tells me that he cannot borrow money with the feeling of repayment, even if it has to be paid after 2 or 3 years. He wants money for expanding the business, and if money has to be repaid, the business cannot be expanded permanently unless some money comes forward through donations, on which a businessman should not rely. Under the circumstances, it appears to me that there is little chance of a loan being utilised by the Calcutta people. I think the condition of other khadi bhandars must be similar. Neither myself nor the borrower should confuse business with philanthropy. In this case the borrowers will probably feel more embarrassed inasmuch as the responsibility of payment rested with them. This being so, they will have to make such estimates of the valuation of their goods as could definitely ensure the repayment of the borrowed money. Secondly, the loan can help them only if it be a permanent investment, while my condition is that while I may renew the loan after a year, I do not bind myself to do so. This being so they cannot utilise my money for permanent expansion of the business and so it cannot be of much help. Satis Babu told me however that specially for meeting extra demand of pooja they have to accumulate stores for a few months and for that purpose he said he could utilise Rs. 30,000 to be repaid on 1st February. I have specially told him that he must keep in mind that I have promised to accommodate him with the said sum. the amount has to be repaid, and he seems to have understood his responsibility.

I was greatly interested to see a large staff working in their office. Their mission being a combination of social and economic work, they are forced to maintain such a big staff. Furthermore, there is a large number of varieties of khadi and this requires very detailed work. I do not think they can, therefore, make any retrenchment. Their monthly expenses for office amount to nearly Rs. 4,000

while their monthly sale amounts to Rs. 24,000. If the same is compared to some of our mills, you may find monthly expenses for the maintenance of the staff not exceeding Rs. 4,000 while the monthly production amounts to the value of Rs. 4,00,000. Thus in our case the overhead charge on production comes to about 1% while in the case of the Khadi Pratishtan it comes to about 16%. Their circumstances compel them to maintain such a staff. I must say to their credit that they are working very hard and systematically, with full faith in their programme.

2

EXTRACT FROM G. D. BIRLA'S LETTER TO GANDHIJI  
(Benares, October 11, 1927)

About the khadi work what I have always been apprehensive of is its fate after you are gone. I wear khadi just for your satisfaction and, believing as I do in the soundness of the plan, I render it what aid I can, as a token of my faith in God.

But I have a different kind of scheme for popularizing khadi. If I had your strength, I would, in addition to what you are doing, impose a levy on Manchester goods, besides imposing a production tax of Rs. 20 on mill-made coarse cloth. This would ensure speedy popularization of khadi. But you lack faith in legislative work, and I lack your strength; therefore, my next instalment of money may be spent on any activity chosen by yourself that would bring us nearer to the goal of swarajya. All work you have taken in hand is uniformly good, and it is not given to me

to make any distinction between one kind of activity and another.

If you ever find any work impeded for lack of funds, please do not hesitate to write to me. Even as it is, I will continue sending money off and on. I could give more, but, like you, I, too, am pursuing certain business schemes the fruition of which I consider necessary for the well-being of the nation. That is why this comparative economy.

3

G. D. BIRLA'S LETTER TO GANDHIJI,  
(Benares, April 11, 1928)

I had discussed the question of the boycott of the foreign cloth also with Pujya Malaviyaji and Nehruji (Motilalji Nehru). Sir Purshottamdas Thakurdas and Sir Manmohandas Ramji also to some extent participated in the discussion. There may be difference of opinion between us over the degree of success expected to be achieved, but I have not the least doubt that this is the only weapon which we could under the present circumstances use with a hope of reasonable success. The boycott of the Commission will have no meaning if it was not followed by some action. Many schemes to make the boycott a success could be proposed but they are—most of them—fraught with danger. This is the only scheme which seems to me to be the most innocent and efficacious to some extent. We must, therefore, take it up even if only a partial success was expected. What does it matter if we achieved only 4 to 8 annas success instead of 16 annas? But I

would not base my programme on the scheme of co-operation from the mills. There is no doubt that a scheme involving an effective co-operation of the mills could be formulated, but under the present circumstances it would not be practicable. The leaders have not got sufficient power at their disposal. They are not in a position to guarantee that if the mill-owners agreed to spin and weave cloth only above a certain count, the leaders would see that all the stocks of the mills would be sold at a reasonable profit. As a mill-owner, if I was guaranteed 5% depreciation and 8% dividend on my capital investment, I would be quite satisfied. I would not bother whether I had to spin 10s or 50s. But in the absence of any such guarantee from the leaders—and even if a guarantee was forthcoming it cannot be effective—it would be futile to talk seriously of the mills regulating their profit or production. Even if the mill-owners were patriots, and I know a section of them is so—they could not seriously enter into any agreement with a party which is not in a position to fulfil its own part of the contract. And besides this, even if they so desired, all the mills are not Indian-owned. I, therefore, think that for the time being we should leave aside the question of the mills' co-operation. We should, of course, accept financial help from them but that should be unconditional. A patriot mill-owner may readily subscribe towards the Swaraj Fund, but he will never honestly enter into any agreement when he very well knows the difficulties of the second party in fulfilling its own part of the contract. If the mill-owners suggest that they could enter into an agreement involving the regulation of price and profit, I would not believe them. If you had Swaraj Government then it would be a different position. But today they know your weakness and therefore, honestly they could not enter into any contract with you.

Now how to make the boycott of foreign cloth a success is too much for me to suggest. But in my opinion it is impossible to expect success by mere preaching if it was not combined with picketing. Picketing in the past has



created bad blood and therefore, there would be persons who would hesitate to approve of such methods. But personally I do not see any wrong in picketing. It has got its good points inasmuch as it educates the masses. In picketing I include picketing against handling foreign cloth by labour in all its movements.

If you can strike any good plan involving co-operation of the mills, please send me a copy of it and I will send you my criticism thereon. I need hardly add that if you take up the matter under your direct leadership I will be prepared to put my financial quota at your disposal—of course not as a mill-owner.

There is another point on which I wish to say something. In your leading article in the *Young India* of the 5th April, you say that "they have bought mill khadi largely under the mistaken belief that it was genuine and that it had the imprimatur of the Congress." You have not said this for the first time nor are you the first to say this. But do you not think that you are unnecessarily exaggerating the results of the khadi propaganda? There is no doubt that under your propaganda the taste of the people both of the masses and the classes has undergone a tremendous change and the people now do not feel ashamed to cover themselves with even the coarsest of the cloth. Yet I feel that it is not correct to say that the masses purchase mill-made khadi under the impression that it was *shuddha* khadi. You could find this out for yourself if you send your hawkers with mill-made as well as *shuddha* khadi who may ask some villagers to select their choice after explaining to the latter properly about the quality as well as the price of the cloth. I have not the least doubt that if you made the experiment you will find that 90% of the consumers will pick up the cheaper and more lasting of the two stuffs. Mill khadi is popular because people find it cheap, durable besides it being swadeshi make.

I do not wish to minimise the effect of the swadeshi movement and its effect on the prosperity of the mills, but I would request you not to unduly magnify its results. It cannot be gainsaid that the mill-owners have played no

mean part in making their industry a successful one. Had they not been able to produce cloth at competitive cheap rates, all the preaching in favour of swadeshi would have been in vain. Nobody would be prepared permanently to pay a higher price for a commodity simply because it is made in India. Those who pay higher prices for *shuddha* khadi in comparison to the mill-produced khadi constitute only a very small portion of the population. A few educated patriots alone can take such a generous view, but the masses can only patronise swadeshi if it is found to be cheaper. The price of a 40-yard piece of Indian latha at present is much cheaper than the imported stuff and besides the swadeshi latha is much more lasting. This is the main reason of the mills' success and I think it not unreasonable if they claimed that they have played a very important part in achieving their present position. The mill-owners have been criticised for charging exorbitant prices during the Non-co-operation days for their production. I think this charge too is not based on a correct reading of the situation. It was not due to the swadeshi feeling alone but much more due to the post-war boom which we had had in every country that the mills could exact extremely high prices for their production. Even the foreign cloth could have charged very low price, and if the mills not had built up any reserve, who would support them today when they are passing through a severe depression? Besides we cannot ignore that it is due to the boom period that the mill industry has been able to make a very large extension resulting in a cut-throat competition of today which is helping the consumer in getting his requirements at a rock-bottom cheap price. I write this simply because I feel that we are a bit prejudiced against the mills. But this is only by the way. Please do not feel that I am prejudiced in favour of the mills. I will be ready to throw them in the sacrificial fire if ever I feel that by doing so I could help the cause of the country. I thought I must bring the points before you and my duty ends here.

EXTRACT FROM G. D. BIRLA'S LETTER TO GANDHIJI,  
(*Calcutta, October 1929*)

What he has said about the mills contains an element of truth in certain respects, but his conclusions are wrong. It is not true that I have spread a net or that I beguile people. I have not cultivated that habit. According to my own judgment of myself, you may decide for yourself about me. I have 4 mills. In two of them I have the sort of managers who do their work in keeping with their understanding of my preferences, as in Gwalior and Delhi. The Gwalior Mill Jamnalalji also has visited himself and I have heard people say that he appreciated the adequacy of arrangements for providing living quarters for the workers. Hari Bhauji is equally familiar with the condition obtaining in the Gwalior and Delhi mills. The Marwari manager of the Jute mills is liberal in outlook and wears khaddar. He is, however, a shade eccentric. Just a matter of difference in our respective outlooks. The matter of obtaining greater production was broached before you when I was at Wardha. I discontinued the practice a number of times, but because of the manager's non-co-operation, more work continued both with and without my knowledge. One of the compelling reasons for this was the workers' insistence on more work whenever we decided to reduce the tempo which in turn, tended to a lay-off of the workers. The present position is that only last month I called a workers' meeting when it was decided to fix the

hours of work to 60 hours a week. Their wages have been increased by 8%, i.e., more than in any other mill in Calcutta.

As for providing the workers with living quarters, I was opposed to the idea from the very beginning on the ground that life in the villages was preferable to barrack life. This was the right approach at the initial stages when the mill was rather small. Now that it has expanded my own thinking, too, has undergone a change, with the result that at present we are soon to have 700 quarters measuring 12' X 9' each, with a verandah and a kitchen for each. The construction work is well-nigh complete. A large septic tank is now ready for use. Arrangements are being made for fitting every living room with a separate latrine in a course of three months. We sank 5 tube wells, but all of these yielded alkaline water, so for the time being a pond is serving the purpose. The water is clean, but my scheme aims at some more satisfactory arrangement. A large-size filter may be fitted up soon. I would suggest your calling a meeting of the workers and officers to ascertain if they like me, and, if so, how much. It is not true that children are employed in violation of the Factory Act. All this is by way of placing the correct situation before you. I do not think I have so far striven to prove myself a generous mill-owner in respect of any of my mills, though I would like to do so. This year the jute mills will spend Rs. 5 lakhs in the construction of providing the workers with living quarters alone. But I write this just for your knowledge, not in self-defence. What purpose will I achieve by entering into self-defence? Why should I defend myself at all? Even if my plea for self-defence leaves Mahadevlal satisfied, what will be my gain in concrete terms? But I must tell you one thing; it may be that I should fail to act in the best interests of the workers through stupidity or error of judgment, or under bluff, but I don't think I have ever wronged the workers through sheer cussedness. I do not think it necessary to reassure you on this point. When you again visit Calcutta, I intend to take you round my mills. It was natural for Maha-

devlal to write all this, because he never cared to know me. Please ask any other question that occurs to you in this regard.

5

GANDHIJI'S LETTER TO RAMESHWARDAS BIRLA,  
(*Jabalpur, April 28, 1930*)

I have your letter. I know your love for khadi. Therefore I feel shy of commenting on your scheme. But this much I must tell you that the scheme is not workable because the mill-owners will not give up their interests.

Government help is needed in many things. It will not be available for boycott of foreign cloth.

If the boycott can be successfully implemented by the efforts of the mill-owners only, khadi need have no place in it.

But I am convinced that the boycott will be successful only through khadi.

This, however, does not mean that the mills have no place in the scheme at all. The mills can have their deserved place by recognizing the worth of khadi. The conception of God envelops all gods. According to the doctrine that various individual duties are included in God, we destroy them by worshipping them separately because they have no independent existence, and we do not reach God either.

This being so, the well-being of the mills as well as the success of foreign-cloth boycott depend upon developing the people's taste for khadi and increasing its production.

EXTRACT FROM G. D. BIRLA'S LETTER TO GANDHIJI,  
(*Calcutta, April 28, 1930*)

Though I do not accept many of your arguments, there is no difference of opinion in regard to the judgment. That is why I have counselled Panditji to lay special stress on the boycott of foreign cloth, and on khadi. Mill-cloth will find its own market. But if you are working on the assumption that by virtue of the present movement mill-cloth will derive little help from boycott, your assumption is wrong. It is the mill-cloth that will sell more. People will take to khadi more and more, it is true, but mill-cloth will have a brisker sale. I know mill-cloth is capable of replacing foreign cloth. But your assumption is different.

If we leave alone the appearance of hand-loom cloth on the stage, our mill-cloth has a consumption of 3600 million yards. Our mills can produce 2700 million yards. As quite a number of mills remain closed at present, we cannot turn out more than 2400 million yards. We can produce more by working double shift. Imports amount to 1900 million yards. If we are able to reduce this by 1000 million yards with the help of cess and propaganda, we should consider it a success. But this leaves us with the 2700 million yards produced by our mills and 900 million yards available through imports; it comes to a total of 3600 million yards which is about all we can consume. If we so desire we can produce more through double shift.

What I mean to say is that there is sufficient cloth available in the country and we can produce even more.

The difficulty is about the paucity of buyers for more cloth. The mills have enough cloth in stock. Therefore what I say is that the fear that because of the movement the price level would be raised artificially is wholly unfounded. The prices would be, and should be raised inasmuch as the mills are running at a loss at present. But I do not hope that the mills will be able to earn more than 5% as depreciation and 8% on their capital investments in the future. All this, however, is just to spell out my difference from your line of argument. It is for you to arrive at a final judgment.

I would like the setting up of an independent board to deal with problems relating to mill-cloth, the mill-owners themselves directing its functioning. I will soon submit a scheme dealing with this matter. We will make provisions for the treatment of such questions as profits and control. We are also thinking of levying a cess on the handlooms. But this will be possible only after talks with Ambalalbai and others. The rest of the work relating to mill-cloth, of course, be conducted through the mill-owners.

I have urged Malaviyaji to lay special stress on khadi. And for this I am thinking of opening a centre in order to educate myself about khadi from the commercial point of view. I have asked Haribhauji to give me some workers. I intend setting up the first of a series of such centres at Pilani. Therefore, the scope could be expanded in the light of knowledge thus gained.

As regards picketing, I hold a view similar to yours. But in this respect also I would like to make a distinction about such areas where picketing is not likely to succeed. In such areas I would come to terms with the cloth merchants. What is being accomplished just now is only newspaper propaganda. But if the merchants abide by their undertaking, results would be forthcoming within 3 months.

EXTRACT FROM GANDHIJI'S LETTER TO G. D. BIRLA,  
(*Jail, December 16, 1930*)

...By speculation I did not mean that no forward transactions should be entered into. Speculation means gambling. Now supposing that the market prices will shoot up, I buy 2,000 bales of cotton, I do not need any cotton, and have also not made any provision for storing it in my warehouse. It is just paper transaction. I just wait for a rise in the prices and when it does happen I dispose of much of this quantity. This I call speculation. This kind of business activity has done much harm not only to this country but also to the whole world. That was what I had meant in my letter. I do want more than this, but just now we lack the strength to achieve that. We should not depend on the future market, but content ourselves by selling what we have, of course adding something for our labour. This to my mind is pure business. It may not be possible to confine ourselves to this kind of business now, ultimately only this type of business can prove to be profitable. You might recall that for khaddar I would like this type of business activity. But I do realise that this would be aiming high. If you brothers—all of you—could find it possible to somehow cut yourselves loose from this kind of business activity I should feel very happy and contented. However do only what is intelligently acceptable and within your power. I would not at all wish that you should act upon the suggestion simply because it is mine and that too sent from jail. Reasoning should replace faith wherever it is applicable.



G. D. BIRLA'S LETTER TO SIR TEJ BAHADUR SAPRU,  
(*London, October 31, 1931*)

Yourself and Mr. Jayakar must have thought it very stupid of me when in spite of your opinion to the contrary I was putting my own interpretation on Clauses 18, 19 and 20 of the Federal Structure Committee Report, but my main intention was to point out my fears which I entertained, and I was too much obsessed with such fears. I think it is pardonable because there is ample justification for these, if we look into the past. If my interpretation is wrong, well and good. But in my case I think this letter of mine can only help you to guard against any encroachment in a subtle manner by the vested interests on the financial control which you think we have been promised and which we all desire, we must have without any qualification.

Now according to my feeling the control of the Finance Department should be judged by our control of the actual amount of finance. Supposing we are given cent per cent control minus 99 per cent reservation, I, as a businessman, would simply say that our control was only 1 per cent. Whereas if we were given a control to the extent of cent per cent minus 50 per cent reservation, I would say that our control amounted to 50 per cent. Let us see on this basis what amount of control, we are getting in the Finance Department.

If you read the first portion of clause 19, it appears that we have been given cent per cent control, subject to certain limitations. Now let us see what these limitations

are. In my opinion the following limitations have been laid down in clauses 11, 19 and 20:

1. Establishment of Reserve Bank.
2. Previous sanction of the Governor General for amending Paper Currency or Coinage Acts.
3. Establishment of Statutory Railway Board.
4. Constitution of Consolidated Fund Charges for securing finance for
  - (a) Debt Service;
  - (b) Sinking Fund for Debt Service;
  - (c) Salaries and Pensions;
  - (d) Military.
5. Power to the Governor General of intervening in regard to the budgetary arrangements and borrowings, when he thought that methods were being pursued which would in his opinion seriously prejudice the credit of India.

In my opinion these powers cover more or less cent per cent of the field of finance, and I contend therefore that under these clauses we get no responsibility. Let me give you a brief sketch of the Finance Department and you will be able to judge whether I am right or not. Including the Railway Budget, the total revenue and expenditure of the Finance Department amount to about 130 crores. The Finance Department, besides this, also manage Indian Currency and Exchange. Now I assume—and if I act with distrust I must put the worst interpretation on these clauses—that the Reserve Bank will not be a thing of our creation and that the Assembly will have more or less no authority over it. I myself do not desire any political influence on the Reserve Bank in its day-to-day affairs, but the Legislature must be the final authority about deciding the policy of the Reserve Bank, and I think powers have been taken away from us by the provision of our having to take previous sanction from the Governor General for the purpose of amending the Paper Currency Act. By constituting a Statutory Railway Board, which again I assume will not be of our own creation nor under our control, 40 crores is proposed to be taken away

from us, so that we shall be left with 90 crores. The Army requires 45 crores, Debt Service 15 crores, Pensions and other charges 15 crores. Thus 75 crores are constituted into a Consolidated Fund which will have first charge on our revenue. This leaves only 15 crores for us out of 130 crores. Anyone who has got a first charge to the extent of 115 on a total of 130 crores would naturally like to interfere at every step in our budgetary arrangements, and also our borrowing arrangements, and it is for this reason that the Governor General has been given power to intervene. Fluctuation of 5 or 10 crores in the budget with a freaky Indian monsoon is inevitable, and therefore there will always be a danger of the Governor General pouncing on the Finance Member at every step. The Finance Member will therefore be compelled to be a mere tool in the hands of the Governor General. In my opinion, therefore, there is no control given under these three clauses to the popular minister. I maintain that they do not confine themselves to the Reserve Bank as you are interpreting but that they cover the entire field of Finance.

You may ask me, what then is the alternative. I said yesterday that these clauses were only the natural consequences of the constitution of the Consolidated Fund Charge. There are two alternatives. Either the Consolidated Fund Charge should be much smaller than what is proposed, or the Governor General should have no power to intervene unless we default. I think we should insist on both. The Consolidated Fund Charge could be made smaller only by reserving a much smaller sum for the Army, and asking for relief in regard to our Debt Service. Benthall told me that it may be possible to ask for such relief. He said that instead of insisting on cancellation of some debts as is being done by the Congress, we may ask for capitulation from Great Britain. In any case we ought to fight for substantial relief, if we are to find money for popular services in India. If military charges after receiving relief from Great Britain were reduced to 20 crores, then the total Consolidated Funds would not exceed 55 crores. If the Reserve Bank and the Statutory Railway

Board were to be a creation entirely of our own with full control by the Legislature so far as the general policy is concerned then I think it would leave a good latitude to the Finance Member. It may then be very properly suggested that after all the Governor General had a first charge only of 55 out of a total revenue of 130 crores, therefore he should have no power to intervene in budgetary and internal borrowing arrangements.

I think I have fully explained my points. I have not the least doubt in my mind that my fears are entirely well founded. The interpretation which I have put is in my opinion the only interpretation which could be put on these three clauses. Englishmen, in my opinion, could not put any different interpretation but if you still believe that these clauses confine themselves to the establishment of a Reserve Bank, then I would suggest that you should get the points cleared up by having them differently worded. It is because I put a different interpretation that I said that the proposed Financial Council could not be a substitute of these three clauses. The proposed Financial Council is a very innocuous thing if it were of our own creation, whereas these three clauses give very wide power to the Governor General over the entire field of our Finance. In fact the so-called control of finance is reduced to nullity.

I hope you will give careful consideration to my note.

POSTSCRIPT TO THE PRECEDING ITEM

*I have written at some length in order to bring home to you my apprehension that if the formula is*

*accepted as discussed by us yesterday, on the basis of paragraph 18 it is bound to involve continual interference from the Governor General, in the budgetary arrangements unless and until substantial reductions are assured in Military expenditure and in the Debt charges. If these two items are reduced as indicated above, the British Government and Commercial interests will not be justified in asking for the intervention of the Governor General in budgetary arrangements, and I put this PS. to indicate to you in a few words the net result of what I have said above.*

## 10

EXTRACT FROM G. D. BIRLA'S LETTER TO CROFT,  
(Calcutta, April 30, 1932)

When I read the Secretary of State's speech today I felt that I should point out to you some of the inaccuracies contained therein. Evidently he has been misinformed or else he would not take such an optimistic view about the economic situation in India. I quote the following paragraphs from his speech.

Turning to the economic position, Sir Samuel remarked that if there had been a state of war between Britain and India we would surely have been faced with a most formidable economic crisis, whereas the financial and economic position of India was much better today than six months ago.

Prices were beginning to rise, taxation was coming in fairly well and rents were being paid. This

showed that India was stronger economically than in last September.

Last Autumn an Indian loan would have been impossible except at prohibitive rates, whereas this week's loan had been heavily over-subscribed and stood at a considerable premium.

It will be more correct to say that the prices have just begun to fall again. On account of a fall in sterling value there was a slight rise in prices of certain commodities between November and December, but today most of the commodities in spite of lower sterling and consequently a lower rupee value are standing at a lower level than that six months ago. This would mean that had the rupee and sterling stood at par the prices today would have been 33% lower than they are. Now let me give you quotations of a few commodities in which the Indian is interested as a producer.

END OF SEPTEMBER:

Shellac was Rs. 30; in November it was 33; now again it is Rs. 20.

Jute Hessians Rs. 8-8-0 per 100 yds; in November Rs. 10; now Rs. 7-8-0.

Jute Raw Rs. 37; in November Rs. 45; now Rs. 30.

Tea Rs. 0-7-0 per lb; now it is 0-5-0 per lb.

Rice Rs. 225; in March Rs. 280; now Rs. 225.

Mill-made cloth 0-11-0 per lb; in March 0-12-0; now Rs. 0-11-0.

Raw cotton Rs. 155; in March Rs. 240; now Rs. 180.

Wheat Rs. 1-12-0 per md; in January 2-6-0; now 2-2-0.

Groundnut Rs. 31; now it is Rs. 40 (this rise is specially due to bad crop).

Linseed Rs. 4-3-0; now it is Rs. 3-12-0.

Castor seed £ 11-18-0 per ton; in February £ 15-6-0; now £ 11-18-0 again.

The index figure stood at 91 in September; it was 98 in December; it was 94 in March and still lower today.

Whereas the fall of the rupee, if effective, should have put up the prices by 33%, in most of the cases they are lower than what they were six months ago. This follows that had the rupee been at par the prices would have been still lower. The fall in rupee has thus not only been eaten up by the fall in commodity prices but it is sometimes worse. The producer is therefore, in a worse condition than he was in September 1931. In any case this is not a fact that the prices have begun to rise. Unfortunately they have begun to fall again. It is true that the last Indian loan in London was a great success. This is due in my opinion to three reasons. First, we exported a large quantity of gold. Secondly, things are more cheerful in London. Thirdly, there is a conservative government in power. But raising a loan in India would not be so easy.

In connection with my business, I had recently to travel in a number of villages and I found that although there was a great economic distress, the agriculturists so far had been able to maintain very nearly the same standard of living. The explanation is this. They have been paying rent as has been stated by the Secretary of State. The zamindars all over India know this fully well. I myself am a small zamindar in Chhota Nagpur and in my case I have not realised even 5 per cent. But I am not a correct index for the position of zamindars, because I have not been pressing for payment, but I know that in most of the cases zamindars are not getting more than 50 per cent. That is one of the explanations, why the agriculturist is still maintaining more or less his old standard of living. But besides this, sale of gold and non-payment of interest to the money-lenders also have helped him. The question is how far he will be able to maintain this standard if the prices do not rise. I do not think he is now left with much surplus gold. The consequences next year would therefore be either a substantial reduction in the standard of living, which to my mind seems impossible because the standard is already very low or a total refusal to pay rent and interest. If the prices do not rise the latter seems to be very probable. I am afraid prices are not going to rise.

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EXTRACT FROM G. D. BIRLA'S  
LETTER TO LORD LOTHIAN  
(Calcutta, May 14, 1932)

There is another problem which requires very serious attention. This is the economic depression. I am afraid it is not fully realised in England what a serious depression in India has been created. Unless the prices rise substantially I am afraid we are going to have first-rate trouble in this country some time next year. I spoke to Sir John Anderson about the situation and I felt as if he realised the gravity of the situation.

The Ottawa Conference has more or less been given a burial from its very inception. The Government have a knack of doing things in their own manner. In 1930 Rainy wanted to impose preference in favour of Great Britain in the cotton tariffs against the wishes of the whole Indian mercantile community with the result which we all know. This time again it is proposed to do something at Ottawa without any regard to the feelings of the Indian mercantile community. The result so far is that public opinion in this country has been so much roused against the Ottawa Conference that there is no chance of a calm consideration of the issues involved on their own merits. How much could be achieved by a friendly deal should have been realised by Gandhiji's utterances at Manchester in favour of performance. But in India the Government care very little to do things in a proper spirit. They want to impose things. This is just to tell you how at times troubles are created in India for lack of proper handling.



12

EXTRACT FROM GANDHIJI'S LETTER TO G. D. BIRLA,  
(*Yeravda Mandir, June 7, 1932*)

I understand what you say about running the mills all the 24 hours. I wanted to make a deep study of the manner your mills are operated on several occasions, but did not succeed. I want to see with my own eyes how the workers fare there.

13

EXTRACT FROM GANDHIJI'S LETTER TO G. D. BIRLA,  
(*Yeravda Mandir, June 26, 1932*)

... You have to ascertain how the workers view the idea of three shifts and how much they stand to gain from it financially, not ignoring the moral side of the thing. If they benefit financially and lose morally, I would not approve of the idea...

EXTRACT FROM GANDHIJI'S LETTER TO G. D. BIRLA,  
(Yeravda Mandir, July 5, 1932)

...The literature I am busy reading at present has given rise to all kinds of questions in my mind, but these I have kept in abeyance till I complete my study of the subject. It will be only after that that I will seek enlightenment on points which would still remain unresolved. At present I do manage to make some reading and this has undoubtedly added to my knowledge of the subject. I am still reading Shah's book. After completing it I shall begin reading Iyer's book on Foreign Exchange which he has sent to me.

The mills will go along with khadi for quite some time just as they are doing now, but there is an inherent contradiction between two concepts inasmuch as our ideal is that every village should produce its own cloth, and when that is brought about there will be no need for the mills. But just now you can manage their functioning simultaneously. While presenting the state of things as they are, the ideal must also be placed before the public. Let those who criticise this continue their hobby. We can do nothing about it.

I do not have sufficient knowledge about jaggery but it has been my impression all along that mills will be needed for manufacturing sugar. Sugar cannot be manufactured with ease, nor can every village grow sugarcane, which means that production of jaggery cannot be a universal occupation. Perhaps I am wrong in thinking so.

In any case, if the mills and the khadi can get along together, so can the gur and the sugar mills.

The more I familiarize myself with the science of currency, the more convinced I am that what is adumbrated in these books is not the way to solve the problem of the people's poverty. The only way is to devise some method whereby income and expenditure function in close co-operation. That is possible only through a resurrection of cottage industry.

## 15

EXTRACT FROM G. D. BIRLA'S LETTER TO GANDHIJI,  
(Calcutta, July 22, 1932)

Your diagnosis about the economic distress is quite correct. I agree that as far as possible production should take place in consumers' cottages, but if you do not find this view propounded in the books you have read, please do not feel disappointed as they have not written their books from this point of view. Besides, "the view of production in cottage" cannot find much favour with most of the Economists all over the world as they may not think it practical, in view of the clash it may cause with the interests of large factories. In their desire to alleviate distress the economists therefore are dealing with the symptoms which is the next best. The suggestion of raising prices and cancellation of debts which is so widely discussed now all over the world is more or less to lighten the burden eventually of the poor man. Beyond this the economists do not think it feasible to go.

In my pamphlet I have stressed the desirability of

stabilising prices at a higher level. Stabilisation of prices at a higher level can undoubtedly reduce the burden of the agriculturist as he is a debtor and has to pay a fixed revenue for his land, but this alone cannot solve the problem. I have discussed only one aspect of the question and I am glad to inform you that world opinion since I wrote the pamphlet has swung towards the suggestion I made. Strakosch (Sir Henry Strakosch, an economist to India Office) approved of my views at the India Office discussion and he is now definitely wedded to this view. But to tackle the wider problem we shall have to adopt such means as may divert production from factories to cottages. In other words, you will have to decentralise production and I do not think one could succeed in this direction without the help of the legislation.

My mind is running somewhat like this. Tariff, Power Plants, system of Limited Liability Companies and Currency Administration have been much abused and require some conditions to be imposed on them. For instance, tariff all over the world has been exploited in the name of patriotism but I feel it should not be applied indiscriminately. In the first place, tariff protection should be given only to articles which could naturally and not artificially be produced in the country and secondly, its ultimate object ought to be to divert production in cottages. For instance, if we are to apply a rational protective policy we cannot aspire to produce cars in India under the existing circumstances when the demand for automobiles in the country is so limited. Same thing may be said of Typewriters and Singer Sewing machines, etc. Then in order to divert production ultimately to cottages the factory production will have by some methods to be handicapped. Khaddar and gur, for instance, should get protection in preference to cotton and sugar mills which may have to bear a tax. Similarly buses in preference to railways may have to be protected. This is only by way of illustration. The idea would be to decentralise those productions which could take place in cottages. Industries like steel which could not be established in cottages may have to be left

alone. Similarly big Limited Companies should not be allowed to strangle the growth of smaller concerns, big banks should supplement and not supplant the small banker and Sahukar. A huge amount of unproductive wealth is lying idle with Insurance Companies which could be more usefully utilised if the Currency was based not on gold but on commodities. Under a "commodity currency", lending money on agricultural products would be safer than investing the same in the present day gilt-edged securities. I am just giving you these ideas in a very vague form. I hope you will see that there is no difference between us as regards the goal.

I believe the mill-owners would not object to bear tax in favour of cottage production provided they were fully protected from outside invasion and were given a sufficient notice about the ultimate goal of the Government. For instance, if you start with a prohibitive duty on import of cloth and sugar, with an excise duty on sugar and cloth factories, say to begin with at 20% gradually rising every year until it reaches 50% in 20 year's time, it will not be opposed by the mills because this will give them a reasonable time to adjust their affairs according to the new policy of the Government. These are of course vague but they can be put into practice provided there is sanction behind them. I may put them more clearly in writing.

As regards production of gur, I may tell you for your information that the question of the sugar industry in India has lately assumed a very great importance and every province is trying to produce its own sugar-cane. Bengal, Bihar, U. P., Punjab, Madras and Southern India in fact, every province has potentiality to produce their requirement of sugar-canes. It would therefore be more helpful to the agriculturist if eventually protection was given to cottage-produced gur and sugar rather than to big factories. I understand it is possible nowadays to produce even a fine sugar with plant costing Rs. 5,000/10,000.

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EXTRACT FROM G. D. BIRLA'S LETTER TO GANDHIJI,  
(*Delhi, January 7, 1933*)

Recently a co-operative society has been formed here to help the Shoe Industry. The Government officials are also taking interest in it. To me it seems to be a genuine effort to help and so I have promised a loan of Rs. 5,000 to the Co-operative Bank at a cheap interest. But I find that this Bank again is confined only to one party, the other party is not satisfied with it, and therefore another Co-operative Bank for the benefit of the other party is proposed to be established. So the work is carried on in such a dirty atmosphere.

17

EXTRACT FROM G. D. BIRLA'S LETTER TO GANDHIJI,  
(*New Delhi, March 21, 1933*)

While in Calcutta I took Dr. Bidhan to visit a number of Bustees inhabited by the untouchables. There are in all 660 Bustees out of which about 200 have been improved

during the last few years. They are called improved Bustees. They have got light, water and sewer system. It is possible, therefore, to put up public latrines in some of these places. But there are about 400 Bustees, where the condition is simply terrible. Some of these Bustees are across the canal where there is no sewer system. The result is that the drainage system in these Bustees is terrible. Being below the level of the main road every drop of water used accumulates. In order that water may not accumulate, water taps are generally discouraged. Latrines are simply terrible as there is no drainage. People make nuisance in the small alleys which are the only thoroughfare for the huts and in the hot weather it is unbearable. During the rainy season the water accumulates knee-deep, as there is no outlet. Now, the solution for such Bustees is either the demolition of these Bustees altogether or making a proper drainage system. I was told that in order to have the sewer system in the whole area, about 50 lakhs of rupees would be required which was out of the question. The other alternative is to put small pumps in some of these Bustees to pump out the accumulated water. Anyhow the trouble is not easy of solution, and yet it must be solved. Dr. Roy told me that he himself felt helpless in the hands of his own bureaucracy on the one hand and the Councillors on the other. Most of the Councillors are interested either directly or indirectly in these Bustees, but when the question of reform comes up they put up opposition. I found Dr. Roy genuinely anxious to do something. In fact those Bustees which are capable of improvement have already been attended to, and he promised to take the others in hand. This is just for your information.

I saw your article today in the Harijan suggesting improvement in the methods of carrying night-soil. This question was discussed by me with Dr. Roy when I was in Calcutta. He told me how, when trying to introduce this system in the Corporation, they met with strong opposition from the Mehtars. The reason was that if the night-soil is carried in carts, less number of Bhangis are re-

quired and they immediately put up opposition when they heard of this reform. There are some Councillors who pose to be the leaders of Mehtars and they instigated them to put up this opposition. Of course, you may say that the method of carrying night-soil by carts may be employed without reducing employment. But you will agree that it would not be fair to the Corporation, if employment was created where it was possible to do without it...

...With reference to Mr. David's scheme I am really sorry that you are not pleased with the results. I know that I took it up warmly. But I must confess that I was terribly disillusioned in my expectation as regards the finance. I thought people would simply be delighted to pay, at least they who have got money. But in spite of my efforts in Calcutta I have not been able to go above Rs. 50,000. In Delhi I walked from door to door for two days and I got only Rs. 1,500 out of which Lala Shri Ram paid Rs. 1,000 after great difficulty. One big contractor, who is supposed to be a great reformer and a Congressman and who has got sufficient money promised to pay, but never paid. I am in daily communication with a number of my friends in Cawnpore and though they write nice letters, they don't pay. Ahmedabad is also hopeless. In Bombay, four Marwari firms after having promised subscriptions are withholding payment. I do not think this is because people do not like the work. But everybody wants to evade payment, if it is at all possible. I would be very sorry to know if you feel that I would let you down by taking up the work warmly and not being able to produce money. I myself can pay anything that you want me to pay, but I confess that I cannot bring more money from others. After I wrote to you I have been able to collect Rs. 2,500 more from three sources which you may use for Mr. David's scheme. I suggested to a number of friends in Calcutta that they may pay in instalments, but I had no satisfactory response. This is in short the position as regards fresh collection. But I do not agree with you that we should not pay from the Central Funds. After all money is there and I do not see why it should not be used.



If it is not used, probably gradually it will be eaten up by Provincial establishments and such unnecessary expenditure. Some of the Provincial Boards are maintained without spending a single pie in constructive work. Mr. Thakkar and myself have already pulled up Delhi Provincial Board for this and I have asked all the Boards to submit their accounts showing how much have been spent for establishment and how much for other constructive work. So I would repeat that you may use for Mr. David's scheme Rs. 20,000 from the Central Fund and Rs. 6,000 from the Raghumal Charity Trust Fund. The latter has promised Rs. 12,000, but half of it has to be spent in Bengal, of course, for scholarships. But as Dr. Roy wants to spend on smaller scholarships, the Bengal money is not available for Mr. David's scheme. You will have thus Rs. 20,000 from the Central Board, Rs. 6,000 from Raghumal Charity Trust, Rs. 2,500 from myself, Rs. 2,500 from Janaki Devi and Rs. 2,500 collected by me recently. This amounts to Rs. 33,500. We may be able to collect a little more. But if we can begin with Rs. 40,000 it will be a decent sum. After you have made up your mind I will have a talk with Mr. Thakkar about the Selection Board. Please write to me again after you have carefully considered my suggestion.

EXTRACT FROM G. D. BIRLA'S LETTER TO  
PYARELAL NAYAR  
(*New Delhi, April 12, 1934*)

I am enclosing herewith two copies of my speech delivered at the Annual Session of the Federation of Indian Chambers of Commerce and Industry. Please give one

copy to Bapu and ask him to find time just to glance through it. I do not think, I have said anything superfluous and therefore probably he may have to go through the whole of it. And after he has read it, I should like to have his criticism and opinion. It may be that some day I may try to elaborate the theme and therefore his suggestions may be of great help to me. People have begun to take more intelligent interest on this subject nowadays and it would not be a bad idea if public opinion was educated on proper lines. Please, therefore, ask Bapu. I know it is adding to his existing burden, to go through it whenever he finds time in his library.

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EXTRACT FROM G. D. BIRLA'S LETTER TO GANDHIJI,  
(*New Delhi, May 13, 1934*)

Now about my speech. Your criticism that I did not try to lay down a plan is correct although I have given an idea as to how my mind is running. The omission, however, was deliberate. In the first place the speech was meant mainly for the Government and those who want a thinking. I am not without a plan but I thought it would be presumptuous on my part to be dogmatic and try to offer a plan when my own ideas are yet to be experimented. And therefore, instead of offering a plan I have decided to work it myself in about 100 villages, if possible with my own funds. The scheme is enclosed herewith. It is meant only for my province. For other provinces it has to be different. For instance at many places poultry farms may be undertaken. I am already conducting a small industrial school at Pilani. It covers wool spinning and

weaving, carpentry, tanning and shoemaking, dyeing and printing and carpet-making. I have deliberately omitted cotton khadi from my programme and I hope, you remember that I told you about this in Delhi. My province is not a fit place for cotton khadi and you approved of this omission.

I now want to widen the field. This scheme could be worked up independently of Government. The State can do many more things and I could make a lot of useful suggestions. But I hesitated to say anything because I felt I will be misunderstood. A lot could be said about the method of taxation. I have got my own views on taxing the idle capital, consumption tax, excise inheritance tax and so many other things. But I would have given the Government an unnecessary handle about new taxation without achieving my object. Besides I would have alarmed my colleagues in the Federation. I therefore, chose the better course that is keeping silent over the question of taxation and carrying out the work on a miniature scale myself. Please guide me where you think I stand to be corrected.

I agree with you that Planning in India has to be done with Indian conditions before our eyes. There could be no slavish imitation of the West. When I was advancing a plea for Planning I had never for a moment in my mind the five years' Plan of Russia or anything of the kind. In fact, I see a great danger in over-centralization as they are doing it in other places. Yet there are many good things that can only be done by the Government. We can only advocate. Taxation, Trade Pacts, Tariffs, Land Laws, etc. are things in which Government alone can help. But I will discuss the matter at length when we meet.

As regards charkha I admit that I have not as strong a faith in it as you have. I have no doubt about its efficacy. But the difficulties unnerve me. And yet you know, I have been interesting myself in Mahabirprasadji's work and also financing him. But you would not value my financing so much as you would my active association. And as I do not have the same enthusiasm as one desirous

of achieving success ought to have, I feel hesitation in actively undertaking the job myself.

20

BAPU'S VIEWS ON  
SWADESHI — ITS IMPLICATION

During the last few months Gandhiji has been approached by several workers for a comprehensive definition of swadeshi for their guidance. In trying to prepare an exhaustive definition and in the course of discussion with co-workers in the extreme South, he discovered that such a definition was almost impossible and that swadeshi was its own definition. It was a spirit that was daily growing and undergoing variation. Any attempt at a definition must fail and was likely to retard the evolution of the swadeshi spirit. He therefore suggested the following workable formula for the guidance of the All-India Swadeshi League and kindred organizations.

“For the purpose of the All-India Swadeshi League swadeshi covers useful articles manufactured in India through small industries which are in need of popular education for their support and which will accept the guidance of the All-India Swadeshi League in regulation of prices and in the matter of the wages and welfare of labour under their control. Swadeshi will, therefore, exclude articles manufactured through the large and organized industries which are in no need of the services of the All-India Swadeshi League and which can or do command State aid.”

This formula created consternation among the

workers. The result was a discussion between some members of the League and Gandhiji at Bombay during his visit in the course of the Harijan tour. The following is the gist of the discussion:

—*Chandrashankar*

My formula, as stated clearly, is for the guidance of the Swadeshi League. It does not purport to cover the whole field of swadeshi. It is only by way of suggestion to the League to restrict the scope of its work to the encouragement and propagation of minor, particularly home industries to the exclusion of major organized ones. The object of making this suggestion is not to decry major industries or to ignore the benefit those industries have bestowed and in future may bestow on the country. But a body like the Swadeshi League need not become the self-appointed advertising agent of those industries as it has hitherto been. They have ample resources at their command, and they are well able to take care of themselves. The spirit of swadeshi has been sufficiently generated, and it helps them without any effort of swadeshi organizations. These, if they are to be useful, have to concentrate their attention on struggling industries. Any attempt to advertise the wares of large organized industries can only result in sending up prices. This will be unjust to the consumer. It is a waste of effort to bring into being a philanthropic organization to help a successful business organization. We may not delude ourselves with the belief that our efforts have helped the growth and advancement of these industries. It will be a cheap self-satisfaction not substantiated by facts. I recall a conversation I had with Fazalbai in 1920 when I was on the eve of launching the movement of swadeshi. He characteristically said to me, "If you, Congressmen, become advertising agents of ours, you will do no good to the country except to put a premium on our wares and to raise the prices of our manufactures." His argument was sound. But he was non-plussed when I informed him that I was to encourage hand-spun and hand-woven khadi which had been

woefully neglected and which needed to be revived if the starving and unemployed millions were to be served.

But khaddar is not the only such struggling industry. I therefore suggest to you to direct your attention and efforts to all the small-scale, minor unorganized industries that are today in need of public support. They may be wiped out if no effort is made in their behalf. Some of these are being pushed back by large-scale industries which flood the markets with their manufactures. It is these that cry for your help.

Take the sugar industry. The largest major industry next to the textile is that of the manufacture of sugar. It stands in no need of our assistance. Sugar factories are fast multiplying. Popular agencies have done little to help the growth of this industry. It is indebted for its growth to favourable legislation. And today the industry is so prosperous and expanding that the production of jaggery is becoming a thing of the past. It is admittedly superior to refined sugar in nutritive value. It is this very valuable cottage industry that cries out for your help. This by itself furnishes large scope for research and substantial help. We have to investigate the ways and means of keeping it alive. This is but an illustration of what I mean.

I have no doubt in my mind that we add to the national wealth if we help the small-scale industries. I have no doubt also that true swadeshi consists in encouraging and reviving these home industries. That alone can help the dumb millions. It also provides an outlet for the creative faculties and resourcefulness of the people. It can also usefully employ hundreds of youths in the country who are in need of employment. It may harness all the energy that at present runs to waste. I do not want any of those who are engaged in more remunerative occupations to leave them and take to the minor industries. Just as I did with regard to the spinning-wheel, I would ask only those who suffer from unemployment and penury to take to some of these industries and add a little to their slender resources.

It will thus be seen that the change in activity that I have suggested to you does in no way conflict with the interests of the major industries. I want to say only this much that you, national servants, will restrict your activities to the minor industries and let the major ones help themselves as they are doing today.

The minor industries, I conceive, will not replace the major ones, but will supplement them. I aspire even to induce factory-owners to take interest in this work which is purely humanitarian. I am a well-wisher of the mill-owners too, and they will bear me out when I say that I have not failed to help them when I could.

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G. D. BIRLA'S LETTER TO  
CHANDRASHANKAR SHUKLA  
(*New Delhi, July 24, 1934*)

I have read Gandhiji's definition of swadeshi very carefully. I had heard his views in Orissa and I entirely agree with it. I have, however, one comment to make on it.

Bapu does not want the production of organized industries to be put on the level of the imported material. But that is not sufficiently made clear. If it is made clear, it may cause misunderstanding the other way. Without, therefore, in any way contradicting what he has already said, is it not possible for him to make it clear that he does not mean that the foreign imported articles are to be treated on the same level as the products of the Indian organized industries?

CHANDRASHANKAR SHUKLA'S LETTER TO  
G. D. BIRLA  
(Cawnpore, July 26, 1934)

I have got your letter of the 24th. I showed it to Bapu. He was very much pleased to know you agreed with his views, and said with a sigh how unfortunate it was that swadeshi workers could not understand and agree with this very clear and reasonable proposition. But it was implied in his exposition of the formula that foreign imported articles were not to be treated as being on the same level as products of Indian organized industries. He has said clearly that the minor industries are to supplement the major ones and not to replace them. However, he said, he would make the point clear in the article on this subject that he was going to write for the *Harijan*. The note on swadeshi, you will have seen, has been released to the Press. Bapu is going to take up the matter in right earnest. He will probably ask the Working Committee to endorse the formula, and may even set up a separate department for it. He is very optimistic about its successful working and also about the benefits accruing from it.



EXTRACT FROM G. D. BIRLA'S LETTER TO  
MAHADEV DESAI  
(*New Delhi, October 4, 1934*)

Bapu has written to Thakkar Bapa suggesting that I should write to Dr. Bidhan about ...'s misappropriation of money. Dr. Bidhan is a very careless man as many of our leaders are. Debiprasadji also is to be blamed for that. But, I fear that I too would have committed a similar mistake because it was not an ordinary misappropriation. As you will see from the enclosed note, ... went on debiting money to various district committees and naturally when you trust a man, you do not suspect that he is writing false accounts. But does Bapu think that Bidhan or Debiprasadji should pay off the money themselves because one was the president and the other was the secretary? I personally do not think that morally they are liable to pay. Undoubtedly, both of them have been very careless to the extent of their being callous but I would not say that this misappropriation could not have been committed even under a more active but figurehead president. This incident has made us very alert and we have taken some extra precautions to guard the money but yet nobody can guarantee that we too may not be deceived.

Bapu has not written to me whether he has heard anything from Mr. Dinkar Rao Pandya. Please also write to me what is Bapu's programme after the Congress. You know, he has to scrutinize the provincial budget of the Harijan Sewak Sangh and therefore I should like to know

where he is likely to be in the month of December. Most likely, throughout November, I will be staying in Calcutta as after the nose operation I would not be able to leave the place. Please also remind Bapu about his promise to stay in Delhi after we have started the Industrial Home. As the land has already been acquired we can immediately erect a small hut for Bapu before we put up other buildings. If he decides to pass two months in Delhi during winter, it would be splendid.

24

EXTRACT FROM MAHADEV DESAI'S LETTER TO  
G. D. BIRLA,  
(Wardha, October 9, 1934)

I had your letter about... I wish I could share with you all the correspondence on the subject. Bapu has written most moving letters to... It is a terrible tragedy, but no case for prosecution. Bapu is clear that Deviprasadji and friends must reimburse the amount and if that is not possible the amount should be written off as bad debts or losses. The tragedy is not peculiar to Bengal. I think the mentality we have fostered during the last ten or fifteen years is partly responsible for it. A man gives up his practice, his so-called sacrifice is applauded, he gains a sort of reputation and he feels that he must live up to it, but in trying to live up to it, he goes under and then goes on deluding himself and deluding others. Now this man, I do not think, even earned more than an average hundred rupees per month during his practice. But we forget the fact and the man instead of going back to his

usual means of subsistence keeps up a pretence of living in poverty and doing national service. Did... ever earn enough, I ask, to maintain his large family in comfort? He never did so and the national movement came in to delude him into the belief that he was always doing so! Well, well, he does seem to have taken the obvious lesson to heart and threatens to earn his living as a protest! What you say about Malaviyaji is only too true. The whole thing is sickening in the extreme, but those who have sowed the wind will have to reap the whirlwind. I am surprised that Panditji can bear all this!

## 25

EXTRACT FROM G. D. BIRLA'S LETTER TO  
MAHADEV DESAI,  
(*Calcutta, November 10, 1934*)

I wonder whether Bapu has noticed the anxiety on the part of Lancashire about the Indian market. Last year, the Mody-Lees pact was concluded but no action is yet taken on it. But the Mody-Lees pact no longer satisfies the Lancashire interests. At present, Lancashire has got about 25% preference against Japan but the Indian mills are still enjoying a protection of 25% against Lancashire. The Mody-Lees pact allows a 5% cut in the present tariff but even 20% tariff against Lancashire is too much for them. I do not think therefore that the Mody-Lees pact is going to help Lancashire much and it has begun to realize its doubtful value. It is clamouring for more but I do not think it realizes that whatever be the tariff it no longer can compete with the Indian mills. The

present tariff of 25% if removed, may put the Indian mills in a very precarious position but I think, in course of time, they will adjust their position and still compete with Lancashire by increasing their efficiency and reducing wages. Any reduction in the tariff will though directly hit the Indian labour but will not help Lancashire. The only way in which she could be guaranteed a market for those goods which could not be produced in India is a political pact. Bapu gave some such assurance when he was in Lancashire but he got no response then. From the reports that I have got from London, it appears that Lancashire interests are very keen to conclude some kind of trade pact (not political pact). They are already negotiating with the Government. For the reasons of their self-interest, as is known, they are very much afraid of any constitutional advance and I think their power should not be ignored. I wonder whether the time has not come when our Parliamentary Party should take these conditions into consideration and seriously think whether some sort of pact may not be helpful to us. I personally feel that a trade pact without sacrificing the Indian interests and yet benefiting Lancashire's interests is possible but the greatest *Quid-pro-quo* could only be Lancashire's political support. The Mody-Lees pact for them is of no value. On the other hand, a Gandhi-Lees pact could be of great value. Should not Bapu give his thoughts to the position to find out whether it is not possible to utilise their anxiety to our mutual advantage? As it is, I have asked the Federation to lodge its protests against the negotiation that is going on between Lancashire and the Government of India behind the back of the Indian mercantile community and also the Indian politicians. But while we may protest I would suggest that the circumstances should not be ignored and if properly tackled, I think we may be able to enlist a good ally in Lancashire. I only wonder whether the time is ripe and whether Bapu feels like thinking of it.

EXTRACT FROM G. D. BIRLA'S LETTER TO GANDHIJI,  
(*Calcutta, November 12, 1934*)

Your remarks about polished rice and gur. I will make further enquiries about polished rice but from what I have heard after coming to Calcutta, I understand that very few mills make polished rice. Whether the milled rice is as bad as the polished rice, I have yet to find out. You have correctly understood my remarks in favour of "Unkhal". Every action taken in the cottage means so much saving of money. I would wish that you would apply the same economic test to gur. Even as regards gur, my own information is that neither the sugar nor the gur contains any vitamin. The question of vitamin, therefore, should not be mixed with your programme. Gur is better than sugar in many respects but you have to understand the difficulty that gur cannot be stocked during the monsoon and there would also be difficulty about its transportation. Besides, as you know, it is very unclean. Two years back I had suggested to you in Yeravada that we should try to encourage cottage sugar industry. Now, in the month of March last, an excise duty was imposed by the Government on the sugar mills. The Sugar Mills' Association wanted that small "khandsari", that is, cottage sugar mills should also be compelled to pay the excise duty and it was on account of my opposition that the "khandsaris" were saved. I would even now suggest that you would not concentrate on sugar but on cottage sugar.

I admit that at present cottage sugar could not be produced without capital of at least Rs. 10,000 but I think it should be possible to manufacture sugar even on a smaller scale. This is how I feel.

27

EXTRACT FROM MAHADEV DESAI'S LETTER TO  
G. D. BIRLA  
(*Wardha, November 14, 1934*)

...I read with deep interest all that you said about a possible Gandhi-Lees Pact. That is the only workable thing and that only would be the basis of a rapprochement. But that could be possible only if there was a move in that direction at the other end. Are they yet in a mood to come to terms with us? When they do, i.e., when they are driven to it some day, the other thing will follow as the night follows the day. Just now I am afraid even a request from Lancashire itself would fall on deaf ears. I do not think the Parliamentary Party is yet much to speak of. When it comes into existence and is in possession of tangible powers it may perhaps be able to initiate some such thing. But I suppose at the present moment it would be a case of just counting the chickens before they are hatched.

I have not talked with Bapu on this matter. I did place your letter before him, though. But I am simply passing on my own views to you for what they may be worth. Bapu would tackle the matters certainly, when he really felt he could tackle them. In England some such thing was suggested when we were at Haye's Farm on the

border of Yorkshire and Bapu asked them to discuss the matter with the Cabinet first. I suppose they tried without any success.

## 28

EXTRACT FROM G. D. BIRLA'S LETTER TO  
MAHADEV DESAI,  
(*New Delhi, November 26, 1935*)

There has been a partial strike in the mill. The demands put forward are no cut in wages, no dismissal and one or two very minor things. I don't know what to say because those who have put forward the demands evidently are not in touch with the facts. There has been no cut in the wages nor is there any intention to do so. I am circulating a leaflet today explaining the position to the workers that if they don't return to work, they will have to be paid off and new men will be recruited. I hope, however, that those who are absent will return to work. I can understand some discontent among the weavers because of the mills having worked only for 23½ days instead of 26 days in the month of October on account of holidays, those who were on piecework naturally proportionately got less but the spinners being on fixed wages were not affected. This fact is, I think, understood by all the intelligent workers and should be understood by persons like Satyavati but the 'leaders' have no desire to understand the situation or to accept our assurance. However, I will try to manage the things as best as I can. Satyavati saw Lakshminivas and she was told that there was no cut. She had no reply but confessed that she may not be able to influence those who wanted to strike.

MAHADEV DESAI'S LETTER TO G. D. BIRLA  
(Wardha, November 28, 1935)

Your letter of the 26th. Bapu had the following telegram from one Hanumat Sahai, Chaulpur, Delhi:

BIRLA MILL'S LABOURERS' STRIKE SIX DAYS. HEAVY WAGE CUTS. AUTHORITIES UNYIELDING. POLICE AND GOONDAS EMPLOYED. READ "NATIONAL CALL". PRAY INTERVENE.

Bapu dictated the following reply which has been wired to him:

YOUR TELEGRAM. INTERVENTION IMPROPER WITHOUT FULL KNOWLEDGE. CIRCUMSTANCES SUGGEST IMPARTIAL ARBITRATION SUBJECT MEN'S RETURN WORK AND BOTH PARTIES ACCEPTING AWARD AS FINAL BINDING.

GANDHI

I have not seen the *National Call*, but I suppose it must be full of all kinds of rumours and utterances. You will of course accept arbitration, if it is genuinely offered.



EXTRACT FROM G. D. BIRLA'S LETTER TO  
MAHADEV DESAI*(New Delhi, November 29, 1935)*

Only one-third of the mill is working just now and that also for one shift. It could be said that only 15% mill is working. As it is not desirable to work partially, I may close the mill completely in a day or two. There has been on behalf of the management tactlessness and mismanagement. Every strike which has no strong ground can be attributed to mismanagement. The workers came to see me yesterday and they admitted that there was no reduction in wages and that the strike was somewhat a surprise and that there were minor grievances which should have been rectified. I agreed with them but since they have struck work, they are trying to make the best of it and have put forward a demand for increase in the wages. I told them definitely that I was not going to consider anything of the kind. The mill was losing for the last 12 months and yet we did not think of any reduction in the wages. That itself should satisfy them. They went back quite pleased and promised to talk to the other workers. I don't know how far they will succeed but so far as I could see, the workers are getting a little doubtful about their case. But for Satyavati and others they would come round immediately. The Secretary of the mill made a declaration refuting the charges as regards the wage reduction and declared to put the case in the hands of Bapu or Malaviyaji. That challenge was accept-

ed in the meeting by Satyavati and others but I understand that they are not keen that Bapu should take up this question. On the other hand, I am not quite prepared to deal with Satyavati. She is very keen that her authority should be recognised and that seems to be the main trouble just now. This is just for Bapu's information.

31

G. D. BIRLA'S LETTER TO MAHADEV DESAI  
(*New Delhi, November 30, 1935*)

I have closed down the mill since yesterday. It was a heavy task to keep the mill running partially. There was intimidation and those who were working were not giving an efficient job. The mill has been losing for the last twelve months and by closing it down it would not make much difference. But the tragedy is that 3,000 men are idle. The labour's representative that is, the workers of my mill who are elected representatives, saw me 2/3 days back, as I had written to you in my previous letter, and they went back quite satisfied but did not cut much ice because of the leaders. Last evening, I got a message through a friend that Satyavati would like to see me with the workers but I replied that I would not negotiate with her. I have also replied that the best course for her would be to send the workers to me and leave them to me. They know me, I know them. They have liked me all along. Why should they then be alienated from me? After all, it is myself with whom they have to work. Satyavati would not take that course. To excite is easy, to calm requires courage.

I had expected that Bapu would just reply what he has done. I would be prepared to accept his arbitration if the leaders would be prepared to leave it to Bapu. But they would not leave the matters to him.

This strike has been a great tragedy. I would not say that there was no grievance, although it is a lie to say that wages are reduced. But a strike could not take place if it were managed properly. We had no real strike in this mill after 1928. Although in 1933 and 1934 Satyavati and others did their best, they could not get the workers to down the tools. Had Mandelia lived, there would be no strike because the grievances would be rectified. It all happened during the last six months. Had they approached me as they usually do when they have any complaint, it would have been settled. But Satyavati was searching for an occasion and so she got a fertile soil. And now rectifying the past mismanagement would not satisfy the workers as they are under the influence of Satyavati. I personally think in a week's time the workers may come to me and if left alone, I would be able to send them back quite pleased. In any case, as I said to Bapu at Wardha, he has always my standing power of attorney. Out of the three thousand workers, hardly two hundred went to continue the strike but others would not work just now so long as there is intimidation.

I will be leaving this place for Gwalior in a day or two, because now that I have closed down the mill, nothing more has to be done until the workers see me. If I go to them, they will misunderstand.

G. D. BIRLA'S TELEGRAM TO GANDHIJI,  
(New Delhi, December 1, 1935)

SATYAVATI AND OTHERS MET ME INSISTING ON RECOGNITION REPRESENTATIVE CHARACTER THEIR COMMITTEE AND NEGOTIATION UNION WITH THEM. I INTEND REFUSING THIS COURSE BECAUSE BIRLA MILL COMMITTEE IN EXISTENCE SINCE 1928. OFFICERS ELECTED EVERY YEAR. EVERY MEMBER CONTRIBUTING ONE PER CENT OF WAGES. MILL CONTRIBUTING EQUAL AMOUNT. FUND ADMINISTERED BY UNION COMMITTEE FOR WELFARE WORKS. IF PRESENT MILL UNION OFFICERS FORFEITED CONFIDENCE NEW ELECTION COULD BE HELD TO NEGOTIATE WITH ME BUT UNFAIR TO RECOGNISE NEW AUTHORITY WHICH CAME INTO EXISTENCE ONLY DUE TO STRIKE WITH UNCERTAIN FUTURE. SATYAVATI AND HER COLLEAGUES' ATTITUDE HAVING BEEN IRRESPONSIBLE SO FAR DEALING WITH THEM MAY COMPLICATE MATTERS IN FUTURE. PLEASE WIRE YOUR ADVICE.

G. D. BIRLA'S LETTER TO HANUMAT SAHAI  
(*New Delhi, December 2, 1935*)

With reference to our conversation last evening, after giving very careful consideration to your demand that I should recognise the representative character of your Committee and negotiate with it alone in connection with the strike, I have come to the conclusion that it would not be possible for me to adopt this course without doing grave injustice to the existing Birla Cotton Mill Union.

This Union was established in 1928 and it has been functioning since then. Every worker contributes 1% of his wages to the Union and it receives an equal amount from the mill supplemented by a further grant to cover any deficit in a particular year. This fund is administered by the Union Committee and more than two thousand rupees are spent by it on welfare work every month. The officers of the Union are elected by the workers of each department and whenever there has been any misunderstanding or disruption between the mill and the workers in the past, this Union has been the instrument for the settlement of the issue involved. It is surprising that the workers if they had any grievance, should not have represented their case to the management through this Union. If the present officers of the Union have forfeited the confidence of their fellow-workers, the latter are at liberty to elect another executive but it would hardly be fair for me to ignore the existence of this Union which has been functioning with such usefulness for the last seven years and

agree to deal with your Committee which came into existence only the other day to make the strike a success and about the future of which nothing can be said with certainty yet.

I assured you and I write again to tell you that I am prepared to give you and your friends as well-wishers of labour, all facilities to examine the records and satisfy yourselves that neither has the management made nor does it contemplate making any cuts in the rates of wages. The officers of the Birla Mill Trade Union who met me a few days ago, were assured on this point and they seemed satisfied; and if the strikers choose to send their representatives from amongst themselves, I shall be glad to discuss the matter and satisfy them too.

To recognise a new ad hoc body like your Committee is to kill the existing Union which would, in my opinion, be the grossest injustice to the workers as well as to the mill. I fear therefore it would not be possible for me to adopt this course. I repeat my assurance that short of such recognition, I am prepared to give you and your friends every facility to satisfy yourselves on the point of reduction in rates of wages.

GANDHIJI'S LETTER TO G. D. BIRLA,  
(Wardha, December 2, 1935)

I have gone through both of your letters. You might have received my telegram this morning. What I conveyed through it was that there would be no harm in seeing Satyavati, justice being your sole objective. But she

must have the power of attorney to speak on behalf of the workers. It would be better if the matter is submitted to the arbitration of someone acceptable to both sides. I did not offer to function as one. How could I? Someone else will have to be chosen to do the job. While tackling this matter don't lose patience.

MAHADEV DESAI'S POSTSCRIPT TO THE  
PRECEDING LETTER

I reproduce the telegram sent by Bapu this morning:  
GHANSHYAMDAS BIRLA,  
ALBUQUERQUE ROAD,  
NEW DELHI.

WITHOUT DIMINISHING INFLUENCE OR DAMAGING STATUS OF RECOGNISED UNION OFFER LISTEN COMPLAINTS BY WHOMSOEVER MADE AND REDRESS LEGITIMATE PROVED GRIEVANCE. PERSONS THEMSELVES NOT EMPLOYEES SHOULD PROVE THEIR AUTHORITY SPEAK FOR AGGRIEVED WORKERS. IF THIS ADVICE DOES NOT FIND ECHO IN YOUR HEART IT IS CLEAR I HAVE NOT GRASPED TRUE SITUATION. IN THAT EVENT YOU SHOULD PROCEED (?) ACCORDING YOUR BEST JUDGMENT.

BAPU

A report appearing in *The Hindustan Times* described Satyavati as the wife of a dismissed employee. Satyavati complained about this. Bapu has sent a reply attributing the report to some reporters' cussedness, and adding that Ghanshyamdas himself would not relish it.

G. D. BIRLA'S LETTER TO GANDHIJI,  
(New Delhi, December 3, 1935)

I got your telegram.

Satyavati has strong political prejudices which are definitely influencing her attitude towards the strike. This is the reason why I am reluctant to deal with her. Maybe I am prejudiced. I have done my best to shake it off, but something in me warns me against dealing with her. Exactly such a situation arose in 1928 when I was asked by Jawaharlalji to deal with Lala Shankerlal. I said I would rather deal with the former or his father than with Shankerlal. Jawaharlalji was insistent and so we had to part company. This time it is Satyavati. Brijkrishna is very anxious about this situation. I told him that he may get himself interested and I will be prepared to negotiate with him or with Shivam or with Krishna Nair but not with Satyavati. She talks of Socialism, of the virtue of spreading discontent and of the abolition of the present system and all that. I have made my position clear in my letter to Hanumat Sahai, a colleague of Satyavati. A copy of the letter is enclosed.

I take up this attitude: "Bring all the grievances, I will listen to them. I will satisfy you that there is no wage reduction but I can't recognise your authority because it implies mutual obligations, and I don't expect that you would fulfil your part of the obligations. For this purpose, I can bind myself only to the labour or to the existing Union but not to your Committee." She says



she must have recognition first and until then she would not talk. The whole tussle, therefore, is about recognition so far as she is concerned and I have not even been able to reconcile myself to her position.

Workers have been coming to me, some of them with hungry looks and I have been feeding them. I expect that they will come in larger numbers in a day or two to meet me. They complain of intimidation and when we started giving them protection through our own employees, it became counter intimidation. So it had to be stopped. I understand many heads have been broken by the other side, making counter allegations. But when I listen to the workers, I feel that 75% of them are held up on account of intimidation. Police did not help us. Mohammedan goondas residing in the locality are against us, I am told, because there are very few Mohammedans in the mill. And the Socialists have got a fine opportunity. So, I am feeling a bit helpless.

Though there has been no wage cut, yet due to engine trouble and more stoppages, the piece worker actually got less than what he got in the previous month and he sincerely believes that we have manipulated the rates. Besides this, there is some genuine grievance about treatment by the officers and this flared up the workers in the absence of proper handling. Now I have explained to Satyavati all these things and I also told the Union Officers who came to me, about all this, but the result of all this could be seen by the workers only after they again work. Just now, the situation being tense, a number of influences are working. So, I am watching the situation with some humiliation because you know how I feel this estrangement. I hope a few days more will ease the situation.

Please tell me if I have erred in my policy. I have undoubtedly annoyed Satyavati by my refusal to recognise her authority. But I felt that in going further I may create complications for the future and probably more strikes and daily discontent. After all it is the workers whom I have to please and I thought that unless I deal

direct with them, I would not be able to make them realise that I am their best friend.

You can rely on me to take actions which would not be against the interest of the workers and I hope this itself should be sufficient to guide me on the right path.

37

FROM G. D. BIRLA'S LETTER TO GANDHIJI,  
(*New Delhi, December 5, 1935*)

Yesterday the workers saw me at last. When I refused to negotiate with Satyavati, there was a deadlock and Brijkrishna asked what could be the next step. I said I would be prepared to negotiate with him. He said the workers were afraid that if they negotiated with me, they might eventually be dismissed. They were assured on this point and so they came and discussed things for three hours. I had written to you in my previous letter that they sincerely believed, on account of reduction of wages due to engine stoppages, that there had been a cut. On talking I found that there was no such misunderstanding and that they knew the situation quite well. They admitted that the strike was a wrong step and when they put forward their demand I found that their chief demand was that the 12% cut in the weaving section which took place in 1933 should be restored. They admitted that the strike was not planned but once they had the strike they decided to put forward this point. I sternly refused to restore this cut on the ground that the cut was made on account of depreciation and since then, the condition if anything had become worse. The other things were all minor suggestion which I readily accepted. They requested to renew

bonus. I again said that the mill was losing and so could not pay any bonus but most likely I would pay them something out of my personal pocket. They are coming again. They are thinking of forming another Union and asked my consent for this which I readily gave.

I agree that the reference to Satyavati in *The Hindustan Times* as "dismissed employee's wife" was utterly wrong. When I met Satyavati I expressed my regret. I scolded the management of *The Hindustan Times* also for it but Parasnathji tells that it was inserted without his knowledge. The staff got a little provoked because the procession led by Satyavati and others shouted provocative slogans against *The Hindustan Times* and Parasnathji personally. They also gave the same treatment to the *Arjun* and the *Tej*. I, of course, did not escape. There was a regular terrorism and a number of heads were broken. Those strikers who wanted to come to me and talk were stopped by force and in one case a man's face was besmeared with charcoal but I think this was all, in a way, natural in such excitement and one should not take it very seriously.

Krishna Nair met me yesterday and I asked him also to take interest in the matter. He confessed that he talked against me to you but I said this did not matter much.

GANDHIJI'S LETTER TO G. D. BIRLA,  
(Wardha, December 5, 1935)

Your letter to Hanumat Sahai is quite in order. Neither he nor Satyavati can claim to represent the workers.

direct with them, I would not be able to make them realise that I am their best friend.

You can rely on me to take actions which would not be against the interest of the workers and I hope this itself should be sufficient to guide me on the right path.

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Only when the workers themselves elect them as such can any of them rightfully claim that status. But those who deserve anything must be given it. That was what I had meant in my last letter and I understand you are already doing it.

I do hope the worst is over by now. Your offer appears to be quite adequate.

39

EXTRACT FROM G. D. BIRLA'S LETTER TO  
MAHADEV DESAI,  
(*New Delhi, December 8, 1935*)

I had settled things with the representatives of the workers four days ago but the mill has yet to run. First of all, there was disagreement among the workers about the settlement. Some of them said, "What is it that we have gained?" And, of course, in a way they are correct because the strike brought gains to none. The minor grievances could have been settled even without a strike. When one makes a Balance Sheet of the period of the strike, an unpleasant truth is revealed that both the sides lost heavily without gain to anyone. So, for a few days there was this disagreement among the workers and now although the agreement has been accepted by the Trade Union, I am getting opinion from Delhi. The Trade Union is composed of workers and also outsiders. This Union is now dictating to the mill the mode of management. I have told the Manager to religiously stick to the agreement and also be prepared to listen to any grievance that is brought forward, but have also added that if anybody

thinks that we have transferred the management of the mill to the Trade Union, then it should be made clear that we are not going to run the mill with such indiscipline. I have told the Manager to talk to Satyavati and others. Brijkrishna was very helpful and I think Krishna Nair also saw things clearly but they could not cut any ice with the workers. The new Trade Union seems to have fallen into the hands of what may be termed "undesirables". The mill Manager is very much worried and I have told him that he should not be worried about anything. We should take a correct attitude and if anybody wants to use compulsion we should be stiff and firm. So, I cannot say what is going to be the result of all this. The situation requires a little delicate handling. It has developed into an aftermath of the Gandhi-Irwin Pact. I and Brijkrishna should be able to manage things but the Trade Unionists having achieved a new position evidently will not listen to saner counsels. I will not worry you any more about the mill matters because even trying to acquaint Bapu with the facts would put some strain on him and I hate it. I will use my wits as best as I can and Bapu can rely on me to be fair according to my light.

EXTRACT FROM MAHADEV DESAI'S LETTER TO  
G. D. BIRLA,  
(*Wardha, December 8, 1935*)

We are all so deeply thankful that the strike was over. The beauty of this whole business is that Krishna Nair's and Brijkrishna's version of the dispute tallies entirely

with your version of it. That is bound to happen where none of the parties are acting on the square and have the welfare of the workers at heart. Krishna Nair gratefully mentions the graceful way in which you received the Labourer's representatives and discussed everything. In view of all this, may it not be well that this storm did break out?

## 41

EXTRACT FROM G. D. BIRLA'S LETTER TO  
MAHADEV DESAI,  
(New Delhi, December 9, 1935)

I should have written yesterday one thing more about my mill's affairs. Since I wrote to Bapu last about Satyavati, I have been making independent enquiries about her and I must confess that I was unduly prejudiced against her. She is impulsive—and I am no less—and has got a lot of nonsensical views but I heard and found out for myself whenever I talked to her that except in respect of certain "ideologies" with which she is too much obsessed, she was amenable to reason and argument. I am told that in advising labour, she took up a reasonable attitude. I feel that I did not do her full justice in expressing my views to Bapu about her which I did in one of my letters. Probably, I will speak to her one of these days. Maybe the same may be said about Farid-ul-haq although he without any reason or rhyme attacked me from a public platform last year. The only reason I was told was that *The Hindustan Times* was supporting Asaf Ali.

Another revelation which I made was that all these

leaders including Brijkrishna were found wanting in strength. Whatever was settled with me, they had not the courage to say publicly. And while I did not make any statement because it was decided that Brijkrishna would do this, on account of his fear from certain quarters he held up the statement for four days which caused me a lot of embarrassment. They all confessed in private conversation that the strikers were mixed up with undesirables, that there was no discipline and that they were unreasonable, and yet the statement by Brijkrishna was withheld for four days. This remark, I think, could be applied to 90% of our public leaders. They don't know how to say 'no'. If I may say so, had not the leaders made exciting speeches from platforms and told them publicly what they said in private, the strike would have been averted and thus labour would not lose what it has lost. This, however, is the criticism of our public leaders. Brijkrishna, Krishna and Shivam were all helpful probably because we all belong to Bapu's camp.

EXTRACT FROM G. D. BIRLA'S LETTER TO  
MAHADEV DESAI,

(*New Delhi, December 10, 1935*)

The strike is over but I am not yet free from worries. To some extent, the discipline has been disturbed. False hopes have been raised which are impossible to be fulfilled but I will try to manage the situation as best I can. I would very much like a man, like Krishna Nair to take personal interest in my workers. Because then he would



know what it is to manage a mill. I am going to speak to him. However, I need not worry myself or yourself any more about the matter but I should like to tell you a lot of things about my experience in the strike when you come to Delhi. It was not a pleasant experience. Even the best of friends thought they could teach me how to manage a cotton mill.

43

EXTRACT FROM MAHADEV DESAI'S LETTER TO  
G. D. BIRLA,  
(Wardha, December 13, 1935)

Yes, I understand all that you say about the strike. And yet, you go into raptures over Satyavati and Farid! (pardon me but that's one of your weaknesses). However we shall hear all about it from you in Delhi. Let me tell you that I have placed none of your letters before him, (Bapu) during last week. You do not mind it I hope.

44

G. D. BIRLA'S LETTER TO GANDHIJI,  
(February 27, 1937)

With reference to your article in the *Harijan* in connection with the Ahmedabad award and apropos our

discussion on the subject, I have the following observation to make. I fear there are practical difficulties in the way of putting the principle envisaged by you into effect without the intervention of the state, and there are greater difficulties still for one to act individually.

But for me to understand the position fully, a complete scheme is necessary. If such a scheme is prepared, it would provoke thoughts and eventually may lead to some very good result. It is in order to assist that I am putting forward a few posers.

First of all, what is your standard of minimum wage? The following necessities may be called essential for an adult person:

Article	Amount	Calories	Price
Pulses & grain	12 Chhatanks	1300	0-0-11
Ghee	1            "	500	0-1-0
Milk	4            "	150	0-0-6
Sugar	2            "	400	0-0-4½
		<hr/>	
		2350	0-2-9½
		100	0-1-2½
		<hr/>	
		2450	0-4-0

Or monthly Rs. 7-8-0.

The expense in the Harijan Ashram, Delhi, or in the Birla Hostel, Pilani, is not more than this and so I think this is a reasonable estimate of the food requirements of a man. The budget therefore of a man working in Delhi would be something like this:

Food	Rs. 7-8-0	per month
Kerosene Oil	1-0-0	"
Rent	1-8-0	"
Cloth 100 yds per year	1-4-0	"
	<hr/>	
	11-4-0	
And miscellaneous	Rs. 1-4-0	will make the total
	Rs. 12-8-0	

Now you suggest that as every one man, besides himself, has 1½ persons dependent on him, the minimum wage should be compiled on the basis of expenses of 2½ persons.

If this is accepted, then expenses for further  $1\frac{1}{2}$  persons have to be added up. This would not be on the basis of Delhi scale since among the dependents there would be children, and also those living in a village. If for another  $1\frac{1}{2}$  persons we take the budget at the rate of Rs. 9 per man, which in my opinion should be enough, then the total budget of a man would be Rs. 12-8-0 plus Rs. 13-8-0 or a total of Rs. 26.

This according to you, if my calculation is accepted, should be the minimum wage. I have calculated the average wage of the Birla Cotton Mill's workers and I find we employ about 2700 men and the average wage comes to Rs. 26. The highest paid are the line jobbers who draw above Rs. 100 per month and the lowest paid are the doffing boys who draw Rs. 12 per month. If a minimum wage is fixed, then naturally it will have to be uniform at least for equal age. This would mean that the wages of many will have to be reduced and of others will have to be increased.

We came to the conclusion that the depreciation should be the first charge on the mills. Now roughly the valuation of the Birla Mill today would be about 35 lakhs, and as the mill is working double shift, the depreciation would be 10% on machinery and 5% on building. This would amount to 3 lakhs of rupees per year. We have never in the life of the mills earned more than this. Average of the last 16 years would be much less than this.

The Birla Mill I think would represent for the present not for the past—an average typical Indian mill. If that be so, then the textile industry at present does not earn more than its depreciation, if all taken together. There are of course better and worse mills. If the depreciation be the first charge, then the first three lakhs in the case of the Birla Mill would go for depreciation. The second charge would be minimum wage which would be according to the above calculation Rs. 26 per man per month. The third would be reserve, fourth probably managing agents' commission and the fifth dividend.

Thus there would hardly be any possibility for the

shareholders to get any dividend. And so far they have rarely had dividends and when we paid, it was out of the depreciation fund. I admit that one of my mills financially is much better off than the Birla Mill but then another one is still worse.

Wages of an unskilled worker in the districts may be taken as from 4 to 6 annas per day. The wage of a domestic servant is not more than Rs. 10 to 12 per month in upcountry and between 15 to 20 rupees in towns like Calcutta. If 26 is considered to be the minimum wage in a factory, then there will be great disparity between the industrial worker on the one hand and the farm labour and domestic servant on the other hand. Disparity there must be but such a big one is rather abnormal and cannot last long.

Under the existing circumstances from the point of view of resources of general industry, the wage of Rs. 26 per month will, I fear, be the maximum and not the minimum limit. It is not an unreasonable position taking in view the fact that income per capita in India is so low and the pay of lower Government servants is in great many cases much lower than Rs. 25 per month. If a minimum wage is to be fixed in industries, then why not also in other employing agencies including the Government? And can the State afford to do this in Railway, Military and everywhere at a figure of Rs. 26? I do not mean to say that there is a case of reduction in wages. I only wish to point out that as a minimum wage this will be too high a figure. And perhaps you would insist on a still higher figure. But where is the money? You cannot reduce 4 out of 3.

But suppose this difficulty is solved by reducing the minimum wage to say Rs. 20 per month only, what would be the result of such a policy? Every mill will pay Rs. 20 as the minimum wage and then extra wages would be paid according to profits of the different mills. And also suppose that my mill is making no profit because it has new machinery and is a bigger unit. The result would be that the worker in my mills would be getting the minimum

wage of Rs. 20 only, whereas the worker of the neighbouring mills would be getting say Rs. 30 or Rs. 40 per month. Naturally I would not be able to draw labour for my mills and the result may be that I may have to close it down. If you say that the worker under such circumstances would work even on starvation wage, I ask, "Are we today in a position to induce the worker to take such a course?" This brings in the necessity of State intervention.

As I have said above, if we take a general census of all the Indian mills today, we shall find that they don't earn more than the depreciation on their block and the wage that they pay would come to an average of Rs. 25 per month. This in my opinion is a fair position. But if wages are to be increased further, this could only be done by rationalisation, which would mean throwing away so many men out of employment, although in any case rationalisation, even if it be something undesirable, is bound to come.

I do not pooh-pooh the idea suggested by you, but I am simply pointing out the practical difficulties which a millowner has to face. From my own point, I do not see how to solve them. Your suggestion can only be helpful in introspection.

But while I do not see the possibility of fixing a minimum wage at a high figure, I think it is possible to do various other things which in their cumulative effect can give a good deal of comfort to the workers. They are as follows:

1. Stability of job.
2. Removal of corruption.
3. Human treatment.
4. Free medicine.
5. Free education to workers' children.
6. Better housing.
7. Social welfare work.
8. Milk supply to workers' children.
9. Old age pension.
10. Sickness allowance.

11. And last but not least establishment of personal touch.

A number of these things, viz., 1, 2, 3, 4, 5, 6 and 7 are already being done in my mills but in a more or less mechanical way. There is no personal touch. And in fact whatever existed — it did exist at one time — has disappeared during the last two years. Workers are getting good wages, there is the welfare work, but no personal touch. Partly it is due to communistic preaching which has reacted on both sides and partly due to lack of proper men to look after the welfare work. But still I think that it is possible to do much more than what is being done today and for the last few months, I have been discussing the matter with my managers with much seriousness. We are not sleeping over the matter, but how far we shall succeed time alone will show. Social welfare work is sometimes misunderstood, but that of course is irrelevant. Some people call it a stunt of the capitalist for great exploitation of the worker.

In any case, please let me have your criticisms on all that I have said. If I am arguing against your suggestions, please do not misunderstand. I have to satisfy my own conscience and also the financial needs of the mills under me. An unsuccessful managing agent can neither give comfort to his workers nor can he attract confidence of his shareholders. Everything in the end collapses and with it the employment of so many men.

Free development of those industries which cannot be undertaken in a cottage and thus replace the foreign imports is not a small gain. If we put up the cost of production too high as to make it impossible for the industries to compete with imported goods, then it would not be an ultimate help to the country. But I am arguing only against any extreme proposal. I do not say that the workers today are overpaid or that there is any case for reduction of wages. But at the same time I do not admit that at an average they are underpaid, that millowners are making any great profit at their expense. If I had my way, I would maintain the wages at Rs. 26 but reduce the

wages of weavers from Rs. 40 to Rs. 30 and put up the wages of other workers from Rs. 12 or Rs. 20 to Rs. 18 and Rs. 22.

I may add here that the average wage of a worker in the Kesoram Mill will be a little lower than that of Delhi, and Gwalior will be somewhat between Kesoram and Delhi. In Kesoram the housing conditions are not as good as in other mills, and welfare work also is not good. There have been serious financial difficulties in case of Kesoram. During the last thirteen years, except for once or twice it has never paid any dividend and even the dividend of the preference shareholder is in arrears. It has come only recently under my management and I am hopeful about the future. Delhi and Kesoram these two mills are very old and so their cost of production is very high.

The millowner has been criticised on several scores. He has been criticised on behalf of the consumer. Why does he want so much protection? The shareholder criticises him for mismanagement. And labour leaders criticise him for exploiting labour. Obviously all the criticisms could not be true. In my opinion the Textile Industry in India has been a great success. It has replaced Lancashire by providing cheap cloth. It has not been a failure from the investor's point of view, nor could it be said that the wages were maintained at a lower level as compared with Japan. But the chief criticism against the millowner which has never been levelled is that he is an extremely miserly fellow, over-selfish and suffering from a morbid desire to accumulate wealth without making any good use of it. This applied to all capitalists. I agree with you that a man with brains and talent should use his virtues for service and not for his own comfort. He may not be able to manage his mills exactly on the lines you suggest but I have no doubt he could manage it as a trustee on behalf of the nation. If he can make sacrifice, he will himself adjust the management of his mills according to the needs of the nation.

G. D. BIRLA'S LETTER TO MAHADEV DESAI,  
(*Calcutta, April 22, 1937*)

The strike fever in the Jute industry is not yet subsiding although my jute mill is still free from it. But for the last five or six days, there is a partial strike in the weaving department of the Kesoram Cotton Mill and I am writing this letter in connection with this strike. Please put my problem before Bapu.

The strike came suddenly without anyone's knowledge and without receiving any notice. My own estimate is that wherever there is a strike without any obvious reason, it is always due to mismanagement or tactless handling on the part of the management. My manager who is an honest but a tactless man may be held responsible for the strike so far as I am concerned. However, immediately when I found that a number of weavers had struck work, I sent for the labour leader who in this case is Phani Babu, a lieutenant of Suresh Babu. I asked him what was the reason for the strike, what was their demand and if there was anything to be settled, I was ready. He said that the demand was recognition of the Union, return of security money, which was deposited by the workers as a token of good behaviour, after the strike of 1935, and no overwork. I told him that I had not the slightest objection to recognising their Union. As regards return of security money, I told him that if the Union could take charge of the workers, I had no objection to returning the money. And overwork, I said, I would never tolerate,



and if the jobbers insisted on overworking occasionally, the workers could refuse to do so and they would have my full support.

Phani Babu then brought some leading workers to my office and had a talk with the manager, but in the second talk Phani Babu pointed out that he had misunderstood the position of the workers who he said wanted 25% increase in the wages. My manager on my behalf told him that no question of increment was going to be entertained since we were not in a position to pay higher wages. The company had not paid a dividend during the last 12 years except once or twice and that the time was not such that wages could be increased. But my manager told Phani Babu on my behalf that if the mill would show better results in future, as I hoped it would, we would be quite prepared to discuss the question of their wages to mutual satisfaction. Phani Babu was satisfied with this position and I am informed that he asked the workers to resume work but without any result.

I waited for further two days, but I found that the workers were still adamant. There is not a complete strike, but those who come to work are being intimidated. On the other hand, there are a number of workers living in our chawls who are not coming to work. The manager has put up a notice asking those who don't want to work to vacate the houses. I have told the manager not to take any action beyond putting up the notice. Usual notices have also been put up asking those who are on strike to take away their wages and leave the mill's chawls so that we could recruit new workers.

I have tried the method of persuasion and have failed. Even the labour leaders have failed. Now, either I should import workers from other places under police protection and thus break the strike or I must surrender on the question of increment of wages. I cannot increase the wages and I don't like also to import workers from outside. So, I am still running after Shibanath Banerji and other labour leaders. I am now baffled. I wonder whether I

could get some moral tip in such a complicated position.

Please don't put this letter before Bapu, if you find him very busy. I have written this just to think aloud.

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G. D. BIRLA'S LETTER TO PYARELAL NAYAR  
(Calcutta, April 26, 1937)

I am sending Mr. Anandan's letter to the Manager, Sutlej Cotton Mills, Okara. I cannot believe that all that he has written could be true. The reason is this.

Mr. Anandan has been keeping himself in touch with me by writing letters off and on. When I went to Okara, he met me and I asked him whether he was quite comfortable and he told me that he was. He said he did not like the job and asked me if I could appoint him as a travelling agent in South India. I told him that it was not possible for the cloth of a mill situated in North India to be sold in South India, and therefore appointing him a travelling agent for South India would be useless. He insisted if I could give some selling work in North India because he said he would like that work more than working as a clerk. I told him it was not possible because in the first place it requires technical knowledge and in the second place we don't appoint commission agents without deposits from them.

In none of my mills have I got orthodox managers and therefore when he says that he is looked upon by the mill employees as an object of contempt and ridicule, I must say I cannot believe it. But I am sending his letter to

the manager who will have a talk with him and ask him to substantiate his charges. In case what he has written is found to be correct, I will of course take action.

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FROM M. P. ANANDAN'S LETTER TO GANDHIJI,  
(Okara, April 27, 1937)

I understand that you have forwarded my letter to Mr. Birla. I did not write that letter in the form of a complaint.

I look upon you as my only guidance in life and I worship you every day. As such, I hope I have a claim over you and I disclosed some of my difficulties just as if a son would to a father. I am sure you forwarded the letter to Mr. Birla out of your love for me, but now an enquiry is likely to be made with the result that it will only tend to make my situation a little more worse.

Mr. Birla on his last visit here had kindly asked me if I am happy here and I replied in the affirmative, because I did not want to take these trifling affairs to the notice of the paramount power and I knew how to adjust myself according to circumstances.

G. D. BIRLA'S LETTER TO MAHADEV DESAI,  
(*Calcutta, May 1, 1937*)

The partial strike in the Kesoram Cotton Mill is still continuing and the labour leaders have been working without any result. The last offer that I have given them is this that the workers should resume work immediately and put up the question of wages before the arbitrators. I have suggested the name of Rajendra Babu or Tandonji as Umpire in case the arbitrators fail to agree. Shibanath Banerji and others have approved of the suggestion, but yet I don't think they will be able to influence the workers. I feel that the influence of the labour leaders holds good only for inciting the workers to strike and not for any other purpose. I will perhaps have to work independently, but as the strike fever is spread very wide in Calcutta just now, it will take some time before the strikers resume work. I only hope that I will not have to declare a lock-out because in that case further to four thousand men will be thrown out in the street.

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EXTRACT FROM GANDHIJI'S LETTER TO  
G. D. BIRLA,  
(*Segaon, Wardha, May 2, 1937*)

The dictates of morality would require you to tell the workers quite plainly that so long as they fail to pursue the path of justice the mill would remain idle; no new hands would be recruited. In case, however, they leave their quarters peacefully without creating a situation, you should feel free to get new men instead. This would be morally right as well as economically feasible. If you feel my answer fails to cover the situation you may write to me again.

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EXTRACT FROM G. D. BIRLA'S LETTER TO  
MAHADEV DESAI,  
(*Calcutta, May 6, 1937*)

I had already received his reply about the strike. His tip was most helpful. As I had anticipated, the labour leaders came back telling me that arbitration was not

acceptable to the workers on whom they had no influence. But already the workers are coming back to their work except from quarters where they are intimidated. Intimidation as usual is going on. Kesoram is full of notorious Muslim goondas and therefore it required a great deal of tact and intelligence to deal with them. But I have no doubt in my own mind that the manager also is at fault. I understand that his treatment with the workers has been too much mechanical and there was no personal touch. On the other hand my jute mill has been a bright spot since in spite of the efforts of the adjoining strikers there was no strike in my mills. And recently we had a meeting of the workers whom I addressed and I found that they were all very happy and contented. I asked them to form a Union which with great hesitation they have done.

From my experience of the last 20 years, during which period I had to deal with a number of strikes, I have invariably found that every strike is due to lack of personal touch between the workers and the management

G. D. BIRLA'S LETTER TO MAHADEV DESAI  
(*Calcutta, May 7, 1937*)

Regarding Mr. Anandan, it was Pyarelal who wrote to me. The enquiry has already been made and the result forwarded to Pyarelal. I wonder whether you have read it. But after this enquiry, Anandan is a bit upset. I have written to him that nobody is going to harm him and I am sure that the manager does not at all feel annoyed with him for having written to Bapu. But perhaps he is feeling a

little embarrassed because a lot of what he wrote was not quite true. Please assure him, if you can, that he need not be worried about anything so long as he does his work honestly. But I have also written to him that in case he decides to go, he will be paid his railway fare to and from Okara and one month's pay.

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G. D. BIRLA'S LETTER TO GANDHIJI,  
(Zurich, August 8, 1937)

This is a rough outline of the Ottawa Pact. We get preference under the Pact in the United Kingdom market on the following commodities against which is given our total exports to the United Kingdom.

	Lakhs of Rupees
1. Tea	.. 17,00
2. Hides & skins of all kinds	.. 7,00
3. Groundnuts	.. 1,50
4. Vegetable Oils	.. 1,50
5. Linseed	.. 3,00
6. Jute manufactures	.. 2,70
7. Oil seed cakes	.. 1,50
8. Carpets and rugs	.. 65
9. Tobacco	.. 60
10. Cotton manufactures mostly hand-loom made	.. 20
11. Miscellaneous	.. 1,50
	<hr/> 37,15

Against these we give preferences in our market to various commodities of the United Kingdom like electrical apparatuses, motor-cars, constructional hardware, the

total trade of which amounts to about 22 crores. It is not necessary to give details of all these. Over and above this, the United Kingdom enjoys preferences in cloth and steel, which trade amounted to about 13 crores at the conclusion of the Ottawa Pact. Now it has gone down. Thus the United Kingdom enjoys preference in a trade of approximately 35 crores in the Indian market.

We give on most of the United Kingdom items preferences varying from 7½% to 10%, but in cloth the United Kingdom enjoys preference of 30%. On the other hand in the United Kingdom market, we enjoy preferences which generally amount to 10%, although in tea it is much higher. At first glance it looks as if the pact was equitable because trade of both the sides that enjoy preference amount to equal value and the percentages of preferences also are very nearly equal. So it may be argued that the pact was based on reciprocity. But it was not so because while there may have been a reciprocity in quantity, in quality it was not so.

In the first place our articles that enjoy preference are mostly raw materials which the United Kingdom requires in her own interest and secondly in most of the items on which we enjoy preference we had as our competitors either the other empire countries which too enjoy a similar preference or we are supplying nearly 80% to 90% of the United Kingdom market and therefore in imposing tariff on foreign imports and allowing our imports free, the United Kingdom is not making any sacrifice.

For instance in tea, while we get a good preference, Ceylon also enjoys a similar preference and we two between ourselves supply 90% of the United Kingdom market. Thus in giving preference on tea, we get no advantage except a sort of "insurance value" nor does the United Kingdom make any sacrifice in giving us such preference. There are many other instances of a similar nature. I admit however that even the "insurance value" has its value.

On the other hand, in giving preference to the United Kingdom in our market, we make real sacrifice and the



United Kingdom gets definite benefit. And some of the commodities of the United Kingdom compete with our own production and thus the pact was inequitable on the ground that there was no reciprocity in quality.

Another factor which should not be ignored is that we are a debtor country and the United Kingdom being our creditor, in her own interest, she must buy mainly from us in order that we may not default. On the other hand, there is another point which has to be borne in mind. Out of the preference that we give to the United Kingdom, cloth and steel stand on a different footing. At any rate in theory the United Kingdom gets preference on steel and cotton not because of Ottawa but because of our policy of discriminating protection. The Tariff Board recommended that India needed higher protection against Japan than against the United Kingdom and hence this discrimination in favour of the United Kingdom.

If therefore the Ottawa Pact is terminated and it is not replaced by any other pact, then while we could continue to give preference to the United Kingdom on steel and cloth, we cease to get any preference as hitherto enjoyed by us in the United Kingdom market. This puts us in a rather disadvantageous position for which there seems to be no remedy at present. In negotiating for a new pact therefore we pressed on two things.

One that all the preferences hitherto enjoyed by us should continue and that India in return should give nothing to the United Kingdom except preferences which she already enjoys in cloth and steel. There are one or two other points which we are pressing. One is the question of raw cotton. Under the Ottawa Pact the United Kingdom gave us a moral promise that she would try to increase her consumption of Indian cotton and she did increase her imports from India from nearly two lakh bales to about 6½ lakh bales. We now press that instead of vague promises, the United Kingdom should give us a definite undertaking to purchase ten lakh bales of Indian cotton every year.

Another point that we are pressing is in respect of export drawback on linseed. It is necessary to explain this export drawback at this stage. The United Kingdom imports linseed from India as also from Argentine. Indian linseed is free from duty whereas Argentine is subject to import duty. Now whatever goods are made out of Argentine linseed such as oil, varnish, etc., when they are exported, the Government of the United Kingdom refunds the duty that it originally charged on that portion of linseed oil which is exported. This is called drawback.

This drawback system very nearly nullifies the preference enjoyed by Indian linseed. We press that this drawback should be abolished. The United Kingdom on the other hand refuses to withdraw the drawback system and is pressing first of all for greater preference on cloth and wants another 9% reduction in duty—and secondly for restriction on Indian exports of jute manufactures, carpets and chrome tanned leather to the United Kingdom. She is also pressing that she would not be satisfied with preferences merely on cloth and steel which she maintains were given not for the benefit of the United Kingdom manufacturer but in the interest of the Indian consumer and therefore she demands preferences on various other items which we have refused.

It is necessary to note at this stage that out of the preferences enjoyed by Indian commodities, jute manufactures, chrome leather and carpets were the things that got the real benefit. These three commodities are directly hitting the British manufacturer who is very much alarmed and wants to restrict our trade in these items.

Taking all these things into consideration, I have made a suggestion to some of my colleagues that in order to conclude a pact, we should go as far as this:

1. All the preferences enjoyed by India at present which comprise a trade of nearly 35 crores should continue.
2. The drawback system which we wanted to be abolished be allowed to remain.
3. There should be no restriction on our trade of

- jute manufactures, carpets and chrome leather.
4. That in exchange for this, we should give a further reduction of 5% on cloth to Lancashire but that we should not give any further preference on any other article to the United Kingdom unless those articles may be very insignificant and the total trade of all of which in aggregate does not exceed 1½ crores.
  5. Over and above this, the United Kingdom should guarantee that she would take an increasing quantity of Indian cotton until its purchases reach within three years to 10 lakh bales.

Now it may look as if such a pact strongly weighs in our favour to the disadvantage of the United Kingdom. But as I have already explained, most of the preferences enjoyed by us are only of "insurance value" and therefore its advantageous effect in comparison to the volume of trade is smaller. On the other hand, in giving further preference on cloth, we make an earnest effort to appease Lancashire although on account of reduced cost of production of the Indian mills even with a further 5% reduction in tariff, viz., from the existing 20% to a new level of 15%, she is not likely to be benefited. Her trade in 1935 amounted to 450 million yards. In 1936 it dropped to 340 million yards and in 1937 in spite of a reduction of 5% duty, it is running on the basis of 290 million yards.

Myself and Kasturbhai both think that a 5% further reduction to Lancashire will not make any difference to the Indian cotton mills and Lancashire is prepared to guarantee that in case her trade increases above 500 million yards—now it is about 300—then we should reduce the preference by 2½% and if that is not effective, we may further reduce it by another 2½% and continue like this until the trade comes down to 500 million yards. Similarly she demands that in case her trade goes below 250 million yards, we should give her a further reduction in duty.

This principle is not bad although I would like to fix the figures of maximum and minimum at 400 and 200

respectively. But I personally feel that the time is coming fast when perhaps the Indian mills would be able to compete with Manchester in the Indian market which means that we would hardly require any protection. Therefore I feel that in giving further reduction to Manchester, we would not be putting the Indian industry at a disadvantage. On the other hand, I see great potentialities in jute manufactures, carpet and chrome leather and if we get a free market in the United Kingdom, then in course of time I think we will be able to improve trade immensely in these three commodities.

The other items on which we enjoy preference are in my opinion not of such large value as at first sight may appear. The essential items of preference therefore in our favour would be:

Jute	270 lakhs
Carpets	60 „
Chrome leather	30 „
	<hr/>
	360 lakhs

Besides this, if the United Kingdom guarantees to take 10 lakhs of bales of Indian cotton, which would be worth about 10 crores, this—while not causing any sacrifice on the part of the United Kingdom—will be a great advantage to us. Over and above this, there would be preferences on various other items, some of little value and others of fair value, the total trade in which would be about 30 to 32 crores against which I suggest that we should give a further reduction of 5% to Lancashire in a trade which at present stands at a level of 7 crores and allow the present preference on steel which trade amounts to about 2½ crores and give preferences on other articles not exceeding an amount of 1½ crores.

This in my opinion will be fair to both sides and will not at all be injurious to Indian interests. Kasturbhai is going to sound Ahmedabad but in my opinion the Congress opinion is the most important since even if such a pact be in the interest of India, the cotton industry would

not take a wider view and perhaps may not agree to any reduction in favour of Lancashire.

My own fear is that the pact as envisaged by me may not be acceptable to the United Kingdom. Perhaps there may be a breakdown but what I feel is this that on our part we should be prepared to go to the extent I have suggested. If there will be a breakdown, then unfortunately we will have to continue to give preference to the United Kingdom in steel and cotton without any corresponding advantage to us. This cannot be helped. But perhaps the United Kingdom may realise that after all it is not in her best interest to break. Besides this, the political value of a voluntary pact too cannot be minimised.

It may be argued why not more preference on other items and no more on cloth? The reply is that the United Kingdom attaches the greatest importance to cloth whereas I think in the present circumstances it is only the cloth where we may safely yield.

The result of a breakdown may be serious on the export of our raw cotton, and as raw cotton is consumed by Manchester, we must placate her of all. When I made this suggestion to Sir Purshottamdas Thakurdas, he liked the idea but was afraid to touch cloth which has assumed some political importance. I told him that we could not take any serious action without consulting you and if after weighing all pros and cons, you approve of my suggestion, then we desire to have your blessings. In case you do not approve, then we would have no fear of any criticism that being ourselves manufacturers we totally ignored the interest of the cotton grower and the other agriculturists. As the matter is very important, we cannot do without your consultation. In case you need any further information, please inquire. But we must have your final opinion before the 7th of September, if possible.

EXTRACT FROM G. D. BIRLA'S LETTER TO  
MAHADEV DESAI  
(*Zurich, August 16, 1937*)

I am not surprised at the news that I am getting just now. One day I read some students going on strike, if the Education Minister failed to do this or that. Then I read some match workers going on hunger strike, if the Industry Minister did not settle their demands satisfactorily. The big Cawnpore strike was settled eventually but I read that once the strikers refused to abide by the decision of Pant. And of course the Andaman strikes are still agitating the minds of the people.

It looks as if everybody wants to have his own way under the Congress regime. I have no doubt that Bapu is doing all that is necessary to educate the public opinion to keep discipline. I will not be surprised if some day I heard of marches led to the house of the minister with flags and slogans. Suppression of the popular feeling in the past is perhaps now having its reaction and it would not be bad if the steam was allowed to blow out. But what is necessary for the people to know is that even under swaraj they have to be law-abiding, reasonable and disciplined. I have no doubt that in course of time they will learn. But don't you think it is desirable that public education on these lines was undertaken without the least delay?

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My own fear is that the pact as envisaged by me may not be acceptable to the United Kingdom. Perhaps there may be a breakdown but what I feel is this that on our part we should be prepared to go to the extent I have suggested. If there will be a breakdown, then unfortunately we will have to continue to give preference to the United Kingdom in steel and cotton without any corresponding advantage to us. This cannot be helped. But perhaps the United Kingdom may realise that after all it is not in her best interest to break. Besides this, the political value of a voluntary pact too cannot be minimised.

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EXTRACT FROM G. D. BIRLA'S LETTER TO  
MAHADEV DESAI

(*Calcutta, November 30, 1939*)

...Ramaswamy Mudaliar, the Commerce Member, who recently went to Calcutta, was waited upon by a deputation consisting of European jute millowners. They very bitterly complained against the ministers saying that on account of constant speculation by the ministers the business had become very unstable in Calcutta. The Commerce Member, of course, could not give them any consolation...

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EXTRACT FROM MAHADEV DESAI'S LETTER TO  
G. D. BIRLA

(*Sevagram, August 4, 1940*)

We need your help in another, and quite important, matter. Bapuji is being flooded with complaints about the Government creating highly paid war-time jobs and



filling them with Europeans. The salaries sanctioned for them are much higher than they had ever earned. The other complaint is about raising funds through resort to sheer brute force. Bapu has written to the Viceroy about these two complaints. He replied asking Bapu to quote chapter and verse to substantiate the complaints when alone would it be possible to take some concrete steps. This we have got to do. We shall certainly make use of the correspondence we already have in our possession, but we should like to have some more material from your side. Please attend to this matter without loss of time, provided of course, you are in a position to collect some such material. Your Federation had passed a resolution on this subject and I have gone through the speeches delivered in support of that resolution. The speeches themselves are of little use, but the basic fact that the key positions in the Defence Department are being manned exclusively by Europeans is relevant to the issue and constitutes a precise complaint. Who are the beneficiaries? How many new jobs have been created? Where were the men picked out for these jobs working before? We need facts to go by.

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G. D. BIRLA'S LETTER TO MAHADEV DESAI  
(*Calcutta, August 7, 1940*)

I have got this note prepared by Mr. Dhadda of the Indian Chamber of Commerce. This gives as much information as we have been able to collect. From this you will see that the charge that all the key positions are held

by Europeans is quite correct. The whole Supply Department is manned by Europeans. There has been an increase of emoluments in many cases, but there may be an explanation for that. In my opinion it is not so much emoluments that matter, but what matters is why all these key positions are held by British officials. If, however, an improvement in the position is to be made, I don't think mere inclusion of Indian officials would be of any great advantage. I know the Supply Department is being worked just now in a very extravagant fashion and if the money of the tax-payers is to be saved, then the Government must employ experienced businessmen as their whole-time officers. Besides, one should take special care to see that those businessmen who are thus employed are not put in charge of such purchases in which they are directly interested. If this was done, then of course lakhs would be saved. But that is not possible perhaps as long as we have not got our own Government at the Centre. From the tax-payers' point of view, I don't think the inclusion of Indian officials would make a great change. It may perhaps if the right type of people are selected.

EXTRACT FROM G. D. BIRLA'S LETTER TO GANDHIJI  
(Pilani, October 9, 1940)

Among the arguments advanced in support of khadi, mine originating from economic considerations, are rather fewer in number. Or it may be that I have not that much faith in its effectiveness. That explains why I have refrained from making any mention of the arguments

generally advanced in support of khadi. But what I have written should furnish sufficient material to warrant your own comment. It may be made use of, if you think proper.

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POSTSCRIPT TO THE PRECEDING ITEM

My own set of arguments favouring the use of khadi are of an essentially spiritual nature. They hardly qualify for general application.

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A NECESSARY CORRECTION  
(*Enclosure to Item No. 57*)

The *Harijan* of September 17 has partly reproduced on its page No. 288 an article by Shri Krishnadas Gandhi which originally appeared in the *Maharashtra Khaki Patrika*. The quoted article tells us that India annually consumes in all 6,330 million yards of cloth. This includes cloth imported from foreign countries, produced by Indian mills, cloth woven from yarn produced by Indian mills,

and pure khadi, i.e., four categories of cloth. Out of this, imported cloth accounts for 630 million yards, 4,090 million yards produced by Indian mills, 1,670 million yards woven out of Indian and imported yarn on Indian handlooms and 1,025 million yards of pure khadi. Thus the Indian mills' share works out as 0-10-6 out of a rupee, foreign cloth 0-1-6 anna, handloom cloth slightly less than 0-4-0, and pure khadi 1/3 pie only. Thus it can be said that khadi occupies a negligible place in fulfilling the nation's needs.

Further on Krishnadasji says, "It has been said that the cost of these 6,330 yards of cloth comes to 2,000 million rupees after deducting the cost of cotton dyeing. In other words this amount will go to 120 million villagers. If, instead of that, we produce all our cloth in our mills then Rs. 470 million would be swallowed by labour, salaried staff and others, while Rs. 800 million will go to swell the pockets of the capitalists or would be spent on gadgets of ostentatious living. If this went direct to the villagers then 12 million strong labour force will have an additional amount of Rs. 10 per head per year."

I am afraid the entire estimate suffers from the defect of miscalculation. There are more weighty arguments calculated to bolster the cause of khadi. Therefore it does not add to, but in fact takes away from, the importance of khadi in our national life if we resort to weak and untenable reasoning. It is quite possible to arrive at the conclusion that would support the case of khadi if we rely on facts and figures which are accurate. Therefore to erect an edifice in support of khadi on faulty figures is self-defeating, and all the more undesirable.

It is, of course, not possible to be accurate about figures down to the last pie, but so far as the mills' production is concerned, near-correct figures are always available and are quite adequate to sustain the validity of our case.

The average cost of cloth ranges between 0-2-3 and 0-2-6 per yard. This cost applies to cloth with 40" width and produced from the yarn numbered 20 and 30, while

dyed cloth, printed cloth and specially designed cloth costs more. But the higher cost is due to the fact of the cloth being dyed or printed and is applicable to both mill-made cloth and khadi. Therefore, in order to establish a comparison between the two kinds of cloth we shall have to accept raw cloth as the basis. At present the cost of raw cloth is nearly 0-2-3 per yard and if we assume that all our requirements are going to be met with mill-made cloth the cost of 6,330 million yards of cloth comes to rupees 900 million and not rupees 2,000 million. The cost of the cloth we are importing at present comes to 0-2-3 per yard after paying the customs duty. Therefore 0-2-3 can be safely accepted as the cost.

Once we accept rupees 900 million as the cost and not Shri Krishnadas's 2,000 million many of the arguments will be effectively met.

But how this amount of rupees 900 million is distributed will be clear from the table given below:

	Cost%	Price (in million Rs.)
Cotton	51	45.5
Mill stores, packing & spares	5	4.50
Starch	2.5	2.25
Coal	2	1.75
Labour	23.5	21
Staff	2.5	2.50
General charges, interest & insurance	3	2.50
Depreciation	4.5	4
Profit	6	5.50
TOTAL	100	89.50

From the above it will be clear that according to my calculation, profit and depreciation account for Rs. 95 million. More often the rate of profit falls while the cost of labour rises. But in my anxiety to strengthen the case for khadi I have formulated the above table on the basis of the mills' profits during their salad days. Out of the amount of Rs. 900 million, cotton will consume Rs. 275

million and labour Rs. 235 million. Thus only Rs. 275 million remain for 'gadgets of ostentatious living' as Shri Krishnadasji puts it. His estimate was that the amount thus saved would be to the tune of Rs. 800 million. There is a big difference between the two figures. But if we go deeper we will find that part of the amount spent on starching, coal, management and stores goes to labour in one form or another. If we have planning, which is quite feasible, the manufacture of textile machinery, production of store items and starch in our own country will give a big slice of the amount of rupees 200 million to labour.

The one great factor working against the mills is that they are mostly clustered in urban areas and, therefore, have a baneful effect on village life. That is why most of the mills in Bombay and many in Ahmedabad are on the decline. If the Government so desires it can promote dispersal of the mills in the rural areas. The operation should not take more than a couple of decades.

We should proceed to compare the good points of khadi cloth vis-a-vis mill cloth only after taking all these factors into consideration. The picture I have envisaged will, by the time the objective is realized, leave a mere 50 to 60 million rupees for the capitalists, of course after deducting the depreciation charges. Starch, store items, textile machinery manufacture will bring another 10 to 15 million to the capitalists. Thus, after taking all the economic aspects into consideration the only thing that can be claimed on behalf of the mills is that by the time the plan is translated into action the mills, if they are allowed to function as at present, will bring in a profit of Rs. 50 to 60 million. According to official figures the labour force at present comprises 5 lakh to 5.5 lakh hands. Accepting the official figures as correct every worker gets Rs. 35. But according to my estimate a mill-hand does not get more than Rs. 25. Therefore I am assuming that the labour force does not comprise 5 lakh or 5.5 lakh, but nearly 7 lakh.

There is room for changes in the above table in keep-

ing with the varying rates and conditions prevailing in different mills. As for example, some mills pay more for cotton while some others spend more on labour. But the rate of profit I have estimated is rather on the high side while actually it is lower. The valuation of the mills at present should not be placed higher than Rs. 1,000 million. This being the position, depreciation and profit should not claim more than 10 million. If someone were to put together the profits earned by all the mills, the discovery will make interesting reading. My belief is that the actual profits would then appear to be less than my estimate.

It was not at all my intention to present the mill's side of the case, but it is quite likely that my contradiction of Shri Krishnadasji's figures creates the impression that I have come out in support of the mills. I am helpless. But if we want to lend strength to khadi's case from the economic point of view we should also have before us the mills' position as it actually is, and then to proceed to work for khadi's victory in this war of rivalry. But that is possible for official agencies, or the Millowners' Associations of Bombay and Ahmedabad. Whatever be the case it is absolutely necessary to modify Shri Krishnadas's figures.

G. D. BIRLA'S LETTER TO GANDHIJI  
(*New Delhi, November 11, 1940*)

I have gone through Shri Krishnadas's rejoinder. There is no need to reply to it in detail. He has certain wrong ideas about mill-cloth, so I thought it proper to send him a mill's account. That mill can be treated as representing the viewpoint of the textile mill industry

in general. But it is not possible to be accurate to the last pie.

The old article, my answer, and some specimens of cloth are being sent by separate post.

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G. D. BIRLA'S REPLY AS ENCLOSURE TO THE  
PRECEDING ITEM

Birla Cotton and Spinning Mills Limited, Delhi.  
(November 7, 1940)

1. The prices are exclusive of 5% commission. These prices are based on the market rates of 1940.

2. To bring them at par with the present-day market rate, we have to add 10% more to them.

3. To these prices we have to add another 13% to meet the profit of the intermediaries and the expenditure incurred on sending the goods from the mill to the customers.

(a) 5% for managing agents, selling agents and brokers.

(b) 8% for the buffer agents.

4. All these prices are for cloth of 40-inch width.

5. The average price of the cloth of 40-inch width in 1940 was two annas and a quarter; it was exclusive of the commission.

6. The manufacture of the good quality cloth of today was for namesake in 1940.



ENCLOSURE TO ITEM NO. 60 (CONT.)  
(November 11, 1940)

When we proceed to compare two categories we can obtain the best results by placing them on the same footing. When at night we look at the sky some of the stars, though much larger than the Sun, appear to be tiny sparks of light. This is so because the Sun is so much nearer to us than the stars. Though it is not possible to drag down the stars and the Sun to the earth for the purpose of establishing a contrast between them at least in our imagination we should place them on the same footing. If we did not do this we would erroneously assume the Sun to be larger than the stars.

Similarly if we are to compare mill-cloth with khadi, we should compare coarse mill-cloth with coarse khadi, or superfine mill-cloth with superfine khadi. The question of the matching categories of yarn is also relevant to a sound comparison but I propose to rule this aspect out for the purpose of our discussion. When khadi woven from yarn No. 40 is compared with mill-cloth produced from higher quality yarn, the former will prove to be much higher in price. Therefore I have leaned slightly in favour of khadi by keeping the question of matching qualities of yarn out of our present discussion. But if we accord similar treatment to coarse cloth or quality cloth the result of our comparative study will prove to be disappointing. Similarly you have to keep the system of distribution along with the Spinners' Association's empire

before your mind's eye. And if you want khadi to be treated as an ideal objective, you will have to accord the same status to the mills even when the capitalist has ceased to matter and the entire textile mill industry stands nationalized. In my view the proponents of khadi will continue to enjoy the status of a rival no matter whether the mills are individually owned or are nationalized. Therefore we should confine ourselves to a comparison of the rival system of distribution, and before proceeding to do so we should place them on the same footing. Let no one say that if we cannot bring the Sun and the stars physically to the earth it would be a waste of time and effort to place them on the same footing in imagination. The argument is valid but not if we are to compare khadi with mill-cloth inasmuch as it is quite possible to place the rival categories of cloth not only in imagination but also in practice.

In his anxiety to lend strength to his case Shri Krishnadasji has advanced all the good, wholesome arguments he could muster in favour of khadi, namely we should always use simple, design-free cloth, spin at home, get the yarn woven into cloth by the village weaver, dye it in colours locally available, thus dispensing with the shop-keeper and doing without the order imposed from above, etc., etc. He has also raised khadi, now being produced without any consideration for idealism, to the high pedestal of lofty idealism and, having accomplished this, has proceeded to compare it with mill-made cloth in the production of which no idealism is in evidence. This is not fair. Why should we not see mill-cloth with similar aura of idealism before setting out to compare the two categories of cloth? In order to bestow mill-cloth with some kind of idealism we shall first have to manufacture textile machinery in our own country, disperse the mills, now clustered in cities, all over the country, nationalize the entire industry, improve labour condition, pay it better and do all that is necessary to do in order to make labour the nation's concern. No imported cotton may be employed in the manufacture of cloth; instead, we should grow quality cotton in our own country in order to spin superfine

yarn. Thus either we should place both categories on the same pedestal, or we should compare their mutually shared objective condition.

If we were to adopt the latter course, khadi would prove costlier than mill-cloth since it does not last as long as the latter. It also entails a more expensive looking-after, and it is certainly coarser than mill-cloth, while khadi made from superfine yarn is incomparably costlier than the matching cloth. If khadi fails to last longer than it does now the nation will ultimately have to pay more for clothing the people, thus rendering khadi a costlier apparel. This must be kept in mind.

A point has been made to the effect, even if the cost of a yard of coarse cloth at 0-2-3 were to be accepted as correct, it would make no difference to the consumer as by the time this single yard of coarse cloth reaches him its selling price becomes much more than 0-2-3. Therefore the question is not what it costs to produce it but of how much the consumer has to pay for it. This question is quite valid, but it is equally relevant in the case of khadi. Anyway I have already argued the desirability of placing the two categories of cloth on the same level and have no inclination to say more in support of it. But for the information of Shri Krishnadasji I am giving here the details of the selling price of different varieties of mill-cloth—coarse, dyed, designed, printed and so on.

In one of our mills in 1940 the cost of production of all varieties of cloth—coarse, dyed, bleached, designed and printed—worked out at 0-2-4½. I am enclosing the samples of these varieties of cloth with price tags attached to each one of them. These prices are for cloth with 40" width. There are three middlemen between the mill-owner and the consumer. If their profits are added to the cost of production, then it comes to 13%. At this rate the consumer had to pay 0-2-8½ pie for each yard of cloth in May, 1940. It means that had India produced the entire quantity of 6,330 million yards of cloth in its own mills in May, 1940 the price of the entire quantity of cloth would have been 106 million rupees. This would take

care of all the items of expenditure including dyeing, bleaching, the middleman's handling profit, brokerage and profits. But the railway freight has not been included in this amount and works out on an average to 4%. But if these items of expenditure are to be included in computing the cost of production of mill-made cloth, similar computation will have to be made in case of khadi. Even when the ideal stage is reached by khadi, provision for railway freight will have to be made at least for the transportation of cotton, if not of cloth. Cotton will have to be brought from other provinces for use in Bengal, Eastern U.P., Bihar and Orissa. Whether the money derived from the price of cloth goes to swell the pockets of, besides the millowner, the shopkeeper, the dealer, the broker of the village money-lender, should be treated as sometimes like a waste or as payment for their labours, depends upon how we view the position. It is difficult to envision a situation in which the petty shopkeeper will have no place even when the ideal stage is reached.

Be that as it may, I have given the actual cost of production of cloth. Now conclusions may be drawn from it according to individual predilections. It must be borne in mind that the current selling price of cloth has increased slightly, the prices cited by me are on the basis of the position obtaining in May, 1940. Before the War the price level had even gone down. Since the War the prices are tending to go up and may rise still higher.

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G. D. BIRLA'S LETTER TO RAJKUMARI  
AMRIT KAUR  
(*Nasik Road, March 14, 1942*)

There has been a strike in my mills in Delhi for the last 7 days. We have not invited any police help although nowadays it is illegal to go on strike without giving due notice. The result is that everything is peaceful and calm. We have closed down the mill until the time the strikers realise their mistake and return to the work unconditionally. In order to give the correct idea of the situation, I am enclosing herewith exchange of correspondence that I had with Asaf Ali.

I am writing that, in case Bapu is approached about the matter by someone, he should know how the matter stands.

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RAMCHANDRA TYAGI'S TELEGRAM TO GANDHIJI  
(*Delhi, March 11, 1942*)

(Enclosed with the preceding item)

STAY-IN STRIKE IN BIRLA MILLS SINCE 8.  
YOUR ADVICE AND INTERFERENCE NECESSARY.

EXTRACT FROM G. D. BIRLA'S LETTER TO  
MAHADEV DESAI  
(Nasik Road, March 17, 1942)

There is a strike going on in our mills here. Before the workers struck work and even after that they were advised to place their grievances before the Manager. But in a huff they went on strike. Now they seem cooled down because we did not seek police aid and took it in our stride. They have failed to comply with the terms of the agreement they had submitted in your presence. When the local Congress people offered their good offices we politely declined, myself telling them, "Nobody listens to you. The workers will choose for acceptance only those terms which suit their narrow interest, giving a wide berth to those which do not. Therefore, so long as you do not wield any influence on workers, I would prefer not to consult you." Asaf Ali was rather peeved at my attitude, but there seems no alternative. Now the workers are threatening us with hunger-strike. I have told them plainly that such tactics won't be effective, that they should first organise themselves and speak with one voice and stick to their demands. Short of that they would impress nobody. So the strike continues, but the atmosphere is free from any tension since we, too, are non-co-operating peacefully.

G. D. BIRLA'S LETTER TO MAHADEV DESAI  
(*New Delhi, July 13, 1942*)

I have seen Babu's comments about the food shortage and people bitterly complaining against grain merchants. The complaint is only partially true. There are undoubtedly, shopkeepers who are hoarding grains in expectation of shortage. It is human nature that people should want to make profit. But these evils could be removed if there were a proper co-operation between Government and the responsible merchants. As it is, the Government controls and commands, and when they do not succeed, they arrest merchants. The Press also incites feelings against merchants, and any day they would be looted. The result would be further scare and greater scarcity. The whole machinery may thus collapse.

The price of everything that has been controlled, has gone up and yet the Government eyes are not opened. The remedy lies in taking certain steps. First of all, fixing such prices of controlled articles that would have a reasonable relation to the price of replacement. Secondly, inviting, on behalf of the Government, help of responsible businessmen to organise a network of shops to sell grain without any profit motive. Thirdly, to ensure transport facilities. At present there are places where sugar and salt are not available because of the breakdown of transport.

Ramaswami Mudaliar never cared for the help of the businessmen. What he has done so far is to take isolated

and amateurish actions and create more complications. I hope Nalini Babu, when he takes charge, may be able to improve matters. He is very anxious that there should be more co-operation between businessmen and the Government. He wants to get rid of the "Black Market" which can live only as long as there is no properly organised "White Market."

I have told Nalini Babu that I am prepared to undertake to cover a large area and guarantee regular distribution of foodstuff at cost price provided, of course, the transport facilities are guaranteed and proper protection against looting is given. He was pleased with it. I do not know how far the Government machinery would admit of such a thing being done. But I have no doubt that if big businessmen are invited to organise large areas, all this difficulty would disappear.

The main thing just now is the lack of co-operation between businessmen and the Government and the difficulties about transportation. Whatever organisation there existed had been more or less broken down by irrational control, arrest and transportation difficulties. Partly the difficulty has arisen by consumers hoarding larger stocks than usual.

EXTRACT FROM MAHADEV DESAI'S LETTER

TO G. D. BIRLA

(Sevagram, July 16, 1942)

Regarding your letter about price control Bapu says, you must make a move—you, that is the merchants. If Nalini does something concrete and associates you with it, it would be a very good thing.



FROM A. C. NANDA'S LETTER TO GANDHIJI  
(*Delhi, November 14, 1944*)

On behalf of the workers of the Birla Cotton Spinning and Weaving Mills, Delhi, I am writing to bring the state of affairs in the mill to your notice.

The conditions for workers in this mill have been very bad particularly during the last year. The wage rates are lower than in the Delhi Cloth and General Mills even and the bonus amount is also small. On the whole the earnings of a worker in the Birla mills are much lower than in the Delhi Cloth & General Mills Ltd., which is the only other big textile mill in Delhi. Besides there is no proper arrangement for the housing of a large majority of workers in the Birla Mills Ltd. The result of all this has been that the workers have been gradually leaving the mill and the number of looms worked by the C shift had to be gradually reduced and now the management has decided to completely close down the C shift. This means that in addition to the workers who have already left the mill on account of deteriorating conditions, nearly 120 more workers will be compelled to leave the mill on account of this decision. Instead of 3 shifts now only two shifts will work.

The arrangement of shift timings was so far as follows:

First A Shift worked for  $4\frac{1}{2}$  hours,  
then B Shift worked for  $4\frac{1}{2}$  hours,  
then A Shift again worked for  $4\frac{1}{2}$  hours,

then B Shift again worked for  $4\frac{1}{2}$  hours and finally then C Shift worked for the remaining 6 hours of the 24 hours.

This arrangement was good. It was convenient to workers as A and B shift workers had to work for 9 hours,  $4\frac{1}{2}$  hours at a time. This gave them enough time between the two halves of their working hours for cooking meals, bath, eating and some rest. Their efficiency was more and production greater because each time they came to work fresh.

The latest decision to close the C shift has been taken by the management due to the fact that whereas the C shift workers worked only 6 hours a day they had to be given the same dearness allowance as other workers. Now the management has not merely abolished the C shift, it has also changed the timings of A and B shifts. Now these shifts will work as follows:

A shift will work 9 hours with  $1\frac{1}{2}$  hours interval and then B shift will work 9 hours with  $1\frac{1}{2}$  hours interval.

This means that the workers will have no longer the  $4\frac{1}{2}$  hours' interval between their working hours as they did before. Hence no cooking, rest or bath possible in 11 hours. This will impair their efficiency and therefore production of cloth will fall. The workers also fear—and their fear is based on past experience—that now they will have to work overtime (10 or 11 hours a day instead of 9 hours). For this overtime they will get additional dearness allowance which is calculated not on the basis of hours of work but on the basis of attendance days in the month. Thus the decision of the management is a step which means greater hardship for the workers although it would mean some saving of money for the owners by avoiding payment of dearness allowance to C shift workers and for overtime work of the A and B shift workers.

The management is thus responsible (1) for creating conditions which were very unfavourable for workers and led to a shortage of labour in the mill, (2) for abolishing the C shift (whatever had remained) in order to effect a saving in the dearness allowance paid thus throwing

nearly 120 workers out of employment and curtailing production of cloth at a time when our country is faced with an acute cloth shortage, and (3) for changing the timings of A and B shifts, causing greater hardship to the workers and preparing the way for making them work overtime without adequately compensating them for overtime work. Under the old timings overtime was not possible because A shift worked 9 hours, B shift 9 hours and C shift for the remaining 6 hours.

The workers now want that (1) old timings should remain. A and B shifts should work as before getting  $4\frac{1}{2}$  hours' interval. This adds to their efficiency and is good for their health and well-being.

(2) The C shift should not be abolished. It should continue working with as many workers as are there. Serious efforts should be made to recruit more workers to make the C shift complete so that all the looms may be used.

(3) In order to attract these additional workers and make conditions better for the existing ones the management should meet the just and reasonable demands of the workers which have been put before the management from time to time.

The workers look towards you to intervene in the matter and persuade the management to do the needful.

EXTRACT FROM PYARELAL NAYAR'S LETTER  
TO G. D. BIRLA

(*Sevagram*, November 27, 1944)

I am sending herewith a letter which Bapu has received. It seems to be a well-meant letter. At first Bapu

thought that it might be sent to the Manager of the Delhi Textile Mills, but on second thoughts he decided in favour of its being sent to you for your information and action, if necessary.

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EXTRACT FROM G. D. BIRLA'S LETTER TO  
PYARELAL NAYAR

(Delhi, November 30, 1944)

The letter from the Delhi Textile Mazdoor Sabha is, I fear, not based on truth. I have been receiving letters very often from this Sabha. In the beginning I tried to take notice of them. But when I found that they were not prepared to discuss anything on any reasonable basis and never stuck to truth, I gave up the attempts. Nowadays I do not reply to their letter. Bapu knows these people. If you like, I can ask the manager to give you a detailed reply to all the points.

The main grievance of the Sabha is the arrangement of the shifts. When we were running C shift, they wanted this to stop and rightly too. We were then helpless because we had not sufficient looms. Now when we have abolished it and adopted the working timing prevalent all over India including Ahmedabad, they complain against it. The discomfort suggested is there. But that is everywhere so. If we adopted the timing suggested by them, a number of looms will have to be stopped for want of yarn. I will write to you more if you want to learn everything in detail.

COTTON MILL MANAGER'S LETTER TO  
PYARELAL NAYAR  
(*Gwalior, December 30, 1944*)

I have been directed by Shri Ghanshyamdasji to give you facts in reply to Delhi Textile Mazdoor's letter dated the 14th November to Bapu. The said letter makes out three points:

1. That the wages in our mills at Delhi are lower than that of the Delhi Cloth Mills.
2. That the housing accommodation provided in the mills is not adequate.
3. That C shift should not have been closed.

I reply to these points seriatim:

1. This contention of the Mazdoor Sabha is incorrect. Delhi Cloth Mills may be paying higher wages to certain categories of workers but our wages per unit of production or per thousand spindles or per hundred looms are nowhere lower than those paid by the Delhi Cloth Mills. They may be on a slightly higher side.

In the matter of dearness allowance and bonus, we have linked ourselves with Bombay and whatever dearness allowance is paid by the Bombay mills is also paid by us to our workers. You are perhaps aware that this system was adopted by the Bombay Millowners' representatives, the representatives of the Government of Bombay and the Labour interests. The Bombay system is supposed to be the most equitable system of dearness allowance and bonus in the country and as such though Delhi

is a comparatively cheaper place we linked ourselves to Bombay just to adopt a good system.

2. Previous to the War, we had near-about 450 quarters for our workmen. During the War, we have added another 125 bringing the total to 575. We employ about 3500 workmen and taking into consideration the scarcity of land in Delhi, the great shortage of building materials and various allied difficulties due to the prevalence of numerous controls, I may say that the housing accommodation provided by us to our workers is much better than that provided by the majority of mills in India. Our ambition certainly is to house one day all of our labour in our own buildings but this is an objective which may take time to achieve. I may also state that the rent charged by us is very low compared to the rent prevalent in the vicinity.

3. The C shift was started some time in 1937. The spinning production then was in excess of the weaving production and to consume the entire spinning output this extra shift was commenced. There was great opposition to this from the Delhi Textile Labour Union. Our workers too objected to it. The C shift timings were from 12.30 a.m. to 6.30 a.m. and the workers complained that the time was very odd and it was a troublesome job for the C shift workers to wake up at 12.30 a.m. and go on duty. The workers were assured and C shift stopped. The workers approved of the idea. In order to accommodate this C shift with the other two shifts—A & B—the timings of the A & B shifts were also adjusted in the sense that instead of having two straight shifts of 9 hours each (with recess) two overlapping shifts of 4 hours and 5 hours each were started enabling us to work all the 24 hours in consonance with the provisions of the Factory Act. The new timings for the A & B shifts were also opposed by the workers at the instance of the Delhi Textile Labour Union the argument put forth being that the workers would be put to great inconvenience if they had to work for 5 hours in the first half and then come again for 4 hours after a lapse of 4/5 hours. As there was no other alternative to this arrangement the workers with mutual satisfactory

discussion with the Management agreed to work accordingly. But the workers' grievance was always in our mind and we were ever anxious to give them the desired relief.

During the last few months we have been able to put more looms into commission and have been gradually stopping the C shift and working the additional looms in A & B shifts. At this stage I would like to point out that the labour position in Delhi has been far from satisfactory during this year. It will be interesting to note that there were not sufficient weavers even to run the then existing looms, to say nothing of throwing workers out of employment as alleged by the Mazdoor Sabha. In the usual course it is an admitted fact that in a mill of 800/1000 looms if 25 men return in all the three shifts, it is quite reasonable. It is not peculiar to our mills but such is the case with all the mills. I give below a statement showing the number of workers returned on an average per day from January 1944 to November 1944 monthwise:

January	1944	..	41
February	..	..	13
March	..	..	22
April	..	..	6
May	..	..	6
June	..	..	43
July	..	..	19
August	..	..	1
September	..	..	—
October	..	..	3
November	..	..	9

The above statement clearly shows that except in the two months of January and June there was no surplus labour. In winter months the labour position always remains steady and that is why in the month of January there were 41 returns. Just now also the labour is not surplus and sometimes we have to stop looms in the C shift which is still partly running. From this, I believe you will agree with me that no labour has been thrown out of employment on account of stopping the C shift, first because a part of the C shift labour has been absorbed in A & B shifts and secondly because some of the

workers have either gone home or taken up some other job in the city after absenting themselves from the mills.

About the changing of the timings, I have to say that if we were to work the two overlapping shifts as before, that would have meant our stocking of the spinning production for straight six hours as the Spinning Department is working 24 hours while the loomshed would have worked for 18 hours. That means accumulation of stock for six consecutive hours which is not only impracticable but a source of great inconvenience and confusion both for the management and the workers. In no mills in India does one find two shifts working as overlapping shifts and working for 18 hours. Mills always generally work two straight shifts when running 18 hours. The aim of the Mazdoor Sabha has always been to oppose whatever is being done by us for the smooth working of the mills. It is an admitted fact that if we were to change the timings of A & B shifts after a lapse of one or two years, the Mazdoor Sabha would again grumble for the change of timings. Only the other day the Manager of the mills had a talk with some of the workers who were only too pleased with the stoppage of the C shift and the resumption of straight shifts—A & B. It is not the workers of the mills who grumble about this change but the so-called Mazdoor Sabha who must oppose every move of the mills to keep the Sabha going. I have been given to understand that the application that has been sent to Mahatmaji was got signed under compulsion.



## POSTSCRIPT TO THE PRECEDING ITEM

In addition to what I have said above, the transfer of C shift workers to shifts A & B have increased their basic wages by 50 per cent. inasmuch as they now get the opportunity to work 9 hours instead of 6. In addition to this advantage to C shift workers, the wages of A and B shift workers are also slightly increased as straight shifts always give better efficiency than overlapping shifts.

I may also take this opportunity to explain to you what this Mazdoor Sabha is. For a number of years Chando Bibi posed himself as the champion of labour in Delhi and formed a body called the Delhi Textile Workers' Union. Ajeetdas Gupta was ousted, their Union disbanded, and the present body known as the Mazdoor Sabha came in existence led by the Communist workers under the influence of M. N. Roy and party. Baba Ramachandra Tyagi and one or two more workers, though in the pay of the Communist Party, pose themselves as Congressmen to attract workers to their fold. It may not be out of place here to mention that there is a legally constituted union known as "The Birla Mill Labour Union" of which every worker working in the mills is an *ipso facto* member. The Executive Committee of this Union is elected every year and the elections are keenly contested. Almost all the permanent workers take part in the election. The Executive meets every week and the Mill Management tries to respect as many decisions of this Union as they can. I am sending you under separate registered post a copy of the constitution of this Union,

G. D. BIRLA'S LETTER TO PYARELAL NAYAR  
(New Delhi, January 18, 1945)

I note what you have written to me about some Birla mills that is proposed to be erected in Gwalior State. The position is something like this. When a new mill is erected in the state, the state acquires land from the cultivators under the Land Acquisition Act to whom they give certain compensation and lease out the land to the mills only on the condition that it will be utilised by the mills as long as the mills are constructed on it and after that it will revert to the state. It never becomes the permanent property of the mills. The compensation that is paid to the cultivator is paid by the state itself. I did not know anything about it until I read of some agitation in the papers. On making enquiries I was told by the Manager what the position was. I have got no direct relation in this matter because the compensation is paid by the state and the land is only leased out to the mills on rental basis. Yet I think that the compensation that is being paid by the state is not adequate. I therefore tried to persuade the state to pay better compensation. But meanwhile the Communists started such an agitation against the state and against myself that the state have got prejudiced and they are not prepared to pay better compensation. I was never approached by anyone. In fact in the beginning, before they started the agitation, had I been approached I might have been successful in persuading the state to pay more compensation. Even now I am trying. But by this agitation the situation has become a little complicated.

EXTRACT FROM G. D. BIRLA'S LETTER TO  
PYARELAL NAYAR  
(*New Delhi, January 26, 1945*)

With reference to your letter about the Nagda agriculturists, since Bapu is taking interest, I may send more details. The manager of my mills took up this matter with the Suba, Ujjain, and made the suggestion that the State should pay the following compensation to the agriculturists and that the extra payments to the agriculturists as compared with the fixed schedule of the state will be borne by us:

1. To pay compensation at 40 to 50 times the annual rent for well-irrigated lands to the permanent agriculturists.
2. To pay at the rate of 25 times the annual rent for cultivable land belonging to the permanent agriculturists.
3. To pay at the rate of 10 times the annual rent to the permanent owners of parti land.
4. To pay at only 1 to 2 times to the temporary agriculturists.

I understand that the Suba has sent these recommendations to the Revenue Minister. The Revenue Minister, however, is hesitating to adopt these suggestions—though he incurs no financial liability in its acceptance—because he does not want to create new precedents. He thinks these terms are not just but extravagant. The matter, however, I understand, will now come before the

Executive Council and then it will be decided. I am trying my best to get the decision in favour of these agriculturists and I hope I will succeed.

You write that the just and legitimate interests of the poor should not be jeopardised. I agree. From the very beginning I have been taking a sympathetic interest in their case. They don't know it. Their leaders, on the other hand, have been carrying malicious propaganda against me attributing dishonesty and questioning my motives. I hope I shall succeed in getting the state to accept my suggestion. But to them, the success will be of abuse and malice. Do such events release good or evil forces? This is a petty matter. But big matters are made of smaller ones.

G. D. BIRLA'S TELEGRAM TO GANDHIJI  
(*New Delhi, May 7, 1945*)

HAVE JUST SEEN UNITED PRESS REPORT OF YOUR PRESS STATEMENT ABOUT INDUSTRIAL DELEGATION PROCEEDING TO ENGLAND. LANGUAGE APPEARS MUTILATED BUT YOU ARE REPORTED TO HAVE SUGGESTED THAT WE ARE LIKELY TO ENTER INTO "SHAMEFUL" DEAL IN ENGLAND AND AMERICA. AM VERY MUCH PAINED AND REFUSE TO BELIEVE THAT YOU COULD HAVE GIVEN A PUBLIC EXPRESSION OF DISTRUST IN THE BONA FIDES OF MYSELF TATA AND KASTURBHAI WHOM YOU HAVE SO WELL KNOWN AND THOUGHT THAT WE WERE GOING FOR ENTERING INTO ANY DEAL ON

BEHALF OF INDIA SHAMEFUL OR OTHERWISE. WE ARE INTELLIGENT ENOUGH TO KNOW OUR LIMITATIONS AND WE KNOW THAT WE HAVE NO AUTHORITY TO ENTER EVEN INTO A GOOD DEAL TO SAY NOTHING OF SHAMEFUL INDUSTRIAL DELEGATION IS GOING PURELY AS A NON-OFFICIAL BODY AT ITS OWN EXPENSE WITH ITS OWN SECRETARIAT TO ENGLAND AND AMERICA WITH A VIEW TO MEETING PEOPLE AND STUDY LATEST METHODS OF PRODUCTION AND SCIENTIFIC ACHIEVEMENT. MYSELF AM GOING AT PERSONAL INCONVENIENCE AND WOULD HAVE DROPPED IDEA ALTOGETHER BUT FOR THE FACT THAT A PROMISE ONCE MADE IF NOT WRONG IN PRINCIPLE MUST BE CARRIED OUT. YOUR STATEMENT SURE TO BE CONSTRUED AS STRONG DENUNCIATION OF OUR MOTIVES WHEREAS YOU USUALLY REFRAIN FROM EXPRESSING ANY OPINION WHEN YOU DO NOT KNOW FULL FACTS. AM LEAVING KARACHI FOURTEENTH AND COUNT ON YOUR BLESSING AND PRAYER. LEAVING TOMORROW FOR CALCUTTA.

## G. D. BIRLA'S LETTER TO GANDHIJI

(Karachi, May 8, 1945)

When I arrived here today I found your letter waiting for me. It was a happy augury for me that you released both my telegram and your answer to the Press. Your statement had made me restless. I could not have replied to it through the Press which was why I sent my wire

to you. The publication of my wire and your response have served to remove a lot of misunderstanding. And yet if it has failed to discourage prejudiced criticism, I should worry.

There is no denying the fact that my impending sojourn abroad has caused much misapprehension which it is necessary for me to remove. When you were in jail a number of experts had been invited to visit India to explore the ways and means of increasing the nation's productive capacity. Along with them came the Roger Mission. I issued a public statement challenging the wisdom of resorting to such cheap tactics which were quite costly in terms of the tax-payers' money. I said in effect that if an increase in our productive capacity was what was intended, are we so bankrupt in our own capacity to devise ways to achieve that end? The Government was not extending co-operation to us, it was issuing no passports, it was not allowing us to have tickets; it was providing us with no dollars which would enable us to bring back to India our knowledge of what we would see and hear in regard to the newest technological advances and scientific know-how. I asked, why? On the one hand the Government was not permitting us to go abroad. On the other hand it was encumbering us with the exorbitant cost of foreign experts' visits which had then become a regular feature of official activity in this respect. This, I had said then, must be put a stop to.

Thereafter came the Viceroy's statement to the effect that the Government would certainly invite some distinguished people to go abroad. I was one of those thus invited and was asked if I would care to go. I said, "Yes, certainly." There was some political motive, too, behind my decision to accept the invitation. But then came your release and I lost interest in any such visit abroad. But as it was I who had originally raised the issue and since the Government had chosen to act on my suggestion it became my duty not to shirk my responsibility as I had accepted the Government's invitation. In fact, I did try to wriggle out of my commitment but without the

Viceroy's express sanction it would have appeared to be an unseemly conduct on my part to abstain from undertaking such a visit.

How did the idea of our placing any orders happen to enter your mind? I myself do not know. Would these Britishers relish the idea of our going to America as well for this purpose? Besides, it would be a superfluous effort on the part of any one of us to go all the way to England for the purpose of placing orders when the hostels here are packed to capacity with those who are here to book our orders. And those who do place orders do so even as it is. And if somebody wants to expand his productive capacity there is nothing wrong about his placing orders for capital goods inasmuch as it is in our own interest. In order to meet the challenge of the present shortages it is absolutely necessary for us to add to our existing capacity in order to produce more. But it is not at all necessary to go to foreign countries for this purpose, nor is any one of us going for this purpose alone. But if by orders you had meant orders for some public undertaking(s), it should have been taken for granted that those of us who are going are not the sort of people to be taken in by anybody. It would be a matter of regret if after so much experience of these top-ranking businessmen you should ever entertain any such notion about us. You may not even suspect, but your statement had vitiated the atmosphere, though it also did some good. The good it has done lies in the fact that those of us who had hitherto been weakened will now grow more cautious. It has also lent strength to men like me. This is a concrete gain. But the harm comes from the fact that in present-day India our internal dissensions and divisions have reached the danger point. Of late this process of mutual dissensions has received a fresh impetus. We suspect each other's motives; we level charges against each other. This is injurious to our vital interests. First, there are divisions enough to begin with; then there are sub-divisions among classes. These divisions do not spring from any sort of ideological conviction but gather momentum

to you. The publication of my wire and your response have served to remove a lot of misunderstanding. And yet if it has failed to discourage prejudiced criticism, I should worry.

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from their mutual jealousies and prejudices, from our tendency to suspect motives. This does not augur well for our national well-being. Even if we manage to secure Home Rule our mutual dissensions will make it impossible for us to concentrate on any constructive programme. The only liberal commentary it is possible for me to make of your non-violence is that ultimately out of these anti-theses will emerge an all-sweeping synthesis.

Rest assured I am going to give Tata a good dressing down since some of his utterances have earned my disapprobation and now that I am armed with your clarification I feel still more self-confident of my ability to do so. But please believe me when I say that he is a genuine article and you cannot afford to do without him. I am sure that in discarding him it is you who will be the loser. That is why I have insisted on his coming along with me.

When we return, all of us will jointly pay our respects to you.

I have already sent you a wire about the Dinshaw matter.

May I ever enjoy your blessings that I should never be a source of mental disquiet to you.

G. D. BIRLA'S LETTER TO PYARELAL NAYAR

(*Calcutta, December 10, 1945*)

I understand from Shyamlal's letter to Bapu that besides reducing his pay by Rs. 100 he proposes to reduce now another Rs. 50. I don't think we should encourage people reducing their pay in this fashion. This must lead

to lower standards of living and unnecessary hardship. He is actuated by the best of motives, but I don't think he is being practical in taking such a step. In fact, this might lead to reaction on his mind after a period when he may regret what he has done. This may lead to unnecessary discontent. I, therefore, have written this to convey my views to Bapu.

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PYARELAL NAYAR'S LETTER TO G. D. BIRLA  
(*New Delhi, May 14, 1946*)

I am sorry to have to say that the arrangement which you had made for a car being at my disposal became irregular and was finally discontinued in anticipation of Bapu's arrival. I had a talk with Poddarji over the phone and sent him a couple of notes too to explain my difficulty. But the car did not turn up last evening nor today. The result was that my arrangement with Bapu for the despatch of *Harijan* matter which rested on the assumption of a car being available utterly broke down and the packet of *Harijan* matter which arrived this morning is lying on my hands.

I hate to have to bring these facts to your notice. But the cavalier way in which instructions are treated by agents the moment Bapu's or your back is turned very often leaves a bad taste in the mouth and provides an excuse for a lot of obnoxious propaganda that is being made.

G. D. BIRLA'S LETTER TO PYARELAL NAYAR  
(*Calcutta, May 15, 1946*)

I was awfully sorry to read the contents of your letter dated 14th. My agents or employees do not behave generally in the manner you have experienced. Evidently this has been an exception and I am shocked. Please rest assured that unless there is some satisfactory explanation, I am going to be very hard with my men. I do not tolerate any inefficiency in my firm and I am going to say something nasty to the officer responsible. At the same time I must offer you my apology for the inconvenience. The Manager in the Delhi mills is not one of the old lots and perhaps he is not as considerate as one ought to be regarding the convenience of other people. This is the first time in my life that I have received a complaint from a guest against my management. And this will help preventing any such thing in the future.

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PYARELAL NAYAR'S LETTER TO G. D. BIRLA  
(*New Delhi, May 26, 1946*)

Bapu wanted me to read out the enclosed to you on the telephone so that you might be able to look into the matter referred to in it and take necessary action. I, however, felt that it would be more convenient to send a copy of it to you instead. If there is anything you want me to tell Bapu, do please let me know.

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ENCLOSURE TO THE PRECEDING ITEM  
(The letter is addressed to M. K. Gandhi by  
Ashutosh Panda, Satyavadi Bhandar,  
Brahman Bhagat)  
(*Sambalpur, Orissa, March 29, 1946*)

It is with a painful heart that I lay the following facts for your information and kind consideration.

1. That the Orient Paper Mill at Brajrajnagar on the Ib river is the cause of great nuisance to the villages

that are situated on both banks of the said river. The filthy water that is discharged from the mill into the river thoroughly poisons the water thereof and is a terrible cause of ill health to the people using it. The people who are using the water are numerous and in my modest calculation, it concerns the life and health of not less than 50,000 people. The nuisance also extends to the Mahanadi and persons using the water of the same are also affected by it.

2. There have lately been various complaints of indefinable diseases as the result of the use of the poisonous water and it is my firm belief that if some steps are not taken immediately to stop the discharge of the poisonous water into the river, a very considerable number of people will soon fall a prey to many kinds of diseases. The local medical experts also opine as I have stated and the people of this locality have also protested against the discharge of the poisonous water into the Ib. But the company has turned a deaf ear to it as the local authorities concerned are, somehow, silent over the matter.

3. It is now with the greatest hope and knowing you to be the friend of the poor I seek redress at your hands. And I do believe the people concerned deserve this little sympathy from you. Mr. B. M. Birla is the managing proprietor of the mill and a word from you to him will go a great way to relieve the poor people from the clutches of innumerable obnoxious diseases.

Hoping that you will see your way to move in the matter which is so immediate and necessary.

EXTRACT FROM G. D. BIRLA'S LETTER TO  
PYARELAL NAYAR  
(*Calcutta, January 18, 1947*)

There are strikes everywhere. About a lakh of workers are on strike in Cawnpore where we had firing. Collieries have been given notice and a big strike is expected to take place in a few days. There is a coal shortage and many factories are likely to close down. Expenditure is going up. The pay of the Government employees will have to be increased very shortly which will incur an expenditure of nearly 20 to 30 crores. Teachers in Delhi are on strike. Everybody wants higher wages and less work. On the other hand, the administration which was top heavy during the war is still heavier now. I am told that in place of 5000 clerks in the Delhi secretariat before the war, there are now 50,000. Nobody dare retrench the expenditure because this will mean unpopularity.

Meanwhile, the Press is full of speeches and interviews and articles by the leaders. But all this does not produce an ounce of more food or an inch of more cloth. The whole economic structure seems to be collapsing. But perhaps I am taking a more alarmist view because I see the things ahead. They are not all rosy.

But I am sure of one thing. All our statesmen and politicians are giving greater weight to politics than to economics. And I feel that economics will be the real test of efficiency of our own Government. The country needs freedom no doubt, but along with it, it also needs more education, more cloth, more food, better sanitation, better

health and better houses. Except for talk and paper plans nothing is happening in this direction. So one cannot help being a bit pessimistic.

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EXTRACT FROM PYARELAL NAYAR'S LETTER  
TO G. D. BIRLA  
(*Noakhali Dist., October 9, 1947*)

I am enclosing herewith the outline of an experiment which I had conducted with considerable success. It has since been published in *Harijan* by Bapu with a footnote commending it. The Bengal Central Relief Committee sanctioned about a month back an amount of Rs. 5,000 for it. But I had to suspend the scheme in the meantime owing to the lifting of control over cocoanut oil which brought down the price of cocoanut oil in East Bengal. At the same time the price of cocoanut has rocketed up as it always does in this season, and it will be two or three months before it again comes down to an economical level. In the meantime acute food crisis has arisen here and my little flock of about five hundred families spread over six or seven villages in which I am operating, who have weathered many a storm with me and are determined to do or die rather than play the coward or flee, are faced with starvation unless I can resume cocoanut oil production as a famine relief measure. Three things are necessary for this, (1) rice at control price, (2) subsidy to the maximum tune of Re. 1 per seer of oil produced during the deficit mentioned above, (3) help, purely as a labour of love, of a distributing agency for disposing of the stock of oil

without adulteration. As regards (1) the D.M. of Noakhali has promised fifty maunds of rice and I have requested Shri Bardoloi for two wagons of the same. With regard to (2) Nripen Babu has promised to shoulder the burden but I wonder how far his limited resources will allow it. Could you help? As regards, (3) Shri Bardoloi has asked Messrs Chandmal Saragi and Messrs Himmat-singhka whether they cannot take it up. You have a network of agencies in East Bengal as well as elsewhere in India. Could they not also do the same? My total production, when it gets into full swing, would amount to about 10 to 15 maunds per week. What I would like is to make delivery of oil to the distributing agencies against cash payment and there my job should end. Distributing agencies must look to the rest. My only condition is that they must guarantee that no adulteration of the product will be allowed to take place. I am jealous about the quality of our product. The District Magistrate of Noakhali has promised to get me facility over East Bengal Railways for booking oil by passenger train and the Assam Government will most probably do the same. The price of Rs. 4 mentioned by me is as per ex-co-operative society's godown at Bhatialpur.

The market price of imported, heavily adulterated copra oil is from Rs. 3 to 3-8-0 per seer in East Bengal. Ours will be guaranteed to be pure and fresh — each tin bearing on it the date of filling. In the fresh state it is fragrant delicacy and can be used with advantage in the place of bazar ghee or Dalda. It will not keep fresh for more than three months. For that it must be processed, i.e. made inert by the precipitation of natural proteins along with other vital elements, which would be nothing short of desecration of sacred human labour which has produced it.



G. D. BIRLA'S LETTER TO PYARELAL NAYAR  
(*New Delhi, October 30, 1947*)

I did not reply to the points raised in your letter of the 9th October because I wanted to have a discussion with some of my Calcutta friends. Subsequently, I happened to have a talk with them and they told me that to think of a subsidy of Rs. 40 per maund could never be a practical proposition. The price of oil itself would be anything like 50 to 60 per maund and to give subsidy of Rs. 40 per md. means that your cost of production should be abnormally high. With such high cost, I don't think you can carry on this business for long. This is what I have been told.

I find from your letter that your production would be about 15 maunds per week. A subsidy at the rate of 40 per maund means a loss of 2,500 per maund and 30,000 in a year. You will see therefore that basically there is something wrong with this proposition which requires nearly 79 per cent subsidy on the products.

I have not got any agency in East Bengal now. We have more or less stopped business in the Pakistan area. Even when we used to purchase jute, it was only at two or three places.

## ABOUT THE BOOK

This book is compiled from the four-volume *Bapu — A Unique Association*, which the Bhavan had published earlier. The need for a comprehensive selection focusing mainly on economic issues was voiced in many quarters. The views of men of vision like Mahatma Gandhi and Shri G. D. Birla do have significance beyond mere contemporary issues and immediate controversies. The relevance of their views to our own disturbed times is the *raison d'etre* for this volume.

Gandhiji's economic views were informed by idealism and Birlaji's by pragmatism. Gandhiji had much of the pristine simplicity in his approach to wealth. Like Aristotle, he maintained that the necessities of life constitute true wealth; and nothing is wealth if it is not made for use. When applied to an industrial society — which was a reality even in Gandhiji's times — this theory will be seen leading easily to the concept of trusteeship. Birlaji, the pragmatist, is as candid as he is astute and has different views on the problem.

The issues raised and discussed in these letters are of topical interest and of great relevance to the problems of our own times.

There is also a deeper import to the title of the book: *Towards Swadeshi*. Implicit in it is the exhortation to find Indian solutions to Indian problems.