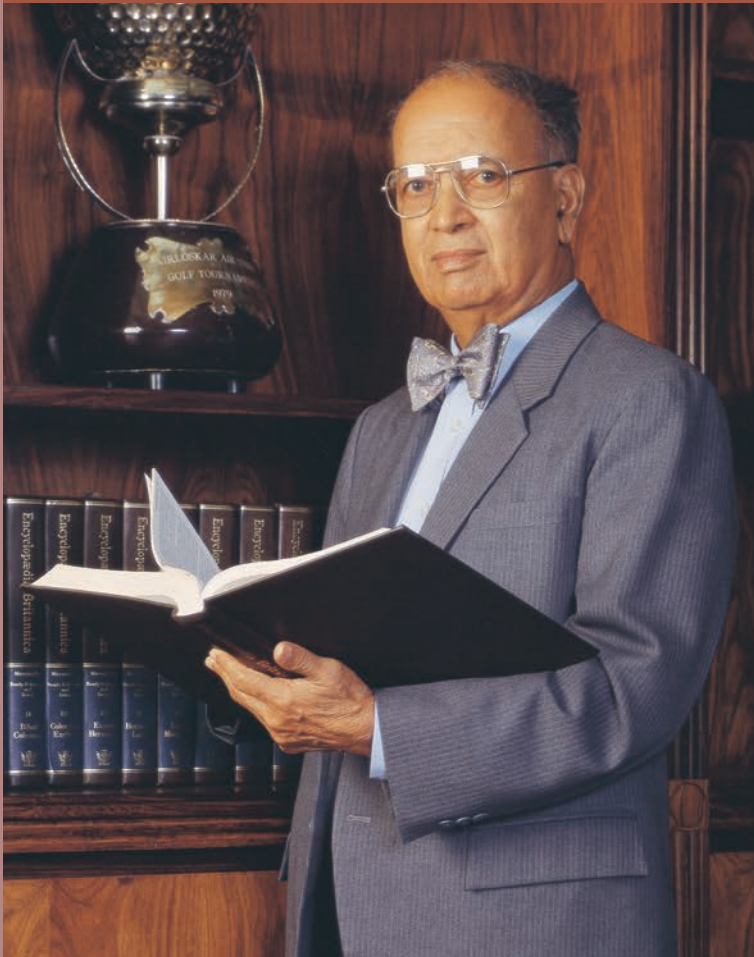




# Cactus & Roses

- An Autobiography  
S.L.Kirloskar



Special Birth Centenary Edition

I have immense pleasure in presenting you *Cactus & Roses*,  
my grandfather's autobiography.

This book has always been a great source of inspiration to me.

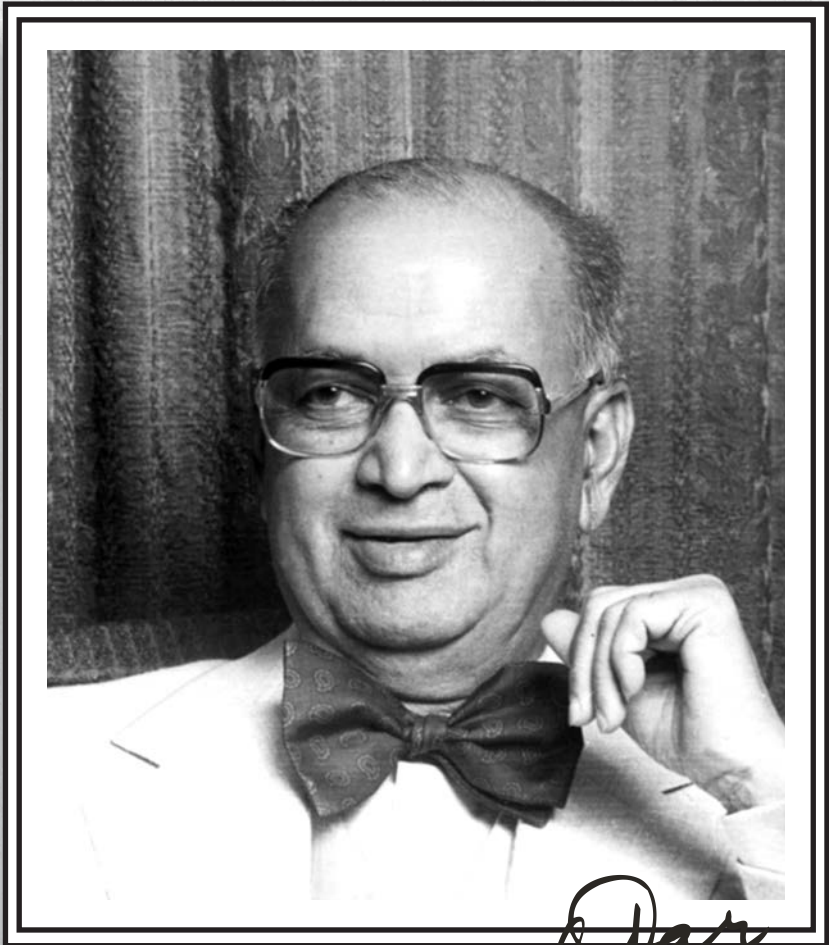
And what better time to bring it to you, than the Birth

Centenary year of Shri S. L. Kirloskar, the man who believed in  
making a difference. To the nation. And to the lives of people.

I'm sure, you will find it just as valuable as I have.

A handwritten signature in black ink, appearing to read 'Atul Kirloskar', with a stylized, cursive script.

Atul Kirloskar



*D. D. Kintor*

# Cactus & Roses

- An Autobiography

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- An Autobiography

S L Kirloskar







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## **PREFACE**

I can fairly claim to have lived through tumultuous times. When I was born, man was just learning how to fly. The ‘air age’, which then opened, has given us much more than faster travel; it has brought about changes with bewildering swiftness—political, social, economic and technological. It was my good fortune, as I see it, to have lived through those changes, to have experienced their effects upon my life, work and thinking, and perhaps to have made my own small contribution to their development.

This thought leads me to explain that my book, in case it should be found to differ from the regular pattern of autobiographies, should be regarded rather as an account of how I reacted to the times through which I lived. Chronological sequence has been broadly followed, but modified when deemed necessary in favour of the grouping together of similar ideas and topics. I have presented the story of the work which I felt called upon to do, the problems I faced, the solutions I found, the progress I was able to achieve, and my encounters with the many who assisted me in my work—as well as the comparatively few who sought to hinder it.

My book does not aim at presenting a record of the widespread Kirloskar Group with its activities ranging from oil engines to electric motors, from machine tools to tractors, from hotels to consultancy services. Although I have mentioned most of the members of the Group, dealing in more detail with such points and problems as were common to all or many of them, there remains much more to be told of them than could possibly come within the scope of a book. If I have necessarily devoted more space to those enterprises with which I was more closely associated, this is not to forget or underrate the tremendous contribution of the rest.

The same explanation holds good in the case of the many individuals, from my relatives and business friends to my colleagues and fellow workers, who have extended a helping hand to the plans I set in motion. I have frequently referred to my parents and my two uncles because they greatly inspired me. I found in my three brothers—Rajaram, Prabhakar and Ravi—and in my other colleagues Shambhuanna Jambhekar, Anantrao Phalnikar and my two cousins Shankarbhai Kirloskar and Nana Gurjar, a group who not only shared my thoughts but devoted themselves fully to the Kirloskar Organization. My friend and counsellor Lala Shri Ram, helpful statesmen like Shri. T. T. Krishnamachari and Shri. Manubhai Shah also deserves special mention. But there remain hundreds of others, including senior and junior officers in the Kirloskar Group, whose names I have no space to mention even though their loyal contribution to my work deserves the most grateful recognition.

This is perhaps the place to mention Sarvashri Narayan Puranik, Thomas Gay and Mukundrao Kirloskar. If this book now sees the light of the day, it is due to the great pains taken by them. I offer my sincere thanks to them for drafting, editing and producing this book.

My life, as will be seen, falls broadly into two parts—the years before Independence and the years following it. In the first part I was battling the problems, which India faced due to her long political and economic domination by a highly industrialised and politically organized country like Britain. The second part began in an atmosphere full of hope that our own government would establish a golden age for Indian industry and the country as a whole.

I do not intend to overlook the many enlightened and co-operative measures taken by our government, and trust that I have done justice to them. However, the extent to which our first hopes were dashed is a matter of common knowledge, which this book tries to describe, analyse and account for. Finding myself pushed forward more and more to the position of a leader and a champion of Indian industry, I was obliged to criticise and advise our government from many platforms. Therefore, I have included many extracts from my speeches, from press comments, and from the press conferences, which I addressed at various times.

My adverse criticism of the government, related to two main points – (1) Mistaken ideology which took insufficient notice of economic realities, (2) Inordinate delays which wasted precious resources, caused enormous losses in production, and sometimes doubled the cost of essential schemes. As an engineer, I call each part of a machine by its rightful name; and it should surprise no one if, as an economic or political critic, I call a spade a spade. But the bluntness of my criticism has sprung from a sincere wish to help our country, its citizens and their varied activities, and the government we have elected to guide and direct us. Never have I aimed at hurting any man in his individual or private capacity.

As I look around me, I am filled with surprise and pleasure at the large number of young men and women striving in their

small business ventures to achieve something positive in their lives. This was particularly the case when I visited the recent IMTEX-82 held in Bombay. These young industrialists displayed not only an enterprising spirit but also the required skills to make their ventures successful; in spite of the discouraging climate and disobliging attitudes, which surround them.

The sight of these bold and skilful adventurers carry me back to more than fifty years; back to the desperate struggle waged by me and my colleagues against the Great Economic Depression, in the face of the prejudices against Indian manufactures, and in competition with the solidly entrenched British firms. These fifty years have seen changes whose rapidity has vastly increased since our independence, and the young entrepreneur of today is mercifully free from many of the disabilities and handicaps which came close to overwhelming us in the Thirties and Forties. Yet the need for sustained and devoted effort is still there and will always be there. This is the thought, which I commend to all those young industrialists who may pick up this book.

If the story of my struggle to do my best, as I saw it, for my country and for Indian Industry in particular, should inspire the younger generations to work with dedication, undismayed by difficulties, and to begin where I left off; if it should move those in authority to make the road smoother for them than it was sometimes made for me; I shall feel amply justified and rewarded for having written this book.

28th May 1982  
5, Lakaki  
Shivajinagar  
Poona 411 016



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## 1. THE KIRLOSKARS; MY BIRTH

By the end of the nineteenth century, the Karhade Brahmin family of the Kirloskars was scattered over the southern portion of the then Bombay Presidency. My father Laxmanrao and his eldest brother Ramchandrarao – my uncle Ramuanna – ran their bicycle works in Belgaum (now in the State of Karnataka). The second brother, Vasudevrao, was practising as a doctor at Solapur (State of Maharashtra) and my father's cousin (my *Uncle* Gangadharrao) was in the Medical College at Bombay.

Despite being large and dispersed, the family was closely knit. My father and his brothers had accepted some family responsibility suitable to their capacity and situation. All sick members and expectant Kirloskar mothers were committed to the care of Dr. Vasudevrao at Solapur. Uncle Ramuanna was responsible for the early education of all Kirloskar children, while their higher education and employment were the concern of my father. Help was at hand for any member of the family whenever needed.

My mother, Radhabai, had been married for many years without achieving the joy of motherhood. Being a deeply devout lady, she consulted certain saintly brahmins, who advised her to perform some special ceremonies of worship and to observe a rigid discipline. She followed their instructions faithfully and was soon rewarded by a dream of remarkable vividness in which she saw a chilled and starving little girl, who implored her help. In her dream she comforted the child, fed and clothed her and sent her safely back to her parents.

When my mother awoke in the morning, she remembered the dream as clearly as if it had been an actual experience. Feeling sure that her dream had a message for her, she went to a priest and recounted it to him. The learned man consulted many books and interpreted the dream which according to him, was a message God had sent my mother. He asked her to perform *pooja* every night of the *Navratri* which precede the big Hindu festival of *Dassera* (the 10th day of the month *Ashwin*).

My mother followed this advice. She invited a little girl on each of the nine nights. After the *pooja*, my mother would feed the girl, give her a new skirt and blouse and send her home. A few months later my mother conceived. As the time

for her confinement approached, my father naturally sent her to his brother Dr. Vasudevrao. Thus it came about that I was born on the 28th of May 1903 at Solapur. My mother's pious heart overflowed with happiness. She was convinced that God had heard her prayers and had sent me to her as his special gift. Thereafter, she gave birth to four more children, my brothers Rajaram, Prabhakar and Ravindra and my sister Prabhavati.

My parents were universally popular and I was a much-cared-for baby. My special devotee was Ganga, recently married to my cousin Shambhu Jambhekar. In the diary which she kept, Ganga *Vahini*\* has noted that at eight months, I was healthy looking with well-developed limbs but no bridge to my nose. This strong mutual affection with this good lady of loving heart and a robust sense of humour I preserved until her death in 1975.

The missing nose-bridge constructed itself in due course, but meanwhile, I proved to be a source of great anxiety to my mother on account of my delayed power of speech. I could not articulate even a few words clearly till I was almost three. Mother was worried to death thinking, that there was something wrong with my tongue. In her anxiety, she once more sought heavenly help with fervent prayers and *poojas*. She also consulted certain holy men who advised her to perform certain *poojas* and rub some specific herbs on my tongue. She did so for almost one year. Whether the magic herbs worked or not, by the time I was four, I was speaking several words clearly – an achievement which only fortified my mother's belief that this was yet another generous gift from God to her.

\* "*Vahini*" is the affectionate term of address for one's brother's wife.

My father, then struggling to establish his modest bicycle and tool factory at Belgaum, fully shared my mother's pride in obtaining a son. He did not, however, join her in attributing this to divine intervention. All through their married life, which was otherwise singularly harmonious and united, there remained this one point of difference : Laxmanrao could never share Radhabai's deep and unquestioning faith in God.

And now it is time to set aside my struggle to grow a bridge for my nose and stutter my first words, and say something about the background of this remarkable man, to whom Industry in Maharashtra, India and even the outside world, owes so much.

•••





## 2. LAXMANRAO'S LIFE IN BOMBAY

My father Laxmanrao was the youngest of three sons and two daughters. In addition to his own five children, my grandfather Kashinathpant had to look after two of his brother's – a son, (my *Uncle* Gangadharrao) and a daughter.

When my father was three years old, his mother died, leaving grandfather Kashinathpant to cook for the children, clothe and educate them while also working ten hours a day for his meagre salary of some twelve rupees a month.

My grandfather wanted his sons and his nephew to be

well educated. Uncle Ramuanna had passed his Matriculation examination and got a job as a teacher. Uncle Vasudevrao completed medicine from Grant Medical College, Bombay, and set up practice at Solapur. Uncle Gangadharrao, after qualifying as a doctor, settled down in Hyderabad, now in the state of Andhra Pradesh.

Not so my father! As determined in spirit as he was frail in body, Laxmanrao's failure to master the three R's must be laid at the door of his devotion to two hobbies. The first of these was to take apart any mechanical object that he came across and reason out how and why it worked. The second was to paint. He would draw or paint with anything he could lay his hands on – chalks, water colours, even pieces of charcoal.

When he was fifteen, he informed my grandfather that he wanted to give up school, go to Bombay and join the Jamshedji Jeejibhoy School of Arts to learn painting. My outraged grandfather refused to consent. He warned his youngest son that no painter could earn enough to maintain himself and a family.

These warnings went unheeded as Laxmanrao appealed to his eldest brother, who cherished a strong affection for him. Ramuanna intervened and persuaded my grandfather to let the lad go to Bombay, promising that he himself would send the money to maintain him there. With great reluctance, my grandfather gave his permission and in 1885, Laxmanrao found himself in Bombay.

He studied painting for two years, but was forced to give it up when he was found to be partially colour-blind. Overcoming his disappointment at this setback, my father gave up painting but continued to study Mechanical Drawing at the J. J. School of Arts.

Conscious of the financial burden that his father and brother Ramuanna were bearing, Laxmanrao now began to look for a job. Soon after he had completed his final year at the Arts School, his eye fell on an advertisement in a newspaper: Bombay's new and prestigious Victoria Jubilee Technical Institute (VJTI) was looking for a teacher in Mechanical Drawing.

He applied for the post and was called for an interview before the Principal Mr. J. P. Phythian. "You look pretty young for a teacher," observed this gentleman; "however, take these two drawings, copy them and let's see what sort of a job you make of them." My father made such a good job of them that the Principal was highly impressed and straightaway appointed the young man as an Assistant Teacher of Mechanical Drawing on a salary of Rs. 45 per month.

Laxmanrao proved he was as good a teacher as he had been a student. While at the Institute, he regularly and attentively read *American Machinist*, *Scientific American* and *Foundry* (another American publication) subscribing to all of them as soon as he had saved enough money. He worked in the Institute's workshop, which was well equipped with the newest machines, all of which he learnt to install, operate, repair, dismantle and reassemble. Next, he started accepting jobs like making copies of machine drawings, installing machines and repairing them. His income grew and he found himself able to help his father repay the debts he had incurred to finance the education of his children.

Mr. Phythian found my father's progress so satisfactory that he appointed him to teach 'Steam' and before long Laxmanrao's students were calling him 'Professor Kirloskar'.

According to accepted patterns of thinking, my father

was now ripe to enter the second stage of the Hindu fourfold path, to put bachelorhood behind him and become a 'householder'. His bride, was of course, to be chosen for him by the elders of his family. Their choice was the younger daughter of a sonless widow whose elder daughter was already settled in life. 'Professor Kirloskar' was summoned to Dharwar, where our family was then living, in order to wed the bride selected for him. The year was 1889.

The girl was young and pretty and Laxmanrao was happy with his elders' choice. Not so, the girl's mother, who had definite ideas about the kind of son-in-law she wanted. She visualised a young man of 'good station', which in those days, meant either a rich landlord or an officer (in service of the British Government.) Laxmanrao was neither. Born in a poor family, he took pride in describing himself as a *ghisadi* – a blacksmith. He could not give his future mother-in-law any hope that he might change his profession. The marriage being already settled, the socially ambitious lady had to swallow her disappointment and make the best of her 'blacksmith' son-in-law.

After returning to Bombay with his young wife, my father took on several jobs in addition to teaching at the Institute. He hankered after a small manufacturing business of his own, but he had neither the money in his pocket nor a fairy god-mother to help him. Two attempts failed—one was making shirt-buttons, the other was making the small paper packets which chemists and doctors then used for pills and ointments. His friends were convinced of his ability and some even helped him with small loans, but he never had enough money to establish himself.

One day, my father saw a Parsi gentleman riding a bicycle in a Bombay street. Fascinated by the novelty of this

vehicle, he made inquiries and learned that a bicycle was priced between 700 and 1000 rupees depending on the make. He learnt to ride a bicycle and at the same time sent an enthusiastic letter to Ramuanna who was then living in Belgaum. Stimulated by this letter, Ramuanna made inquiries and presently sent back word that the rich men living in and around Belgaum were eager to buy bicycles. My father started buying bicycles in Bombay and sending them to Belgaum, where Ramuanna sold them, also teaching the purchasers to ride them at a fee of fifteen rupees.

The new business grew. My father printed letterheads in the name of 'Kirloskar Brothers' and secured from the bicycle manufacturers in UK the dealership for Belgaum. With increasing sales, Kirloskar Brothers brought out a catalogue.

Let us now return to Bombay, where in 1897, my father was passed over for promotion at the Institute in favour of an Anglo-Indian. How often do important and far-reaching developments owe their origin to relatively trivial causes such as my father's blood being undilutedly Indian! Had Laxmanrao been given the promotion that was his by right of merit and experience, the whole course of Maharashtra's industry would have run along different lines – in some degree, perhaps, not run at all.

Fully conscious of not getting his appropriate due and spurred both by his hatred of injustice and his faith that an Indian ancestry was in no way inferior to any other, my father resigned his job, joined Ramuanna at Belgaum and took over the management of the bicycle shop.

It was one more turning point in his life.

•••



### 3. EARLY STRUGGLES AT BELGAUM

The bicycle shop did good business for a few years, but by the time my father took over, sales were already declining. He had to find other jobs to earn enough money to support our family as well as to keep the business going.

Laxmanrao and Ramuanna looked around for something that they could sell. They knew the rich landowners, the rulers of Princely States and most of the Europeans in the area. While talking with them, my father realised that those who bought bicycles would also buy windmills and for the same

reason. Windmills were as much a 'status symbol' as bicycles, and of course, much more conspicuous. Both were expensive. The windmill owners were few and most of them were Europeans. In those days, whatever the European owned, the rich Indian had to own too. If Mr. Jones had a bicycle or a windmill, Mr. Jain had to have the same.

After obtaining his first order, my father wrote to Samson Windmills of the USA and secured their selling agency. Kirloskar Brothers went on a vigorous sales drive and sold so many windmills in one year that the manufacturers expressed their appreciation by presenting them with a windmill, which Ramuanna installed over our well at Belgaum.

Well aware that this boom in high-priced articles like windmills could not last, my father started taking any work he could find. He made steel furniture for the Veterinary Hospital at Belgaum, constructed door and window frames for builders and carried out some electroplating for the temple of the family deity of the Raja of the State of Aundh\*. This last job was entrusted to him by the ruler's son, Balasaheb Pant Pratinidhi, who was an old friend. He had met Laxmanrao in Bombay when Balasaheb was a law student and my father was teaching at the VJTI. Balasaheb, who respected him for his ability, always addressed him as 'Master'.

The quality of the electroplating work so pleased Shrinivasrao Pant Pratinidhi, Rajasaheb of Aundh, that he entrusted my father with the construction of an assembly hall adjoining the temple. Father accepted the job. He asked for and received 17,000 rupees as an advance for purchasing and transporting building materials to Aundh.

\* A small princely State between the British Districts of Satara and Solapur.

It was now 1901, and my parents left Belgaum to live at Aundh, where my father started the construction of the hall. Scarcely was the foundation work completed, when the aged Rajasaheb's death set off a series of bitterly contested succession disputes. There being now no competent authority to make payments for the construction, my father was advised to stop the work even though he had invested a large amount in it. He accordingly brought the work to a halt and my parents returned to Belgaum.

It now occurred to my father that he could earn a steady income only by making his own products which he could sell.

My father and Uncle Ramuanna still subscribed to *American Machinist*, *Scientific American* and *Foundry* which Ramuanna meticulously filed and indexed. Kirloskar Brothers also received mail-order catalogues from the USA.

In one of these catalogues, an illustration of a fodder-cutter caught my father's eye. The description said that the cutter would chop fodder into fine bits, including the stems and roots which cattle normally reject. After cutting, the advertisement said that the fodder should be sprinkled with salt water. This would make it a wet and salty feed which the cattle would relish, while at the same time the owner's costs would be reduced.

If this claim was true, thought my father, the fodder-cutter would have a good sales potential among Indian farmers, who would find it advantageous and economical. He ordered one and tested it. Finding that it worked well and fulfilled the claims made for it, my father decided to copy it.

He built a small hut as an extension to his shop, bought a few tools and fixtures and started to make fodder-cutters,

buying the castings for them from Bombay. He advertised in the newspapers, describing his fodder-cutters in a language which any literate farmer could understand. This fodder-cutter of 1901 was the first Kirloskar product. Sales were slow at first, but when they picked up, my father bought an engine (2 ½ hp), a small lathe, a drilling machine and a small emery grinder, all of which he installed in the hut.

By now, the Kirloskar fodder-cutters were selling well and my father realised that an agricultural country like India could develop into a vast market for farm implements. Encouraged by the farmers' response to his fodder-cutter, he decided to make an iron plough, for which his American magazines yielded the required technical information. He bought some more equipments, started a small iron foundry, and in 1904, made his first six ploughs. For nearly two years, however, these remained unsold.

So there we find Laxmanrao Kirloskar with all his investment locked up in machines, foundry equipment and tools, with unsold stocks and with all the loss incurred due to that unfinished construction work which he had been forced to stop at Aundh. Such was the crisis through which the young entrepreneur was passing, when my arrival brought him the pride of fatherhood. Unfortunately for him, he could not share his wife's shining faith that this was only the beginning of God's mercies to him and his family.

•••



#### 4. FINAL STRUGGLES AT BELGAUM

In the event, my mother's faith was justified. It was, she doubtlessly felt, an answer to her prayers and *poojas* that the Diwan (Administrator) of Aundh State, Jacob Bapuji, wrote a letter to my father.

This letter brought the happy news that the funds sanctioned by the late Rajasaheb and frozen at his death, had now been released and that my father could proceed to complete the construction work, which he had had to suspend in 1901. Not only had Jacob Bapuji been largely instrumental

in getting that money released, but with his unrivalled knowledge of the little State and its ruling family, he was presently able to secure the Government of India's approval to the succession of my father's old friend Balasaheb as Raja of Aundh.

On receipt of Jacob Bapuji's letter, we left Belgaum and went back to Aundh. It was during our stay there, in 1906, that my brother Rajaram was born. Here, let me say a word about this able Jew, who was one of the tiny Bene Israel community living in western Maharashtra, where they farm land and distinguish themselves in Government service, speaking Marathi and English with equal fluency.

Jacob Bapuji was a fairly senior officer of the Bombay Government, whose services had been lent to Aundh State as an Administrator. He and his family, like the upper-class Christians, Anglo-Indians and Parsees of those days, followed Western styles and manners in their daily life. His children, with whom I used to play, addressed their parents as 'Pappa' and 'Mamma'. I liked the sound of these names, which I now began to use towards my own parents. (This, incidentally, is the origin of the affectionately respectful 'Papa' and 'Mama' – pronounced according to the speaker's own Indian language – by which my parents soon came to be called by one and all and by which they are still lovingly remembered).

On completing the construction of the hall, Papa (as I shall henceforth call him) was paid the agreed amount which netted him a clear profit in spite of the unfortunate delays. At the end of 1906, he took us all back to Belgaum. The cycle shop having been sold in 1903, Kirloskar Brothers now concentrated on making farm implements. In this business, Ramuanna's lifelong habit of keeping careful records proved the most useful supplement to Papa's manual labours.

Papa was naturally worried about the six unsold ploughs, which he had made two years earlier. Soon after returning from Aundh, however, he had a stroke of luck. One day a man walked into the small factory of Kirloskar Brothers, introducing himself as 'Mr. Joshi', a prosperous farmer from the adjoining district of Satara. He inquired about the ploughs which my father had made. Papa showed him the six ploughs, frankly telling him that they had remained unsold for two years. Mr. Joshi willingly bought all six ploughs, paid for them in cash and told Papa that after using them he would report on their quality. "If your ploughs are good," he promised, "I will tell other farmers to buy them."

In due course, Mr. Joshi sent the promised report. His verdict was that while Kirloskar ploughs were good in every other respect, the tips of the shares wore out faster than those of British plough-shares. Papa wanted to verify this for himself. He bought a couple of British-made plough-shares, put them on an anvil and hammered them to pieces, after which he inspected the tips. As Mr. Joshi had reported, these were longer-wearing than his own. He and Ramuanna now consulted their files of *Foundry* and discovered the chilling (a mealing) process which hardened the tips. Papa chilled his share-tips and sent fresh plough-shares to Mr. Joshi. After using them, Mr. Joshi reported that the new chilled tips were as good as the British ones.

Mr. Joshi was true to his word and told all his farmer friends about Kirloskar ploughs, the demand for which consequently began to increase. My father sold 200 ploughs in each of the next two years. The birth of my brother Rajaram, the successful completion of the Aundh State contract and the growing business in iron ploughs made my



mother very happy. Naturally, she attributed all these favours to God, which only made her atheist husband smile.

Actually, Papa was still in financial difficulties. The steady rise in demand for Kirloskar ploughs assured him a reasonable future, but he did not have enough money to expand his factory or to meet the day-to-day financial needs of his growing business. He tried to raise a loan of 10,000 rupees from the Belgaum branch of the Bombay Banking Corporation, but the Manager told Papa that the loan could not be sanctioned because he did not have enough collateral. He was asked to furnish a guarantee for repaying by some person known to the Bank and possessing enough assets to cover the loan. Unable to produce such a guarantor, Papa found his application rejected.

The news of his unsuccessful attempt at raising a loan from the Bank spread in the affluent circles of Belgaum and Papa well knew that after he had been turned down by the Bank, nobody would loan him the amount he wanted. His fears, however, were belied. One day in 1907, a middle-aged man of kindly appearance entered Papa's small office and introduced himself as 'Ginde'. Papa had naturally heard of Mr. Ramkrishna Vishnu Ginde, a rich money lender known for his sympathy and fair dealings with his borrowers, but had never actually met him. His visit was, therefore, a matter of surprise.

After introducing himself, Mr. Ginde told Papa, "I hear you are trying to raise a loan for your business. Is it true?"

"It is true," said Papa. "The Bank refused to lend me anything. They said I do not have enough assets and they can't risk the money."

Smilingly, Mr. Ginde opened his jacket, produced a bundle of currency notes, counted out 2000 rupees and

handed the amount to Papa. "I am willing to risk my money on you," he said. "I have watched you frequently. You are honest and hardworking and that is enough security for me. Please accept the money and return it when you can."

Papa and Ramuanna now began to consider expanding the factory; but while they were still discussing their plans, they were struck by a bolt from the blue in the shape of a notice from the Belgaum Municipality to vacate their existing premises. Under the new Town Planning Scheme, the little factory was to be demolished to facilitate the establishment of a new suburb, today's Thalakwadi.

Papa was then forty and Ramuanna well over fifty. What my father had built up during twelve years of struggle was to be wiped out in one stroke. As if this was not enough, he was further informed that there was no provision in law, in those days, to pay compensation, so that he would not recover one *paisa* of his whole investment. Papa would be left with no money to buy new land, to erect new buildings and to start all over again. The municipality's order spelled utter ruin.

Driven by the urgent need to obtain funds and new quarters, Papa visited the Collector, the chief administrative official of Belgaum District. This functionary was then one Mr. Brandon, a Briton, who knew my father well and admired him. Through this gentleman's good offices, the Law found a pretext for making the Municipality pay a sum in compensation. This, however, amounted to no more than Rs. 3,000, a figure far short of what Papa needed for acquiring a new site and erecting a new factory.

The situation was desperate.





1. SLK's Parents : Papa (Laxmanrao) and Mama (Radhabai), 1914.



2. Elder generation of Kirloskars, brothers and sisters, 1915.  
(L to R) Ramuanna, Durgatai, Batuakka Jambhekar, Papa and Dr. Vasudevrao.



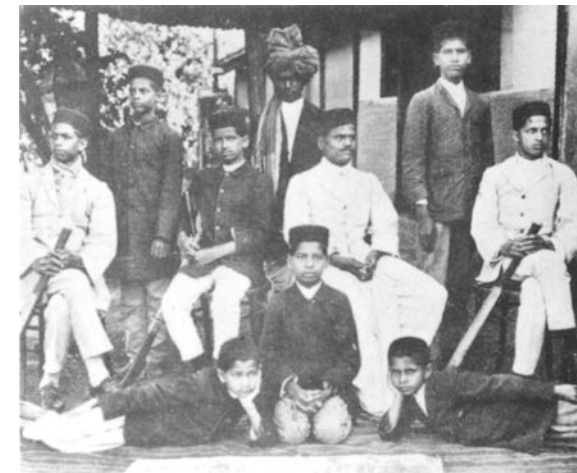
3. Kundal Road Railway Station, 1918.



4. How the site of Kirloskarwadi originally looked, 1910.

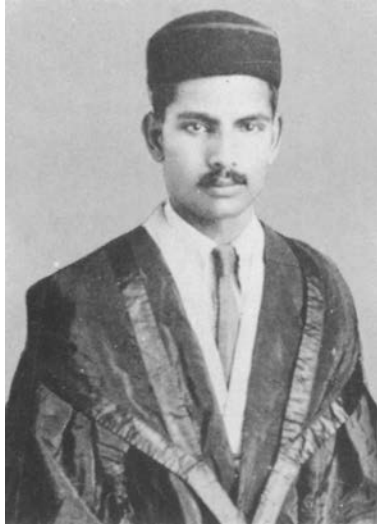


5. SLK aged five, with a corn-decorticator, 1908.



6. In "Kirloskar Ashram", Aundh, 1917. (L to R) standing: Shrikrishna, Babu, Raja Vaidya; on chairs : Chimanu, SLK, Bapat, Vishnu; on ground : Rajaram, Bhaskar, Ramkrishna Jambhekar.





7. SLK's elder cousin Madhav, 1921.



8. SLK as a military cadet at MIT, 1923.



9. SLK with his parents and people of Kirloskarwadi, on his return from USA, 1926.



10. The young married couple : SLK and Yamutai, 1927.



11. Some of the distinguished guests at the wedding ceremony, 1927.  
(L to R) Rajasaheb of Aundh, Rajasaheb of Sangli, Chief Saheb of Ichalkaranji.



12. SLK's family, 1937.  
(L to R) standing : Prabhakar, SLK, Rajaram,  
Rajabhau Chandorkar (brother-in-law);  
on chairs : Vinodini, Yamutai, Papa, Leelabai, Sudha Chandorkar;  
on ground : Chandrakant, Padmaja, Shrikant.



## 5. RAJASAHEB'S OFFER

It so happened that a few days after Papa had received the Municipal notice, his old friend, Balasaheb Pant Pratinidhi, who had succeeded his father as Raja of Aundh, visited Belgaum along with his Diwan Jacob Bapuji. The purpose of their visit was to attend a meeting of the Masonic Lodge, of which Papa was also a member. As the three of them walked to the meeting, Papa told Rajasaheb of his predicament, explaining that once his factory building was pulled down by the Municipality, he had nowhere to go.

Rajasaheb listened to Papa, whom he had admired ever since their first meeting in Bombay. He was convinced of my father's ability and of his devotion to his business. Jacob Bapuji's opinion of Papa was the same.

Addressing my father as he used to when he was a student in Bombay, Rajasaheb said, "Master, I can give you all the land you want in my State and all the money you need to establish your factory there. I should like you to make up your mind before I leave Belgaum tomorrow."

Papa was deeply moved by Rajasaheb's offer, endorsed as it was by Jacob Bapuji's "Master, this offer comes from the Raja, not from the young student and Prince you knew in Bombay. I think you should accept." Yet he controlled his sense of profound gratitude sufficiently to reply, "Please allow me to place this before my brother and my colleagues, which I will do at once."

That evening Papa, Uncle Ramuanna and their colleague K. K. Kulkarni conferred together, examined the proposal in detail and soon concluded that there was no alternative but to accept Rajasaheb's offer.

The following day, all the three went to see Rajasaheb. When Papa explained that he would need a place near a railway station, Jacob Bapuji brought out a map of Aundh State and pointed to the railway line running through it, with one station within State Territory. Papa saw that this station, Kundal Road, would be convenient to him. He pointed to this spot on the map. When Rajasaheb said, "Mark the land you want", Papa drew a circle with a blue pencil touching the railway station, and said, "Here is the land I want."



“Take it,” said Rajasaheb and added, “Master, that land is yours for all eternity.”

Now that the land was agreed upon, only the question of money remained. “How much do you need?” asked Rajasaheb. After a little thought, Papa replied, “Ten Thousand rupees” (Perhaps the largest sum which he could ever hope, in case of failure, to repay through hard work). “You shall have it,” replied his benefactor. Within a short time, the money was handed over. Only later did Papa come to know that Rajasaheb did not have this amount in his possession just then, but had to borrow it himself from a money lender. The interest of 6% was paid by the ruler from his own pocket, at no cost to Papa. Happily, the loan was repaid within two years.

It was time for Papa and Ramuanna to have a look at their land, hitherto a mere pencilled circle on a map. They found Kundal Road to be a small wayside station, where trains stopped only for a few peasants to alight en route to their distant villages or for the locomotives to replenish their water tanks. Close by, stood a couple of two-roomed stone sheds for the Station Master and his staff.

Entering their land, the new owners passed an old single-roomed *dharmashala* or rest-house, built of rough stone and open on the side facing the railway, its uneven floor littered with rubbish. Beside the building grew two bare and stunted trees and just beyond it stood a dilapidated warehouse, built by a trader many years ago and long since abandoned to the wilderness. On another side of the land stood two small temples.

The land over which Papa and Ramuanna trudged was dotted with thorny bushes and clumps of cactus. How rarely

it saw a human visitor was evidenced by the numerous snakes which boldly glided here and there, almost certainly considering themselves the owners of this uninviting spot.

After I grew old enough to start working with Papa, he often used to describe to me what he had felt when he and Ramuanna saw the land and walked over it. His account left a vivid impression on me and I still hold a mental picture of Papa standing on his land and dreaming of his future plans. As he sensed the hostility of the land towards his dream of building his dream factory and colony upon it, he became fired with an inflexible determination to have his way. The land would not yield to him without a fight? Very well then, he would fight. He would conquer this wild land, tame it and build upon it.

Already the two optimists had begun to discuss their plans for a model industrial colony. They divided the work between themselves, with Uncle Ramuanna planning the layout, designing buildings, marking roads and parks and Papa carrying the plan into execution.

It was amid these thirty two acres of barren and waterless land, that Papa began the long years of labour to build his dream factory-village, soon to be known to all as Kirloskarwadi (‘Kirloskar’s hamlet’ or ‘Kirloskarville’).

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## 6. KIRLOSKARWADI; BOYHOOD AND SCHOOLING

We said goodbye to Belgaum and reached Kirloskarwadi on 10th March 1910, the *Dhulwad* day of the *Holi* festival.

Papa and Uncle Ramuanna organised the unloading of our baggage, machines and materials, which had to be carried into our land on human heads and backs. The old *dharmashala* was cleaned and assigned for cooking; mud-built stoves were installed, whose faggoty fuel filled the place with dense smoke. Women from 25 families of workers started their cooking there, with Mama taking her place among them.

Soon, Papa was busy directing workers to the places marked for residential huts and the factory shed. Some men fetched drinking water, while others collected firewood.

Two families of Kirloskars and 25 of workers, uprooted from Belgaum, were sinking their roots in the new soil. Papa warned all workers that the factory shed must be the first to be erected. “Unless we produce and sell,” he explained, “we will have no money to build our houses and dig wells for drinking water.”

My brother Rajaram and I joined the other children and went romping over the open land, pursued by elderly warnings to beware of cactus and cobras and not to venture far off. When hunger drew us back to the *dharmashala*, Mama would tell us that food was not yet ready. We stood around watching Kirloskarwadi taking shape.

Under Papa and Ramuanna’s directions, the work made steady progress. Within a few days, huts were built, in one of which we lived. The factory shed was erected and production commenced. Teams were organised to fetch drinking water, which was strictly rationed.

Papa was keen on making arrangements for children’s education. The nearest Primary School at Kundal, three miles from Kirloskarwadi was too far off for small children. Papa, therefore, decided to start a Primary School in one of the two small temples at Kirloskarwadi. He persuaded Mr. Jarandikar, a Primary School teacher from Kundal, to come to Kirloskarwadi in the mornings. Children studying in different standards from first to fourth, sat in the temple’s one room in separate groups. And here, in this little one-teacher one-room school, I received my first three years of education.

I had been taught my letters at Belgaum by Uncle Ramuanna and Papa's factory accountant Mr. Mangeshrao Rege and had completed two primers. Since I had not attended regular schools and could not produce a school certificate, our teacher, a strict observer of the rules then in force, had to submit me to a test. Fortunately, he was satisfied and admitted me to the second standard.

Under the system of education which prevailed till the early 1950's, children studied upto the fourth Standard in their mother tongue. I passed this fourth Standard at Kirloskarwadi in March 1913 and was now eligible for High School. Papa wanted me to be admitted to a Residential School either at Satara 60 miles from Kirloskarwadi or Poona about 125 miles. When Papa applied for admission, however, he was told that admissions usually held in November, were already closed and that I could not be admitted until the following October. Since I had no desire to lose one year in seeking admission to a Residential High School, Papa promised to talk to Uncle Ramuanna, who was then living in Aundh.

After retiring from Government Service in 1908, Uncle Ramuanna had worked with Papa at Belgaum and Kirloskarwadi. At both places he had managed our office, leaving Papa free to look after production, building construction and other work. Ramuanna had established a sound system of office administration for the growing business of Kirloskar Brothers. In 1912, the Rajasaheb of Aundh had requested Ramuanna to come to Aundh to teach English language for two hours a day to his wife, the Ranisaheb. On Ramuanna's disclosing his unwillingness to remain idle for the rest of the day, the Rajasaheb offered him a post of a teacher at the Aundh High School. Ramuanna and Papa discussed the

Rajasaheb's proposal and decided to accept it. Ramuanna accordingly left Kirloskarwadi with his family in the middle of 1912.

Seeing that her elder son had passed his fourth standard, Mama insisted that before I left Kirloskarwadi for boarding school, my *Thread Ceremony* must be performed. For such an occasion, my uncles and other senior relatives would certainly be expected to be present. After talking over the matter together, Mama and Papa decided to invite all of them to bring their sons and have a group ceremony for all eligible Kirloskar boys.

The idea appealed to all. Uncle Ramuanna brought his two sons from Aundh; Uncle Vasudevrao brought his two sons from Solapur; Uncle Gangadharrao brought his son Bhaskar from Hyderabad; two boys came from the Tikekar family, our relatives. With Rajaram and me, this made a group of nine boys\*. We performed the required rituals, underwent the religious ceremony, and were declared fit to wear our holy strands of thread (Yadnyopavit) as Brahmins. For most of us, it was more an occasion for fun than a religious experience.

After the group ceremony, the assembled Kirloskar elders discussed the possibility of making arrangements for the High School education of their sons. My uncles lived at different places, and each faced the same problem as my parents did. Ramuanna suggested that since he was now living at Aundh, he would look after the High School education of all the Kirloskar boys. Everybody agreed.

In August 1913, Uncle Ramuanna rented a house at Aundh for the nine of us Kirloskar boys to live in. He named

\* The remaining six were Chimanu, Shrikrishna, Vishnu, Keshav, Ganu and Sudhanshu.

the building 'Kirloskar Ashram', after the manner of the Brahmins of old who used to send their initiated sons for their education to the Ashram of some learned *Guru*, or teacher.

Tradition laid down a strict code of conduct for the Chelas, or students. One of their duties was to serve the *Guru* and his family. In our case, Uncle Ramuanna did not insist upon this observance. He and his wife, whom we called *Kaku*\*, kept us in comfort, with a cook to prepare our food. *Kaku* supervised the cooking and looked after all our needs.

We were a happy bunch of high-spirited boys. Our cook's spirits, on the other hand, were low; he complained of boredom in a small place like Aundh, and left us. Uncle Ramuanna found another cook in his place, but when this one likewise complained of 'boredom' and left, it proved impossible to find a third. News must have spread that Aundh was a dull spot for cooks and nobody was ready to forgo a cook's normally merry life by serving with us. Our Ashram Kitchen was, therefore, taken over by *Kaku* and we boys started putting on weight.

Our holidays were a real joy to us. We all used to be off to Kirloskarwadi, where we wandered at will over the ample open space, went through the factory, talked with the workers and induced them to let us run their machines. By evening we would be tired. Mama would feed us early, well knowing that by the time we had downed the last morsel of our tasty dinner, we would be half asleep.

We wanted to be together all the time. Mama used to lay a large carpet on the floor and spread mattresses over it

\* In Maharashtra a father's brother is called 'Kaka' and his wife is called '*Kaku*' or '*Kaki*'.

for the nine of us. Well fed and happy, we would form groups for a session of bedtime stories or just play pranks until we dropped off to sleep. The result used to be utter chaos, as my parents would find when they came to have a look at us before they retired. We presented a comical sight while sleeping. Instead of sleeping all orderly on our mattresses, we were found sleeping all together in a big heap, with arms and legs entwined and bodies sprawled in all conceivable positions. My parents would separate and straighten out our bodies and tuck each boy under his cover. All this left us with memories of a blissful childhood, deeply loved and well cared for.

During our stay in 'Kirloskar Ashram', *Kaku*'s young son, Chidambar, died in an accident. Stricken with grief at the loss of her son, *Kaku* began to find the burden of looking after the sick and cooking for all of us too much for her. The Ashram, after sheltering us for nearly three years, was closed down.

I continued to live at Aundh with Uncle Ramuanna and *Kaku* until I passed Standard five in Aundh High School. On entering the Fifth Standard, I was required to study a Second Language. I chose Sanskrit, which Uncle Ramuanna had taught for a number of years when he was a teacher. He helped me to learn this ancient tongue but I found it beyond me and lost interest in it. This was an error for which I soon had to pay a very high price.

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## 7. SECONDARY EDUCATION; TO USA

I left Aundh and joined the New English School, Poona, in the Sixth Standard. Like my father, I had little gift for languages, and I found Sanskrit, a regular tongue-twister. Sensing my inability to progress in this language, I switched over to German; I failed, however, to make much of what my teacher taught me, especially since he started by reciting German poems (poetry being an art that used to leave me cold). My favourite subjects were Arithmetic, Algebra, Geometry, Trigonometry and the Physical Sciences. In these I invariably did well, sometimes scoring 90% of the total

marks. Yet the second language, whether Sanskrit or German, defeated all my efforts.

The 'Demon of Second Language' played a dirty trick on me in my Matriculation Examination. Although I scored excellent marks in my favourite subjects, I failed in the Second Language, which meant failure in the whole examination. My parents persuaded me to appear again, but my second attempt, thanks to my old enemy German, resulted in another failure.

I now found myself in a difficult position; unable to pass the Matriculation Examination, despite my excellent showing in other subjects.

While we were thinking about how to get over my difficulty and open the way for my higher education, Papa received a letter from our family friend, Mr. Nagudada Ogale, brother of the founder of Ogale Glass Works. Nagudada was an engineer who had secured a scholarship for higher studies in Sheffield, UK. After completing his studies there, he had gone on a trip to the USA where he decided to study glass technology. Word had reached him in the USA of my difficulties, and being eager to help me, he now sent us several catalogues of educational institutions in the USA. Out of these, he recommended Massachusetts Institute of Technology as suitable for me. I liked the idea of studying Mechanical Engineering at the MIT, and Papa approved of my choice.

My cousin Madhav (Uncle Vasudevrao's son) lived with us, as he was deeply attached to Mama from his childhood. Between him and both Papa and me there was likewise great affection. Four years older than me, he was a talented student and had a B.Sc. degree in Physics and Chemistry. Papa was keen to manufacture electric motors at Kirloskarwadi. He, therefore, decided that Madhav should go with me and study

Electrical Engineering at the MIT, so that on his return, he could look after the production of Papa's electric motors.

Madhav studied the catalogue and found that the MIT offered a 'Co-operative Electrical Engineering Course' ('Co-operative' here signifying 'in Co-operation with General Electric of USA'). This course appeared to him to offer the best opportunity of learning the subject and he decided to join it.

We got ready to leave for the USA and booked passages on a steamer leaving Bombay on 26th January 1922. Mama and many of our relatives came with us to Bombay to wish us good luck.

I observed Mama as she fought back the tears that began to fill her eyes. She loved both Madhav and me deeply and now we were setting out for a strange country where her love could no longer protect us. She walked with me to the quay and as I stopped near the foot of the gangway, the tears overflowed at last. "Take care," she told me and could say no more.

I climbed the gangway followed by Madhav. A moment later, as we stood by the rail looking down, I saw Mama moving her lips and thought she was trying to speak to me; but the distance and the noises of the people, the cranes, the coolies, and all the hubbub of the ship were too strong for her soft voice to reach me. She tried to draw my attention and saw I was looking at her but could not make me hear her. After reaching the USA, I received a letter from my cousin Shambhuanna Jambhekar, who had been standing next to Mama on the quay. She had been telling me (the letter said) not to bring home an American girl as my wife. I wrote back and assured her that I had no such intention.

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M. I. T.

At the MIT, Madhav was in for a disappointment. The Co-operative Course in Electrical Engineering, he was informed, was meant exclusively for citizens of the USA, and he, as an alien, could not be admitted to this; however, as a B.Sc in Physics and Chemistry of Bombay University, MIT allowed him to study for the B.Sc degree in Electrical Engineering.

The rest of my ill-fated cousin's story is soon told. With his intelligence and capacity for hard work he was all set for a triumphant career. And then he was found to be suffering



from advanced tuberculosis. Admitted to a sanatorium in 1924, he received specialist attention, but the disease had progressed too far. I wanted to send him back to the warm climate of India but the doctors forbade him to travel. Before the year ended, this brilliant young man had passed away.

Meanwhile, I had my own difficulty. The Dean of the MIT told me that I would not be admitted unless I could produce a certificate of having passed the Matriculation Examination. I explained that I had failed in a subject which was not relevant to my study course in Mechanical Engineering and produced my mark-sheet to convince him that in all the relevant subjects I had secured high marks.

The Dean assured me that he was personally convinced of my good showing in the required subjects, but he had no authority to make an exception to the Rules of Admission. I could secure admission, he suggested, by passing an Entrance Examination, which the College Entrance Examination Board conducted in USA.

I decided to appear for this examination, confident that the demon of Sanskrit or German language would not haunt me any more. I joined a short-term course at a Preparatory School, the Chauncy Hall School (afterwards to be attended by my brother Ravi, son Chanda, nephew Ajit and grandsons Atul, Sanjay and Vikram), which specialised in coaching for entrance to MIT. My American teacher was an affectionate and helpful person. He heard me with a smile, and in his soft voice told me that I must have good knowledge of ‘at least two foreign languages’ in order to qualify for the admission to the MIT. The demon of languages was still on my trail!

How could this hurdle be surmounted? I already knew a bit of German and now took a course in that language at

the Chauncy Hall School. I could haltingly converse in German but could not write it; I might scrape through, provided I was not asked to pass a written test. My teacher told me that there was no written test in foreign languages, thus putting me at ease regarding one language. But I still needed a second and somehow or the other I had to find it.

Finally, I told my teacher that I knew Marathi – my mother language – and Hindi, which I knew well enough to converse in, pointing out that in the USA both of these languages were as much ‘foreign’ as German was. My teacher, however, said he had never heard of either Marathi or Hindi and would not accept them. Now I insisted that the requirement for admission was knowing ‘two *foreign* languages’, not ‘two *European* languages’. This point was obliged, although reluctantly, to concede. Thus the two ‘foreign languages’ listed in my records at the MIT are German and Marathi.

I passed the qualifying examination with good marks and was admitted to the MIT for the B.Sc. degree course in Mechanical Engineering in September 1922.

At the MIT, we studied Arithmetic, Chemistry and Physics in the first year, Structural Engineering and other related subjects in the second year. In the third year, we expanded our knowledge of Theory. No facilities were provided for practical training within the MIT itself, but the Institute introduced us to engineering concerns and factories, which gave us all the facilities for working with them and obtaining first-hand practical experience; at the same time, they carefully monitored our progress.

My own chance to work on the shop floor of a large plant came about in an interesting manner. One day in 1923,

during my first year at MIT, I received a letter from a Company named Niles, Bement & Pond, Inc. The writer said he had noticed the name 'Kirloskar' in the Students List of MIT and was curious to know whether I was in any way connected with an Indian firm called 'Kirloskar Brothers', to whom his Company had supplied a large machine. If I was connected, he would be happy to meet me and show me around his Company's factory. I replied at once, saying that I was the eldest son of Kirloskar Brothers' Managing Director; and that, rather than merely visit that factory, I should be happy if I could get a chance that summer to work on the floor of one of the Company's machine-tool factories. A reply came giving me permission to work in the machine-tool manufacturing plant at Pratt & Whitney, in Hartford, Connecticut. I worked there for a full four months.

While working in this plant, I was surprised and intrigued to meet workers engaged in dull and repetitive jobs, which kept them wholly content from one end of the year to the other; they had no desire whatsoever to learn a new activity, however interesting. I have since found this situation prevailing even today; from which I have finally concluded that men of a certain intelligence level *must* be given a repetitive task instead of variety, and that all this talk of *man's slavery to repetitive and uninteresting jobs* is nonsense.

This co-working and exchange between campus and factory, I later discovered, was followed in most of the developed countries. A college teacher would go and work in a factory, the factory-manager would teach at the college; our teachers at the MIT used to join private manufacturing enterprises. Such exchanges helped both sides; the teachers gained experience in the application of what they taught, while

the production men brought back from their teaching fresh knowledge and ideas for their industry. Japan exemplifies a country which has benefited from such movements between the campus and the enterprises. In India, unfortunately, this kind of interchange was unknown. And when later I tried to introduce this system through one of our Indian Universities, I found that the rigid barriers between Campus and Shopfloor were too firmly rooted and I had to retire defeated.

From 1923 to 1926, I lived in the MIT Students' Dormitory where I was the younger inmate and the only Indian. My friends Harry Cuthbertson, Bob Huthsteiner and Black, all white Americans, were much older.

Our group was good at studies and we liked each other. Of course we had our little wars, without which life in a dormitory would, I suppose, be as drab as in a monastery. Some of our battles were fought on my 'crucial' issue of smoking. I hated tobacco smoke from my childhood and though very many of the fellows in the dormitory smoked (including my particular friends among whom Bob patronized cigars while Black preferred cigarettes), there were some who sympathized with my opposition to the practice. One of them armed me with a 'No Smoking' sticker-poster printed in 16 different languages which I pasted in a prominent position in my room. I assured myself that no one could now plead ignorance of my 'No Smoking In My Room' orders.

Having made my room as safe as Fort Knox, I became more aggressive and fought a campaign for 'No Smoking In My Presence'. Black challenged it one day, when four of us were in his room, by declaring, "To hell with you. I *will* smoke in my own room". He put a cigarette in his mouth and lighted it. I jumped at him and snatched it away. He snatched it back

from me and re-lighted it. Again I jumped to snatch the cigarette, which Black vigorously defended. In this tussle for the cigarette, Black, who was six inches taller, four years older and much heavier, pinned me down. Now he felt he could safely smoke; but as soon as he put the cigarette in his mouth, I wriggled free and we went in a tumble round the room, with Black trying to pin me down and smoke, while I tried to evade his hold and snatch his cigarette.

The affair ended with Black falling down, with me on top of him. Even though prostrate, he persisted in smoking, but the smouldering cigarette filled his eyes with smoke and when he inhaled, the smoke suffocated him. He coughed, his face went red, his smoke-filled eyes were copiously watering. I slid off and we all helped him to his feet. He rubbed his eyes, took some deep breaths and started laughing. We all shook hands, laughed and complimented each other on having had 'a hell of a good time'.

After the great Black-Kirloskar fight, the smokers decided to teach me a lesson and carry the war to my home territory. They planned their strategy in complete secrecy. One winter day I returned from the classes, opened my room and almost jumped out again. The room was stinking worse than a week old heap of cowdung. I felt like vomiting. Yet I realised that I could not stay out all night and freeze. I would need my radiator (there was one to heat each of our rooms) and my nice warm bed.

I decided to find the source of the smell. Holding my breath, I entered my room and investigated. There I saw the offending material: a lump of rotten cheese on my radiator, whose heat kept it sizzling, so that my room was saturated with a stink a thousand times worse than the tobacco smell!

I quickly removed the source of the odour but the vile aroma hung around my room for over a week.

Setting out to trace the culprit with the thoroughness of a Sherlock Homes, I checked on all room locks and keys. Bob Huthsteiner had a key common to his room and mine. I, therefore, confronted him but he remained as inscrutable as the Buddha.

After a couple of days, "Is it very bad, Kirk?" Bob asked me, using my short name at MIT.

"You're asking me!" I cried. "Bob! Sleep in my bed and find out. It's like sleeping with an angry skunk."

My irritation did not disturb Bob's calm. In answer to my question whether his room key was used for committing the stink crime, Bob said, "Kirk, my boy, that's a pure guess!"

"Guess – my foot!" I snapped back. But Bob looked at me with the Buddha's forgiving calm. In the end, I never did find out who perpetrated the stinking outrage.

I met Bob Huthsteiner again in 1957, and our meeting gave birth to yet another Kirloskar enterprise. I never again met Harry, a large, raw-boned man with a big heart, who would go out of his way to help others. He did not take life seriously, preferring to live according to his own rules and to go whichever way his impulse might lead him. At one time, I heard, he had joined the US Army and was a Colonel in the Second World War.

In 1945, I visited Germany as a member of a delegation of industrialists studying the developments achieved by German industries during the War. I was made a Colonel because Germany was under military occupancy. In the area under the US Army, I met a junior officer who told me he was with

US Army Signals. Knowing that Harry had been with Signals, I asked the officer whether he knew Colonel Harry Cuthbertson.

He turned to me and asked, “Are you his friend, Sir?”

“Yes, indeed. We were together at the MIT.”

“You mean you studied together?”

“Yes” I said, “Where is he?”

A pause, and then a reply which shocked me deeply. “He died last week.”

Then the officer told me how Harry had lived. He had found it impossible to fix his affections on one woman and had drunk too much; but he was courageous, a good friend and loved by all. After the war, he resolved to settle down. He fell in love with a French woman, married her and looked forward to a peaceful family life. But Death had other plans for my friend Harry.

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## 9. **MILITARY TRAINING; HOME-COMING**

Military training at the MIT was optional. I was keen on taking it but felt unsure whether I would be able to complete it and whether the US Army authorities would allow an alien like me to receive it from them. Luckily, Uncle Sam raised no objection and I was enrolled for the training.

During the first year, we were trained as infantry for three hours every week and by the end of the year, my squad could march in proper formation and at least give the appearance of professional soldiers. In the second year, our

training was restricted to classroom lectures on the history of the US Army and the techniques of warfare. In the third year, we were trained for the artillery, a subject which included Coast Artillery, Field Artillery and Anti-aircraft guns. We were expected to join an intensive training camp for one of the branches, according to our choice; I chose Coast Artillery.

Our camp was held at Fort Monroe, Virginia, about 650 miles from Boston. I decided to drive the distance in my car. Four other students joined me and by sharing expenses, we reduced the cost to less than the bus fare. On reaching our camp on 10th June 1925, we were given our uniforms. All were fitted in one day, except one of our students who presented quite a problem for the camp Quarter-Master since he wore size 11 boots. The Quarter-Master rummaged through all his boxes but could not find a pair that size. The Commanding Officer, a bit of a humorist, suggested "Why not give the guy two pairs of size 5½ each?" The Quarter-Master went hunting around in various sources of supply and by the following day was able to come up with a pair of Elevens.

Along with the uniforms we were issued rifles. I watched how some men reacted while holding a real rifle in their hands for the first time; some were scared, while some felt so brave that the minute they held their rifles, they pulled back their shoulders, thrust out their chests and swaggered like professionals.

The training was from 7 to 11 a.m. and from 1 to 5 p.m. The afternoon hours were spent on the range where we were allowed to fire as many bullets as we wanted. Before I fired my first shot, the prospect of unrestricted firing looked quite thrilling to me. But as soon as I pulled the trigger, the weapon

gave such a kick that I thought my shoulder had been torn from my body. At the end of the first firing session, nobody volunteered for more. We carried our aching shoulders to bed and prayed that all bones were whole and still in place.

Living in camp under regular Army Officers created some amusing moments for us. Despite wearing uniform, carrying rifles and swaggering like front-line soldiers just about to shoot their enemies, our MIT Dormitory habits were too hard to break. One of our men got the idea (from where I cannot imagine) that he was supposed to carry his rifle only for the morning rifle parade and was entitled to take the whole of the afternoon off. One afternoon, when we were ready for the parade, this young man in uniform started taking an easy stroll as if he was going to take his girl-friend to a movie. The officer on the parade ground stopped him and asked why he was without his rifle and what the blazes he thought he was doing at parade time. The stroller felt that the officer was interfering with his privacy but he politely explained, "I thought I'd finished with the rifle in the morning."

"And who the hell told you to think?" roared the Officer. "Don't you know you're not supposed to *think*, in the Army?"

"Jeez, Captain," the young man answered, "you sure need to think at the MIT!"

After finishing with rifles, we were taken to anti-aircraft guns, which excited us considerably. To check our aim, the Army authorities used to fly aeroplanes having big smoke-filled sacks hanging down from their tails. We had to aim at a sack and if we hit it, the sack would burst and the escaping smoke would show the accuracy of our aim. Actually, we



were scared to fire because we knew that a slight error would make us hit the plane instead and cause a disaster. However, my squad aimed well and there were no plane casualties.

Although we did not fight battles, I experienced battlescary one day. I had felt like going out for a drive and looking over the surrounding country. As I drove through a neighbouring forest, the woods appeared to be haunted by an unnatural calm. I looked through the window: the trees were bare, with never a bird perched on them. I looked all around me: not a living thing in sight. I felt something was wrong and as I slowed down, I heard a big *boom*. An artillery shell whistled over my head and exploded some distance away with a loud *wham*, throwing up a thick mushroom of dust. That terrifying *wham* was enough for me. Faster than thought I turned my car around, pressed the accelerator to the floor and raced back to camp. My friends watched the arrival of my speeding car and as I braked to a halt, they collected around me. I explained what had happened. “Boy, you sure are lucky,” one of them said. “The whole damn’ area is out of bounds for everybody. The Artillery guys have notified they’re firing live shells.” I was sweating. “Okay buddy, we’ve got you safe” said one fellow, putting his arm around my shoulder and grinning from ear to ear. Thinking I was overwhelmed by his affection, he told everyone that I had decided to celebrate my return to safety. “Hey! I came back all on my own!” I shouted; but strong hands were pulling me to the camp for the celebration they had decided on.

Firing a machine-gun – a weapon I had never seen before – thrilled me. As soon as the trigger was pressed, the machine-gun would spit out a stream of bullets, every fifth one a tracer making a bright red streak as it sped away.

We were wonderstruck by the accuracy of the big guns which could hit a ship eight miles away. Our shells were so heavy that each one needed some ten men to lift it, carry it to the gun and feed it into the magazine. When fired, the gun made an unbearable *boom*, whose impact created violent vibrations shattering to pieces all window panes of the nearby buildings. Standing by those guns during firing was like riding the heaving ground in an earthquake. We stuffed our ears with cotton swabs to protect our ear-drums. Every time a shell was fired, the swabs would pop out like corks from wine bottles. I tried to take a picture of the firing on my small camera, but when the shell was fired the camera jumped out of my hands and fell.

The location of our barracks on the coast inspired some of us to new pranks. The favourite game, for some time, was to catch a few of the sea-crabs which abounded on the nearby shore and at night deposit one or two under the blankets of some unoccupied bed. Trapped under the soft covers, the warmth was too much for the cold-water crabs. They got angry, struggled to get out of the trap till they exhausted their strength and finally lay quiet under the blankets. When the unsuspecting owner of the bed got under the covers, the crabs set to work with a vengeance. Their sharp claws bit into the soft, naked flesh of the would-be sleeper who would catapult out of his bed howling with pain. Even the toughest of us could not bear those fearful pincers. We had a short run with this fun, painful to the victims though enjoyable to others; but we soon grew wary through our own or our friends’ experiences, and learned to search every inch of the mattress for the unwelcome crabs before getting into bed.



On completing our training at the camp, each of us was given a certificate bestowing on the holder the status of a 'Reserve Officer of the United States Army.' Had there ever been an unfortunate war between His Majesty, the Emperor of India and the President of the USA, I should have held the unique position of being His Majesty's subject and the President's Reserve Officer at the same time.

I passed my examination with credit and received my B.Sc. (Engineering) degree from the MIT in 1926, thus successfully completing my education. My studies at the MIT, my work on the production floor of Pratt & Whitney and my life in the USA had been a rich experience.

As the time came for me to say farewell to the MIT and return to India, I felt sad to leave behind the large circle of friends who had made my life happy in their country. Though I was an alien and much younger than most of them, they never let me feel that I was a stranger. Ever friendly, helpful and protective to me as their junior, my friends were now equally sad over my departure. Naturally, we all said, "Goodbye till we meet again", knowing too well that harbouring such hopes was futile. In the 1920's, another month-long voyage from India to the USA was much beyond the financial capacity of my family or our business at Kirloskarwadi.

I was especially miserable that I was going home to India without Madhav, who had been my constant companion from my childhood in India to our year together at the MIT until his death in 1924.

On my way to India, I passed through Germany, where my cousin Vishnu, Uncle Ramuanna's son, was studying medicine. I stayed with him in Germany for a few days and

returned to India at the end of 1926. As my ship touched Ballard Pier, Bombay, I saw some of my relatives eagerly waiting for me.

We travelled to Kirloskarwadi by train. As soon as I alighted on the platform, I met Mama. Her eyes filled with tears of joy at seeing me and I realised in my heart how I had missed her during these four years of separation. I took her aside and looked into her face, now bathed in joy. "Mama," I said, "Shambuanna wrote and told me what you were saying when I got on board the ship at Bombay. I have not married an American girl... See! I have come alone." Mama's smile faded; she turned her face and began to cry. Only then did I understand what my words "I have come alone" signified to her. Of course! When I left India four years ago, Madhav had been with me.

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10.

## MARRIAGE

Home again in Kirloskarwadi, I plunged happily into the life of the growing settlement. I mingled with the office staff and the factory workers; with older men who had known me as a child—some of them had even carried me in their arms; with fresh hands who had joined Papa during my absence. They could not help regarding me with awe inspired by my status of being a ‘foreign-returned’ and ‘American-qualified’ engineer. Men of intermediate seniority paid me at least the deference due to the eldest son of the founder

of the enterprise which employed them. I also held long talks with Papa and other relatives and senior employees; of these I shall write later, since it is now time to recount a blessed experience which has brought me more than fifty years of happiness and comfort.

Mama had set her heart on getting me married. In vain did I protest that I was not enamoured by any girl I had met, and that I disliked the idea of an arranged marriage. “My son,” she told me, “we have had proposals from the parents of many eligible girls. You must think seriously about this business.” “What, Mama!” I exclaimed, “Do you expect me to marry some strange girl we don’t even know?”

The deadlock was broken by a family friend who was also the Chairman on our Board, the late Rao Bahadur R. R. Kale. He suggested that Miss Yamuna, daughter of his friend Rangnath Phatak, would make me a suitable bride. This young lady was then studying at Fergusson College, Poona, where my cousin Sharayu was a student. I was informed that Yamuna used to participate in the Women’s Suffrage movement. I found myself getting interested, obtained an introduction, met her and liked her.

Mr. Phatak wrote to my father proposing a marriage between his daughter and me. Papa himself was disposed to accept but wished to leave the decision to me. Having met Yamuna (or Yamutai as she has for long been affectionately known to all), my decision was readily made.

While my marriage was still being discussed, Rao Bahadur Kale invited all of us to attend the marriage of his daughter Sushila to Dr. Dhananjayrao Gadgil, a brilliant economist.\*

\* Later, Vice-Chairman of the Planning Commission, etc.

Papa told me that he would not be able to go and wanted me to represent our family at the marriage. I agreed and left in our family car.

On my way back to Kirloskarwadi from the wedding, I met Yamutai and we decided to meet my parents and finalise arrangements for our wedding. Papa and Mama with Uncle Ramuanna were at Mahabaleshwar and when we reached that lovely hill station, Papa told me that Rajasaheb of Aundh was also there. We met him at his residence and paid our respects, after which we left for Kirloskarwadi.

Yamutai's parents called on mine to discuss and settle all the details as the custom demanded. Lists had to be made of the expenses to be borne by each party, of presents to be given to the relatives of the bride and bridegroom, of ornaments to be made for the bride and of many other details according to the family tradition. Aware of Papa's eminence in industry, the Phataks came well prepared. Yamutai's brother (deputizing for their father, who was ailing on account of old age) handed to Papa a list of presents which the family wanted to give to me as well as to my parents and other relatives.

"What is this?" asked my father, staring at the list.

"Our list of presents – for your approval," replied Yamutai's brother.

Papa smiled at him, took the list and tore it. "My son and your sister love each other and want to get married," he said. "They will be happy together and that is a good enough present for us."

Our parents fixed the wedding ceremony for 11th June 1927 and at once the news spread all over Kirloskarwadi where we all lived like one large family.

Papa had banned casteism from the moment Kirloskarwadi was born. My mother and other women relatives used to attend births in all families, including Harijans\*. Mama was midwife to the mothers and nurse and god-mother to their children. Many men and women, now in their forties and fifties, entered this world cradled in my mother's loving arms; their first wails were her most precious rewards and she remained their god-mother throughout her life. Illness or other trouble in a worker's family was everybody's concern; so were celebrations of social and religious functions. Weddings, naturally, were community affairs with everybody sharing the labours of looking after the guests and arranging the religious ceremonies.

At my wedding, to ensure a fair division of work and responsibilities, committees were organised for Correspondence, Purchase, Food, Reception and Entertainment, all under the general control of my cousin Shankarbhai. Our staff held discussions with Papa and listed everything that had to be done.

My own feelings were somewhat mixed. I never doubted that everything would be done efficiently, but I wanted to tell my parents and friends that I would rather not go through the rituals of a Brahmin's traditional marriage. When I conveyed this sentiment to the members of the committee, I received a rebuff. "You were allowed to choose your bride," they pointed out, "and you chose her; and now your job is over. We did not interfere with your *decision*: please do not interfere with our *work*. Just leave all the rest to us. We will do everything according to established practice." Shankarbhai

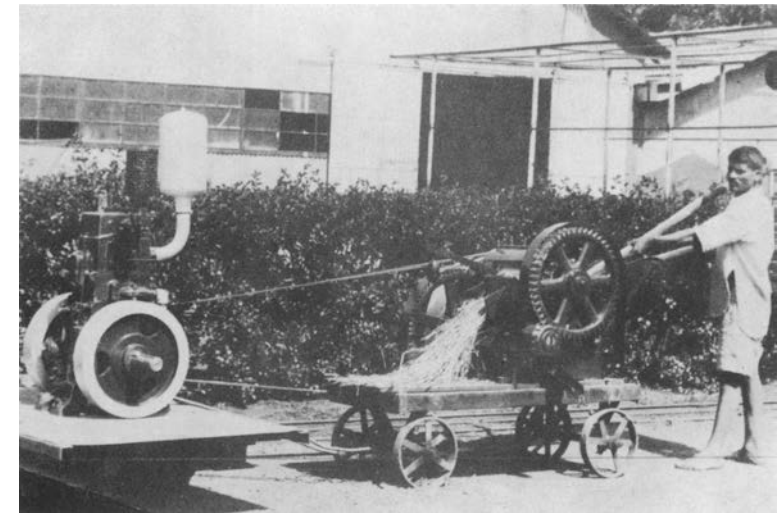
\* Gandhiji's name for the "Untouchables".



13. Kirloskarwadi's first factory shed, 1914.

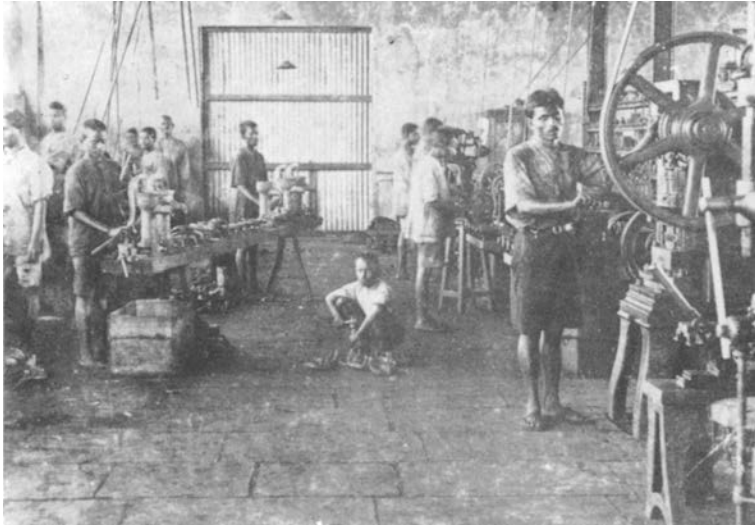


14. Hand chaff-cutter, Kirloskar Brothers' first product, 1903.



15. Kirloskar oil engine supplying power to a Kirloskar sugarcane crusher, 1939.





16. Kirloskarwadi's old Pump-house : manufacturing hand-pumps, 1923.



18. Papa addresses a social gathering at Kirloskarwadi, 1940.

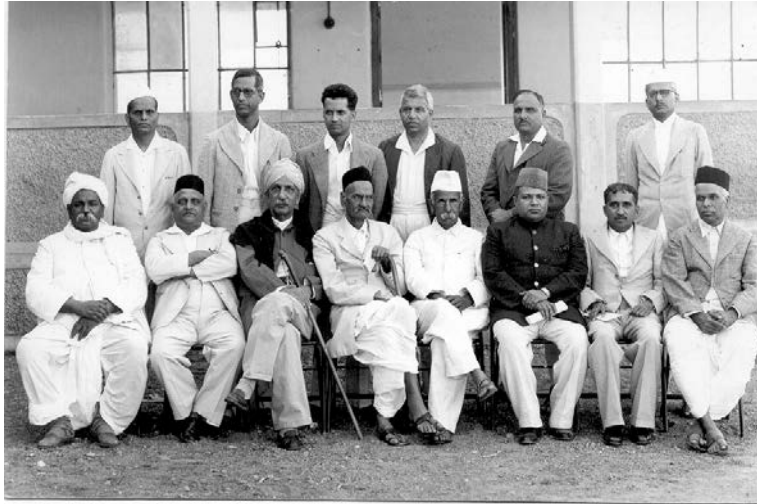


17. Papa with his colleagues at Kirloskarwadi, 1916.  
(L to R) : Shankarbhau, Shambhuanna Jambhekar, G. Ogale (Later of Ogale Glass Works), Bhaurao Patil (Later of Rayat Shikshan Sanstha), Papa.



19. Papa with a Kirloskar oil engine, 1953.

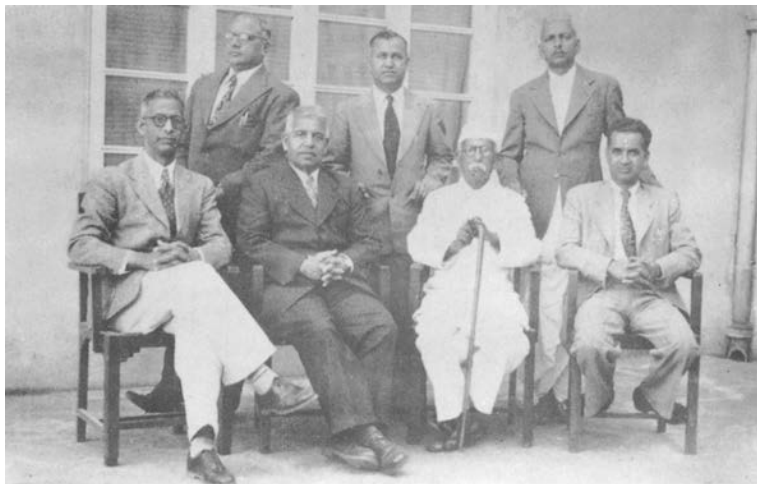




20. Board of Directors, Kirloskar Brothers, 1945. (L to R) sitting : Shembekar, Dr. Sardesai, Dr. Kirloskar, Sardesai, Laxmanrao Kirloskar, Jagannath Maharaj, Varde, Marathe; standing : Rege (Chief Accountant), Shankarbhau, SLK, Shambhuanna Jambhekar, Anantrao Phalnikar, Nanasahab Gurjar.



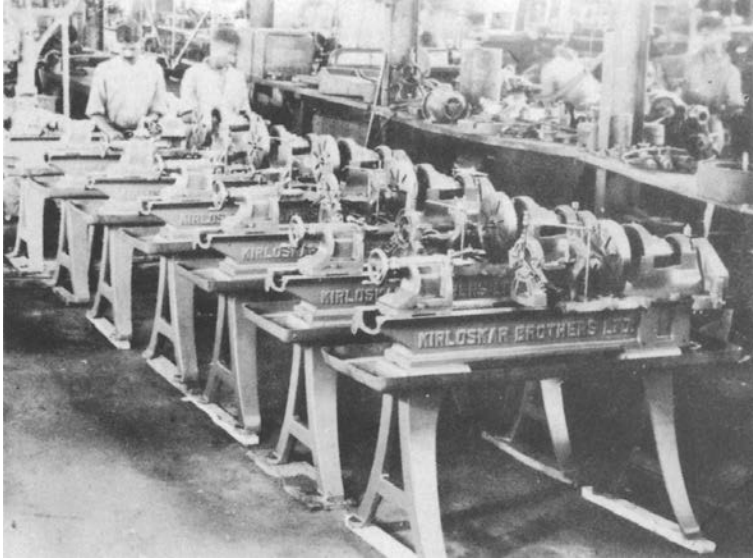
22. H. E. the Governor of Bombay visits Kirloskarwadi, 1928.



21. Partners of Kirloskar Sons (Managing Agents), 1938. (L to R) sitting : Shankarbhau, Shambhuanna Jambhekar, Papa, SLK; standing : Anantrao Phalnikar, Rajaram, Nanasahab Gurjar.



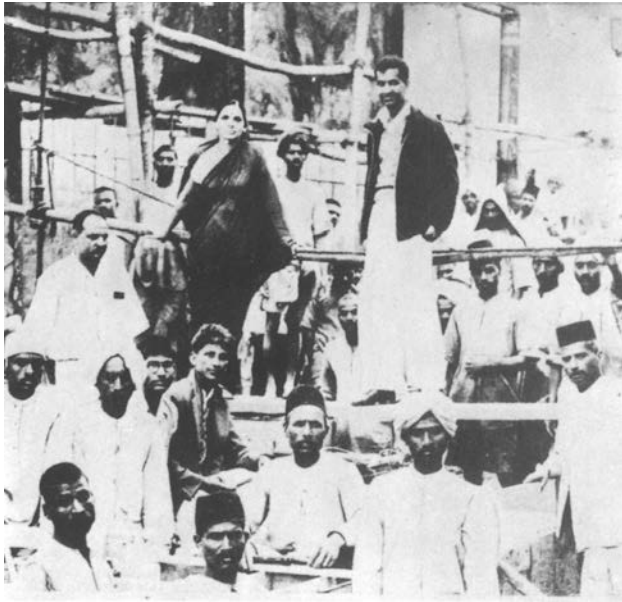
23. "Neera" pumps produced on a mass scale during World War II, 1944.



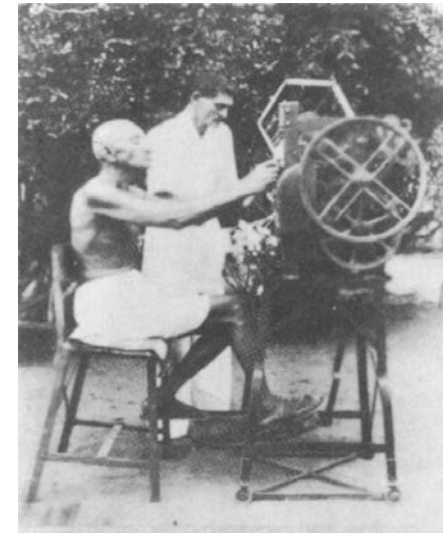
24. First batch of lathes manufactured at Kirloskarwadi, 1948.



26. Present office building at Kirloskarwadi, 1950.



25. Foundation ceremony of new Power-house at Kirloskarwadi, 1936.



27. Mahatma Gandhi tests the Kirloskar-Kale charkha; beside him is Kale, the designer, 1934.



actually warned me, “You are not getting married in America. In Kirloskarwadi, we don’t follow American ways.”

I realised I had stepped on some tender corns but reminded myself how very fortunate I was in having relatives and friends who loved me. Rather than hurt their feelings, I decided to accept their decisions. They showed their appreciation of this by the way in which they shouldered the exceedingly difficult task of organizing every detail at a place like Kirloskarwadi, far away from every needed facility.

The committees worked day and night. All guests were looked after. The Reception Committee set up a marquee, which they aptly called “Manoranjan Mahal” (Hall of Entertainment). This was a godsend to our guests, who otherwise would have felt bored in our small and simple village. The Committee invited Baburao Painter (one of the pioneers in India’s Motion Picture Industry) to exhibit his films. He obliged us not only by showing his own films but also by filming our marriage ceremony. (Alas! the film, after years in storage, has faded and crumbled to pieces). With plays, songs and other varieties of entertainment, all guests were kept happy.

My cousin Shankarbhai had specialised in the art of advertising and publicity in London. He used his expertise to publish a daily ‘Marriage Bulletin’ laid out like the front page of a daily newspaper. Two editors’ names appeared, of whom one was my relative, Ramkrishna Jambhekar, who qualified his editorship by confessing that he was ‘a bachelor and inexperienced.’ He was assisted by R. G. Moghe who boasted that he was ‘married and fully experienced’. The two of them put out a sheet regularly with quotations from various books to tease me. The gem was Shakespeare’s famous soliloquy

with a little change and twist to suit their purpose. It posed Hamlet’s famous dilemma as “To marry or not to marry, that is the question ...” I felt tempted to write a letter to the Bulletin’s bachelor editor and ask him whether he was affected by that dilemma. For me there was no such problem: I was definitely getting married.

The gathering of so many relatives and friends offered us the opportunity to bring all members of the Kirloskar families into contact. We had a get-together at which everybody introduced himself or herself to the rest. Many of the assembled relatives had got out of touch with each other, and the get-together and introductions at Kirloskarwadi were most helpful in renewing contacts and refreshing memories.

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## 11. UPS AND DOWNS AT KIRLOSKARWADI

The progress made by Kirloskarwadi during my absence, reflected in the proudly beaming face of my father, was considerable, yet the contrast this progress presented in comparison with that of a large firm in a developed country struck me greatly and I felt that our little enterprise was half a century behind the Pratt & Whitneys of America.

In that highly industrialized land where I had received my training, a plant could obtain anything it needed without delay or difficulty; its products found ready sales and that too

in near and highly organized markets. Here, most of our requirements, be it iron, steel, machines, tools, gauges, paints, oils or lubricants, had to be imported from places as far away as the UK, USA or Germany. Without these imports, we could not make our ploughs, pumps, sugar-cane crushers; and when they were made, we still had to hunt for buyers in the sluggish markets of an India that was yet economically stagnant, yet in the grip of a tradition-bound society.

As with materials, so with men. Trained hands were simply not available. Papa faced the same problem as he had, back in Belgaum and had to tackle it in the same way. He had to recruit raw and mostly illiterate villagers and patiently train them to perform work of precision and high quality – a herculean task which took years off his life.

Then there were the physical conditions of our site. In 1910, when Papa started, there was nothing even remotely favourable for setting up an industry. Our 32 acres were fit for no growth except cactus. There was no water and Papa spent years and a lot of money in digging wells to supply water for our factory and for the residents of Kirloskarwadi. He had to pave every foot of road, lay every inch of water-line, dig every foot of drainage and generate every kilowatt of power that we used.

Returning to Kirloskarwadi in its seventeenth year, I found these difficulties largely overcome, thanks to Papa's hard, incessant, intelligent and purposeful efforts. The settlement now combined modern production facilities with comfortable dwellings for all who worked there. Kirloskarwadi had indeed become a symbol of that spirit of enterprise, incarnate in men like Papa, which carries nations along the road to progress.

What, then, was going to be my role in this place which was my home and an inseparable part of my life in which I was now to build my career? My separation from it for nearly twelve years had been borne only to fit myself to play my part in carrying my father's creation from strength to strength. Radically as the conditions of my training and experience had differed from those in which I would now have to apply these, I was confident that the basic knowledge I had gained in the USA would be useful in my new task of developing, expanding and consolidating Kirloskarwadi.

It should be remembered that advances in technology happens so fast that the knowledge one acquires, at even such a renowned school as MIT, becomes obsolete almost, as soon as one leaves the institution. What a student should aim while learning, is how to continue with his learning by himself. This was, in fact, the most valuable lesson that MIT taught me.

At this point it will be fitting to take a backward look at some of the dark days through which Papa had passed while turning his industrial dream into a living and growing reality.

When we founded Kirloskarwadi in 1910, the demand for our ploughs was good. In 1911, Papa made a profit of 10,000 rupees; and within two years he repaid the loan of Rs. 10,000 taken from Rajasaheb of Aundh. At that time, Papa expected that the upward trend in demand for ploughs would continue and he expanded the foundry to meet increased production. The expected rise in demand, however, did not materialise and Papa was left with idle capacity in which he had invested a large amount. Searching for paying work for his foundry he approached Bhide and Sons, a firm which manufactured groundnut-shellors in the neighbouring town of Sangli. The Bhides agreed to buy their castings from

Papa and continued to do so until they started their own foundry a few years later.

Due to heavy investment in the expansion of the foundry, Papa always ran short of funds. Moreover, there was not enough work to utilise the foundry's full capacity. Papa, therefore, hit upon an idea to earn some extra cash.

He was familiar with Bhide's groundnut-sheller and was convinced that it would bring good financial benefit to groundnut-growers. At the same time, he knew that few farmers were yet familiar with the benefits of using this machine and that perhaps still fewer could afford it. He bought one sheller from Bhide & Sons, purchased an 8 hp engine as a prime mover and invited a group of farmers for a demonstration. In their presence, Papa shelled a few sacks of groundnuts. The farmers could see that the percentage of broken nuts was much smaller than in their traditional method which was to fill the sacks with groundnut and beat them with heavy sticks to break the shells, this beating also broke nuts, whose market price was consequently reduced. Papa offered to shell their nuts for them; the breakages would be less, his charges for shelling would be moderate. The calculating farmers were convinced and soon, cartloads of groundnuts came to Kirloskarwadi for shelling.

From this experience, Papa proceeded to the idea that he could make a better groundnut-sheller, which would be more efficient in running and would further reduce the breakage of nuts. We made this improved model in 1929.

What a tough fight for survival Papa had to wage during the First World War of 1914-18! The fighting in Europe dried up the supply of raw materials which we imported from UK, Germany and USA. As the war continued, Papa ran short of



so many necessary materials that he was forced to hunt for substitutes. He replaced the imported green paint, used for painting Kirloskar ploughs, with the ancient process of mixing red ochre with linseed oil. When he could not get coke and coal for the foundry, he sent teams of men and women along the railway track to pick up chunks of coal dropped from the steam locomotives, and mixed these with charcoal to heat the cupola. When even dropped chunks were no longer available, he used charcoal and firewood; yet during the last two years of war the supply of even these fell short. Papa, therefore, bought a block of forest near Koyna, so that he could get a regular supply of firewood and charcoal.

He was constantly short of pig iron and steel. Although he bought all the scrap he could lay his hands on, there was never enough for his needs. Learning that the Maharaja of Kolhapur had several ancient pieces of cannon of no historical importance, he visited Kolhapur and requested the Maharaja to sell these pieces to him. The Ruler was sympathetic towards Papa's predicament and sold him a number of ancient rusty cast-iron cannons. For the rolled steel section of his ploughs, Papa was obliged to buy steel scrap at high prices.

With such serious shortages, low production, high costs and poor sales, Papa became desperate to find some fresh sources of money. His attempts to make wooden wheels for bullock carts and to manufacture nuts and bolts, both failed and these failures aggravated his financial difficulties.

Before leaving the War years, I must mention how Papa received his only award from the British Government in India. During the monsoon of 1914, our neighbouring village of Burli was struck by a devastating flood in the Krishna River, which left the inhabitants homeless and destitute. Papa called his

workers for an immediate rescue operation through which the victims were provided with food and shelter. For this eminent service, Papa was awarded the Kaiser-i-Hind medal.

With the end of the War in 1918, the future once again began to look bright. Papa was confident that he could make a variety of products and sell them profitably. However, the high costs and poor business of the war-years had eaten up most of his resources, and there was not enough money left to invest in expansion and diversification.

His friends and relatives now advised him to convert 'Kirloskar Brothers' into a Shareholders' Company and in 1920, 'Kirloskar Brothers Limited' was registered. Papa sold his interest, lock, stock and barrel to the new Company for Rs. 3,00,000, which he accepted in shares. Kirloskar Sons were appointed as the Managing Agents to the new Company.\*

By 1920, Kirloskarwadi was known in the Bombay Presidency as a unique industrial village and Papa as a person of exceptional ability. This twofold reputation attracted the attention of the Governor of Bombay, Sir George Lloyd, who visited Kirloskarwadi on 16th July 1920. After looking over the factory and the village, His Excellency said, "It was a grave error on the part of the Municipality of Belgaum to oblige Mr. Kirloskar to leave their city." He paid high compliments to Papa declaring that he had not seen another industrial village like Kirloskarwadi in the whole of Western India.

From 1920 onwards, Papa made progress in production, diversification and expansion. In 1921, Kirloskar Brothers manufactured a small drilling machine, 'Kibro', which

\* The original partners of Kirloskar Sons were: Papa, myself, Shankarbhai, Shambhuanna and Anantrao Phalnikar.

sold for Rs. 75. In July of the same year, new machines were installed for making nuts and bolts. Business increased and in October 1921, Kirloskar Brothers paid its shareholders a dividend of six per cent.

Expansion enabled the factory, in 1923, to add to its products; the new features included ploughs and the 'Kisan' sugar-cane crusher which was an improved version of the 'Nahan' crusher made in 1921. During 1923, the machine shop was extended and new machines were imported and installed. A metallurgical laboratory was built, equipped and started functioning in the same year. To ensure sufficient power supply, a 350 hp gas-engine was imported from USA which started generating power in 1924.

In the year, 1924, the factory was working three shifts a day. Additional workers and staff were recruited and houses built to accommodate them. It was a good year for business. The excellence of Kirloskar ploughs was appreciated at the historic Wembley Exhibition in London. Sales of ploughs increased to 40,000 a year, the highest for any year so far. And in July 1925, Kirloskar 'Kamal' sugar-cane crushers and hand-pumps reached the market.

Unhappily, the upward trend of business did not last long. By the beginning of 1926, the demand started to slow down. We, at Kirloskarwadi, thought the slackness in demand might be seasonal and we manufactured special pumps and went ahead with our plans for further expansion and diversification. Papa conceived that the existing capacity could be usefully employed to market household steel furniture and in July 1926, 'Kirloskar' steel chairs reached the market. As these chairs were well received, we started the production of other steel furniture for household and hospital use.

Papa strongly felt that we should start manufacturing diesel engines and electric motors, both of which we could sell as prime movers for our pumps, sugar-cane crushers, groundnut shellers and other farm implements. He had made a few engines, which he exhibited in the Industrial Exhibition held in Poona in November, 1926. These exhibits included a gas-engine, an oil-engine, two centrifugal pumps, a seed-drill, the 'Kamal' sugar-cane crusher and various model of ploughs.

One British visitor to the exhibition, after watching the performance of the engines for some time, asked Papa whether they were imported. When Papa replied in the negative, the visitor expressed his doubt whether Indians could make such engines. Papa felt hurt at this slur and retorted, "Come and see our factory, then convince yourself that these engines are *not* imported." The doubter apologised.

At the end of the exhibition, Papa made a public announcement that Kirloskar engines would soon be in the market. However, we could not go ahead with this plan. Beginning to feel the effects of a world-wide recessionary trend, we decided to be cautious and wait for improvement. Our caution was well advised. The slackness in demand, which we thought to be only seasonal, proved to be the beginning of the recessionary conditions, which soon afterwards developed into the Great Depression.

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## 12. TILAK AND SWADESHI

As a High School student in Poona between the years 1918 to 1922, I had been much impressed by the teachings of Bal Gangadhar Tilak (known to us as 'Lokamanya' or 'Revered by the People', and to our British rulers as 'The Father of Indian Unrest'). He led a movement for the emancipation of India from foreign subjection; a prominent plank in this movement was the doctrine of 'Swadeshi' or 'Made in India'.

The 'Swadeshi' movement was aimed at the conversion

of India's vast natural resources and reserves of raw materials into finished products *within India herself*. The Lokamanya strongly attacked the prevailing practice under which India's raw materials were exported to the UK at low prices, to be converted into finished goods, after which many of these end-products were shipped back to India for sale at prices which had naturally become greatly enhanced. Tilak wanted the benefit of this 'value added through manufacture' to be reaped by Indian factories, instead of the British.

In its social connotation, the concept of 'Swadeshi' meant the transition of Indian society from its traditionally rural character to the pattern of a modern industrial society. This transition would take place through the acquisition of modern productive skills, the knowledge of modern management and technology, and the changes in thinking, habits, behaviour and living conditions which the operation of modern technology would automatically inject into a traditional society.

A logical feature of the Lokamanya's 'Swadeshi' concept was encouragement of productive activities by Indian entrepreneurs. From numerous platforms and in the weekly issues of his own newspaper *Kesari*,\* Tilak called upon his countrymen to shed their indifference towards manufacturing enterprises. Unless Indians themselves engaged in such activities, he warned, the country's dependence—both economic and political—would never be removed. He published accounts in *Kesari*, which still make fascinating and educative reading, of all enterprises started by Indians. It was no longer enough, he declared, for educated Indians to limit themselves to the study of Western philosophy, literature, and political thought. They must henceforth study and adopt

\* 'Kesari' in Sanskrit and Marathi means 'Lion'.

economic development. “Produce and manufacture!” the Lion roared, “Manufacture and produce!”

Both Papa and Ramuanna were followers of Tilak and believers in his philosophy of ‘Swadeshi’. My uncle paid his first subscription to *Kesari* in 1880 and remained a faithful subscriber until his death in 1960 at the age of 103. Papa, although he would naturally be the last to claim that he had built Kirloskarwadi as a pure act of patriotism, kept the spirit of ‘Swadeshi’ in the forefront of his thinking and planning. And my father’s manufacturing enterprise was, of course, a pre-eminent example of what the Lokmanya wanted and urged his fellow citizens to achieve. As long ago as 1906, Tilak had heard of Kirloskar Brothers’ factory at Belgaum and had gone there to see it for himself. Of his much-treasured visit, the following brief account has been preserved in our records.

Tilak stepped into our factory. Looking at the giant of a man, his most precious visitor, Papa was overwhelmed and confused. Papa was never given to the facility of speech required in a businessman to receive and welcome such a distinguished visitor. Tilak, a shrewd observer of human nature, understood this. He put Papa at ease and pointing his finger at a man standing at the other end of the street in front of the factory, said, “Mr. Kirloskar, you have two visitors: I am here but your other visitor is there – standing and watching me.” Finding Papa nonplussed, Tilak explained, “That’s my tail, the C.I.D. man. One always follows me wherever I go. You know, the British Government loves me so much that they wouldn’t let me go anywhere without their representative, my escort, appointed by the British rulers!” Lokmanya Tilak then discussed with Papa the difficulties which he was facing, and paid him rich compliments on his achievements.

In his single-minded efforts to persuade his countrymen to ‘Buy Indian’, Papa was up against some formidable opposition. His iron ploughs and shares were launched in a market already flooded with British ploughs and shares, sold by high-ranking British officials acting as virtual agents and salesmen. Such officials would often hold public meetings in their Districts and ceremoniously present colourful turbans to farmers who bought British ploughs, thus conferring on those purchasers a social honour in their community, which acted as a powerful inducement to buy British products. However, by making his Swadeshi ploughs as serviceable as the British ones and by his qualities of shrewdness and aggressive salesmanship, Papa successfully sold his products against all foreign competition, thus fulfilling the hopes and expectations of his political hero, Lokmanya Tilak.

Looking back over those years, I proudly recall that in 1910, instead of being one of the many repair-shops which were then established, Kirloskar was the only enterprise in India which made its own standard product—the iron plough and advertised it and sold it in competition with British products. By teaching Indian farmers the value of modern implements, Kirloskar ploughs started the economic revolution in Indian agriculture which still continues.

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### 13. POLITICS, CHARKHA AND MAHATMA GANDHI

When I returned from the USA in 1926, India was in a political turmoil. Stimulated by the unique personality of Mahatma Gandhi, then the undisputed leader of India, the new political movement spread throughout the land. This movement was very much evident at Kirloskarwadi, where my family and a large number of the other residents actively participated in anti-British activities.

The political situation made a direct impact on our settlement in October 1927, when the Secretary of the Satara

District Congress Committee, Mr. Sadashiv Khando Altekar, came to Kirloskarwadi to discuss the Congress programme with Papa. Their discussion lasted for about two hours; and later in the evening, Mr. Altekar gave a public speech to the residents of Kirloskarwadi. The speech must have been effective, since over two hundred of our people, headed by Papa, Mama and my wife Yamutai, enrolled themselves as members of the Indian National Congress.

This set off a new trend of participating in political activities, which included undertaking a lot of Gandhian programmes and implementing them regularly. My wife had already been in the movement when she was a student in Poona, but she added more zest to her political work at Kirloskarwadi. Mama followed the new trend in her own quiet way. Papa took to wearing garments of hand-spun hand-woven cloth – ‘Khaddar’ or ‘Khadi’ as it is commonly called.

Papa also opened two fronts at Kirloskarwadi as our contribution to the freedom struggle under Mahatma Gandhi. The first comprised organised group activities like Prabhat Pheries\* , protest meetings, and spinning of yarn, in which Mama and my wife Yamutai were more active; the second involved the development of the small wooden spinning-wheel known as the Charkha, which had sprung into prominence as a patriotic symbol since the early 1920s.

The spinning of yarn on the Charkha and weaving of khaddar cloth on the handloom, became a part of our political, social and family life from the latter half of the 1920s down to the beginning of the Second World War in 1929. The early 1920s saw the Rajasaheb of Aundh encourage such activities

\* ‘Dawn Marches’, at which patriotic songs were sung and the National Flag was carried.



by offering a prize for the best Khaddar cloth. The competition was open to all the people in Aundh State. Mama, who had taken up spinning very seriously, spun some fine yarn on her small charkha, wove a piece of cloth on the handloom, and presented it to the Rajasaheb. He paid Mama rich compliments on the fine quality of her yarn and cloth, and awarded her the prize. Charkha-spinning caught on in such a big way that Papa made small portable charkhas, which were neat and efficient; costing about 3 rupees each, they soon became popular. He did not make these as a commercial proposition but rather from a desire to support the current wave of national enthusiasm.

Papa's innate interest in all machines had made him apply his mind to the improvement of this little spinning-wheel. In 1925 he bought a few charkhas, examined them and decided to improve upon the model then in use all over India. In his efforts to improve the charkha, Papa found an able assistant in Mr. Ganesh Bhaskar Kale, who was working as an engineer at Aundh and had himself attempted an improved version but was defeated by the lack of local facilities. Papa invited him to Kirloskarwadi and the two got to work together. After producing a portable charkha, they were working on a model which would work faster and give a higher output.

While Mr. Kale and Papa were engaged in improving the charkha, Mahatma Gandhi declared a prize of 100,000 rupees for a new charkha which, as was stipulated in the rules of the competition, "could be run by one person and which would produce 15,000 yards of 40-count yarn within 8 hours of working." Mahatma Gandhi desired that the charkha should cost no more than 250 rupees. It was also stipulated that the judges' decision must be accepted and in case of differences of opinion among the judges, Mahatma Gandhi's decision

would be finally binding on the competitor. The competition was scheduled to be held in April 1931.

A number of entries from India and abroad were received by the All-India Spinners Association, which was conducting the competition. The judges examined and tested the entries and decided to recommend Kale's charkha in which, however, they suggested some changes; to effect these, Mr. Kale brought his charkha back to Kirloskarwadi.

All this occupied some time and in January 1933, the Association sent Mr. Satish Gupta, their representative, to Kirloskarwadi to make sure that all the suggested changes were being made. The charkha was finally displayed in an exhibition held in Bombay. Mahatma Gandhi approved of it and suggested that Mr. Kale should bring his charkha to the Wardha Ashram and meet him, which Mr. Kale did. Mahatma Gandhi and his wife Kasturba used the Charkha for a few days and told Mr. Kale that they liked it. Satisfied and hopeful, Mr. Kale returned to Kirloskarwadi.

All of us now waited anxiously for the announcement of the award of the prize to Mr. Kale; but something held up the announcement. Instead, Mr. Kale received a letter stating that Mahatma Gandhi "did not approve of the charkha." Papa told his bitterly disappointed friend to go back to Wardha Ashram and discuss the matter with the Mahatma. Mr. Kale went to Wardha, from where he wrote to Papa, requesting him to join him there. Papa wanted Shankarbhai, Nana Gurjar and me to go with him.

The four of us went to Wardha in February 1935. Seth Jamnalal Bajaj, a well-known wealthy businessmen who was devoted to Mahatma Gandhi, came to the railway station to receive us and take us to the Ashram. A little later, we were

taken to Gandhiji's hut where he received us and put us at ease with his well-known infectious smile. He enquired after our health and asked Papa how he was doing.

After some time, he took us round the Ashram. Looking at him, I wondered how this frail man could succeed in moving the hearts of millions of Indians and make them defy the mighty power of the British. His movements, and particularly the way he walked were typical; brisk but a little awkward.

While going round the Ashram with the Mahatma, we saw many men who were dressed like him, imitated his style of walking and copied his mannerisms. All the men and women there, wore Khaddar – except one man who outdid everybody and wore clothes made from rough hessian cloth! If coarse Khaddar was considered holier than mill-made cloth, I thought, this man must be considering himself holier than others, because his hessian was definitely the coarsest clothing material I had ever seen.

We saw a European woman who wore a Khaddar sari. What attracted my attention was not her sari but her head, which was clean shaven. Even among the Ashramites, I felt, she looked ugly, with her coarse dress and her clean-shaven head shining like a ripe delicate melon. By putting on such an appearance, it seemed to me, she too was trying to look holier than others. I saw some men working with a stone grinding-wheel to produce flour and some others sweeping the Ashram premises with brooms. In the whole Ashram, the only furniture consisted of small 'chatais' or straw mats.

The philosophy behind this austere pattern of living was obvious and already well known; *rely on your own labour, do away with machines and the dependence on foreign goods which accompanies them*. No flour mill; use the stone

grinding-wheel. No furniture; use chatais. And yet in that world of extreme austerity, my eye was caught by a well-fitted with a kerosene engine and a pump! What had become of the traditional wooden wheel and bucket tied to the end of a rope, for drawing water? I felt I was looking at something suspiciously suggestive of a double standard in the atmosphere of this 'machine-free' Ashram.

After completing our round, we ate with the Mahatma a meal of simple food, after which we washed up our dishes at the well using the water pumped up by the engine. We then accompanied the Mahatma to his hut where he opened his wooden box, took out his charkha and started to spin. His secretary came with his papers and occupied his usual seat behind a small desk.

After a few minutes, Papa explained the purpose of our visit. "Mahatmaji," he said, "Mr. Kale's charkha fulfilled all the conditions you laid down. But still, I am told, you disapproved of it. We would like to know what is wrong with it."

"Yes," said the Mahatma. "Your charkha is good but I felt it is more like a modern machine than a simple device. I did not want a *machine*."

Now Shankarbhai intervened, "You had stipulated the output you expected from the new charkha, but you never laid down a condition that it should not look like a machine."

"I agree with you," conceded the Mahatma. "But we must consider that it is the uneducated villager who is going to use this charkha. You know how scared villagers are of anything that looks like a machine."

Papa said, "I know how scared the farmers get of new machines. But they also get used to them; and if their experience convinces them of the benefits, they enthusiastically use machines. Farmers now-a-days use bicycles, sewing machines and even pumping sets. So, in my opinion, once they know the benefits of this new charkha they will accept it."

"And supposing," Gandhiji asked, "your charkha breaks down?"

"We guarantee immediate attention for its repairs", Nana Gurjar assured him, "and will also make the spare parts available."

"I know you would," agreed the Mahatma, "but what I had visualised was a 'Charkha of my dreams', so simple in construction and operation that even a village carpenter should be able to make one. I don't think your charkha has the qualities of the charkha of my dreams."

I was somewhat astounded by the Mahatma's explanation. I said, "Then the best way for you was to give us a blue-print of your Dream-charkha."

Gandhiji perhaps did not take this remark kindly. He did not say a word to me, but stared eloquently at all of us with a look that indicated his unwillingness to continue the argument. Nevertheless, Papa was not satisfied with Gandhiji's explanation. He said, "If you do not like our arguments, we will stop arguing. If you are hurt, we express our very sincere apologies. But I would like to inform you that we spent thousands of rupees in making this charkha and poured our hearts and our knowledge into it. We are not in politics, but we respect the work you are doing and wanted to make our contribution to it. As a manufacturer, I thought that I could

contribute by manufacturing something you badly wanted. I honestly feel that such contributions by manufacturers and traders would be very valuable in our national struggle. We are not after the prize money. If you like, the minute you declare the award of the prize, we will hand the money back to you and you can spend it for any purpose you want."

But Papa's pleading had no effect on Gandhiji. From his silence, we realised that he had made up his mind against giving the prize to Mr. Kale's charkha. Papa terminated the discussion, profusely thanked Gandhiji for his generosity in granting us the interview, and took leave of him with "Let us forget the charkha. We honestly feel we are fortunate in getting an opportunity to talk with you."

I narrate this experience because it made a deep impression on me. Though I admired and immensely respected Mahatma Gandhi as a political leader of our country, I could not accept some of the contradictions in his behaviour and in his outlook on life and people.

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**14. MY PHILOSOPHY,  
GANDHIAN FALLACIES,  
ATHEISM**

From the moment when, after my return from USA, I experienced my first direct contact with the current political movement in India, I became conscious of the serious differences I had in my thinking, that set me apart from my fellow citizens.

Although by no means deficient in the patriotic desire to see my country free and strong, I had my own views about the right methods of making her so. I regarded such rituals as the weekly Prabhat Pheries, the singing of patriotic songs,

the parading of the Tricolour, even the wearing of Khaddar and spinning on the Charkha, in a detached and unemotional way. As I saw it, India's political aim had already put her economy on the road to progress. The improved yield from farm-land created employment and turned out trained, well-paid workers able to raise healthy and educated children for the next generation, making a solid contribution to India's economic growth.

Such contributions, in my view, could not be made efficiently – if at all – without the aid of machines. And here lay the heart of my difference of opinion with Mahatma Gandhi and his followers. Like Papa before me, I am, have always been and shall always be, a 'machine man.' I see the machine as the friend and helper of man, not as a demon devised for man's economic and spiritual destruction, which is the way Gandhians regard it. Our own experience had conclusively proved the benefits which thousands of farmers derived from our ploughs, our pumps, our crushers and shellers and other labour-saving devices. Were we now to scrap all these benefits and revert to the traditional reliance on human and animal muscle-power, with all its slowness and inefficiency? No. A hundred times No! On the contrary I was convinced that India needed machines and prime movers in thousands. And what applied to agriculture, I would equally apply to textiles. If pumps and cane-crushers and groundnut-shellers were good for our economy, could spinning-frames and power-looms be bad? I could find no virtue in the slow and tedious spinning of yarn by human finger-power.

Though without the least desire to lead a crusade against what I saw as a Gandhian heresy, I allowed myself to argue this topic with our visitors, many of whom happened to be

devoted followers of the Mahatma and hence bound to disagree with me. Some of them were thinkers, intellectuals and writers who contributed to our *Kirloskar* magazine,\* which Shankarbhai had developed into a very influential journal. The thinkers claimed that such practices as wearing Khaddar or remaining half-clad, were gestures which identified the leaders as one with the masses who never had enough to eat or wear. Living a simple life and keeping the body half-clad, they claimed, was a necessity. They argued that the Charkha employed more hands: spinning and weaving mills, fewer. When I asked what would happen if everybody spun his own yarn and wove his own cloth, they replied that it would make all of us totally self-reliant.

“Should an engineer waste his time in spinning?” I would ask.

“No, but he can buy from those who spin and weave,” was their usual reply.

“He already does so, but he buys what has been spun and woven in the mills.”

“But they employ less people because they use machines.”

“I think they employ *more* people at each stage, from spinning to the making and selling of cloth. Because more cloth is available, more clothes are stitched and so the tailors get more work. Again, making textile machinery employs more people in scores of processes from designing to erection and maintenance; it is a chain of manufacturing which employs millions. How can wooden charkhas and hand-spinning and hand-weaving increase employment?”

\* *Kirloskar* never hesitated to criticize ‘Gandhism’.

Such questions tended to be shrugged off by the Gandhians and the argument would usually end by my being dismissed as a man ‘obsessed with American ideas.’

Such discussions moved me to a deeper examination of the logic of ‘Gandhism,’ the name by which this philosophy was then known and under which it is still being propagated. My discussions with such men as I have described, revealed their claim that following Gandhism would achieve both spiritual and material progress for our people.

The high-minded but impractical thinking of these idealists underlined the traditional beliefs in our political movement of the 1930s. I listened to many speeches in which even academically well-qualified persons assured their large audiences that by following the Gandhian way of life, the people of India would be re-creating the blissful existence of the legendary Ram Raj.

Ram Raj, indeed! What did this legendary Golden Age have in common with railways, roads, textile mills, telephones and so on which we already possessed in the 1930s? These Gandhian idealists seemed to me to be blissfully ignoring not only the facts of past history but also the realities of today. When India came under the control of Britain, it was a case of a country without machines being overpowered by one which had them. To discard machines, go about half-naked, live half-starved and reside in rude huts, would never lift us to the heights of happiness and freedom, but rather plunge us into the depths of misery and degradation. I, therefore, resolved to concentrate on the sound management of our enterprise, build more and still better machines, create more jobs and leave politics to our politicians. I would serve my country and lift her out of her poverty and bondage, in the



manner, which to me, seemed wisest, best, most efficacious, and most efficient.

Fortunately, Papa and the other members of my family did not try to turn me from the path which I saw as the only true and right one.

One more point on which I could never go along with the Gandhians was in their virtual 'deification' of the Mahatma. For the matter, I have never been able to accept the orthodox religious attitude to deities in general. Indeed, I have been an atheist from my youth and formal religion and rituals hold no attraction for me. As a student in the USA, I was once asked to write an essay on Religion. My teacher examined my essay, called me, put his finger on certain lines I had written and said, "Read these lines and tell me whether you really mean them."

The lines in question expressed my belief that, apart from the social good which all religions might have done at the time of their origin, religion itself is not a necessity for modern man. I argued, "When we have so much knowledge of how elements behave, how the rain falls and how earthquakes occur, the legends of Gods of Rain and Gods of Storm in religious books sound very primitive. Having studied evolution, one cannot believe in God's creation of this earth in six days and his creating a man out of dust and blowing into his nostrils the wind of life. To me," I concluded, "such writings are bed-time stories of the ancient times."

As directed by my teacher, I read the lines and said, "I mean them, Sir."

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## 15. DEATH OF MAMA

My mother had kept indifferent health ever since she recovered from the infection of the dreaded plague in 1896, when she and Papa had been living in Bombay. The doctor's effort supported by scrupulous care and nursing had saved my mother's life at a time when thousands were dying all over the crowded city. Yet, though her life was spared, the serious illness crippled her health and condemned her to a slow recovery.

After my parents left Bombay and settled down in Belgaum in 1889, Mama had to bear the hardships which marked the early years of struggle to establish our business.

The much-dreaded plague caught Belgaum too, in its grip and our family left the city for the suburb now known as Thalakwadi, which was bare and open except for the few huts put up by families which had fled the city to escape the epidemic.

Mama bore the rigours of family life with a smile, displaying all the tolerance of a loving wife and mother who would make light of her own sufferings and devote herself to the happiness of her husband and children. As the years passed and her responsibilities became heavier, her delicate health was over-taxed. In 1919, she underwent an operation for breast cancer, performed by Dr. Vail at the Miraj Mission Hospital. The operation was successful, but the respite was short-lived, since from 1925, she began to show symptoms of acute diabetes which restricted her diet and caused much weakness. Between 1930 and 1933, she was constantly ill. Even slight physical exertion would tire her. She was often in pain and was kept under sedatives.

Mama was home for the *Diwali* festival in October 1933. All of us decided to celebrate her recovery and wanted Papa and Mama to perform the traditional Laxmi Poojan with a Baby Show, to be presided over by Mama, on the following day.

*Diwali*, the Festival of Light, is to many people the most charming and the best-loved of all the Hindu festivals. The little wick-lamps are lighted at every door and set in rows along every ledge and terrace on the first evening. All through the night they spread their soft radiance and as the dawn breaks, they flicker and go out one by one. The second day is devoted to the worship of *Laxmi*, Goddess of Wealth. The merchant closes his year's accounts and invokes her blessings for a thriving business in the New Year. In homes and offices, mills and factories, we make offerings to *Laxmi*\* and implore her

\* One of the loveliest names for Hindu wife is "Griha-Laxmi" i.e "Goddess of our Hearth.

to look on us with favour through the coming year. Even Papa, with his habitual aversion from all rituals, did not forbid the traditional *Laxmi Poojan*.

The ceremony left Mama cheerful but physically tired. She was busy the whole day meeting people who had come to express their joy at her recovery and her home-coming from the hospital. Next day, though weak, she insisted on presiding over the Baby Show. She spoke for a few minutes to the mothers and the children (many of whom had entered this world in her arms and were her much-loved 'god-children'). Then she returned home, tired and in pain.

She drank a cup of milk and went to bed rather early under a strong sedative. Papa warned us, "I am leaving early in the morning for Ramapur with Dr. Diwan\* to complete anti-cholera inoculations there. Please don't disturb your mother; let her sleep as much as she can."

The following morning (October 21, 1933), Papa and the Doctor set off to Ramapur some ten miles distant. When Raja and I left for the factory at our usual hour at 7.30 in the morning, we found Mama still asleep. For some reason my younger brother, Prabhakar stayed at home along with Dr. Pandit of Baroda, one of our relatives who had come by the early morning train in order to spend a day with us.

Noticing that Mama had still not woken though it was almost 9 o' clock, Prabhakar began to feel uneasy. Through the window of Mama's room he watched her sleeping form from some time and observed that her position never changed. This sleep, he decided, was much too quiet. He went to Mama touched her and was shocked to find no movement in her. His shouts of "*Vahini, Vahini!*" brought my wife running to Mama's

\* Our Medical Officer.

bed. Dr. Pandit also came, looked at Mama's eyes, felt her pulse and declared, "Mama is dead."

Prabhakar sent a call for Raja and me, at the same time telling Anantrao\* to go and fetch Papa from Ramapur. The news spread. Someone in the Labour Office struck the bell which was sounded during working hours only in emergencies. The alarm call brought everybody outside. Somebody told Rajaram and me of Mama's death and we ran to the house, where we found Dr. Pandit confirming the tragic news.

Anantrao drove over to Ramapur covering the ten miles with the accelerator pressed to the floor. He saw Papa's car at the entrance of the village and Papa himself standing by the villagers who had lined up for their preventive shots which Dr. Diwan was busy administering to them. The huge cloud of dust raised by Anantrao's speeding car attracted Papa's attention. Seeing Anantrao jumping out of the car, Papa rushed to him with "What's happened?" Anantrao led him away from the crowd and quietly told him, "Papa, Mama passed away."

As I looked at Mama's body, still and serene in death, I thought of all the love and devotion she had lavished on me for over thirty years, and realised that a part of me was gone for ever. Now I was a grown man in the prime of life, with a satisfying job and a family of my own. Yet to Mama, I had always been the baby born to her as 'God's gift', her little Shantanu who had brought her the first joy of motherhood. I was her little son, clinging to her, speechless for three years, filling her mind with fears that I might never learn to speak at all. She always fussed over me, telling me, "Shantanu, you work too hard", or "You are getting thinner – you don't eat enough", though actually I was strong and vigorous.

\* Our Works Manager

How well I could understand what Papa was going through! In my grief and loneliness, I thought of him and Mama and their life together. Mama had been married at a tender age and must have found life full of difficulties, wedded as she was to a man unlike the persons she was used to in her family. What tough trials she must have gone through, as she sought to adjust herself to the moods of my father! As individuals, the two were so different from each other – in their habits, in their beliefs, in their temperaments. When he was young, my father poured his time and energy into his work, with very little to spare for his wife and home; yet even this little filled my mother with happiness.

As we children grew up, we understood the diversity in our parents' personalities which found a meeting-place in the intense love they felt for each other and for us. While my father poured his energy and many years of his life into building our enterprise, Mama's whole world consisted of Papa and us, her children, and in due course, the people of Kirloskarwadi. Papa had an explosive temper which required little provocation to ignite; Mama exuded affection and was gentleness personified. When Papa burst out with uncontrollable fury Mama responded with understanding silence. His words were blunt and hurting; hers were gentle, pleasing and winning. He did not believe in God, religion, or rituals; she had unshakable faith in God, observed all the traditions and performed all the religious rituals with intense devotion. In their lives together, he won by fighting battles; she, by winning hearts. Yet with all their individual differences, they combined to give us a happy home nourished by all the best that was in them.

So I looked for the last time at Mama's face and turned to see Papa beside me, ageing and lonely.

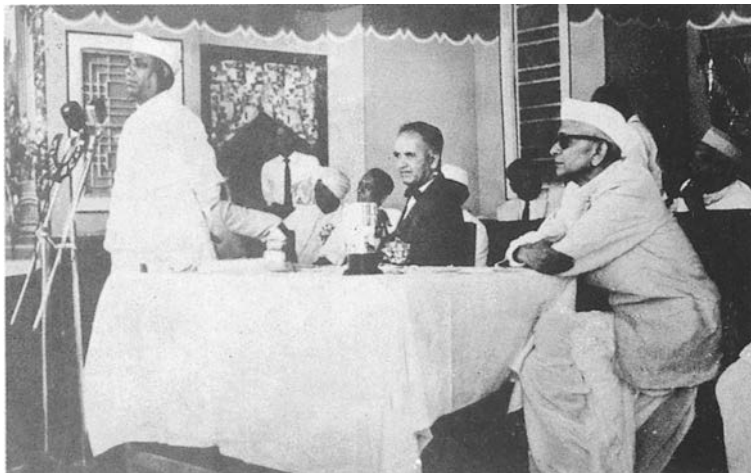




28. Pandit Nehru grasps a Kirloskar plough during his visit to Kirloskarwadi, 1940.



30. Mr. A. P. Good, Chairman of British Oil Engines Export, visits Kirloskarwadi, 1950.



29. Hon. Y. B. Chavan presides over the Golden Jubilee Celebration of Kirloskar Brothers at Kirloskarwadi, 1960.



31. The statues of Mama and Papa at Kirloskarwadi, 1936 and 1969.





32. Inauguration of Kirloskar Oil Engines Limited (KOEL) at the hands of Hon. Shyamaprasad Mukherji, Minister for Industries, Government of India; the Minister stands between SLK and Papa, 1949.



34. Members of the Kirloskar Management with Pandit Nehru, 1950. (L to R) : Nanasahab Gurjar, Yamutai, Ravi, SLK, Rajaram, Pandit Nehru, Shankarbhau, Papa, Anantrao Phalnikar, Prabhakar, Shambhuanna Jambhekar.



33. Pandit Nehru goes round KOEL, 1950; on his right are Shankarbhau and Lala Shri Ram; on his left are SLK and Mr. Stock, the German designer.



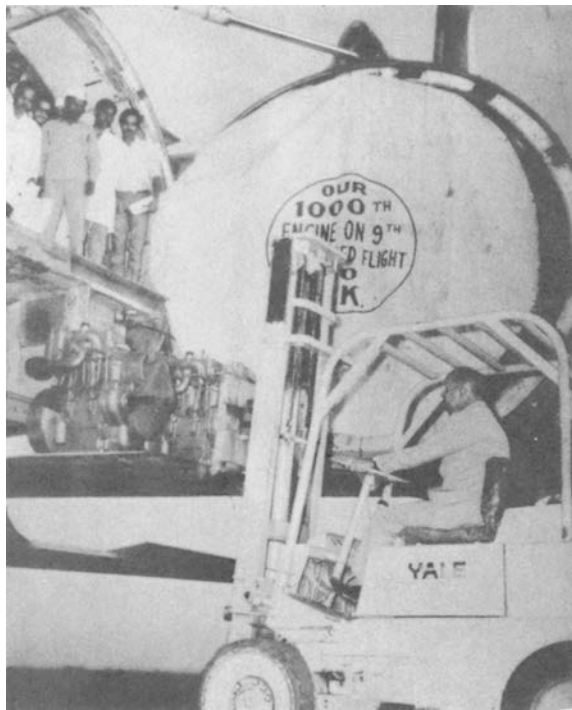
35. A manufacturing shed at KOEL, 1960.



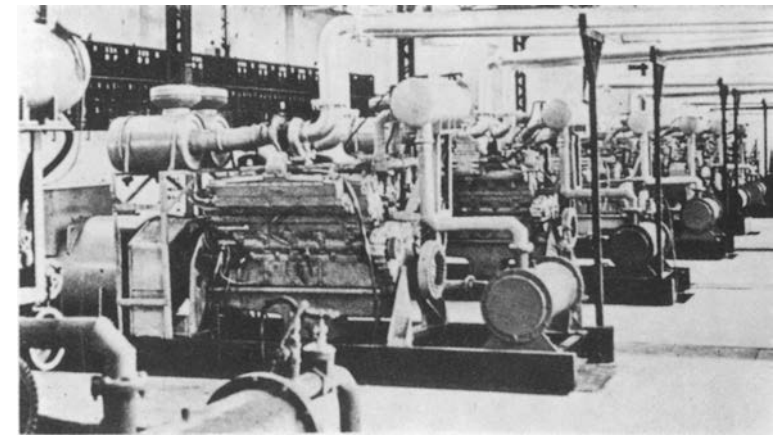
36. Consignment of Kirloskar oil engines ready for despatch to West Germany at the hands of Hon. Morarji Desai, 1954.



38. Despatch of the 1000th Kirloskar pumping set to Bangladesh, on 25th Dec. 1972. (L to R) : Chandrakant; Hon. Sharad Pawar, Minister of Agriculture; Nilubhau Limaye, Mayor of Poona; SLK; Bondre, Export Manager.

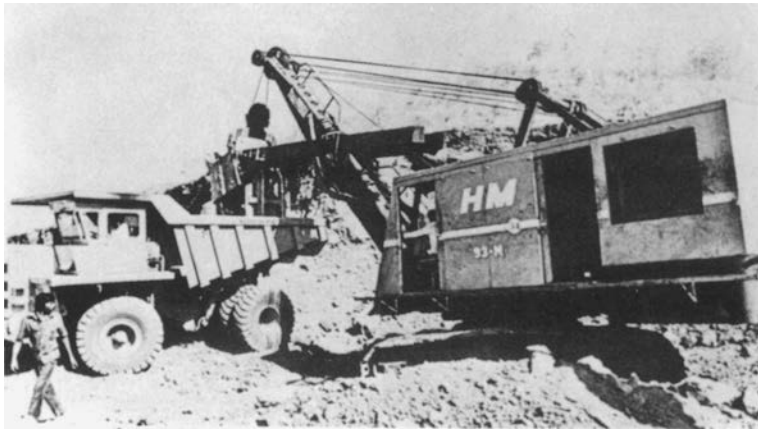


37. SLK operates a fork-lift while shipping a plane-load of Kirloskar oil engines direct from Poona airport to UK, 1974.



39. 7 Kirloskar Cummins engines in their 5 megawatt power-house.





40. Dumper powered by Kirloskar Cummins engine.



42. Papa in his retirement, as a farmer, 1954.



41. Despatch of the 10,000th Kirloskar Cummins engine at the hands of Mr. Miller, Chairman of Cummins Inc., on 11th June 1975. (L to R) : SLK, Arun Kirloskar, Mr. Miller, Chandrakant.



43. Papa shows his produce to Pandit Nehru, SLK and Lala Shri Ram, 1951.



16.

## BUSINESS FLUCTUATIONS

At the end of 1928, we were making twenty different patterns of ploughs, four varieties of sugar-cane crushers, three different types of fodder-cutters, ten different models of hand pumps and three of groundnut-shellers. At that time, we employed 600 workers. 1929 also started well for us in business. The superior 'Kalyan' groundnut-sheller was invented and became very popular. The demand for it during the first half of the year, I thought, assured us a bright future.

1929 also brought me some personal happiness. My

younger brother Raja, then 23, was married on 12th June. We entertained a large gathering of relatives and friends and our usual committees worked hard to carry out the various programmes and look after the numerous guests. I was happy about Raja. Though he had left school rather early, he had developed into a very efficient engineer and his reputation had spread all over our area. A year earlier, he and Mr. Damu Bhirangi, our engineer, had completed the electrification of Aundh town at the request of the Rajasaheb and their performance had received well-deserved compliments.

In November 1929, Papa was given an honour which made us all feel particularly proud of him. From 1872 to 1885, he had lived as a child in Dharwar where my grandfather, Kashinathpant, served the Municipality on a salary of Rs. 12 per month – a sum which left him too poor to finance either Uncle Vasudevrao's medical education or my father's course at the J. J. School of Arts in Bombay. And now the son of the one-time low-paid clerk was invited to inaugurate the Dharwar Industrial Exhibition as an honoured guest and one of India's successful industrialists.

A month later, another Industrial Exhibition was held in Kolhapur, in which Kirloskar products won four gold medals for their excellent quality. I was particularly happy when the judges of the exhibition in Kolhapur gave rigid performance tests to our products. Our 'Kamal' sugar-cane crusher (which I had redesigned) extracted 77% juice out of the sugar-cane, a higher percentage than that achieved by any other crusher. My engineer's heart rejoiced.

The expectation of a bright future, which I had held at the beginning of 1929, proved illusory. By the end of 1929, the demand for our products started going down rather too



rapidly and at the beginning of 1930, we were left with large idle capacity in the foundry and the machine-shop. (The Great Depression of 1929–1935 had already made its destructive impact beyond the USA.) Looking for paying work we contracted to build steel bodies for passenger buses. I did not favour this work, but it at least absorbed our idle capacity and earned for us a reasonable amount. The quality of our performance satisfied our customers, who sent us further work.

We were also looking for a new line which would depend, not on our regular farmer-customers' requirements, but on people such as government servants, middle-class teachers and other fixed-income groups; the reason was that, due to the reduction in the prices of commodities, people with a fixed income found their margin of savings considerably increased and were thus encouraged to buy new possessions. We accordingly hit upon the idea of going in for the manufacture of steel furniture. Starting with a folding steel spring cot, we gradually progressed into manufacturing tubular furniture and various type of cots, steel chairs and cupboards. Later, we began to manufacture hospital furniture on a large scale. We developed this line to such an extent that one-third of our business during this period was in steel furniture. A notable feature of this business was that almost 100% of the raw material was imported; consequently, when World War II started in 1939 and imports dried up, we were starved of raw material and had to discontinue manufacturing furniture.

In 1930, however, in addition to furniture sales, we got more orders for hand-pumps and 'Kamal' cane-crushers. Indeed, the work-load increased so much that in August, we added 150 new workers to our regular force of six hundred.

The rise in demand, however, did not last long. Within

a year we had to consider retrenching workers because the work-load dropped suddenly to such a point that we were in trouble for almost three years. Looking back over our business during the Depression, I find that between 1929 and 1939, the demand moved erratically, going up in 1929, down by August 1931, touching the bottom towards the end of 1934 and rising again from 1935 to 1938, when there was a sharp drop. The demand started rising once more in 1939 and stayed at the peak throughout the War years from 1939 to 1945.

Despite the Depression and the erratic demand, we were very reluctant to retrench our permanent workers and see them suffer for no fault of theirs. We, therefore, worked five instead of six days in a week, which enabled us to hold on to our work force and spread the burden equally among all from the top management downwards.

I took advantage of the idle capacity and concentrated on our developmental work. We made some new product or the other, or else redesigned our old ones for more efficiency. A small sugar centrifuge for small farmers was produced in June 1933, followed by our 'Shishir' sugar-cane crusher with a capacity of crushing 3000 kgs of cane per hour. We took up a new line of 8 and 16 hp diesel engines, and test-marketed them. In those days, we had to import all forgings for our engines and all fuel systems (the former from Poldi of Czechoslovakia). Although there was no restriction on imports, the necessity for importing inevitably curtailed our production. Nor did we wish to invest large sums on imported items until our marketing test had shown success and the engines had proved their quality in the hands of the farmers.

We were also working on our 'UP' type 3" x 4" pump

with a delivery of 4000 to 5000 litres per minute and this was soon manufactured for sale. (The pump was so named because the first order for it – 40 pumps – came from the U.P. Government's Irrigation Department.)

The Depression kept all of us on our toes to sell whatever we could and as much as possible. When I started visiting farms to sell our 'Kamal' sugar-cane crusher, I came in close contact with our farmers. I used to talk with them, demonstrate our machine, discuss and understand their difficulties. Many a time, I would return home tired but cheerful, covered in sweat and farm-dust, with bits of bagasse in my hair. My wife, Yamutai, would scold me playfully with, "I'll have to give you a good bath and wash the dust out of your hair just like Chanda's." (Our little son Chanda had been born on 30th June 1928. I loved spoiling him, playing with him, and roughing him up. He responded to most of my pranks with loud chuckles.)

The years of the Great Depression were, in a sense, a period of preparation for a better future, particularly since we concentrated on developmental work. We suffered financially, but less, I believe, than other entrepreneurs. Papa, a veteran fighter against bad market conditions, had covered himself by making standard products as ploughs, pumps, crushers, shellers and oil engines. From each opportunity that we were able to grasp, we reaped rich benefits. I had the inestimable advantage of building on the foundation, strong and wide, which Papa had erected with his practical wisdom and far-sighted business view.

As a father, Papa might fairly be called a practical visionary. He trained and educated his sons taking a very long view of the requirements of our enterprise; and, let me say,

showing more clarity in his thinking than our national planning bodies even now exhibit in their planning for human development. He trained me in Mechanical Engineering. My late cousin Madhav was being trained in Electrical Engineering when death snatched him away in 1924. My younger brother Rajaram\* studied practical Plant Management under my father because, like Papa, he hated school-books but understood machines with a 'sixth sense' as subtle as that of a conductor of an orchestra. With strings and wood-wind, brass and percussion all playing together, the conductor makes out a wrong note played by a single instrument; just so, amid the deafening racket of wheels and crankshafts, Rajaram's ear could accurately pick out the wrong note of one faulty machine. This uncanny instinct of my brother's came in very handy when we decided to go in for machine-tools production in a big way and Raja and Shambhuro Jambhekar founded our machine-tools enterprise at Harihar (Mysore Kirloskar Limited) which they expanded in the ensuing years.

Prabhakar, born in 1911, had an eye for farms, gardens and animals. Papa knew that such a natural gift, if suitably trained, would be useful for the expansion of our farm-products and, therefore, decided to send Prabhakar to Cornell University in USA for higher education in Agriculture and Animal Husbandry. He was to be accompanied by my youngest brother Ravi, destined to graduate in Electrical Engineering at MIT. Just then, I too was thinking of going to USA with Yamutai, intending to study the latest developments in that country with a view to find out suitable products for our expansion in prime movers. All four of us decided to leave together after seeing our only sister, Prabhavati, married to

\* (1906–1962)

Mr. Chandorkar, a Government Officer working in East Africa, in December 1933.

Eventually we left in June 1934. Yamutai was leaving India for the first time and felt all the thrill of her first foreign travel. Brought up in an orthodox Brahmin family, she found eating in hotels and restaurants a new experience and as a strict vegetarian from childhood, she took some time to get over the fits of nausea induced by the sight of meat or fish on the table.

We all enjoyed Yamutai's observations and comments on American social behaviour. In India, she had known a society in which men and women hardly ever mixed, even on social occasions. Now, as she watched young men and women mixing so freely in the American restaurants and other places, she remarked in Marathi that the couples were "having affairs" and that they "lacked all sense of proper behaviour." I would rejoin, "Well, Americans always have affairs at all places!" She got the joke and soon grew used to men and women casually mixing together or even holding each other's hands.

We travelled all over north-eastern USA, visited Europe, and returned to India in January 1935.

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## 17. CIVIL DISOBEDIENCE, BOYCOTT, WAR

Defiance of British authority of India spread and developed. While the leaders passed anti-British resolutions and delivered anti-British speeches, the masses took to boycotting everything which resembled 'the British way of living and working', thus producing results which often defied cold reason.

In our non-violent War of Independence against Britain, we took out processions and held meetings which officialdom had banned. These acts were intended to express our desire

for the foreign ruler to quit India and there was no harm in them. But we went further than this. On the slightest pretext, we would shut down business establishments and factories leaving schools and colleges to follow suit.

I could not understand how shutting down factories and other productive activities could either hurt the British or help our cause. The loss of production obviously hurt us Indians more than it did our rulers. Closing down schools and colleges did not hurt Britain at all; it hurt only our younger generation. The defiance of law hurt the British to some extent, but hurt us much more by implanting in our youngsters a tradition of blind and unthinking defiance of authority. These were the seeds of a whirlwind, which our own government had to reap after we achieved independence.

The picketing of shops and establishments dealing in foreign goods was organized throughout the country and was most effective. Enthusiastic, but not very discriminating Congress workers took to stopping passers-by in the streets and asking them to discard clothes, particularly caps, which these patriots thought to be of foreign make (actually, some were stitched from Indian mill-made cloth). Huge piles of 'foreign' caps and clothes were burnt on the roads. Many businessmen shed their Western-style suits and took to wearing Khaddar pyjamas, kurtas and Gandhi-caps.

The spirit of boycott even reached Kirloskarwadi. My cousin Shankarbhai, ever since his return from England in 1924, had taken to wearing a pith helmet (actually made in India, but undeniably a typical British headgear). A group of our workers went to him and, as 'respectfully' as their rustic manner allowed, requested him to hand over the pith helmet for burning. "See!" they showed him, "we've brought you a Gandhi-cap to wear instead."

My cousin, though a nationalist to the core, took umbrage at this demand and retorted that he would wear whatever he thought was good for him. The workers walked out, angry at what they considered was Shankarbhai's 'unpatriotic' reply and assembled under their political leaders to meet Papa. They told my father that the new spirit of Khadi and boycott of foreign goods demanded that a senior officer like Shankarbhai should take to wearing a Gandhi-cap. They made it clear that Shankarbhai's 'unpatriotic' love for his pith helmet might even cause a protest strike.

After Papa had talked with him, Shankarbhai, though still offended at what he considered the men's presumptuous interference, promised Papa, "All right, let us avoid any trouble. If all the workers will gather together tomorrow morning, I will ceremoniously discard the pith helmet and put on the Gandhi-cap."

Next morning, he kept his promise with a vengeance. He asked one of our Harijan ('untouchable') workers to bring a Gandhi-cap and a cup of drinking water. Addressing the assembled workers he said, "I am wearing this Gandhi-cap as a patriotic gesture and to respect Mahatma Gandhi's wish."

After putting on the cap, he took the cup of drinking water from the Harijan's hand and said, "Mahatma Gandhi's second wish is to abolish untouchability. So this *Harijan* has given me water, which I will now drink in your presence. I am sure that you too will respect Mahatma Gandhi's wish, and will all drink the water served by this Harijan." Shankarbhai drank from the cup, but thereafter not a single person volunteered to drink from it. Evidently they followed Mahatma Gandhi just so far as it suited them – and no further.



Shankarbhai, who was as ardent a social reformer as he was a nationalist, had purposely arranged this gesture in order to expose the hollowness of the demonstrators' demand. He had no use for empty revolutionary slogans unaccompanied by meaningful or constructive action. He was an advocate of drastic social reforms and a severe critic of ignorance, bigotry and hoary customs which had long outlived their purpose. He had built up his *Kirloskar* magazine into an effective instrument of social change.

A detailed account of India's Freedom Struggle should not find place in what is essentially the story of one man's life and views. Inevitably, that struggle powerfully influenced and formed a permanent background to all we thought and planned and did during the eventful years of the late twenties, the thirties and the forties; however I shall include only those points which directly affected me or our enterprise at Kirloskarwadi.

One event, which certainly deserves mention here, is the formation, of the Federation of Indian Chambers of Commerce and Industry in 1927. This was a deliberate counterblast to the British Businessmen's Associated Chambers of Commerce, which met in Calcutta where the Viceroy\* addressed the Annual General Meeting. The British Businessmen's Association obtained valuable information regarding the contemporary business situation and the future policy of the British Government in India.

FICCI was established in Delhi as a representative body of Indian business interests, and worked in close co-operation with the Congress party. Many office-bearers of FICCI were

\* As the King-Emperor's representative, he was the supreme embodiment of British rule in India.

members of the Central or Provincial legislatures and worked with Congress members in the Houses. While the Congress organized mass disobedience and defiance of British authority, members of the legislative bodies worked to oppose those British protectionism policies and exchange rates which favoured the import of British goods into India.

When Britain declared war on 3rd September 1939, on Germany, the Viceroy by a simultaneous declaration (many felt improper, since he had not thought fit to consult either the elected ministries then functioning or the political parties), involved India in the war. The consequences of this 'belligerency' were soon brought home to us at Kirloskarwadi.

My cousin Vishnu had received his medical education in Germany where he married a beautiful and talented girl named Elsie. After obtaining his M.D. degree, he returned to India with Elsie, landing at Bombay on 22nd May, 1936. Following a brief spell at Hyderabad, they came to live in Poona. Now with the Viceroy's declaration of war, poor Elsie automatically became an 'enemy alien'. She was arrested and interned in a camp at Satara where she remained until the end of the war.

When I heard that war had been declared, I remembered the visit of Mr. Otto Zimmer, Commercial Attache to the German Consulate-General in India, to Kirloskarwadi in March 1939, about six months before the war. Mr. Zimmer was a man of friendly disposition who had taken a keen interest in our factory. And now the declaration of war turned our friend into an 'enemy'.

Despite many indications that the conflict between the Congress under Mahatma Gandhi and the British authorities in India might grow into an explosive political situation, India

was comparatively peaceful from September 1939 to the middle of 1942.

On 31st July 1940, Pandit Jawaharlal Nehru paid a visit to Kirloskarwadi with Appasaheb Pant, Prince of Aundh. At one point, Nehru noticed some rows of ploughs ready for despatch. He went near one, caught hold of its handles, moved the plough as if he was ploughing his field with it and said, "How I would love to be a farmer!" The photograph of Panditji's gesture, taken when he was holding a Kirloskar plough, is still treasured and hung in many of our offices.

Save for the usual processions in protest against the British policy, a few shut-downs and a lot of speech-making, we had no disturbances at Kirloskarwadi. By 1941, as the conflict between the unarmed Congress representing the Indian people and the British developed, we could feel the high tensions building up all over India. However, we had not yet experienced, the kind of violence which erupted in 1942 at Kirloskarwadi.

While continuing to supply the needs of the farmers who keep all of us from starvation, our factory had received orders for material required by the Defence Services. We had increased our work-force to meet the large demand and the time-bound delivery schedules. We supplied thousands of pumps to the armed forces and, in return, we received the necessary imports of machinery together with raw materials. Our first step towards expansion was to start a factory – the first of its kind in India - for the exclusive manufacture of machine-tools. For this we received not only permission, but solid help from the (British) Government of India. Mr. Gurjar and I were given special facilities for travelling to England, to negotiate the starting of our Kirloskar Oil Engines and

Kirloskar Electric Company factories. Whether or not the authorities in Delhi appreciated that post-war India would be needing oil engines and electric motors, we were justified in considering the Government's war-time policies to be in the long-term national interest.

Nevertheless, it cannot be denied that our position was, in a sense, somewhat ambivalent. Very few national leaders doubted us (even though they may have found it difficult to understand us) but there were a few political Indians who decided that our help for the war effort proved us to be on the side of our British masters. Our relations with the same British, on the other hand, were mostly satisfactory and happy; at the same time, there were one or two officers who, in the highly charged atmosphere of the freedom struggle, took us to be backing and supporting political agitation.

To what extent this handful of British officers could be carried away by their suspicions was soon made clear to us by the unpleasant experience we had to undergo at the hands of the Superintendent of Police of Satara District, adjacent to the State of Aundh.

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## 18. POLICE AT KIRLOSKARWADI

The failure of negotiations culminated in the arrest of our top leaders, following the celebrated ‘Quit India’ resolution passed in Bombay on 9 August 1942. Those who escaped arrest promptly went underground and soon established their own clandestine government known as the Patri Sarkar\*. This name was derived from the painful practice of hammering horse-shoes on to the bare soles of known or suspected informers (“to help them deliver their traitorous

\* i.e ‘Government of the Horse-shoe’.

messages more expeditiously”) and it illustrates the way in which this war-time agitation often hurt Indians far more than it did faraway Britain, or even those British officials in India.

We, at Kirloskarwadi naturally felt a strong sympathy for the guerrilla fighters and often gave them shelter secretly. Unless circumstances made it impossible to do so, we used to turn a Nelson’s eye upon our workers’ activities outside factory hours. At the same time, we were businessmen engaged in winning freedom and prosperity for our country by our chosen methods and it would have helped neither India nor our enterprise, nor ultimately the underground fighters themselves, if we had carried our co-operation with them too far or conducted it too openly.

The day came at last, as it was bound to come, when Kirloskarwadi would be declared a nest of rebels and marked for smoking out. This happened during the regime of a British police superintendent, whom I shall call Mr. Y, who commanded the police force of the District of Satara. Mr. Y was reputed to be a ‘strong officer’ and must have felt that now, in this season of rebellion, was the time for his reputation to be confirmed. He found his authority directly challenged when a large body of peasants and some of our factory workers, made a surprise raid, on the government offices at Tasgaon (a revenue sub-division of Satara District, 14 miles east of Kirloskarwadi) on a Sunday and forced the local Magistrate to hoist the Congress Flag. Encouraged by this success, the ‘rebels’ planned a similar raid on another Sunday, on the sub-divisional offices at Islampur (also in Satara District and 15 miles to our west). When Mr. Y’s spies informed him about this, he hurried to the spot and prepared to receive them with a strong contingent of police, both unarmed and armed.

Owing to some miscalculation, a small section of the raiders arrived in advance of the main body and were set upon with canes and bamboo staves in a manner far from gentle. While the battered victims were still limping to their feet, the main body turned up and at once became greatly inflamed by the spectacle before their eyes. Mr. Y declared the assembly unlawful and ordered it to disperse, but the peasants stood their ground. Warning shots produced no better effect. A cane charge by the policemen provoked the crowd to throw stones and then came firing in earnest. One section of the peasants was led by Uma Shankar Pandya, an engineer from our factory, who should actually have been on his way to Nagpur to see his newly-born son, instead of participating in this campaign. Evidently deciding to make a conspicuous example, Mr. Y ordered firing, in which one bullet struck our engineer with fatal result. No one was arrested and the crowd dispersed; but from Pandya's corpse the trail led unerringly to Kirloskarwadi.

Now we found ourselves subjected to police visits and searches at all hours. We had no way of stopping these and had to teach ourselves to endure the nuisance as patiently as possible. Our unwelcome visitors' total inability to find anything incriminating began to make us almost feel sorry for them! Finally, Mr. Y himself decided to take a hand in the game.

One morning, lorry-loads of police officers and constables commanded by Mr. Y in person descended on Kirloskarwadi, giving all the appearance of a military force invading hostile territory. Shankarbhau confronted the menacing superintendent with a request to be told what all this was about. Undaunted by a discourteous rebuff, he repeated his question, whereupon Mr. Y said that he had a list of some twenty persons from our foundry, as well as

Anantrao Phalnikar, our works manager and Dr. Diwan, our medical officer, whom he had come to arrest.

Shankarbhau accompanied the police force to the foundry, where he called out the workmen and instructed them to sit quietly. As the names of the 'wanted' men were read out, each man stood up and was formally arrested. Thanks to Shankarbhau's sobering influence, there was no violent reaction and the whole affair passed off peacefully.

Papa realised that the superintendent was too hot-headed to reflect whether he had any evidence against these suspects; but Papa also knew that, as a police officer and a Britisher, Mr. Y would be forced to subordinate his enmity against us to the needs of war. Papa, therefore, told him that if took so many men away from our factory, including the works manager, Papa would be compelled to stop the production of war material and to report accordingly to the Government of India. Mr. Y could not withstand the force of this argument, and beat a strategic retreat for the time being. However, though he left us alone for some while, he did not forget us, particularly Anantrao Phalnikar. And at last he mounted what proved to be his final attack (and the virtual end of his own career).

On 16th March 1943, at 9.45 in the morning, five lorry-loads of policemen from Satara, commanded by Mr. Y and other officers, all armed to the teeth, halted at our factory gate. When our gatekeeper refused to open the gate without permission from the proper authorities, the invaders pushed him aside and entered Kirloskarwadi. One body of policemen surrounded the residences of Anantrao Phalnikar and Mr. Phadke and our house; another body encircled our foundry; all roads and paths leading out of Kirloskarwadi were closed and guarded by constables with rifles.



Now began the search so thorough that even jars of mango pickle were emptied on the ground! Clothes and bedding were prodded and probed to the last inch; Papa's suit-cases were opened and their contents microscopically examined. We noted that the police searchers were accompanied by a man known to us, a recruiting officer hailing from a nearby village. As we watched the search, Papa in a mood of unruffled calm and the rest of us in helpless resentment, we began to understand that Mr. Y was looking for something that he already had in mind. Whatever could it be?

Having turned up nothing objectionable at Anantrao's house or ours, the sleuths moved on to the foundry, where they sifted every head of sand, steel scrap, industrial refuse, even the contents of waste-paper baskets. And at last their persistence was rewarded. In a barrel of sand they found what the superintendent had evidently been looking for – a crude, unfinished lump of cast-iron shaped like a revolver!

With the successful conclusion of their lengthy search, the police turned to the long task of interrogation, which yielded them precisely nothing. The sun was already setting when the baffled superintendent decided to call it a day, and confronted Papa with a list of persons whom he now proposed to arrest; the names included – naturally – Anantrao's, but also Papa's. My father faced Mr. Y with the same argument as he had used before and warned that he would have no option but to report to Army H. Q. at Delhi about this serious interference with our factory's production of desperately needed war requirements. Once again Mr. Y had to prefer discretion to valour. Arresting a dozen ordinary workers, and leaving Papa and his senior staff – including Anantrao – alone, he withdrew his invading force and we never saw him again.

On the very evening of Mr. Y's final defeat, Anantrao

Phalnikar's nineteen-year-old son Balkrishna supplied Shankarbhai with a piece of information which explained the strange activities of the police force and exposed their infamous design. That same morning, the recruiting officer had silently delivered a wrapped parcel at the Phalnikar home. Balkrishna, who took delivery of it, suspected from the shape that it might be something in the form of a hand-gun and he therefore took it to Shankarbhai's office. Since Shankarbhai was out at the time, Balkrishna placed the parcel in his table drawer. From there, the object must have somehow found its way to the barrel of sand in which it was ultimately 'discovered'.

Such a shameless plot to plant evidence against our enterprise was too much for Papa to take lying down. He drafted a formal complaint and demanded an enquiry into the conduct of the Satara Police. Since we were in a princely state, the complaint had to be lodged with the Agent to the Governor General, whose headquarters were in Kolhapur, the largest of the Southern Mahratta group of States. The Rajasaheb of Aundh independently complained of this malicious harassing of his subjects.

The A. G. G., a British colonel, himself held an enquiry into Papa's complaint. At this enquiry, which Mr. Y and his police force did not attend, our position was fully vindicated by a British expert from Army Supplies, who testified, "I know what excellent work the Kirloskars do; even if they had tried, they could never have turned out anything half so crude as this lump of a 'revolver'. It is obviously the work of some clumsy village blacksmith."

Soon after the A. G. G.'s report of this enquiry reached the Bombay Government, Mr. Y was transferred to a distant post. Henceforth, the police gave us no trouble.





**19. MACHINES FOR  
THE FARMER;  
MYSORE KIRLOSKAR**

From 1928, Papa, already nearing sixty, and much occupied in social welfare activities and agriculture, began to leave the management of our enterprise to me and my cousins Shambhuro Jambhekar, Nana Gurjar, Anantrao Phalnikar and Shankarbhai; the last, however, had to devote most of his time to our Marathi magazine, *Kirloskar*, which he was developing into a very popular journal. True to my principles, I refused to follow the many Indian businessmen who forsook the paths of solid production for the insubstantial dabbling in

politics; I resolved to concentrate on building upon the foundation which Papa had bequeathed to us.

In 1928, I obtained an unexpected opportunity of diversifying our production. Mr. C. V. Reddy, from Bezwada in Andhra Pradesh, came to Kirloskarwadi to tell us that, much as he liked our hand-pumps, he was eager for us to make centrifugal pumps. I checked with Anantrao on the possibility of taking on this additional work-load for the foundry. We already had a large order for 'Kalyan' groundnut-shellers, and making centrifugal pumps for Mr. Reddy would have cut into our production and delivery schedules for these. After some thought and discussion, I decided that Mr. Reddy's order would give us the opportunity to market a new product which might have good potentials. We, therefore, accepted Mr. Reddy's proposal and made centrifugal pumps for him.

This unexpected order opened for us a market channel which has been expanding ever since. We pioneered the manufacture of centrifugal pumps in India and it has won us a high reputation all over the world as manufacturers of a variety of pumps. All thanks to Mr. Reddy's excellent suggestion!

In the late twenties and early thirties, we were operating in a predominantly agricultural economy which was very slow in moving upwards. Indian farmers could not sell all they produced and even when they managed to sell, it was at prices so low as scarcely to recoup their investment. For us to sell to men so situated called for determined and thoughtful salesmanship.

From the frequent and close contacts which this salesmanship demanded, I developed a deep respect for the Indian farmer's practical sagacity, which made him,

despite his illiteracy, not so different from farmers elsewhere in the world. Show him a machine which would save him money or raise a better crop for him and he would buy it even if he had to pay a high price for it; on the other hand, nothing on earth would persuade him to buy a machine, however cheap or attractive in appearance, which failed to pass the above test. I can illustrate this from my experience of selling our 'Kalyan' groundnut-sheller and our 'Kamal' sugar-cane crusher.

I used to take the sheller to the farms and oil-mills, shell hundreds of bags of groundnuts and show the results. Breakage of nuts was negligible and shelling was three times faster for the same power output. I was happy to see that though our machine (of which I felt proud, having designed it myself), cost 25 to 30% more than other makes then available, farmers bought ours as soon as they were satisfied that the sheller was efficient and would benefit them.

While demonstrating the working of our 'Kamal' sugar-cane crusher, I would ask for the freshly crushed bagasse, which the farmers had collected in a heap for drying and burning. This, I would run through our 'Kamal' crusher, showing the farmer the large quantity of juice which could still be extracted. Such a practical demonstration before his very eyes would convince the farmer that our machine was worth buying; and he would buy it even though its price was double that of his present machine.

One of the basic policies I have followed in our business is that India can be a market for high-class reliable products and we can compete against products that are cheap in price and poor in quality. We aim at making products that will create wealth for our customers and are continually trying to make

them better and better. Our experience in making machine-tools, sugar-cane crushers, ploughs, engines, etc. (for none of which we enjoy a monopoly) is that if we maintain a better quality than our competitors, we can charge a higher price than they can ask for their products. And the extent to which our costlier products are preferred to the cheaper ones of our competitors, demonstrates that our customers are convinced of the superiority of Kirloskar goods.

In 1937, Mr. Vadilal Parikh (an old friend of Shambhuanna Jambhekar) of Batliboi and Company Private Limited, who were then trading mostly in imported machinery, machine-tools and other engineering products, sent us a Japanese lathe and asked whether we could manufacture it. I inspected the lathe and found it to be of inferior quality. We improved upon the Japanese design and made a new lathe, which immediately became popular. Later, the demand for smaller lathe persuaded us to make them and they sold well. Then followed our new planing machine and a hack-saw machine. Our new range of machine-tools made a favourable impact on the market and their demand increased.

World conditions now seemed to be highly favourable for us to make machine-tools. The Italian invasion of Ethiopia in 1936, forced Europe to contemplate the possibility of another World War. The race for manufacturing and stockpiling of armaments was on. Imports into India of British, German or even Japanese machine-tools were going down. Parry and Company (to whom I shall devote a later chapter) were also facing the same difficulties as did Batliboi and being already impressed by the quality of our products were in favour of our making machine-tools on a larger scale. I was sure we could venture into machine-tools production in order to feed larger market areas in India.

The growing demand for our machine-tools brought us up against the great technical difficulty of manufacturing them at Kirloskarwadi, in the same factory where we made our farm machines (for which the demand was also increasing). The production of machine-tools requires very close tolerance and high-quality technique, whereas the simpler farm machine can do with wide tolerance and less-finished technique. (We make on a mass scale, at Karad, a hermetically sealed compressor which lasts for ten years without the need of any repairs; many of its components are accurate to less than 0.0001 inch.) The hand-production standards and inferior accuracy of farm machines began to find their way into the making of machine-tools, which was highly undesirable. This experience brought me to the opinion, which I still firmly hold, that the best results are obtained when each shop develops a psychology of production suitable to the type of goods which it produces. It never pays to combine production requiring different psychologies in the same shop.

The growing demand for both farm machines and machine-tools, called for additional workers, engineers and other staff, together with additional buildings for machine-shops. At that time, we were already facing a shortage of housing, water, power and other amenities at Kirloskarwadi. The only solution was to form a separate organization for manufacturing machine-tools.

Some years earlier, His Highness the Maharaja of Mysore and his Diwan, Sir Mirza Ismail, had suggested we start a Kirloskar enterprise in their State, and had promised their full co-operation; but the Great Economic Depression had prevented us from taking up this proposal. We now reminded the Mysore Darbar about it, and asked whether the offer still stood. Sir Mirza once again assured us of full

co-operation, following which we made preparations to register a new organization. Thanks to the prompt action on the part of H. H. the Ruler, Sir Mirza Ismail, and an eminent Secretary to the Mysore Darbar, one Mr. Venkatnarayanappa, we were able to select one hundred acres of land at Harihar on the south bank of the river Tungabhadra; this land was acquired overnight and given into our possession.

In December 1940, Sir Mirza Ismail visited Kirloskarwadi. During his visit, we discussed all the details and registered our new company as Mysore Kirloskar Limited (MK), before the month ended. Shambhuanna Jambhekar and my younger brother Rajaram took responsibility for the speedy execution of this new project. In January 1941, the first batch of workers and engineers left Kirloskarwadi for Harihar. Within eleven months, the necessary construction work had been carried out, machinery installed, cupolas built and on December 7, 1941, we manufactured our first batch of seven lathes and sold them to eagerly waiting customers. On the same day, Japan bombed Pearl Harbour, drawing USA into the war.

The Government of India actively supported our new factory in various ways. They sent us, at their own cost, two technicians from England's largest machine-tool firm, Messrs. Alfred Herbert & Co., as well as a manufacturing advisor. They loaned us a large quantity of machine-tools to be paid for in installments. And they purchased our entire production.

Mysore Kirloskar Limited laid the foundation of the machine-tools industry in India. The first enterprise in our country to exclusively manufacture machine-tools, it commanded the Indian market for almost a decade and is still the largest machine-tools factory in India's private sector.



Once we had succeeded in establishing Mysore Kirloskar, the war-time demand for all our products became so heavy that we were working almost round the clock. Despite this satisfying boom in our business, I did not forget my father's long-cherished plan of making prime movers; electric motors and diesel engines.

We had already gained some valuable experience in the manufacture of these prime movers. Papa had made his first 2 hp kerosene engine in 1914 for Rajasaheb of Aundh and 1926 saw him manufacture horizontal engines. By 1928, we had made a few more engines and given them for field trials and their performance proved satisfactory. In 1928, we made a 5 hp 2-stroke, hot-bulb, single-cylinder engine, as well as an 8 hp model. For larger equipment, we made a 16 hp 4-stroke twin-cylinder engine. The production of these engines between 1928 and 1936, however, was on a very small scale.

As I was well aware, very few enterprises in India commercially manufactured these quality engines on a large scale and most of our requirements for prime movers were imported. The production problems were many and difficult; we had no facilities in India for the production of forgings, specialised castings, special varieties of steel, fuel injection equipment and many other items. This had meant that at Kirloskarwadi, we could only make castings for the base-plates, fly-wheels and some other items, and machine these. The rest of the requirements had to be imported. Thereafter, they had to be assembled, tested and then marketed against the competition from the British, German and Japanese engines. Dependence on imported crankshafts, camshafts, connecting rods, levers, fuel injection equipment and such other items, already forged, and machined in Czechoslovakia,

had slowed down the expansion which Papa badly wanted for manufacturing diesel engines and electric motors.

I had found that the engines we made, though good and reliable, would not stand competition against the high-speed, low-weight and economically priced vertical engines which were already in use in the industrially advanced countries. I was sure these high-speed vertical engines would reach India soon after the war and the slow-speed horizontal models would be pushed out of the market.

One of the major reasons for the popularity of slow-speed (500 to 600 revolutions per minute) engines, which were mostly horizontal, was their reliability. The technique of repairing them without imported spare parts was already developed and available throughout the country. The high-speed (1500 revolutions per minute) engine, however, could not be repaired unless the original spare parts were available; these were not imported in adequate quantities and whatever quantity was imported was sold at exorbitant prices. Damage to the farmer's crop for want of water caused by engine failure would outweigh the extra profit which he achieved through the high-speed engine. I decided that when we made these engines in India, we would arrange to supply spare parts and service all over India at a reasonable price and thus minimise the chances of crops being damaged through lack of irrigation due to engine failure. This decision proved correct in the long run, and eventually, the high-speed engine became more popular than the slow-speed.

Papa and some of my colleagues argued that the average Indian farmer would not readily take to high-speed machines, especially high-speed engines. They reminded me that it had taken more than a few decades for the Indian

farmer to adopt the iron plough in preference to his traditional wooden one. A few farmers were using oil engines, and what they used were mostly either large, horizontal, slow-speed, crude-oil engines, or else diesel engines, which were a bit smaller but not much faster. I was often told that what our Indian farmers were using satisfied their needs; that they stuck to the engines they were used to and would not accept a change to engines of higher speeds; also that we would have to make engines on a large scale for them to be economical and suitably priced to withstand competition from imported engines of foreign make.

On my part, I was not convinced that our farmers would refuse to accept high-speed diesel engines, or that we would find it impossible to make them. I was confident that we could make them on a commercial scale and I was keen to do this. We were discussing these aspects for manufacturing prime movers, when the Second World War broke out in Europe.

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## 20. **WAR DEMANDS; LATHES AND PUMPS FOR THE ARMY**

At the start of World War II, while factories in Europe were engaged in war production round the clock, in India the demand for manufactures was falling. Those who had produced or stocked goods in expectation that the war would push up both demand and prices, found themselves burdened with unsold stocks. One particular trader in Bombay was holding a large stock of four-inch steel pipes, expecting a price rise which would bring him a handsome profit; but when prices starting falling during 1939 and 1940, he sold all the pipes to us at a very low price, happy to get rid of the stock and

realise his investment. It was not till the beginning of 1941 – perhaps the most eventful year of the war – that the demand for and prices of all products started rising in India.

A sorely pressed and beleaguered Britain was in no position to despatch supplies to the eastern war zones and it became increasingly clear that India must become a major arsenal for supplying British needs in those areas. The position was accentuated by Japan's entry into the war and the net result was the intensifying of all necessary help to factories like ours.

The final victory of Indian and British forces in the Ethiopian campaign resulted in the surrender of thousands of Italians who were shipped as prisoners of war to India. The arrival of these POWs and the rapid increase in the number of British and Indian troops in our country brought us our first war-supplies demand. Large camps and hospitals were opened, which needed steel cots and other furniture such as we were then making at Kirloskarwadi. We received a large order for our steel cots, which we executed with reasonable promptitude, although not until we had overcome some initial difficulty with respect to finance. Since the work called for an outlay beyond the scope of our internal resources, we were obliged to consider applying for a bank loan - something which we had never done till then. Borrowing from a bank was against Papa's principles; and even on future occasions, it was always difficult to get him to sign the necessary papers; "I'll sign if you insist," he would grumble, "but I don't like it."

Our first approach to a bank, threatened to be a failure largely because we were situated in the State territory; not in British India. However, luckily for us, Mr. Vaikunthbhai Mehta, Chairman of the Bombay Central Co-operative Bank,

persuaded the Bank of India's Chairman to sanction our loan and thus we managed to complete the business profitably.

Growing war-time demands helped us expand and diversify. By this time machine-tools, pumps and some products which we were making even then, had already established themselves in the market. We presently discontinued the production of diesel engines and furniture, because the imported components had become unobtainable.

As a result of our prompt supply of the full quota of steel cots earlier, the War Production Office at New Delhi began to commission us to cater for their urgent needs. I was on a few War Production Advisory Committees which held their meetings in Bombay. At one of the meetings, I was asked by a British Officer whether we could produce a lathe as the Defence Department required it in large numbers. Non-availability of the lathe was holding up the production of vital war materials. When I explained that I could not make the lathe without specifications, the British Officer told me what he wanted to make on the lathe and strongly urged me to go ahead and produce it. I completed the lathe within three months and wired the officer to visit Kirloskarwadi and inspect it.

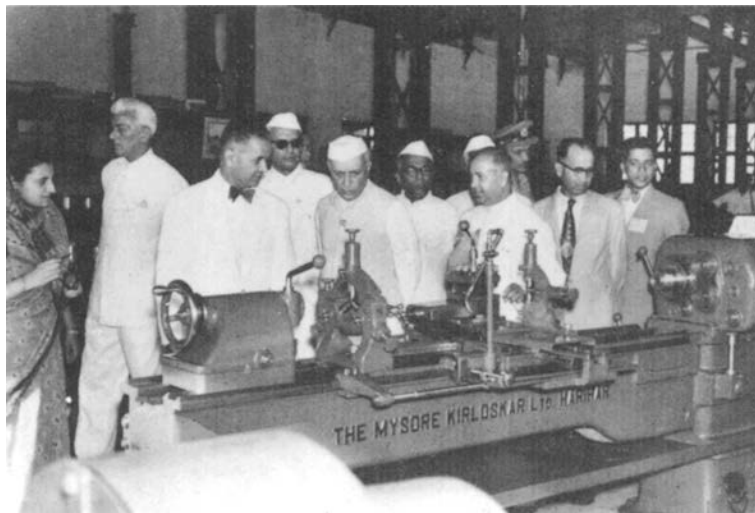
Two British Officers travelled from Poona by car, missed their way to Kirloskarwadi, took some time to find the right road and reached us at about midnight. Tired, hungry and full of dust, they got down from the car and insisted on going to the lathe and testing it straight away. I led them to the factory, where they took a trial and were so happy with the result that one of them actually danced around the machine to express his joy. We supplied these lathes in large numbers during the War.



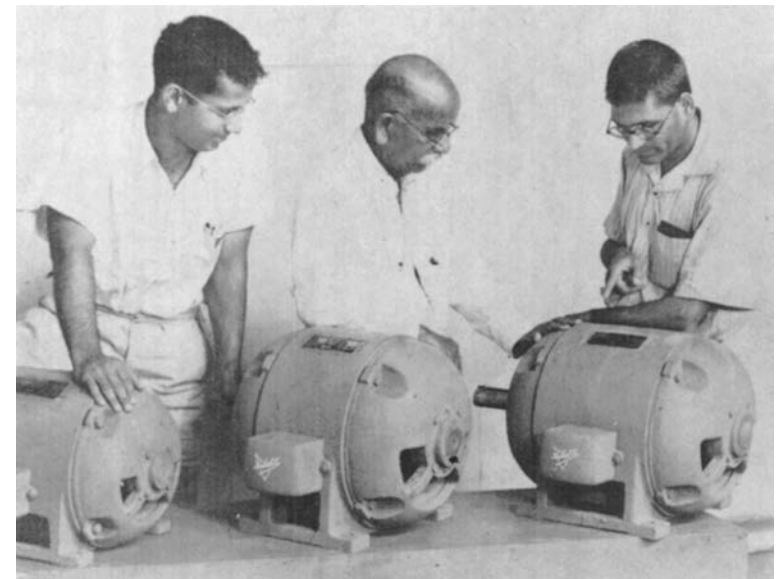
44. H. H. the Maharaja of Mysore visits Mysore Kirloskar Ltd., (MK) Harihar, 1943.



46. SLK shows a lathe to Hon. T. T. Krishnamachari at MK, while Rajaram looks on, 1958.

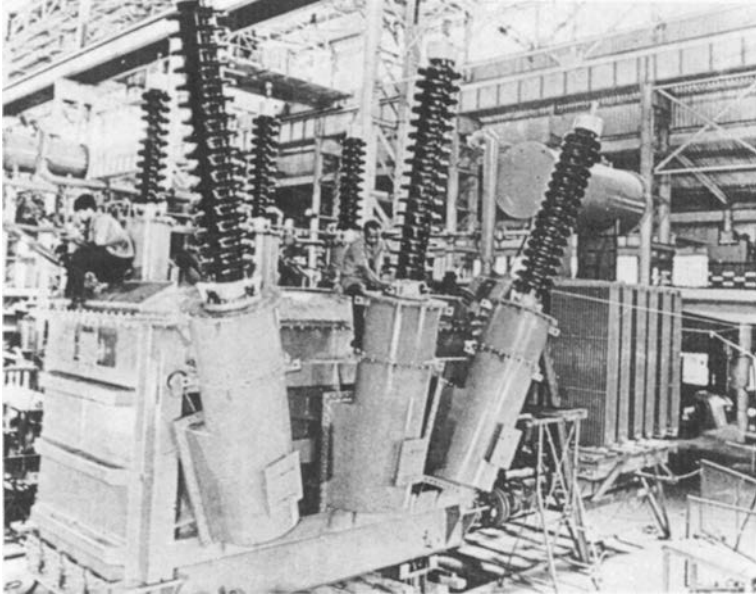


45. Pandit Nehru visits MK. (L to R) : Smt. Indira Gandhi, Handoo, SLK, Gurjar, Pandit Nehru, Krishnamurthy Rao, Rajaram, Prabhakar, Bhalu Bhirangi, 1955.



47. Ravi, Papa and N. K. Joshi with the first batch of electric motors at Kirloskar Electric Co. Ltd. Bangalore (KEC), 1942.

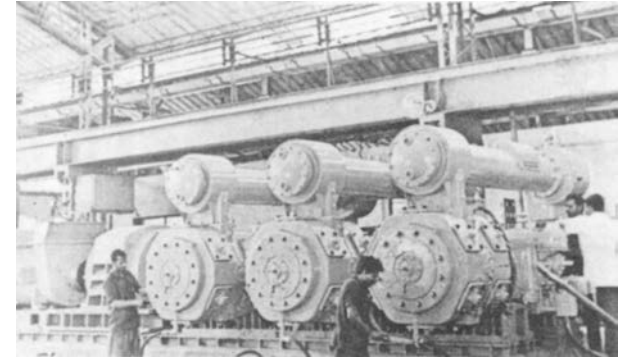




48. Large Transformer testing bay at KEC.



49. SLK felicitates Major-General Mohite at Kirloskar Pneumatics Ltd. (KPL), 1980.



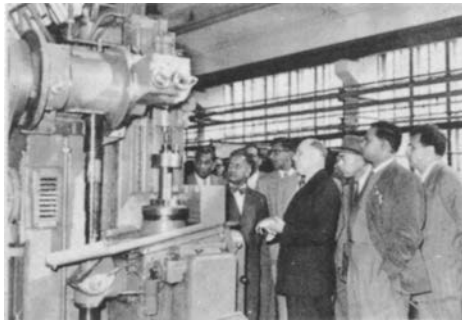
50. Compressors on the test bed at KPL.



51. 43 hp Tractor from Kirloskar Tractors Ltd., 1975.



52. Indo-Malaysia Engineering Company Ltd., in Kuala Lumpur.



53. SLK visits a factory in USSR with the Indian Delegation, 1954.



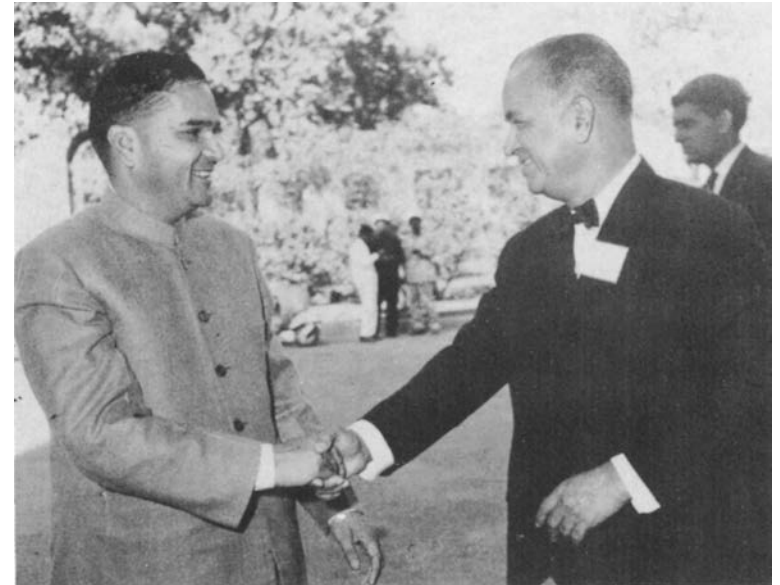
54. SLK in the Yanmar factory, Japan, 1967.



55. SLK explains the working of a groundnut sheller to Dr. Nkruma, President of Ghana, while Rajaram looks on, 8 January 1959.



56. SLK with the foreign Distributors, on his Sixty-first Birthday, 1964.



57. SLK thanks Shri Manubhai Shah, Chief Guest at the Farewell function to the foreign Distributors, 1964.





58. Dr. S. Radhakrishnan, President of India, pins the Padma Bhushan on SLK at New Delhi, January 26, 1965.



60. SLK delivers the Presidential address at FICCI's Annual Session, March 12, 1966.



59. SLK and Yamutai greet the Prime Minister of India, Shri Lal Bahadur Shastri, 1965.



61. SLK presides at a meeting of the Mahratta Chamber of Commerce and Industries, Poona.

War needs were so large and their urgency so pressing, that I was often asked to manufacture products which I knew would disturb our production and would divert us from the directions in which we had planned to expand. For example, I was often asked to undertake production of artillery shells. We had a large production capacity in our shops and I knew we could make a fortune by turning out millions of shells or hand grenades. However, despite the immediate financial advantage, I did not favour the proposal. Discussing the matter with Papa and my colleagues, I pointed out that though we could mint money while the war lasted, we would be in serious trouble as soon as it ended. Switching back to our usual products would take some time, during which others would enter the market and fill the vacuum created by our absence, and it would prove very difficult for our products to recapture the market thereafter. My warning was accepted and we all decided against diversion from our regular lines of productions.

I explained to the Defence Supply authorities that it would be an uneconomic and illogical step for us to make artillery shells, as it involved re-tooling of our production shops and retraining of our personnel. "Making shells," I told them, "is no doubt easier than making products like pumps, which both the Defence forces and farmers need in large numbers. As farm products are as essential to war as are shells, why not let others make the shells and let us continue making products like machine-tools, pumps and other farm machinery?"

The authorities accepted my argument and did not press us to make artillery shells and other munitions of war; and in the long run, our policy was justified.

In 1942, I got the opportunity not only to supply our products but also to prove to the British authorities that we knew our manufacturing thoroughly well. The Government of India wanted a 'lift and force pump', like the ones being made in England. I was given a drawing and was told to make 25,000 pumps strictly according to the drawing. This required the use of gun metal and called for large quantities of copper, tin, and other materials, as well as some special machine-tools. Raw materials were then controlled and were released for war production only on officially approved requisitions. I calculated the amount of copper, tin and the additional machine-tools required for the production of the pump and submitted my claim. A perusal of my list inspired Mr. Trimming, Technical Officer of the Government to pay a visit to our factory.

In our talk at Kirloskarwadi, he did not hesitate to express his exasperation at our large demand. "Mr. Kirloskar," he asked me, "surely you know that there is a war on?"

I said, "Yes, of course."

"You know the critical position of supplies and shipping, don't you?"

"Yes."

"And yet you think of putting up such a heavy demand?"

"I didn't put it up on my own, Mr. Trimming," I explained. "I was made to put it up to you. I told your men that it was not necessary to use gun-metal for making such a pump. (Incidentally, its design was also clumsy). But they insisted I should stick to the drawing and I had no option. I hope *the Government of India* knows, that there is a war on! But since you are here, I think we can settle the matter."

"How?"



“I have a pump here which, I am sure, is equally good.”

“How do you come to have it?”

“Because it is our standard product. We can produce it in any numbers you want. Won’t you come over and try it?”

Mr. Trimming tried it and was convinced that the pump was good. But war or no war, the administration was wedded to red tape and ‘proper procedures’, which even Mr. Trimming could not bypass. He asked me to take the pump to Poona and demonstrate it to the officers concerned.

Our ‘lift and force pump’ was tried out by the Bombay Sappers and Miners at Poona and very rigorously too. The British Officers could not believe that Indians could make a pump cheaper than their sample and just as serviceable – and that too without the gun-metal and brass used by the British manufacturers. Metals like copper and brass were badly wanted for other vital war uses and our pump could save on them. The prima facie advantages of our pump were many and striking, but the British were still doubtful about its ability to stand up to their searching trials. Having been assured that no pump would function if made without brass and copper (in spite of my claim that our pump worked equally well without these precious metals), the Poona Sappers gave our pump the toughest tests they could devise. Hour after hour, sweating soldiers manhandled the pump at various locations and tested its working under different conditions. Ultimately, I was told that our pump was as good as the British product and we received an order for 25,000 of them.

After using the pump the British authorities asked me to send them our drawings. They wanted the pump to be

manufactured, according to our drawings, by manufacturers nearer the battle areas. I sent the drawings, although not without misgivings; I realised that the very large numbers of pumps supplied during the war might conceivably enter our market after the cessation of hostilities through sales of war-surplus materials. However, I accepted the risk; and after the War, I found that the pumps reaching the markets were much fewer than I had feared. This was because, as I learned many years later, fighting a war in places like the jungles of Assam and Burma often made it impossible to transport heavy materials to new bases; these were accordingly damaged to make them useless to the enemy and left where they were.

In addition to the lift and force pumps, we supplied semi-rotary and centrifugal pumps to the armed forces in large numbers, which gave us a large volume of business.

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## 21. COLLABORATION WITH PARRYS; POST-WAR GERMAN INDUSTRIES

The British firm of Parry and Co. Ltd., founded in 1788, with its headquarters at Madras, sold diesel engines, electric motors and various other engineering products mostly in South India. With the boycotting of British goods intensifying in the early thirties, an enlightened and far-seeing management had realised that the time had arrived when they should look for Indian manufacturers and suppliers. Thus it came about that Parry's sales manager, Mr. Dobby, approached us for supplying them with our ploughs and pumps. The year 1930

marked the beginning of the long and fruitful association, based on mutual confidence and respect, between Parry's and us.

Before approaching us, Parry's men surveyed the market, made their forecast and arrived at the conclusion that Kirloskar products appeared to be suitable for distribution. When Mr. Dobby came to Kirloskarwadi to look at our factory, he brought his engineer along with him. The two of them checked our production facilities, our methods, our materials; and having satisfied themselves, Mr. Dobby made a firm commitment with us to sell Kirloskar products worth a minimum of Rs.10,000 a year in Madras. Our annual sales all over India being around Rs.3,00,000 then, an addition of Rs.10,000 was welcome. We accepted the offer feeling sure that these people would be selling more for us in a couple of years.

Parry's marketing organization impressed me and Nana Gurjar and I decided to take full advantage of their association with us. We told them that we would like to go round with their salesmen and find out the market condition for ourselves. To this, Parry's management not only agreed but gave us their full co-operation.

Nana Gurjar and I learned quite a lot about marketing from our tours with Parry's men. Thanks to long-range planning, the firm had developed sales channels even in the interior of rural areas, which remained active for over half a century. Parry's customers were spread over rich fields on the coastal strips and coconut plantations in the hilly tracts.

At one coconut plantation we visited in 1931, we discussed with the owner, the economics of coconut growing. I asked him whether he could use our pump.

He said, "Sir, I know your pump is good and using it will benefit me. But when I have to sell a hundred coconuts for one rupee, I do not have the money to buy it."

I was convinced that his difficulties were genuine and though he did not buy our pump then, our talk created a potential customer.

Having studied the rising tide of Indian nationalism, Parry's management decided to associate closely with Indian manufacturers and to Indianise their business. They had already taken up the agency for selling Kirloskar products. Now, as they watched the establishment and operation of our machine-tools factory at Harihar, they became convinced of our ability to produce machine-tools of high quality. They also watched our engines and electric motors in operation, as a result of which the possibility of Kirloskars making diesel engines and electric motors in collaboration with British manufacturers was discussed and thought to be feasible.

Parry's had secured the all-India agency for Brush Electrical Engineering Co. and British Oil Engines Export Ltd (BOEX). Both these companies belonged to the same group, the latter being a combine of the well-known diesel engines manufacturers, Mirrless, Petter and Maclaren. About the time when the war reached its crucial stage in 1943, a tentative decision was taken that all the concerned parties should open talks on a collaboration agreement. Initial discussions were conducted through Mr. F. A. Vaughan who was representing Petters at Parry and Company. In December 1943, Mr. Vaughan conducted preliminary discussions on collaboration between a Kirloskar enterprise on the one hand and Brush Electrical Engineering Company Limited and BOEX on the other, for the manufacture in India of electric motors (Brush) and diesel engines (BOEX). The critical war conditions, however, were not favourable to the exchange of views and we decided to wait for the end of the War.

In 1945, when the end was in sight, I met Parry's and requested them to re-open negotiations. Two of Parry's

directors, Mr. G. B. Gourlay and Mr. H. I. Wonford, initiated the discussion. Mr. A. P. Good, Chairman of BOEX in UK, showed keen interest in the collaboration. I thought of going to UK and personally concluding the agreements for making electric motors and other electrical products with Brush, and diesel engines with BOEX. But the war was not yet over, and Nana Gurjar and I were faced with the far from easy task of securing passages. At this juncture, we obtained very valuable help from the late Lala Shri Ram.

I had got acquainted with Lala Shri Ram through my wife. In 1943, Yamutai had gone to Delhi for the All India Women's Conference. Here, Lala Shri Ram was their host, having opened his house to the delegates and others as soon as he found that the few hotels in Delhi were practically full (as they were throughout the war years, with the result that businessmen, social workers and other civilians became stranded for want of accommodation). At dinner time, Lala Shri Ram was introduced to Yamutai and the other delegates staying in his house. Talking with my wife, he told her that he had heard of Kirloskars and had been very much impressed by our achievements. Yamutai gave her host an invitation to pay us a visit at Kirloskarwadi, which he readily accepted. Within a few months, on his way back from a medical consultation at Kolhapur, he got down at Kirloskarwadi and spent a day with us. What he saw impressed him so deeply that he asked me for a detailed account of our activities. Our friendship developed further and a close bond of trust brought us together in our business. Lala Shri Ram treated me as a senior member of his family and I started calling him Lalaji just as his friends and others who were close to him did. He was an affectionate man with an exceptionally sharp business sense as well as a 'sixth sense' in understanding men. I benefitted from his advice in a number of matters.

In this present difficulty of ours, I explained to Lalaji that I was anxious to go to UK with Nana Gurjar and conclude our collaboration agreements with Brush and BOEX. He said he was equally anxious for us to do so and would use his influence to get us air passages to UK. I knew that, with the war still going on, only members of the Armed Forces could get seats on planes which were all flying under the direction of the Royal Air Force. When I expressed my doubts, Lalaji laughed and said, "Leave it to me." He must have practised some powerful charms upon the high and mighty ones in Delhi, for he soon informed me that we were allotted two seats on a plane to UK.

I got in touch with Mr. Gourlay at Parry's. We met in Bombay in the evening and discussed terms and conditions, finishing our discussions by midnight, at which hour Mr. Gourlay wrote a letter for me to take to UK.

Nana Gurjar and I left via Karachi where we took off in a flying boat. We flew to UK by way of Baghdad, Cairo and Augusta, reaching Poole Harbour in UK at five o'clock in the evening, four days after leaving Bombay. We proceeded by train and reached London at midnight.

In London's blackout, we felt completely lost. In the pitch-dark streets we could not make out anything. No taxis were available; we were stranded. When we told a member of the station staff that we had reservations at the Royal Court Hotel but could not get transport we were advised to try for a military truck. He managed to find one for us and although it was no luxury, with its bare wooden benches to accommodate the maximum number of people, the driver appreciated our predicament and dropped us at our hotel.

The following morning we informed Petters' office where we were located and were told that we were four miles from

their office. We went to them and met Captain Dick Petter. As we talked, I realised that it would take a long time to complete our negotiations and sign the agreements; however, we had decided not to go back to India without signing them. We were well fortified with all the information we needed and I had the advantage of having a trained lawyer like Nana Gurjar with me. As negotiations progressed, I came to appreciate Nana's subtle mind and his uncanny ability to spot a tricky point of law as well as to assess business prospects. In legal and business matters such an ability is a most valuable asset.

During our stay in London, we were required to take our food and clothing ration coupons and generally conform to the discipline of war-time Britain. As our discussions progressed, we came to understand our opposite members and realise that we were dealing with people who knew their business very well. We, on our side, were determined to see that by signing the agreement we should deal ourselves a winning hand. We kept various drafts going to and fro - for nearly two months.

We now experienced for the first time what the British people went through during the nightmarish war years. I still remember the big noise made by a couple of V-2 bombs and the immense damage they caused. We were in London on VE day, May 8, 1945, which signalled 'Victory in Europe'. As soon as the news of Germany's unconditional surrender reached Britain, the black-out ended. Men, women and children thronged the streets, sang, danced and drank in delirious joy. Hitler was dead, Germany's armed might destroyed and the country itself occupied. Italy too, was defeated and occupied. After five years and eight months, the nightmare of day and night bombing was over. The slaughter of the young on the battle-field, the death of men, women and children at home and the destruction of the cities were over.



The people of Britain gave full vent to their feelings of relief and celebrated their victory with abandon.

One day as I was sitting with Captain Dick Petter and discussing our agreements, a phone call came through. Talking on the phone, Dick started to tear a strip off the other party because “prominent manufacturers like Petters and Listers should not have been left out”, and so, “no matter what happens, Petters *must* be brought in.”

As he put the phone down, I asked Dick who was the recipient of his dressing-down. He laughed and said, “Don’t you know? A delegation of top-ranking people from major British industries is soon going to visit Germany to assess the technical development of German industries during the war years.”

From Dick’s face I read something deeper than his words, and I bluntly asked him, “Come on, don’t tell me this is just an observation team. It has something to do with reparations. You want to grab German plants before the Russians grab the best of them. Isn’t that right?”

Dick laughed and said, “Well, that’s all in the game, isn’t it? The buggers destroyed our industries; they must be made to pay for it.” He went on to ask, “How is it *your* government is sitting silent on this? *You* ought to go too.” I said I agreed with him and decided to talk with the authorities of the Government of India.

We signed the Petter agreement and Nana and I returned to India towards the end of June 1945, but what Dick had said was still uppermost in my mind. I had already talked with the late Mr. H. V. R. Iyengar\*, who was then in UK. We found that the importance of what the UK Government was

\* He was Secretary to Sir Ardeshir Dalal, Member of the Viceroy’s Executive Council.

doing for their industries had not percolated to our Administration in India. Mr. Iyengar asked me to write to him on the subject and I sent my letter immediately.

I was taken completely unawares when Mr. Iyengar asked me how many industrialists wanted to go to Germany, because industrialists from India had never thought of such a thing and had not made any such representation. We badly needed a group from our industries, since neither Dalal nor Iyengar could have sent me as a ‘one-man delegation’ to represent India. I talked with others and got myself a team. Thus, before August ended, Dr. Jariwala of Estrella Batteries, Mr. Char of Standard Batteries, Mr. Nair of N. Powell and Company, Bombay, and I were selected by the Government of India as the first batch of industrialists to go to Germany. We went in September 1945, some four months after the surrender.

Since Germany was then under the military authorities, we were given army uniforms with a Colonel’s rank. This was to distinguish us - the Conquerors - from the Conquered, i.e. the German populace, and to allow us access to many places such as buildings, lifts or restaurants, which were marked ‘Out of Bounds for Civilians’. I was reminded of the ‘No Indians Admitted’ signs that used to be displayed before World War I in certain clubs, restaurants, etc; there, the distinction had lain in skin colour, whereas here it lay in the clothes - uniform or mufti.

Having no previous idea of what we could see of the German industries, we spent some days in London, to get from the Allied H.Q. their list of German industries, as well as the reports that earlier teams had already sent (we too were expected to make reports). Thus provided, we sorted out the enterprises and their locations, chalked out our own programmes and left for the headquarters of the British Army of the Rhine. We were each given an army vehicle, a driver

and an interpreter and allowed to go wherever we chose. In the course of our journeys, we saw the appalling damage which the Allied bombers had inflicted on Germany's industrial plants; compared with this, the destruction caused in London was nothing.

For four months, through the bitter winter cold of which we Indians had been carefully warned, I visited many factories which manufactured agricultural machines, pumps, machine-tools, diesel engines, small tools and several other products of interest to me. Factories turning out these products were spread all the way from Hamburg in the north-west to Radolfzell in the south and Munich in the south-east.

Whenever I wanted to visit any factory, there was no question of making a previous appointment. It was only necessary to go to the door, ask for the manager, tell him "I am so and so and I want to see your factory; give me a technical man to show me around" and it was done. I found the interpreters with me could hardly translate the technical conversation, so with my broken German and pictures on paper, I managed sufficiently to get the idea of what was going on. Being also given the authority to ask for any drawings or equipment that I thought would be useful to India, I commandeered from one machine-tool factory three lathes and one shaping machine as models for us to follow in India with their detailed drawings. (Our Mysore Kirloskar at Harihar later started their gear head lathes line from these drawings).

These were 'war trophies' which I felt that my services amply deserved. However, the greatest prize I got was the assistance and friendship of a competent and very practical engineer, the late Mr. Franz Stock, who showed me the Deutz engine factory in Cologne which had almost entirely been destroyed by a bomb. In my two hour conversation with him, I was impressed by his practical knowledge. I enquired

whether he would like to come to India and work at Kirloskar Oil Engines Limited (KOEL) which was just then being incorporated and on an impulse, he said, "Yes". It took us almost three years to get him out of Germany because we had to go through all the red tape of the Government of India, His Majesty's Government and the Military Government of Germany. This man, Mr. Franz Stock, has left a great imprint on the KOEL factory at Kirkee, where he worked from 1948 to 1958.

Some of the factories that I had visited were for products made not by us but by some of my friends (e.g. the makers of Usha sewing machines). I decided that rather than inspecting such places myself it would be better for Usha's manager to see them for himself and so I passed on this information to Lala Shri Ram, who then sent Mr. T. R. Gupta to see these factories.

My visit brought another friend and a new venture into the family of Kirloskar enterprises. While visiting Hamburg, I met a man who was standing by the debris of his plant, his face betraying all the agony of a man witnessing the destruction of what had been most precious to him. This man - Fred Schule by name - told me his story. His father had started an enterprise on 1 February 1892 in a small way, had worked hard at it and developed it into a substantial concern. Schule's rice mills were famous for their quality and were sold all over the world. Fred had taken over the enterprise when his father died while he was still in college. When the war started business had been good; when it ended, "This is what I am left with," groaned Fred, pointing to the debris.

I understood his feelings. My father too had started the same way as Fred's father. He too had succeeded by working hard. He had given me and my brothers a well-organized enterprise which had prospered during the war and now I had

just signed agreements in UK to expand it further. While my business was on the way to prosperity, Fred's was in ruins. And yet, he refused to submit to the calamity, rebuilt his plant and re-organized his enterprise - F. H. Schule, Gmbh, Hamburg.

I did not then realise that my personal feeling for Fred Schule's enterprise would result in my ultimately taking it over from him. This happened in 1964, when I was in Germany as the leader of the delegation of the Engineering Export Promotion Council of India. During our tours of German commercial centres, our delegation was accorded a reception by the Hamburg Chamber of Commerce. Addressing the Chamber, I emphasised the desirability of German enterprises obtaining their requirements of various kind of engineering products from India. I told the audience that the German engineering industries, particularly the machine-building industry, would be able to save on their production costs by buying from India whatever they needed in fabrications, forgings, castings, sub-assemblies, components, spares and other such items.

Fred heard my speech and afterwards met me. A year later, he told me that due to various personal problems, he had decided to sell his interests and retire from business (his only son being too young to help him). Although Fred had received good offers from German purchasers he told me that he wanted me to buy the enterprise. His offer came just when we needed a base in the European Economic Community, for which the Schule plant was ideally located as well as suitably equipped. I studied its working and decided to combine Schule with Dandekar Machinery at Bhiwandi in Maharashtra. We took over Schule in 1966.

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## 22. ORGANIZING OUR COMPANIES; COLLABORATION JUSTIFIED

I returned from Germany at the end of 1945, and the beginning of 1946 found me busy organizing our two new companies. These were: Kirloskar Electric Company Limited (KEC) at Bangalore in Karnataka State and Kirloskar Oil Engines Limited (KOEL) at Poona in Maharashtra. Nana Gurjar and my youngest brother Ravindra (Ravi) took over the responsibility of KEC and I took on KOEL.

All of us had a lot to do and little time in which to do it. Shankarbhai was put in charge of Kirloskarwadi as a General Manager; Shambhuanna and Raja were looking after

Mysore Kirloskar at Harihar, Nana Gurjar and Ravi were busy with KEC at Bangalore (Nana being also concerned with the management at Kirloskarwadi) and I with KOEL at Poona. I used to travel from Poona to Kirloskarwadi, Harihar or Bangalore as work required my presence but in general, we were so busy that we could scarcely meet.

We were not complete strangers to the making of electric motors. As early as January 1939, our senior engineer, Mr. N. K. Joshi, had built a 5 hp electric motor which had proved satisfactory. This was followed by a few more motors, mostly used in our own enterprise. After returning from USA in 1942, my brother Ravi started making electric motors at Kirloskarwadi and although this was on a limited scale, it gave us practical experience which came in very useful when we signed the collaboration agreement with Brush and established KEC. We had been making diesel engines from 1926 to 1939, although here we were totally dependent on imported forgings and other components.

With this experience behind us, it may well be asked - and in fact our friends and well-wishers have often asked - why we went in for collaboration. It is only right that I should give our reasons, which are essentially two: (1) The saving of time which is such a crucial factor in business, and (2) The great advantage of benefiting from the knowhow and continuous upgrading of the technical advances which our collaborators developed at enormous cost. Let me elaborate a little.

No industry can grow by importing parts and components and simply assembling them together. Looking at India's large potential, I felt we should start making our own parts and components. But while I knew we had the ability to make them, I also knew that we could not have succeeded, within a reasonable time and tolerable costs, without the knowhow which our collaborators provided. Production of

engines had to be sizable to make it economical, and sizable production demanded standardisation of each component. The production of components called for proved drawings and specifications, machines, equipments, jigs, fixtures, tools, measuring instruments, testing equipment and various other items, in addition to production disciplines and skills. We had no such production base. Neither we nor anyone else in India had produced vertical high-speed diesel engines in large quantities. If we had to begin with the making of trial drawings and moulding patterns, it would have taken years of effort and a fortune on expenses.

Being keen on putting our engines in the market as early as possible, I wanted to cut short the time and effort and reduce expenses. By signing the collaboration agreements, I saved years of time and perhaps millions in costs of development. Moreover, the agreements provided sole distributorship to Parry's which would obviate the long delay in organizing our own sales.

Our past experience in making diesel engines and electric motors had given us a clear idea of what was involved in large scale production of these items. We already knew our business, and signing the collaboration agreement only meant that we were taking a long and quick step forward.

Looking back, we find our decision to have been sound and practical. Our collaboration agreements helped the development of hundreds of small, medium and large enterprises which made components for us and others by specialising in certain specific fields of production.

I must now proceed to the story of Kirloskar Oil Engines Ltd., which was, from its beginning, my special responsibility.

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### 23. THE STORY OF KOEL: TEETHING TROUBLES

We decided to locate KOEL at Poona. Bombay was rejected on account of the adverse effect of its climate on both men and material. I did not fancy having my men working in hot and muggy climate while I sat in an air-conditioned unit. I considered Poona as the most favourable place on account of its climate, proximity to Bombay, communication facilities and availability of suitable manpower. With regard to this last and most important item, I calculated that with the end of the war, demobilization would make available considerable numbers of men hitherto employed by the Defence

Establishments, particularly Ordnance, Engineers and Workshops. Once the site was chosen, I busied myself in getting everything ready to put up buildings, import and install machines, and train men for the jobs.

I had decided to start the production of small, vertical diesel engines for farm irrigation. What I visualised was a compact 5 hp engine, which a farmer could move from one farm to another, or, if he had two wells on the same farm, from one well to another. I wanted an engine which, coupled with the existing Kirloskar pump, would prove economical in the long run to farmers with small holdings, who constituted 90% of the total number. The average holding of a farmer in India was going down in every census, from 11.5 acres in 1931 to 7.5 and 5.5 acres in the subsequent censuses. Most of the land was not irrigated either by canals or wells. Even in my own State of Maharashtra, hardly 10% of the land was properly irrigated.

The cheapest method was, of course, well-irrigation since canal-irrigation depended upon the construction of large dams and miles of feeder canals. Hence, we aimed at producing an engine-pump set which a farmer could take to a farm away from any road or rent out to another farmer who needed it but could not buy it. The model which I selected for this was the 5 hp Petter AVI engine.

By the end of 1945, we placed orders for machinery and other materials. We had also prepared time-tables for registration of the company, acquisition of the land, building construction, installation of machines and commencement of production. Having been so much used to carrying out work according to time schedules, I did not anticipate protracted delays. However, it did not take me long to lose my fond illusions and to learn that I must accept delays and mounting

costs and expenses as facts of our national life, in view of the socialistic pattern and planned economy that we had chosen for ourselves.

The first item on my schedule was getting the land for our factory. We made our first application for two separate plots totalling 55 acres, requesting the government to acquire them and convey them to us. We made a subsequent application for an additional 22 acres, because the first two plots were not contiguous. An application for all the plots together would have meant delay, in case any one of them proved difficult to acquire. I was well advised on the acquisition of the land by the Commissioner of Poona, an Englishman, to whom I was taken by the late Jagannath Maharaj Pandit, our Director and a family friend.

During the war which was just over, the Secretariat of the Government of Bombay had grown used to taking speedy decisions. The officials were keen on growing more food, to which, as they realised, our engines and pumps would make a substantial contribution. The authorities in the Secretariat were sympathetic to us, and expressed satisfaction that a new modern industrial enterprise for making diesel engines, which were badly needed all over India, was being established in Bombay Province. Our request was accepted in principle and our papers were speedily despatched to the Collector of Poona for his remarks and necessary action.

While our application was still following the regular official channel, the administration of Bombay Province underwent a change. The Governor's rule under Section 93 of the Government of India Act 1935 came to an end and was replaced by elected representatives and a Cabinet presided over by the late Mr. B. G. Kher as Chief Minister.

I anxiously waited for the government orders giving us the land but weeks went by with no orders issued. At last, I went to the Collector, an Indian member of the Indian Civil Service, whom I found reluctant to discuss the matter. He did, however, admit having sent to the Secretariat in Bombay a report which had disfavoured giving us the land. His report stressed the well-known and admitted fact that Poona had long been considered a 'pensioner's city' with a high reputation for its educational institutions and 'cultural atmosphere'. He would not like to see this atmosphere of learning, of peace and tranquility, being disturbed by the noise and crowding that would follow the establishment of industries in or near the city. In short, he said, the establishment of KOEL in Poona would amount to the entry of a bull into an academic china-shop.

The Collector of Poona was entitled to his view but I was determined to start my productive venture, which I considered a necessary part to our national life. This involved calling upon several people in the Bombay Secretariat, of whose working I now had my first experience. After a high-ranking officer had refused to respond, an oldish but comparatively junior officer in his department said, "What does the Collector know about industries? We need engines. We will speed up the decision." He dug out old rules, regulations and policy decisions, and fortified by his vigorous notings, the files moved up. These duly completed the obligatory administrative circle and wound up in the Secretariat, after which we got the first plot of 23 acres out of our original 55.

The second plot took much longer. I had to meet various ministers, who were polite, smiled a lot, gave me a pat on the back for doing good work, and completely failed to expedite the release of our land. This experience was the beginning of my political education in independent India. I

learned that the establishment and growth of industries, which had been given top priority during the war, had now been relegated to a much lower position by ministers who were neither acquainted with the role of industries in economic development, nor even interested in industrial questions. Our new rulers attached much more importance to prohibition and to educating the citizens through ministerial orations. Their thinking on economic activities belonged to the school of thought with which I had clashed in the 1930s.

Meanwhile, obtaining possession of the land continued to be for me a matter of the utmost urgency. Although we were ready with everything else, we did not have a roof under which we could install machines and start operating them. That roof could be put up only on the land for which I was seeking clearance.

My pleadings certainly reached political ears but failed to move political hearts to speedy performance. Days and weeks slipped by, but I did not get that bit of paper ordering that the land should be handed over to me. The frustrating delay piled up our costs and expenses and deprived nearly 250 workers, engineers, accountants and clerks of their jobs. With demobilisation of war-time personnel going on, there were many unemployed persons in Poona whom I could so easily employ if only I had the land and could build the walls and roof for my machines. I explained all this to the politicians in authority. I was not dismissed summarily by any officer or minister, because the name of Kirloskar, though not yet a big name, was not an unknown one either. I continued to pursue my objective with my habitual unrelenting persistency and at last, about a year later according to our time-table, the land was handed over to us. I could not help but compare this with the ease with which we had acquired the land for our

Mysore Kirloskar at Harihar. It had been handed over to us within a few hours of signing the agreement.

We started construction in July 1947. We had ordered the required finished castings, forgings and other components, which our collaborators had shipped. Unfortunately, the ship foundered and the consignment was lost, but our collaborators sent replacements with all speed.

With machines installed and the required components ready to hand, we managed to produce our first batch of 5 hp Kirloskar—Petter AV1 engines at the beginning of 1949. I was not in the factory when the first engine was started for testing, but its wonderfully smooth working made our staff so happy that they flashed the news to me. The factory was formally declared open on April 25, 1949 by Dr. Shyama Prasad Mukerji, Minister for Industry and Supplies, Government of India.

Our first engine, bearing serial number 10001, was sold to Mr. Brijlal Sardar. It was then our policy to sell our first engines to customers near Poona, so that we could monitor their performance and, if need arose, attend to them. Mr. Sardar was happy with his engine, about which he gave me periodical reports (He was still running it in 1979).

Pandit Jawaharlal Nehru, the Prime Minister of India, visited KOEL in January 1950. He had come to Poona for the Inauguration of the National Defence Academy at Khadakwasla and at my request, Lala Shri Ram persuaded him to visit our factory. During his visit, we showed him the entire factory. He was so impressed with this modern plant of ours that he asked me how it compared with those in Europe or America. I told him that we were better than some of those, and not inferior to the top-ranking comparable units

in UK and other parts of Europe. I introduced Mr. Brijlal Sarda, the proud possessor of our first diesel engine, to Pandit Nehru. He asked Mr. Sarda about the quality of our engine and received a convincing reply.

During his visit to KOEL, Panditji talked with Papa and complimented him on the progress made since he had visited Kirloskarwadi ten years earlier. When the photographer requested permission to take a group photograph with the workers, Panditji smiled and looking at one of the machines, he asked, “Why can’t I go and stand on that machine with the workers around me?” And with his habitual contempt for security rules, he climbed on to the machine and stood there while the security men looked on in shocked surprise. We have a memorable photograph of this incident in the records of KOEL.

Mr. Sarda had another reason for feeling proud when in 1959 he won a prize for being the first customer to use a Kirloskar engine continuously for ten years. The scrupulous care with which Mr. Sarda had maintained it, matched the quality of our engines.

When we started manufacturing at Poona, my policy was to manufacture as many components as possible within India in order to reduce dependence on imports. We organized the installation of machines in such a way that we could progressively make more components to meet the requirements of our assembly line. In addition, I entrusted the maximum work to small units in Poona and elsewhere so that they could make components of the standard and quality that we needed. Since these units had no previous experience of making our components, we trained their men, assisted them to get bank loans and showed them how to equip themselves for turning

out what we wanted. We paid them ten to fifteen per cent above the price of imported parts in order to help them get over their initial difficulties. Within a few months of starting production, we reduced the percentage of imported components (mostly forgings, specialized castings, and fuel injection equipment) from thirty per cent to twenty. A couple of years later, the only item we still imported was the fuel injection equipment; which in another two years we replaced with our own and thus, all our engines were made without a single imported component.

All this while, our collaborators had been conscious of our problems and our objectives, and had helped us to develop our factory. In December 1950, Mr. A. P. Good, Chairman of BOEX, visited India. At our invitation, he attended our Board meeting in Poona, and advised us to develop our own facilities for the supply of components because all countries in Europe had switched over to the production of armaments and war materials for the Korean War. However, he knew our limitations in making some of the items, particularly fuel injection equipment, of which we needed a regular and assured supply from Bryce Fuel Injection Ltd., UK. This firm happened to be under Mr. Good’s control and he promised us full supplies of our requirements.

For the accounting year 1950-51, we declared our maiden dividend. We had made a satisfactory start. Yet the work was hard and for almost the first twenty years there was no fun for us in either office or factory.

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## 24. THE STORY OF KOEL: GLUT AND RECOVERY

From 1949, the demand for our engines rose steadily and by 1950, we pushed our production to twelve engines per working day. We were confident of being able to sell any increased production through our sole distributors, Parry's, who gave Kirloskar engines priority over imported models. We marched ahead and by the latter half of 1950, we were making preparations to turn out 10,000 engines a year. And then, from February 1952, the off-take of engines sharply declined.

Searching for the cause, I found that it was an error of judgment by the Planning Commission, which had brought this disaster upon indigenous manufacturers. Possessing no experience of assessing market demand through market outlets, the Commission over-estimated the requirements of diesel engines for farm irrigation for 1952-53. It recommended the import of about 35,000 diesel engines to satisfy the 'immediate needs' of the farmers and accordingly, the Government of India included the import of diesel engines under the Open General Licence for 1952-53. Relying on the estimate of the Planning Commission, our importers lost no time in bringing to India large numbers of foreign-made engines into India, of all qualities and makes, from the sales of which they expected quick and ample profits.

However, the Commission had totally failed to note that a number of units in India were already manufacturing diesel engines and were in a position to meet most of the demand, however high it might be. The import of such large numbers of diesel engines hit these Indian enterprises very hard; it hit KOEL, the largest in India and now making some 15 engines every working day, the hardest. The blow struck by the irresponsible (and still unrepentant) Planning Commission also fell upon the importers and the banks, as well as on those customers who bought engines of doubtful quality.

When sales dropped rapidly, I went about frantically urging government authorities to stem the flow of imports. But it was too late; the importers and traders had already rushed their orders and received their stocks. They (and their bankers too) now found to their grief that there was no demand for the imported engines. Large stocks choked all outlets and filled the warehouses. As for the manufacturing units in India, they found themselves packed out of their legitimate markets. The

good demand which had persisted till a year earlier, had induced most of them to increase their production for 1952–53, and now they found that their engines merely swelled the glut in the market. Their dealers and distributors were unable to sell, and the accumulated stocks, large inventories and idle production capacities proved fatal to many units.

I had learned my lesson from the Great Depression of 1929–35 and was well aware that an enterprise closing down in the face of severe depression loses everything. I resolved to sit out this ‘Planning Commission-inflicted’ disaster.

I took my staff and workers into confidence, explained the prevailing conditions and told them the facts. I said that we could either close down, as many friends were advising me to do or go through prolonged sufferings and recover after we turned the corner. We all agreed to put our shoulders to the wheel and keep on working.

To reduce expenses, I stopped taking any remuneration. Our staff and workers volunteered to reduce their salaries and wages. All this helped but was not enough to cover the cost of continued working. The Banks trusted me and advanced some amounts, which also helped for some time. But what holds true is the fact, that ‘When there is no inflow of funds and the future looks uncertain, to find money becomes difficult’.

Some of us manufacturers of diesel engines decided to request the Government of Bombay to help us by advancing money against future supplies. Our good performance in the past and our creditable progress had created a favorable impression and the then Chief Minister, Mr. Morarjibhai Desai, promised us that he would explore all possibilities to help the industrial growth. Some units were sanctioned advances. KOEL was sanctioned 4,00,000 Rupees against the supply

of 400 nos. of AV1 engines to the government. This was a precious sum for us and I was keen to get it expeditiously.

The State Assembly was then in session in Poona and I went to see the concerned Minister and other authorities. Outside his office, I was asked to wait and I looked around for a chair to sit on. There was no chair, not even a bench, and for some time I was left to stand. Presently, a peon noticed me but he too was unable to find a chair for me. At last, beside the door of the office I had come to visit, I noticed a wooden packing-case and on this I sat, carefully avoiding the nails so as to save my clothes. As the hours ticked by, I grew impatient, especially when I noticed the calm and unhurried manner in which the office staff were moving around.

After two-and-a-half hours I was called in, asked to sign some papers and was given the cheque, with which I rushed back to my KOEL office. My colleagues felt indignant at the way I was made to sit on a wooden box for two-and-a-half hours. But I said, “Take it easy. Let us say, I borrowed money at the rate of 1,60,000 rupees an hour. Check with the minister if he would lend at this rate; if so, I am willing to sit on that box as many hours as would be necessary for more advances!”

The government advance plus the amounts my family members and others gave, eased our financial pains for a while. Meanwhile, I spent some time conducting a post-mortem on the disaster. I studied the reports and came to the conclusion that our sole distributors, Parry’s, had slackened their watch on the market, having evidently relied more upon past demand than upon ‘on the spot’ assessment through their outlets. I now decided not to rely on only one market channel. Even though I found it painful, I gave Parry’s the choice of either

buying a minimum of 50% of our annual production or terminating the sole agency. Parry's chose the latter alternative. I left in their care the areas they knew intimately in the South and asked my sales manager to appoint dealers and sub-dealers to operate in compact areas, explaining that it would take some time to find the right people, but we could use the recession for making suitable appointments and reap the benefit when conditions improved. The network of dealers and sub-dealers which we built covered the entire country within a few years. This new policy made a major contribution to our success and taught us an important lesson.

For a foreign manufacturer to appoint a sole distributor for his products in India is one thing, and for an Indian manufacturer to do so is another. To a foreigner, India is one among many countries; any failure on the part of his Indian sole distributor does not affect his business too much. But for an Indian manufacturer the failure of his sole distributor may prove highly damaging, because that is all the business he has. These considerations persuaded us not to favour sole distributorships in India.

Middlemen—distributors or dealers—form the most important link in the chain connecting the manufacturer with his customers, and right from my father's time we have considered them to be so. When my father was making ploughs, we had a large network of distributors at each important railway station in Maharashtra. When we went in for pumps, we followed the same policy. A few of our distributors are appointed for the whole of India.

It is a part of our dealership policy not to change our distributors merely because somebody else promises us better business; we change a distributor only as a last resort when

we find that he is not functioning properly. We can show examples of a distributorship continuing for more than two generations in one family. There are instances when we have appointed widows of our distributors to help them raise their children until they are absorbed into the business. I am proud to say that our distributorship by and large is very loyal to us. After buying a product from us, the distributor has every right to sell it at any price he chooses. The product is now his, not ours, and although we indicate the prices, we do not insist upon these, but leave him free to fix whatever price he considers right.

My experience during 1952 educated me in the new economic and political trends in India. In retrospect, I feel that 1952 onwards, economic thinking became too closely tied to the political exigencies of the ruling Congress Party. Even then, it struck me as being desirable that I should move about and explain the needs and requirements of productive enterprises and convey to our new rulers that manufacturing was one of the most essential activities for our economic development. I, therefore, met various ministers and political leaders and discussed with them the problems which manufacturing and other economic enterprises were facing. They responded to some extent.

When the glut in the market almost paralysed our Indian production, the Government not only advanced money against future purchases, but also released large amounts through the State Co-operative Banks and Land Development Banks as loans to farmers, for digging wells for irrigation and for the purchase of Indian diesel-engine pump-sets. On our part, we made arrangements to sell our engine-plus-pump sets to the farmers through the co-operatives. The central government



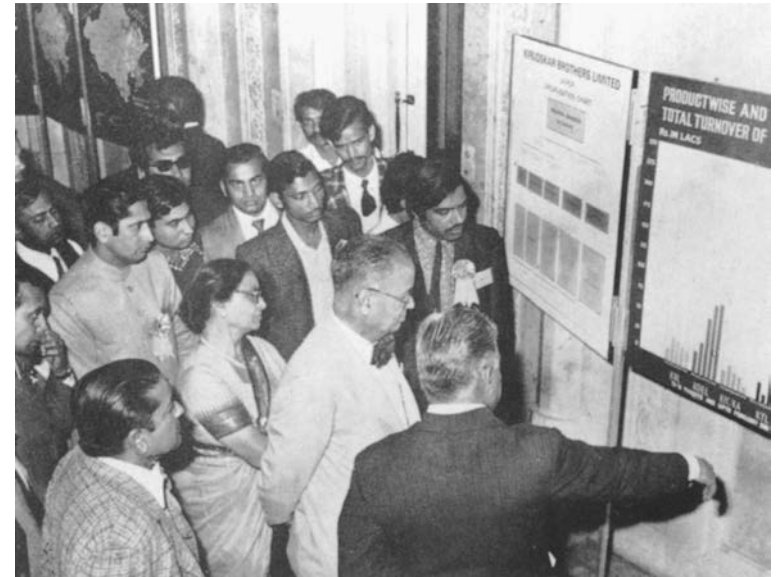
62. SLK discusses export problems with members of the Export Promotion Council, 1964.



63. SLK delivers the keynote address at a seminar of industrialists. (L to R) : Abasaheb Garware, Naval Tata, SLK, Dr. D. R. Gadgil, C. V. Jog, Ramkrishna Bajaj, Vishwasrao Chowgule.



64. SLK addresses a meeting of workers in a Kirloskar factory, 1970.



65. SLK attends a Regional Distributors' conference at Jaipur, 1976.





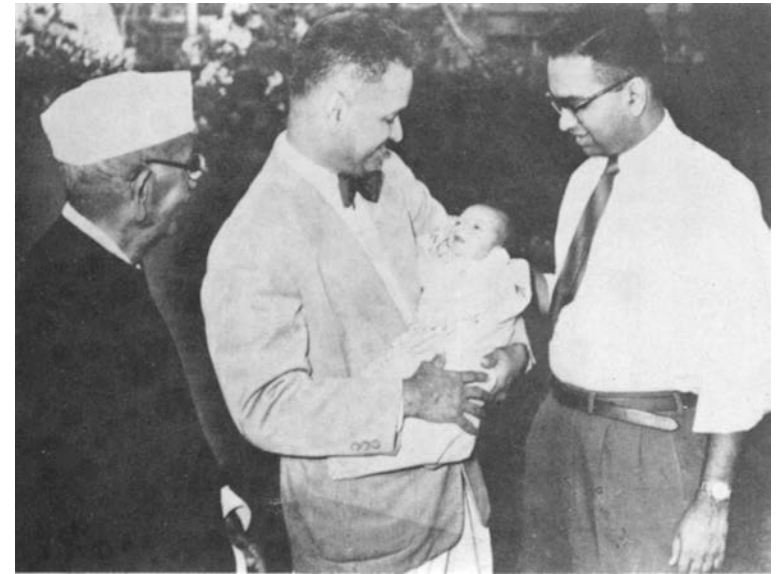
66. Nanasaheb Talwalkar, one of the oldest distributors, offers felicitations on the eve of SLK's 75th Birthday, 1978.



68. Women workers at Mahila Udyog, Poona, a co-operative venture sponsored by KOEL.



67. SLK with the Prime Minister, Smt. Indira Gandhi, 1966.



69. Four generations of Kirloskars : Papa, SLK, Atul (in SLK's arms) Chandrakant, 1956.



70. SLK's family, 1976. (L to R) : Suman, SLK, Dinoo Amin (son-in-law), Sarojini Amin, Yamutai, Chandrakant, Shrikant, Shashikala.



72. "Lakaki", SLK's bungalow in Poona, 1975.



71. SLK and Yamutai with their grand children, 1963.

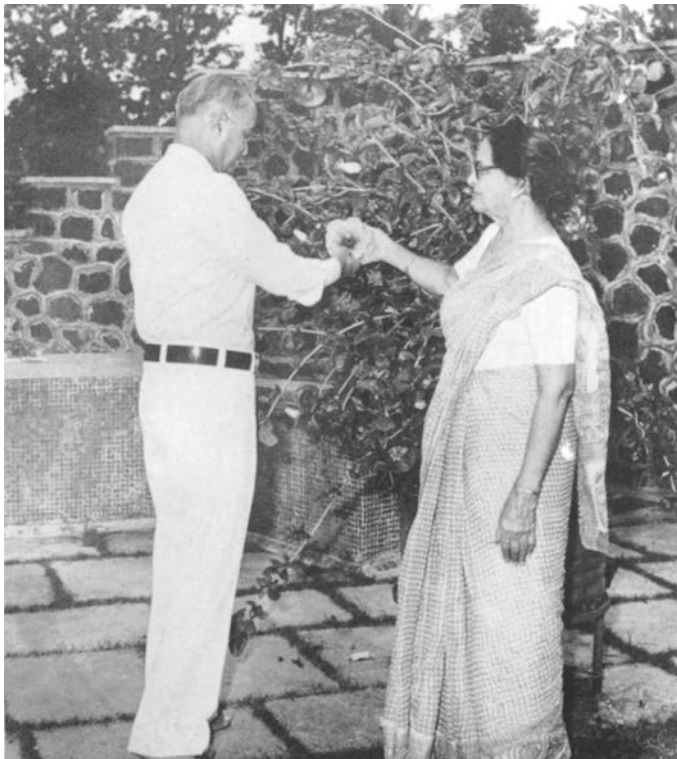


73. Sketching a landscape.





74. Playing golf. 1976.



75. SLK and Yamutai in their Poona garden, 1976.



76. After fifty years of married happiness : SLK and Yamutai, 1977.

directed state governments that loans advanced by the former to the latter should be used to only purchase engines manufactured in India. This measure considerably helped the industry.

Even though financial institutions bent their rules to help diesel-engine manufacturing units, by the end of 1952, the number of engines remaining unsold with all manufacturers and in stocks pledged to the banks against their advances, was not less than 40,000. The annual estimated demand then worked out to about 8,000 engines, which meant that we would need at least five years to sell the stocks in hand. Thanks to our Planning Commission, we could safely shut down our plants and wait for five years to reopen them!

When I realised how grave the situation was, how it was going to affect the years to come, I decided to do all I could, to remedy it. I talked with other diesel engine manufacturers and we unanimously decided to form our own association. Thus, the Indian Diesel Engine Manufacturers' Association (IDEMA) was formed at the end of 1952. I was elected the new Association's first Chairman. We made representations to the Government of India, which during the next few years, took such steps as banning the imports of engines below 40 hp, disbursement of farm loans in the form of engine-pump sets, and fair tariff valuations for excise duty. These measures helped our manufacturers dispose of their stocks earlier than the estimated five years.

While I was making efforts individually, as well as through IDEMA, to stem the decline in sales and minimise its adverse effects on the finance of diesel-engine manufacturers in India, I received valuable guidance from Lala Shri Ram, who was then Chairman of our Board of Directors. At a board meeting, in which we reviewed our position with

our sole distributors, Parry & Co., and discussed remedial measures to come out of the glut, Lalaji suggested that Parry's should try to export our engines and keep up the sales so that manufacturing could continue. When Parry's pointed out the clause in our collaboration agreement with BOEX by which export of Kirloskar engines was prohibited, Lalaji advised that we should get the agreement amended and should ourselves export our engines. He told me, "In business, never rely on only one or two markets. Diversify your market, spread it over a large area, so that if sales in one area slow down, the other areas can sustain us." He gave me equally valuable advice about finance, telling me, "Don't rely on limited sources of raising finance. There are no restrictions on accepting fixed deposits from the public. Your reputation is excellent. Go ahead and collect fixed deposits." I followed his advice.

During 1952 and 1953, when we were waging a fight for survival, I explored every possible way to restore KOEL to normalcy. Eventually I succeeded, but at the time I felt that those were the most trying years of my life. KOEL was in every sense my child. It was I, who had signed the collaboration agreements; who had insisted on making vertical high-speed diesel engines; who had planned the factory to scale up a larger production for India although smaller than similar enterprises seen in industrially advanced countries. Fortunately, I had the support of good colleagues, officers, engineers and workers, who shared with me the agonies of uncertainty and formidable difficulties, and worked loyally and intelligently throughout the hard days. By the middle of 1956, we had weathered the storm.

The next few years saw us on the way to expansion. I was working on the development of some new varieties of



engines, fully aware that an enterprise cannot sustain itself on only one or two products. Determined to build a broad foundation for KOEL, I started the development of B4, 40 hp B2, 20 hp and 10 hp monoblock engines as industrial prime movers. Within one year, we completed the trials of these engines and began selling them. Their sales grew steadily. Our AV1 5 hp engine was mainly used for farm irrigation. The 'Grow More Food' campaigns, the farm credits released by various state governments, and its own high reputation as a sturdy reliable prime mover for farm-irrigation pumps, increased the demand for this engine, so much that it constituted over 80% of our total production. I decided to expand still further and began to look for a collaborative agreement with suitable manufacturers of diesel engines of between 40 and 300 hp.

When we started our Kirloskar Oil Engines Limited, the bearings required for the 5 hp Petter engines were imported from Messrs. Glacier of UK, with whom it was arranged that we would get the required number of bearings every month and thus avoid having to invest our money in carrying the inventory. This worked very well till 1951, when we suddenly heard from Glaciers that the next delivery would be postponed by almost 12 months because all their production had been taken over for the Korean War. We had no other source of supply, since, in those days, it was just not possible to get bearings from Germany, Italy, Japan or other countries. This meant that we must either stop the production of the 5 hp engine (the only product we were then making) or make bearings ourselves.

Mr. Stock (the German engineer who joined us in 1948) was used to making bearings, during the War-time, in the Deutz Engine Company in Germany. He now suggested that we

could make bronze-backed bearings instead of steel-backed ones. Since we already had the required machinery in our factory to make bearings of any size, in any quantity, we immediately started making them ourselves. The quantity required was very limited. The process was suitable only for producing small bearings.

We were not the only people to be affected by the stoppage of bearings from UK. Almost all the State Transport Corporations, particularly the one in Maharashtra, were finding it difficult to get bearings and they came to us asking whether we could make them. We now increased our production in order to meet this additional demand and by about 1954, we were making bearings sufficient for ourselves and for the State Transport. The quality of our bearings was tested by the ST Corporation workshop at Dapodi, and found to be satisfactory.

The Maharashtra ST Corporation Manager (an Englishman) had written to Glaciers asking whether they could supply us with the knowhow of making bearings. The reply that he received from Glaciers was 8-pages long and its gist was that bearings could not possibly be made in such quantity with sustained accuracy and, therefore, no one in India should try to make them. We, of course, could not accept this advice because we were already making bearings. When Glaciers saw that we were ignoring their advice and continued to manufacture bearings successfully without their assistance and were actually increasing our production more and more, they evidently thought that if they did not join us, they might well miss the bus. In 1957, we had a visit from a representative of Glaciers, who asked us whether we would like to go in for a licence from them, and tried to sell us the idea that we should make bearings with their assistance.

As a result of this visit, we entered into negotiations with Glaciers, but something seemed to go wrong with the mails; not one of our letters and telegrams received any reply from Glaciers and we wondered whether they had gone back on their word. On my next visit to UK, I telephoned Glaciers to ascertain whether they were still interested in us or not. Their representative came and took me to their factory, where I met their Chairman, Mr. Wilfred Brown (afterwards Lord Wilfred Brown); this gentleman complained that we had not been answering their letters. When I showed him the copies of all the letters we had written, he was not a little embarrassed to discover that the ball was all the time in their court. The whole agreement was more or less thrashed out in one sitting and in accordance with it, we started working with Glaciers. Our relationship with that firm is still maintained, because Glaciers is one of the few bearings companies which has its own Research and Development Wing. We have expanded our bearings factory to such an extent that today, we cater to the demands for all types of bearings from all types of customers, and even from our competitors. After us, other manufacturers too have entered this line.

As the volume grew and we diversified, the Bearings Division of KOEL started its own metal-strip plant. During the acute world-wide shortage of copper in the 1960s, we tried replacing copper by white-metal. After testing the bearings with a white-metal strip, we found that we could still achieve the required quality while saving a considerable amount of copper. The Bearings Division of KOEL was now growing too fast and too big to work within the premises of KOEL at Poona.

As an improvement upon the well-tried AV1 5 hp engine, we had already developed our AV1 Series II engines,

but I wanted to develop further and make more varieties of engines, for which I negotiated and signed two agreements. One was a collaboration agreement with Maschinenfabrik Augsburg Nurnberg AG (M.A.N) of Augsburg, West Germany, for the manufacture of some of their engines; the other was a contract with Ricardo and Company Engines Limited, UK, specialists in the development of diesel engines.

Our initial contract with M.A.N was negotiated very quickly because they had a fairly simple printed contract which they make with all their licensees. The down payment was only \$15,000 and hence there was not much of a problem in negotiating and getting it approved from the government. In order to get the necessary machinery for machining M.A.N crankcases and other products, we needed a certain amount of foreign exchange, which the Government of India could not give us, being themselves short of foreign exchange just then. The government requested us to go to International Finance Corporation of Washington D. C., USA. After long negotiations with IFC we reached a final agreement; one of the terms was that IFC would loan us the dollars at a low interest rate of 6%, reserving the right to convert this loan into equity shares at face value after a certain number of years.

The last part of this agreement required us to obtain a certificate from a competent legal authority in India, stating that the terms of the agreement were not repugnant to any laws of India and we, therefore, applied for a certificate from the Solicitor-General to the Government of Bombay. Unfortunately, this official commented very adversely on the agreement, blaming IFC for inserting a condition against the interest of the shareholders, i.e., conversion of the loan into shares at face value. I remember the very words in that report:

“it is fraud on the shareholders of the Company.” IFC was very much upset by this report and blamed me for obtaining it, despite my telling them that it was they who in the first place had made me go to a legal authority. Finally, the whole agreement had to be dropped and we had to find new ways of raising foreign finance for our machine tools.

I signed the collaboration with M.A.N because I wanted to start diversification of our products in such a way as to satisfy the major needs of diesel engines for industrial, marine and power-generation applications. I planned to cover our need for engines of over 40 hp up to 300 hp but our negotiations with M. A. N. continued to drag on for a few years. My main objective in signing a contract with Ricardo was to develop an engine smaller than the 5 hp which we were already making. With the technical knowhow from Ricardo, we produced our 3 hp engine.

Our new collaboration with M.A.N., the expansion of our Bearings Division and our contract with Ricardo to ensure a continuous flow of new and useful technical know-how, were all directed towards making KOEL a strong and forward-looking organization, so that it could survive and prosper. The arrangements with M.A.N. and Ricardo enabled us to expand our range of engines, besides cutting short the time as well as saving on the costs of new development.

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## 25. CHANDA JOINS ME; PAPA'S LAST DAYS

The 1900s were the formative years of India's large-scale economic and industrial development. For this development to prosper, something more was required than the mere acquisition of modern technology. There had to be a concomitant change in our social and personal attitude towards the disciplines of an industrialised society; towards the very concept of manual labour.

Our universities turned out graduates in thousands in various disciplines, but hardly equipped them to man positions in modern economic enterprises. Apart from their

lack of practical knowledge, many young engineers (graduates in particular) exhibited the attitudes which they had inherited from the traditional thinking and behaviour of their families; otherwise bright and promising, they resented being expected to work on the shop-floors of factories. Let me illustrate this by a particular instance.

In 1949, when our factory was very small and there were few employees, one of the directors brought an old gentleman to us along with his son who had post-graduated with a high grade from the Poona Engineering College. He wanted me to give the young man a job. I had no place for a man of his qualifications, but I wanted him to join us, so that we should possess useful material for future promotion. I decided to experiment by giving this graduate some grass-roots experience in the running of a factory, and suggested that he should start as a workman in our assembly department; he should live, work and eat with the workers and learn what they think, both when they are working and when they are free. This information would prove very useful to him when he was promoted to be an officer, and I told him he had great prospects.

At first he accepted these terms and I started giving him the standard wage of our assembly worker, which was at that time Rs. 1.50 per day. In order to make sure that his parents got the full salary of a junior engineer and did not suffer from lack of money, I gave the full salary minus his daily wage to his parents. (At that time, I think we were paying a young graduate engineer Rs. 200 to 300 per month). This boy worked for about two months and one day came grumbling to me about his prospects. I told him his future prospects were as good as sitting in my chair, but he had to work as a worker, punch his card and do the job. He said he could not accept this and left us. I came to know later that he was

ashamed to admit in his society that he was an ordinary worker in Kirloskar Oil Engines Limited, not an officer–under–training, because this would apparently have lowered his value in the marriage market, to the distress of his parents.

In this particular experiment I failed. Nevertheless the existing attitude of prejudice against ‘soiling one’s hands’ had to be changed as soon as possible.

When my eldest son Chanda (Chandrakant, born on June 30, 1928) returned from the USA in 1951 after graduating in Mechanical Engineering from the University of Maine, he started his business career in KOEL. This seemed to me, and to Chanda also an excellent opportunity to repeat my experiment and set the kind of healthy example that I wanted. I, therefore, started him as an apprentice under a Labour Gang Supervisor in our Loading and Forwarding section. “From here,” I told him, “it’s for you to work your way up.”

So Chanda loaded trucks, went to the railway station, loaded and unloaded wagons and did all types of labour work along with our gang labourers. This gave him an opportunity to understand why and how the lowest ranking workmen think and act as they do. Today after, 30 years, he thinks that it was a great and educative experience and all the workers in the factory consider him as one of them because he was, at one time eating, living and working with them. (Today, Chanda’s two sons are working under the same procedure, after their graduation.)

My son did not experience any difficulty in getting married either. A couple of years after starting his career, he married Suman, the beautiful daughter of our family friend, the late Mr. Dixit. She had no objection to having ‘Chanda the labourer’ for a husband.



Papa and I were proud of Chanda's spirit. Sometimes the three of us would go to the factory together, and it is not difficult to imagine the pride that Papa felt when three generations of his family walked hand in hand (though usually Chanda went ahead of us, in order to punch his card on time) to the place of work, each determined to do a sound job in his allotted department. Papa doted on Chanda; at the same time, in the factory he imposed a harsher discipline on his grandson than he did on others. This was in accordance with a family tradition of which we are justifiably proud.

From my father's time, all our top management have risen from the ranks. Their experience of working alongside the workmen has given them an approach difficult to find in other industrial units. Our philosophy of the human element in production may be expressed in three brief points:

- (1) The purpose of a business is to show a profit and it is by profit that the efficiency of a business must be judged. We have no sympathy with our governments' suicidal policy of running their public sector enterprises on a 'No profit, no loss' basis, because the result will always be 'No profit, big loss'.
- (2) Profits do not grow on trees. They come from the hard and intelligent work put in by both the Management and the Labour Group. We tolerate no shirking by either class. Most of our offices are on the factory premises and the hours of work for both are the same.
- (3) We believe in paying both well- the Labour and the Management. It is the latter which runs the factory and takes care that it shows a profit. We do not subscribe to the governments' policy of reducing the remuneration of the Management.

And now, I come to the melancholy task of chronicling my father's closing years.

As early as 1940, when our vigorous expansion kept me very busy, Papa had started gradually withdrawing from the day-to-day activities of the factory. He showed a deep concern for village development and was happily engaged in opening co-operative societies, improving farms and encouraging village industries. Farming and dairying seemed to enjoy the first priority with him. He was elected to the People's Council of Aundh State and appointed Diwan (Prime Minister) in its cabinet.

By 1940 our workforce, which had expanded since 1937, totalled 1700 workers. The larger workforce, together with the war conditions and the atmosphere of political agitation, created some disturbances in the hitherto peaceful and disciplined work habits at Kirloskarwadi. Considering how the attitudes of the many new workers differed from those of the old ones, we thought we could develop better understanding between management and labour by establishing a 20-member council of elected representatives of workers to facilitate the exchange of views and information. In this council, grievances were discussed and remedied through mutual co-operation.

After the end of the war, we employed a number of new engineering graduates who also started participating in the joint discussions of the council. At one of the meetings, in 1946, a young engineer used intemperate language while speaking to Papa. My father's feelings were badly hurt and he walked out of the meeting, went home and refused to see anybody. After a few hours, he called us and declared that he wanted to leave Kirloskarwadi and never return.

Papa was then 77. He had come to that arid plot of snakes and cactus, 36 years ago. The industrial village that he built on it, continues to throb with productive activities even today. He had developed Kirloskar Brothers from a small bicycle shop, at the beginning of the century, into a large industrial enterprise. He laid the foundation on which his sons had grown and branched out into machine-tools, electric motors and diesel engines. Papa was the father of this many-branched enterprise. Papa took the young engineer's impudence for an indication that the new generation did not want him and that his own organization had no place for him.

We pleaded with him to stay but he was firm in his decision and nothing we could say or do would make him change his mind. He left Kirloskarwadi the next day. He refused to meet people or discuss his plans and left as he had decided. He went to live with my younger brother Raja at Harihar, where he started a farm from which he reaped a good harvest.

My brothers Prabhakar and Ravindra were then at Bangalore; Prabhakar on his farm some eight miles from the city, and Ravindra, busy with his new Kirloskar Electric Co. Deciding to live on Prabhakar's farm, Papa left Harihar at the end of 1947 and went to Bangalore.

About this time, I requested Papa to come to Poona and live with us, to which he replied that he would come only after our first engine was produced. At the actual time when our first engine was tested, I was out of Poona but the glad news was wired to me. I reached Poona, tried the engine, found it good and wired Papa that my first engine was ready. My message made him happy and proud; his ambition to make engines was now at last fulfilled.

Yamutai and I went to Bangalore to bring Papa to Poona. He came, went round the factory, examined the machines and talked with the workers. Mr. Stock, the German engineer, and Papa were drawn to each other from their very first meeting. Since Stock did not speak English and Papa did not understand a word of German, they had to converse through gestures and sketches. Yet they were happy in each other's company and would discuss engineering problems together for hours with perfect mutual understanding and respect. Soon after reaching Poona, Papa became engrossed in our work. He was happy with us.

In 1950, while Papa was living in Poona, Kirloskarwadi completed 40 years of its existence and the workers and officers decided to invite Papa to preside over the celebrations. My father refused to go to Kirloskarwadi ever since he had left that place, four years earlier, but the whole staff were equally determined to get him there for the celebrations. They appointed a three-member delegation (on which the Workers' Union was represented) to go to Poona, meet Papa and not to return without getting his consent.

The three delegates came to Poona and met Papa at my residence. My father talked to them with the same affection he used to show them in Kirloskarwadi but declined their invitation. The visitors tendered apologies on everybody's behalf for the behaviour of that young engineer and when Papa still declined their invitation, they declared that they would not leave my house till Papa forgave them and accepted their invitation. "We are your children," they told him. "One of us had erred. We have apologised for his behaviour and we do not want you to disown us all because of what one person did." Papa remained in thought for a long time. Unable

to resist their deep feelings of affection; he relented and promised to attend the function.

When the delegates conveyed Papa's acceptance to Kirloskarwadi, everyone started getting ready to give him a big welcome. Uncle Ramuanna who was also invited, agreed to attend the function. On the appointed day, Papa, Yamutai and I drove to Kirloskarwadi where Papa and Ramuanna were given a royal reception. They were taken in a big procession through the town sitting on a decorated bullock-cart, converted into a chariot. Teams of musicians and athletes performed at the head of the procession which was cheered every foot of its way.

Yamutai, I and all our family members rejoiced for Papa, the Father of Kirloskarwadi. We saw the procession as a fitting gesture to soothe the grievous hurt inflicted on him four years ago, when he had left his Kirloskarwadi without even accepting the traditional gift of flowers. There was no 'send-off' on that sad day; no one had been allowed near his compartment on the train; he had left like a lone stranger. Now he was received with every expression of love and respect; men danced with joy at his return. In every sense, it was a home-coming for Papa who was then 81, and Uncle Ramuanna 91. Those who had come to Kirloskarwadi in 1910 were moved to tears of happiness, seeing the two revered old figures together on the soil which they laboured to make habitable and rich. On their part, Papa and Ramuanna beamed with happiness. Next day, we returned with Papa to Poona.

Despite his years, Papa's life at Poona was an active one. He developed a farm near KOEL which he visited every day. He used to supervise work on the farm, look after the cattle, go round the factory and return home with me.

On 2nd August 1953, the Mahratta Chamber of Commerce held a function to felicitate Papa on his achievements. He was made an Honorary Member of the Chamber, in appreciation of his services to the development of industry. The function was presided over by Sir Mokshagundam Vishweshwarayya, the doyen of civil engineers and the virtual creator of modern Mysore. He was then 93 as against Papa's 84. A number of speakers paid tributes to my father. Sir Vishweshwarayya richly complimented him on his entrepreneurship, after which he requested Papa to speak. Papa got up, looked at the distinguished audience and said, "I thank you all" and resumed his seat. It was the shortest speech in the history of the Chamber. This was also the last public function that Papa attended.

On August 7th 1956, Papa went to his farm as usual. While standing and supervising the work, he suddenly felt severe pain in his chest and collapsed. Dr. Kanetkar, who had his dispensary opposite our factory gate, was called. He examined Papa and said that Papa had suffered a heart attack. The patient was taken to Dr. Kanetkar's hospital, given treatment and rest and later allowed to be taken home. He recovered slightly from this severe attack, but was thenceforth confined to bed, which was a hard punishment for a man who had all along lived an active life.

In September, I was scheduled to leave India on a business tour. I was reluctant to go off, leaving Papa on his sick-bed, but he understood my feelings and told me that I should not neglect my responsibilities and obligations in order to be near him. The doctor, whom I consulted, told me that in Papa's condition it was difficult to predict what might happen. "In his condition," the doctor had said, "he might live

for a couple of years or die in a couple of days.” With great reluctance and only at Papa’s insistence I left India.

During my absence his condition deteriorated. A second attack left him delirious for a few days. In his delirium he relived his life with Mama, apparently feeling that Mama was sitting somewhere within hearing distance, for he used to mutter, “Where have you gone?...” and call out to her in his sinking voice, often complaining that he was feeling lonely.

On 25th September, Chanda went to Papa in the evening as was his practice and started telling him about the activities at the factory during the day. Papa was too deeply withdrawn to listen and while trying to smile at Chanda, he said in his sinking voice, “Don’t tell me anything. I am not interested.” My son was taken aback and felt anxious, but Papa looked as if he had merely gone to sleep, so Chanda decided not to disturb him and left the room. Like Mama, Papa died in his sleep.

His body was taken for the last rites to Kirloskarwadi, where thousands of people from far and near came to pay their homage. His body was offered to the flames at that spot where he and my mother toiled so devotedly to build something that should endure.

Twenty-five years and more have passed since then, yet I have never got over the feeling of remorse that I was thousands of miles away when Papa had died and that I could not see him on his last day.

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26.

## **KOEL EXPORTS; STRATEGY AND ECONOMICS**

I was eager to follow Lala Shri Ram’s advice on exporting our engines and in 1952, we started negotiations with BOEX for amending the clause in our collaboration contract which forbade us to export the engines. While these negotiations were going on, the Chairman of BOEX, Mr. Allan P. Good, died at sea and in his place the bankers of BOEX appointed Sir Miles Beaver, a lawyer, as the chairman.

Sir Miles wanted to study the problem, at first hand and came to Poona, where at our invitation he participated in the



discussions of our board meeting. The new chairman took an attitude which we found unpleasant and unhelpful to the smooth working of our agreement. His sundry observations and remarks included the categorical statement that he wanted to abridge the agreement and was considering the exclusion of certain types of engines from it. In his opinion, the agreement was too wide.

My reply to his proposed exclusion was that we would agree to it provided BOEX agreed to delete the clause which prohibited the export of Kirloskar engines. Sir Miles retorted that if we wanted engines to be exported without any restrictions, they should be 'Kirloskar' and not 'Kirloskar-Petter' engines; in such an event he wanted to be free to sell Petter engines in India—a condition which all of us promptly accepted. I told him, "OK, you are free to sell Petter engines in India and I am free to sell 'Kirloskar' engines, dropping the 'Petter', anywhere in the world, including UK."

Sir Miles Beaver thought he had obtained an excellent bargain. Petters, being a well-known brand, he felt would capture the Indian market, whereas Kirloskar engines were totally unknown in the world markets and would pose no threat to the sales of Petter engines.

In our discussions after Sir Miles' departure, I explained to the board members that we should be tackling a very hard task in getting customers for our engines, but that it would be better for us to face realities, put in hard and intelligent work and build our internal and export sales on our own merits and in our own name, than to stay tied to Petters. "We also have to be very alert in the Indian market," I warned. "But I am confident of success because of our products' good quality and of our willingness to organize after-sales service."

The collaboration contract with BOEX was amended through a supplementary agreement which we signed on 23 March 1954. Within a few months, we sold our first batch of engines in Germany and soon after in UK. Petter engines within our hp range could not be sold in India, partly because we were, by then, well established and partly because the import of engines up to 40 hp was banned by the Government of India. In 1974, our distributors, Messrs. Parry Meyer and Co., had an office in London, and through them we have been competing with Petters in UK and in several other European countries.

Looking back, I think we took the right step by taking that decision twenty five years ago.

After the amendment of the BOEX agreement, I started looking for customers for our engines in foreign countries. In 1952–53, our first engines were exported to Cyprus, which remained a good market for many years. By the end of 1954, I was able to persuade a German importer to buy five Kirloskar engines. In order to give delivery at the promised time, we had to send them by air.

Exports out of India were tied up with a number of formalities involving various authorities as well as the Reserve Bank of India. Since we wanted everything to be done speedily, I sent Mr. C. R. Bondre, then our export manager, to the Reserve Bank of India to fill up the necessary forms and get the export clearance. When Mr. Bondre went to the Reserve Bank and asked for the forms for exporting engines, the officer concerned told him, "I think you are making a mistake. You do not want the forms for export but for import, especially since you are talking of diesel engines."

Using all his salesman's good humour, Mr. Bondre managed to persuade the all-knowing bureaucrat that there

was no mistake about it and that we were most positively exporting engines.

Our pride was later tempered by experience. Exporting was not easy for us, but we went about promoting our exports with a single-minded determination such as our Mr. Bondre possessed. I appointed him as an export manager, telling him that we had to be capable of withstanding disappointments and frustrations, and that the good quality of our engines, the intensity of our sales drive and our previous experience about men and organizations, would pay us rich dividends after some years. Mr. Bondre threw himself completely into the task, built up our export sales and developed our Foreign Sales Division into an alert, efficient and zestful organization. He retired from KOEL as Vice President (Foreign Sales) in 1977.

In our export sales we encouraged local people, particularly in the developing countries, to sell Kirloskar products. The efforts to select local men were initially fraught with several disappointments, misunderstandings and some educative experiences.

In 1955, I sent Mr. Bondre to a developing country with strict instructions that he must find a local dealer, sign a Dealer's Agreement with him and start selling in that country. Our man was fully determined, but his determination failed to get the necessary support from the information available with our government, or with the Consulate of the government of the country to which he wanted to export. Mr. Bondre finally persuaded an officer of the Government of India to oblige him by giving half a dozen addresses of traders, from whom he hoped to get further information and to discover local dealers in machines. He caught the next plane, reached the country he was after and arrived in the city in which the addresses were located. The first address was a bakery, the

second a medical store. As though these first two were not sufficiently disappointing, the third was positively unnerving—an undertaker's parlour!

Mr. Bondre returned to his hotel room, rested for half an hour to soothe his shattered nerves and set out again. The fourth address was somewhat more promising, although the owner of the place received our man with a warmth and friendship which made him uneasy because it was too warm and too friendly for a first visit. The host offered liquid refreshment and over the drinks the talk progressed smoothly through the host's family history without ever touching upon Kirloskar engines. Mr. Bondre learnt everything about his host's family, including its current problem, which happened to be the 'irresponsible' behaviour of a younger member who did not do anything beyond spending a part of the family's large fortune. Having brought the family history up to this point, the host said. "Now, Mr. Bondre, I'll be delighted to help you if you can do something about the young man and make him mend his ways."

Up till now Mr. Bondre had been suffering from acute anxiety because the man, in all his long talk, had never even mentioned the selling of Kirloksar engines. He, therefore, snatched at his unexpected opportunity and told his host, "I think I can do what you want. You take our dealership and I will take the young man to India where in our Gandhian atmosphere he won't be able to drink much or chase girls. I will discipline him and train him in the sales and maintenance of engines, if you are ready to help the young man by investing in our dealership."

"Why not, Mr. Bondre?" the happy host replied. "You reform the young man, and I will invest as much money as is required".

On this happy note they had 'one more' to celebrate the deal. Mr. Bondre did what he had promised and we secured a very good dealer. I do not know how much the young man drank thereafter, but we trained him and he sold a number of engines, proving himself a good salesman.

In various other countries we were not favoured by luck and had to put in a lot of effort to open outlets for Kirloskar products.

We started our exports in 1954. Determined to prove ourselves a capable organization and our products equal to anything made anywhere in the world, we organized export sales with an alert and responsive after-sales service to foreign customers. We have broken into the markets of advanced countries and edged our way to customers by incessant efforts and effective persuasion. With every engine sold in a foreign country, we have ensured that India has printed her name on the industrial map of the world.

While establishing sales outlets and after-sales service facilities, I firmly insisted that our dealers, whether in India or abroad, shall employ trained men to attend to all technical inquiries. A purchaser (for instance, an illiterate Arab) asks questions to find out whether our product-an engine-pump set, perhaps-will be useful to him. The dealer's man must satisfy the Arab that buying our set will really help him. After purchase, our dealer's man must install it, train the Arab to operate and maintain it, and later give him after-sales service. My rigid instructions were "When we sell our product, our customer must benefit from its use and we must win him as a friend." And I expect that whenever purchasers in developing countries, or in remote areas of any country, are not in a position to communicate with the dealer, the dealer should himself keep contact with them and check on the performance of our engines.

During one of my visits to an emerging (under developed) country, I discussed the position of sales in our dealer's area. His sales were satisfactory but his too-ready manner of talking made me feel uneasy. I asked him to get his car and take me round to see our engines in actual use by customers away from his city. We travelled in intense heat. At a small farm, hearing the noise of diesel engine, I asked my dealer to stop and went to inspect the machine. It was one of ours and its owner was a poor, illiterate man who came up as soon as he saw me going to the engine. We stood there together, communicating in the language of gestures and smiled greetings. When I stooped to inspect the engine, he pointed to the oil tank, which I then closely examined. I found it to be leaking oil although in a negligible quantity. The farmer gestured to say he did not mind this but I gestured to tell him that I did mind it. I stopped the engine, examined the leakage, took out tools from the tool-box, loosened the oil-tank and refitted it after wiping away all traces of old leakage. Then I started the engine and watched it for about twenty minutes. Not a drop leaked. I pointed my finger at the oil tank, ran it over the tank and showed it to the farmer-no oil on my finger! He grinned with happiness and I did the same.

My dealer had watched me and our exchange of gestures and gave his explanation while we were driving back. I listened to him, after which I instructed him to visit the farm again in case he found the slightest leakage, to replace the engine and write to me for a replacement supply. After a couple of weeks, he wrote to me and reported "all okay", with the farmer's confirmation written by his relative.

On my return to Poona, I called my PR man and told him about what I had found. I directed him to prepare a draft of a letter which I wanted to send to all our workers. "No

beating about the bush,” I instructed him; “make it straight and precise. There should be no sloppiness and careless work.”

We were then in the process of discussing new wage structures with our labour leaders. Such discussions are normally accompanied by a lot of noise against the management. My letter to our workers was printed by the following morning and was all ready for distribution. Some of our managers thought that it would agitate the workers but I stuck to my text. Within a couple of hours of distributing the letter, our labour leaders sought an interview with me. Under the expectant and watchful eyes of our executives, we discussed the letter for a couple of minutes. Our labour leaders stood by every word I had written and they had come to assure me of their co-operation. They agreed with me that winning our customers’ confidence was necessary in our business and supported my dictum that “We owe our customers good quality; we live on their money; we cannot live by cheating them.”

This letter of mine to our workers convinced every person in our enterprise that the management of KOEL would not accept laxity in work. To discourage laxity, we had evolved a system of production incentives, in which ‘production’ was the output by each person so far as it conformed to the standards, specifications and norms laid down. If part of a man’s output was found below the required standard, it was rejected and not taken into account as ‘output’ or ‘production’ for the calculation of incentives. The system effectively reminded every worker, at every stage, that only good quality output would be accepted, and that this would be rewarded in the form of incentive bonus.

We kept on working relentlessly for increasing our exports; but there was a price to pay. As our exports

increased, our earnings decreased. We had to sell our engines in competition with giants from UK, Germany, Japan and Italy. Diesel-engine manufacturing enterprises in advanced countries were (and still are) many times larger than KOEL. One of our competitors, Japan’s Yanmar, manufactured five to six times more engines than we did.

International prices are fixed by sellers to capture foreign markets, and are generally lower than domestic prices. With their large domestic markets and large-scale production, our competitors could sell at attractive prices. Our prices had to match theirs, but our lower domestic sales and our smaller size of operation, combined with levies like excise duties and sales taxes, drove our costs much higher than our competitors’. In the diesel engine line (and perhaps in general) export sales cease to be economic when the exports exceed 15% of an enterprise’s total production. We had been, therefore, losing money on foreign sales for the first eight years; but we still persisted in increasing our export sales so that we could win for our engines an international reputation and diversify our markets. Our efforts paid dividends: whenever our sales went down during periodical recessions in India, our export sales helped us to maintain our production at an economical level and to keep our workers in continuous employment.

As partial compensation for the various taxes, the Government of India devised many incentives at different times. Unfortunately, with each ministerial change, these incentives are revised in either direction, which naturally creates some instability and adversely affects the export market. Government’s export policy is considerably influenced by a strong anti-exports, anti-incentives and generally anti-business lobby in the seats of power and in the Press.







## 27. VISITING THE USSR

In the year 1954, I attended an export advisory meeting called by Mr. T. T. Krishnamachari, Minister at the Centre for Commerce and Industry. After the sumptuous dinner in the Rashtrapati Bhavan which customarily followed his meetings, he pulled me aside and told me that the USSR Government had offered to take a delegation of Indian industrialists around their plants. He asked me whether I would like to go. I immediately said, “Yes”. The objective before us was to see whether we could find something in Russia in

the form of technology or design of machines or anything else to improve our quality standards.

Under the leadership of Mr. Kasturbhai Lalbhai of Ahmedabad, a team of eight or nine industrialists and technical men travelled to Moscow via Vienna. In those ‘prehistoric’ days of propeller planes, it took us almost a whole day of twelve hours to fly from Vienna to Moscow. A special USSR government plane had been placed at our disposal for the entire period of our visit.

On the next day after our arrival, our hosts took us to the Permanent Agricultural Exhibition and showed us the types of tractors and machinery that were being manufactured for the farmers. In this exhibition, there was also a replica of the agricultural machinery repair station which, they informed us, was to be found at every large government agricultural farm.

On that same day, we also had a meeting about what we would like to see and visit. On my own behalf I gave a list of various products such as machine tools, tractors, diesel engines, electric motors, small tools, etc. The other delegates similarly conveyed their choice of textile mills, chemical plants and so on. The result was that we were given a whole programme to visit these various factories, covering cities like Moscow, Leningrad, Tashkent, Zaporozhye near Dnepropetrovsk and many small towns that had factories of various types. Our entire delegation moved from place to place in the small plane and each day of visits to factories ended with some entertainment programme in the evening.

Visiting Russia was a very strange experience. We had heard a great deal about the country in the past and now we were looking at things with our own eyes. By then Stalin had died. Every move we made to visit any place, all the things

we wanted to see and the times at which we wanted to see them, were controlled from the Centre. If we wanted to see an opera or any other kind of show, we had to inform the authorities in the morning or even a day earlier. If we had finished seeing a factory earlier than expected in the morning and the factory scheduled for our afternoon visit was just around the corner, we could not go there till the afternoon unless our guides and philosophers got an order from Moscow.

We found the prevailing prices of daily consumption fantastically high. The only thing I found cheap was phonograph records of their good music and I bought quite a lot of them.

I found the factories to be pretty dirty. The work was rough, the workers were careless and the quality of the products was much below the quality of what we produced in our own factories at home. In one tool-room, I found files and hammers piled along with micrometers and other measuring instruments in a way that it could lower the latter's accuracy. The lathe factory was the largest I had seen, producing about 700 to 800 lathes a month on a conveyer belt; but at the testing stage when I examined a single lathe, I found the quality poor and the noise unacceptable.

After visiting a few factories, we informed our guides that we were there to see the best that Russia could show and that we were not happy with the quality of what we had seen. Our comments were officially reported practically every eight days, but I did not notice any improvements in factory conditions on subsequent visits.

Many people have asked me whether we were allowed to go wherever we wanted. Actually, there would have been little point in going wherever we wanted, because we did not

know what things were like there and since our ignorance of the Russian language prevented us from directly conversing with the people. We inevitably, had to go to places where our guides and philosophers took us. Once, when we were going out of Moscow just for a ride, we asked to stop at a certain road that was branching off into a forest. The road took us to a small colony that was being built for farmers. But the language barrier ensured that very little use could be made of such visits.

At the first conference, when they had asked us what we wanted to see, one of our choices had been to go and see the houses of the workers; but this they scrupulously avoided right till the end. Once, however, it happened by chance that after we had completed a visit to a machine-tool factory about 100 kms out of Moscow, the Director asked us whether we would like to see the workers' houses and when we accepted the offer, he took us there. This proved a complete surprise to us and to our guides and philosophers as well. (It was a very new housing scheme, which was why he wanted us to see it.) We visited one apartment of five rooms, four of which had been allotted to four families, one room to each. The fifth room was a common kitchen, common dining room and common bathroom for all four families. The workers were very happy to have such satisfactory accommodation, explaining that we had not seen the place from where they came (where presumably they had lived like our Indian slum-dwellers.)

We visited a foreman's apartment which comprised of two rooms besides a kitchen and a bathroom just for his own family. We also visited the resident doctor's house, which was of the same pattern as the foreman's. The behaviour of the lady doctor was identical with that of any housewife in India

or anywhere else. When we entered, she brought out a bottle of vodka to celebrate our visit to her apartment, but since our leader and some members did not drink, it was politely refused. Then, without asking, she distributed plates and brought out a huge water-melon, which all our delegates very happily enjoyed.

We had an interesting experience at Tashkent where we visited a certain special cotton farm. A heavy breakfast on the farm was followed by a discussion in a triangular pattern. First the farmer spoke in the local Uzbek language, which was translated by an interpreter into Russian, which a second interpreter in turn translated into English. The conversation thus took a long time to get through. One of the things they mentioned was the amount of cotton the workers gathered in a day, which to our people appeared an impossible figure. The leader of the farmers asked a woman to collect other women and send them out onto the farm to gather cotton. Within half an hour they gathered an amount of cotton which, on being weighed, came to the same figure as he had claimed they could gather. The major reason why our estimate went wrong was, in my opinion, that the size of their cotton ball was considerably bigger than the cotton ball produced in India.

On this same farm, we were taken to see the machinery repair shop, where I expected to find something like the one we saw on our first day at the Permanent Agricultural Exhibition. It was, however, no better than the motor repair shop which we find by the side of Indian roads; it was certainly more dirty and muddy with the oil from the crankcases mixed with the mud on the floor. I mentioned what we had seen in Moscow, but the farmers' leader said he did not know what I was talking about, since he had not seen it himself in

Moscow. Possibly the Moscow exhibition was merely a show for foreigners only.

On my return to India, I sent a report to the Government on the month-long trip and the many factories we had visited. I felt bound to record that I had not been impressed either by their work or their technicians or their designs.

My second visit to USSR was in 1966 as a delegate of the International Standards Organization meeting in Moscow, accompanied by my wife. We were in Russia for just over a week and this time I could not visit anywhere except Moscow and Leningrad, nor see a single factory, thanks to having to attend all the Standards Institute's meetings.

I found that the twelve years had changed the country only slightly. There were more taxis and cars on the roads but the quality of food, materials and hotel bathrooms remained much the same. There were no proper arrangements for obtaining theatre tickets, and these were as difficult to get, as they were previously. This time, not being 'Guests of the USSR', we had to fend for ourselves. It took our ambassador three days to contact us, because every time he asked our hotel to let him talk to "an Indian couple called 'Kirloskar', he would be told that "we have no Indian couple, but only an English couple with that name" (This was because we had obtained our visas from London instead of Delhi!) At last, the ambassador had to say, "Well, allow me to talk to that couple, anyway, wherever they come from."

It was Yamutai's first visit to Russia... and she wanted to leave as early as possible!

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**28. EXPORT AND GOI;  
POLITICAL LEADERS  
AND FIVE-YEAR PLANS**

I was elected Chairman of the Engineering Export Promotion Council in 1957. In view of my experience of exports and my study of our export problems, I decided to take up with the Government of India (GOI) several issues which hampered the export of our engineering products, which (if we include steel) at that period amounted to about 20 million rupees (about 5000 million rupees today.)

KOEL was already exporting Kirloskar diesel engines in increasing numbers to nearly fourteen countries in the Middle

East, South-East Asia and British East Africa; and our earnings in foreign exchange—US dollars or British pounds—were worth about 2.5 million rupees. In addition, we had sent our men to study market conditions and investigate prospects in some of the developing countries of Africa, South-East Asia and Latin America.

As Chairman of the above Council, I made several recommendations to the GOI for the promotion of Indian exports. After pointing out that we had to make intensive surveys in foreign countries to assess the prospects for Indian engineering products and follow up these surveys by intensive sales-promotion campaigns, I urged the GOI that it should assist exports by arranging the necessary banking facilities and economic shipping freight rates, and should also give exporters financial support for conducting advertisement and sales-promotion campaigns. Indian exporters, I insisted, needed facilities like Export Credit Guarantees.

I further pointed out that several advanced countries offer large long-term credits to their foreign purchasers and arrange barter deals too. The credits given to foreign purchasers by exporting enterprises were covered by the exporting country's Export Risk Insurance Corporation.

For the execution of the recommendations I had been making, I used to see various ministers, including the Minister of Industries, the Minister of Commerce and sometimes even the Prime Minister. The Minister of Industries at that time, Mr. T. T. Krishnamachari, had started a body called the Export Promotion Council. He would invite us for this body's meetings and ask us to give our experiences and on many occasions he accepted our recommendations. Some of the accepted recommendations, which greatly helped export,



related to the formation of the Export Credit Insurance Guarantee Scheme. This scheme provided relaxation of various excise duties and the compensatory payments which ultimately came to be known as 'Export Incentives'. In addition, an Export Market Fund was established to help people travel abroad, and advertise and promote their wares.

Here I must particularly mention the services of the two Ministers—Mr. T. T. Krishnamachari and Mr. Manubhai Shah—who laid the ground-work for our export promotion and who actively helped to create more and more exports. Often Mr. Manubhai Shah, without waiting for us to go to him, would himself come to us and ask us to voice our problems, after which he would immediately take up those problems and find solutions for them. Such initiative cut through many of the official procedures and gave us solutions much earlier than one could have otherwise.

In those days, a number of imports were made in order to satisfy certain demands. These imports had no industrial base and those persons who obtained the necessary licenses enjoyed the high prices that they could get for their imports. The seeking and securing of these import licenses was accompanied by a great deal of rush and corruption. Importers of dry fruits and similar articles made a lot of money on them. Noting this, I pointed out to Mr. Manubhai Shah how we exporters of machinery and engineering products, who were acquiring foreign exchange for the Government of India, were suffering losses in contrast to the importers of things like dry fruits - which they paid for from the very exchange provided by our sacrifices! I suggested that the minister might consider granting import licenses for dry fruits to the exporters of engineering products, in proportion to the

volume of their exports, so that they might recoup some of their losses on the export of engineering goods from the profit from imported dry fruits. This suggestion appealed to Mr. Shah who gave effect to it for some time. After his departure, however, the import lobby brought their influence to bear on the ministry and managed to restore the *status quo ante* with consequent profit to themselves and loss to exporters like us.

When Mr. T. T. Krishnamachari's Industries Ministry set up the Export Credit Insurance Corporation for insuring the credit of all the exporters, I was made a Director. Even today this scheme helps the exporters but I must frankly say that it needs a lot of improvement.

When I was President of the Federation of Indian Chambers of Commerce and Industry, besides seeing the Ministers I had made it a point to meet various Chambers of Commerce, as well as Associations and Groups of Industries in various parts of India; to all of these I used to stress the importance of export from the angle of the manufacturer himself. On its own part, the Government of India was propagating the idea of exporting to earn the very scarce foreign exchange and I would remind my friends in the engineering industry that as citizens we owed a patriotic duty to help the Government in these activities. But it was doubly necessary, I would point out, for managers of industries and for manufacturers managing the factories of India to diversify their markets. The domestic markets in many industries have their ups and downs; and when the 'downs' come, we manufacturers are often at our wits' end to find work for our employees whom we may even be forced to lay off. "If you develop a market for export," I used to tell my friends and fellow manufacturers, "it will come in handy to cushion the

‘downs’ in business and you will be able to keep a constant flow of manufacturing activity in your factories irrespective of the swings in our market conditions here in India.”

Despite all my pleading, many manufacturers refused to see the advantage of this export activity; they were blinded by the short-sighted view that exports would lose money for them and therefore they declined to enter the export business. There were also certain economists and newspaper editors who thought (wrongly as I consider) that export takes place only when there is a surplus of production. In fact, exports have to be actively established for which a manufacturer must have his own production; and this production will never be static, since he can expand it when needed or reduce it when there is no market for his products. Hence, the adoption of exports as a way of expanding one’s market over and above the local market, gives one a fairly uniform rate of production; and this was the outstanding advantage which I was stressing on, to our manufacturers; some of whom accepted the idea while the others had yet to wake up to it.

The Government of India has never looked to the advantage that exports bring to the manufacturing activity. It has been interested only in the accumulation of foreign exchange for its own official uses. We see that despite the considerable easing of the foreign exchange position in 1978, ’79 or ’80—or even as far back as 1973—despite, indeed, the piling up of a large volume of foreign exchange, the Government of India still failed to understand that this favourable situation requires continuous activity. On the contrary, our Government has started to prune export incentives, cut down on activity and impose all sorts of restrictions and taxes wherever there was a chance of

increasing exports. Speaking politely, I would describe this policy of theirs as very short-sighted.

Although we had made a beginning of export risk insurance in India, our premium rates were forbiddingly high, because of which our enterprises lost heavily on their exports (KOEL lost huge amounts for ten years). I reminded the GOI that along with the increase in exports, a concomitant increase in imports was inevitable; exporters should, therefore, be given a portion of the foreign exchange they earned to enable them to import their needs. Selling in international markets was so expensive, I stressed, that unless the GOI helped our exporters financially, no single Indian enterprise could stand up to the industrial giants of the advanced countries with whom we had to compete. In short, I did my best to persuade the GOI to help exporters in every possible way.

The GOI accepted a number of my recommendations and acted upon them. Let me here note that the development of Indian industry owes most to Mr. T. T. Krishnamachari and Mr. Manubhai Shah, the Ministers for Commerce and Industry. Those who followed these two, were not up to the mark and proved less of a help and more of a hindrance to our industry. Meanwhile, on our side I intensified my efforts. After ten long years we could hardly cover our costs of export promotion; however, rather than slowing down to save expenses on exports, I decided to spread our efforts over wider areas and build a sizable business of foreign sales.

In the late 1950s, besides being Chairman of the E.E.P. Council, I was a member of some committees of the Federation of Indian Chamber of Commerce and Industry. I was also the President of the Maharatta Chamber of Commerce, Poona and the Indian Diesel Engine Manufacturers Association, besides

being closely associated with various other organizations. In all these capacities I had many occasions for holding direct discussions with our Government on various important problems of our economy.

I realised that most of the Indian political leaders had lost sight of the significance of the world economic development and of India's opportunity to benefit from it. I had several occasions to talk with such persons and found that whenever I mentioned the necessity of speeding up our economic development, they tended to react according to their respective political beliefs. Some wanted to establish a socialist order in India, others insisted that Mahatma Gandhi's idea of 'Ram Rajya' was the only way for India's survival. Whichever school of thought they belonged to, they obstructed our progress for their own political advantage and to the detriment of India's economic growth. In fairness, I must note the exceptions of Prime Minister Nehru, Ministers Manubhai Shah and T. T. Krishnamachari, the only leaders who, to some extent, recognised the scope and significance of the changes taking place in the advanced countries; they wanted to accept, adopt and absorb the contents of the new developments and favoured India's rapid industrialisation.

India was then wedded to Five-Year Plans. The First Five-Year Plan (1951–56) was based, as the Prime Minister explained, on "what was then being done". The Second Plan (1956–61) was formulated by the Planning Commission which worked under Pandit Nehru. The draft of the Second Plan declared that the aim of the Government of India was to establish a "socialistic pattern of society". A debate started on what the pattern should be. Businessmen declared that it meant nationalisation of all industries; politicians, some

of whom contradicted each other, offered different interpretations; and confusion prevailed for a long time.

In my opinion, the whole idea of the Nehru Government and subsequently other Governments in starting the Five-Year Plans was more political than economic. Even the individuals who were appointed as Deputy Chairmen followed others in looking to the political side of the planning rather than the economic side. They were more anxious to achieve an egalitarian society, in pursuit of which they saw the flattening of private incomes and the stopping of the bigger factories, bigger institutions and bigger organisations, as more important than raising the level of employment and production and thereby increasing the total figure of industrial progress.

Mr. Nehru and his colleagues were very shrewd politicians, who could see the advantage of concentrating economic power in the hands of the politicians and the Central Government. The bureaucracy at that time supported them, with the result that after some ten to fifteen years we find the whole economic system cluttered up with rules, controls and regulations, which render it almost impossible to perform any creative and positive activity to help the economic structure. We can also see how, during the Emergency, and again at the time of elections, various controls were brought in to collect black money which, as the experience of businessmen has shown, is collected through the controls and never accounted for by the politicians or the Members of Parliament who get elected. Whatever expense sheets these persons may submit, as Mr. Sanjeev Reddy (the present President) declared at one of the open speeches at FICCI's Annual Meeting of 1979, are false and unreliable.

All the Governments—the pre-split Congress Government, the first Indira Government, the Emergency Government, the Janata Government and today's second Indira Government—have shut their eyes to the damage which the controls are doing. All they see is the advantage of these controls to the politicians. Hence, in spite of any desire they may feel to eliminate restrictions on the economy and to make progress on the economic front, they neither wish nor dare to reduce any of those controls or restrictions which effectively inhibit business.

Indian private enterprise was then going through a kind of 'crisis of identity'. While political leaders were demanding that less and less be left in the hands of the Private Sector (as it soon came to be called) businessmen in this sector cautioned their colleagues about the coming political moves to reduce its role in the national economy.

For myself, I found the conditions too uncertain to draw any conclusion. By and large, businessmen in India were then feeling insecure in the face of the political leaders' declared aims of establishing their socialistic pattern of society. On the other hand, some in the government felt that it was necessary to pay lip service to socialism but equally necessary to speed up development. In this period of confused economic thinking, Indian businessmen were advised to encourage collaborations and promote the inflow of foreign capital into India with Indian participation.

In my capacity as a Chairman, President or as a member of various leading bodies, I had to discuss important economic problems with the Planning Commission and other government bodies. I urged the politicians to let entrepreneurs go ahead with expansion, diversification and the starting of new

enterprises, free from restrictive controls. But the political uncertainty discouraged new investment just at the time when India badly needed more industrial production.

To dispel the growing uneasiness in the business community, Mr T. T. Krishnamachari, then Minister for Commerce and Industry in the Government of India, assured businessmen that nationalization of industries was more a scare than an imminent prospect. He invited businessmen's attention to the establishment of the Industrial Credit and Investment Corporation and to the World Bank's declaration that it would lend up to three times the amount of equity capital of ICIC with the stipulation that ICIC be managed entirely by private enterprise. Mr. Krishnamachari encouraged a delegation to visit the USA for securing foreign private capital, collaborations and the much needed know how; he also sent government advisors and others to locate willing and useful sources. This delegation, known as the Birla Mission (from its leader Mr. G. D. Birla), consisting of certain top ranking businessmen, left for the USA in 1957. I was a member and in the following chapter I shall relate a most important event which occurred on this trip.

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## 29. COLLABORATION WITH CUMMINS

In New York, the Birla Mission had a tight schedule of meetings and discussions.

One evening, when I returned to my hotel from a meeting, the reception counter gave me a visiting card with the name of the New York representative of Messrs. Cummins, a Mr. Wise. My visitor had written, "Sorry, I must go. I missed you." However, I met him in his office the next day and he arranged my visit to the Cummins factory at Columbus, Indiana.

The following day our schedule took us to Washington. While there, I got a phone call from the office of the President of Cummins. The caller asked me whether my first name was Shantanu and when I answered "Yes, it is," the caller said, "my President, Mr. Bob Huthsteiner, was in your class at the MIT." Bob himself phoned me later and told me that he wanted me to go and see his Cummins factory, to which I gladly agreed. He told me that he would send a man to receive me at Indianapolis Airport.

My itinerary made it possible to set aside one day for this meeting and as I descended from the aircraft at Indianapolis I looked around to see whether anybody was waiting for me. Since nobody approached me, I decided to wait for some time; but at last I got tired of waiting and decided to go to the Athletic Club in Indianapolis where Bob was to have reserved a room for me. Meanwhile, I approached the ticket counter to confirm my return flight and as I did so, a man hurried up from behind and stood by me. Hearing me give my name for a ticket, the man asked me, "excuse me, Sir, are you Mr. Kirloskar?"

"Yes."

"I am sent by the President of Cummins to receive you."

"Well," I said, "I noticed you there, but I couldn't make out whether you were the person sent to receive me. What took you so long to find me?"

"To tell you the truth, Sir," the young man laughed, "I was very much confused. I saw you getting off the plane and told myself, 'No, he can't be Mr. Kirloskar; he looks too young to be the President's contemporary at the MIT in the 1920s.'"

I smiled at him and said, “Thanks for the compliment. I am a little younger than your President, But I’m not too young to be his contemporary at the MIT in the 1920s.”

My receptionist assured me that my accommodation was already reserved at the Athletic Club. He took me there and said he would come in the morning to take me to Bob’s office.

On the following morning, I went to meet Bob Huthsteiner at his office and now I understood why the young man had felt so confused. Bob looked much older than me, even older than his own age; he had a tired appearance and his hair had turned snow-white. What a change thirty years had made in my old friend!

We got down to talking and for some time we were happily engaged in swapping old memories; we talked of old friends and of poor Harry’s untimely death. I was waiting for Bob to open the topic which was very important to me, but as I looked at him I began to think he had completely forgotten it.

The ‘topic’ I refer to had been introduced to me and to Cummins a few months ago by Mr. Gopal Iyengar, Technical Advisor to the Government of India. This gentleman knew me well, having worked as an apprentice with Mysore Kirloskar Limited for some time after his graduation in engineering, in order to get practical experience before taking up the government job. In his capacity as technical advisor, he had been keen on finding out which of the prime movers badly needed in India could be made in our country with the collaboration of their US manufacturers. India was then importing Cummins engines and while touring USA, Gopal Iyengar had visited the Cummins plant and decided that Cummins engines, with their wide range and excellent quality,

might suitably be made in India. If Cummins would agree to collaborate with an Indian manufacturer and make the engines in India, this would be far preferable to our having to keep on importing them from the USA, especially at a time when India was short of foreign exchange. Mr. Iyengar had mentioned his suggestion to me on his return from the USA and when I told him that we were interested, he had written to Cummins about it, after which he advised me to open the topic with them during my tour of the USA with the Birla Mission. I had assured Mr. Iyengar that if Cummins took his suggestion seriously and were willing to discuss collaboration, I would be happy to hold talks with them on the prospect of a joint venture to be positioned in India.

Hence, when the Cummins office told me about Bob wanting me to visit him at their plant, I had assumed that he would open this topic. But as we went on chatting in his office, with never a word from him about the business, I was at last compelled to steer the talk in that direction. I then discovered that he was not aware of Gopal Iyengar’s letter. When I asked him whether Cummins would like to produce engines in India, he said, “Yes”, but went on to explain that Cummin’s policy was to own 100% equity in any new Company. Cummins might possibly agree, he thought, to own 75% and let Kirloskar own 25%, but he was emphatic that his Company would not go lower than 75%. On my behalf I explained to him that we, Kirloskars, were not investors; we managed our own companies which we could not do by owning only 25% equity.

After this Bob took me to meet his Chairman Mr. Irwin Miller. The three of us had a pleasant talk, in the course of which I offered to give them any help they might need if they

ever decided to start a factory in India, even if Kirloskars could not participate in the venture. We parted as friends and I was left with a feeling that one day in the future they would re-open this topic after reconsidering their policy. And my guess proved to be correct.

A couple of years later, negotiations started with the Cummins team which came to India to check on our ability and competence. On these points they were satisfied and we signed a collaboration agreement with equity participation by Cummins Engine Company 50% and Kirloskars 50%. We registered Kirloskar Cummins Limited in 1962, decided to locate the plant at Poona, with my son Chandrakant as Managing Director. When the equity capital was offered for public subscription, it was oversubscribed to the extent of 200 times the amount of public issue.

Among many collaborative ventures, this is one of the happiest. Speaking for the other party, Mr. Irwin Miller told me that this venture has proved to be one of their most satisfactory investments outside the US.

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### 30. **EXPANDING AND DIVERSIFYING; NEW VENTURES**

The 1960s were a period of considerable expansion and diversification for us along with growing export-promotion. In all this we received help and encouragement from the two ministers with whom we were particularly concerned, Mr. T. T. Krishnamachari and Mr. Manubhai Shah. These two would frequently go out of their way to cut through the normal procedures, so that often their mere assurance was sufficient for us to go ahead with our work.

KOEL's position as the largest diesel engine factory in Asia (excluding Japan) with the highest export earnings was

not enough for me: I had set my sights on yet grander targets. We were already making M. A. N. engines in the range of 77 to 372 hp. On 25th July 1961, just a month after the lapse of our agreement (which we did not renew) with ABOEX, we signed an agreement with Societe Agriculture Grosshans Ollier Marep, Societe Civil d'Etudes, Paris, for manufacturing at KOEL their AGROM air-cooled engines in the range from 16 hp. On 22nd September 1964, KOEL bought the drawings for their 45 hp air-cooled engines from Farymann Diesel of West Germany subject to certain conditions. These steps marked a change in our collaboration policy.

In selecting such a variety of engines and signing collaboration or licensing agreements for producing them, my object was to diversify in such a way that Kirloskar-made engines would serve a variety of applications in India and the international markets. I did not want to waste time, money and human energy in trying to develop such engines on our own, when collaborations would enable us to produce them within the shortest possible time. When we required drawings, I bought them on a lumpsum payment basis with no conditions attached.

I did not choose any engines or sign any collaborations and contracts on the basis of preference for some particular countries. We had agreements with enterprises from UK, France, West Germany, Sweden, USA and other countries, including India, where we signed an agreement with Suri Transmissions. I took whatever was useful and saleable and could be made at a reasonable cost.

During this decade KOEL took over F. H. Schule GmbH of Hamburg, West Germany, and invested heavily in G. G. Dandekar and Co. Ltd., of Bhivandi\* , India. Due to

\* District Thane, Maharashtra State.

an explosion of demand, as well as to ensure regular and timely supplies of our engines in the areas away from Poona, KOEL started assembly plants in Madras, the south of India and at Faridabad, near Delhi, in the north. To promote exports we set up offices at Rotterdam (Holland) and Bangkok (Thailand). Yet in spite of this increase in factories and their production, we could not meet the entire demand; consequently a large number of small manufacturers of 5 hp engines came into being and started to compete with us. This was a competition which we ourselves created by failing to anticipate the heavy demand in time.

We had already begun the manufacture of air compressors at Kirloskarwadi. We had been expecting to join hands with the Consolidated Pneumatic Co. of England whose Bombay representative was Mr. Vishnu Nimbkar. This gentleman had been instrumental in beginning this connection, but his English management had other plans and so the idea had to be dropped. We then took up with Broom and Wade of England and after concluding an agreement with them, established our Kirloskar Pneumatic Company Ltd. (KPC) at Poona in 1958. This plant, which had begun by manufacturing air-compressors and hand tools, was now ripe for diversification. It started to make large compressors, refrigeration and air-conditioning plants up to 525 tons a day (with license from Grasso of the Netherlands) and transmission gears complementary to the diesel prime movers. KPC signed a collaboration agreement with Twin Disc Inc. of the USA for making torque converters, marine reverse reduction gear-boxes and rail-traction transmission. Our company made marine gears to the requirements of American Classification Society to cover the range from Kirloskar brand diesel engines to the large diesel engines made by Cummins, Chittaranjan



Locomotive Works (India) and Garden Reach Workshop, Calcutta. KPC transmissions covered the range from Kirloskar to Alco brands which are used in locomotives and ships. It also manufactured instant ice plants and undertook the air-conditioning of freight-carrier and passenger vehicles.

In Poona, we started four new enterprises. One was Poona Industrial Hotels Limited which runs Poona's five-star Blue Diamond Hotel. Another was Kirloskar Cummins Limited (KCL) (1962), whose genesis I described in the last Chapter. In 1964, we established Kirloskar Consultants Limited as well as Bharat Forge Company Limited which soon developed into the largest unit in its field in the whole of Asia outside Japan. In this same busy year, we also started Kirloskar ASEA Limited (Known as Kirloskar Systems Limited since our Swedish collaboration ended in 1976) in Bangalore. This enterprise manufactures switch gears and switch panels.

Throughout the decade, our old enterprises—Kirloskar Brothers, Mysore Kirloskar, Kirloskar Electric Company and KOEL—all made rapid progress and reached the top positions in India in their respective fields. In case of KOEL, the progress was so swift that by 1964 it had doubled its export sales to 10 million rupees, and was still marching ahead.

The 1960s also witnessed a growing movement among the emerging countries (developing nations) to discourage imports and encourage the development of their own manufacturing enterprises. In this, of course, they were simply following India's footsteps. There remained, however, one thing which we could still export to them, something which we had originally had to import ourselves—technology. I held discussions in some of these countries regarding their manufacturing capacities and by the end of the decade we

had almost finalised arrangements to enter into collaboration with Malaysia. This marked a new trend for us and for India to which I shall return in a later chapter.

During my travels abroad, I had observed technological developments and studied costs and scales of production, in various advanced countries. Looking at the market demands and the then prevalent market prices in those countries, I felt that Indian enterprises could export and get into those markets and firmly establish themselves, provided that we took a long-term view and worked with diligence and determination to succeed. I could clearly see that the demand in advanced countries for labour-intensive goods and for items which India could produce against orders from manufacturers in advanced countries, would continuously grow, and that India would be able to meet the demand.

In the 1950s, no doubt, Indian enterprises had not been large enough to supply domestic as well as foreign markets; yet our ability had been good enough for us to make a start in selling to foreign countries and expanding further, at the same time as we developed at home. Now, however, we found considerable opportunity in both directions; our home markets were growing for a variety of products and we could take advantage of the rising costs of production in advanced countries, where manufacturers went in for large-scale production to satisfy the rising demand for all varieties of goods and services. Some of these extra demands were created by the rehabilitation of the war-devastated areas in Europe and the East, and enterprises in USA were busy supplying them. UK, Germany, France, Japan and other ravaged countries all worked with amazing speed and tenacity to build afresh upon the ruins of war and produce for a prosperous future.

It was obvious to me that we could speed up our own development through collaboration agreements with enterprises in developed countries. We already had the ability and we could learn many things in a short time. We had vast manpower, up-to-date educational institutions and varied natural resources in copious quantities.

When I went to various developed and developing countries to locate markets and potential collaborators, I had the advantage of my experience in manufacturing and of a certain clarity of objectives. I take a long-term view in business, holding that while short-term gains might bring more benefits for the immediate future, policies framed upon a far-sighted view lay a strong foundation for continuous gains for years to come. Experience had taught me to learn and endure during long years of preparation, gestation and trial in establishing manufacturing enterprises. For all this, I accounted myself fortunate.

I undertook dozens of tours to explore favourable areas for our exports. In my efforts, I looked beyond the interests of Kirloskar enterprises. Often I would come across favourable areas for Indian products which Kirloskars did not make; in such cases I would pass on the information to those who produced the goods. I felt it my duty to do whatever I could to promote the sales of all Indian products.

How little did I foresee, in those years of optimistic progress, how the picture would change after 1965! The Dark Ages of confused planning, legal restrictions, the switching of government's interest from large to small industries, the infighting among the politicians culminating in the splitting of the once monolithic Congress Party—all these were still in the future, destined to create a situation in which industrial enterprises could not get off the ground. As if all these

obstacles were not enough, the same Mr. T. T. Krishnamachari who had been so helpful as Commerce and Industry Minister, would as Finance Minister bring in taxation so crippling that funds otherwise available for investment or savings were completely siphoned away by government, leaving industries starved for capital. Further 'straws on the camel's back' would be the nationalised banks, numerous commissions of enquiry under the Monopolies and Restrictive Trade Practices Act and all the tricks of political gimmickry by which the politicians and bureaucrats always seek to maintain and increase their power, careless how far they thereby restrict the nation's economic progress and damage the welfare of the common people whose interests they were elected or appointed to serve.

Let me conclude this chapter by answering the many people who have asked me why we stick to the engineering industry and do not diversify into other industries such as chemicals and electronics. My reasons are :

1. The people in our organization know the engineering manufacturing industry much better than any other and we can make a more fruitful and meaningful contribution through expanding in this line.
2. My observation of chemical industries has shown me that, though they require very much less effort and fewer technical decisions, they involve a lot of corruption under the present controls not only while obtaining the raw materials but also while selling. Moreover they are plagued by government's meddling in the prices of raw materials and that of the finished products. We would prefer to keep away from such unpleasant entanglements.





### 31. CELEBRATING MY BIRTHDAY

In the midst of all this bustling expansion, my friends decided to celebrate my birthday in 1964. Although Westerners would call this my “Sixty-First” (I was born in 1903), our Indian practice of including the occasion of the person’s actual birth made it the ‘Sixty-Second’. Strictly speaking, both practices are incorrect, since no mortal can be born again. What we celebrate, whether in the East or in the West, is the person’s birth anniversary. Leaving aside such refinements of terminology, let me tell the story of how my

friends sought to honour me on my completion of sixty-one eventful and I hope usefully spent years in this world.

After hearing the plans proposed, I promised to submit to all the speech-making and the customary laudatory references, provided that the occasion should in some way or other promote and forward the interests of our business.

At that time our top priority was export promotion. We, therefore, invited our distributors and dealers, with their wives, from 28 different countries of the world. The gathering of citizens from so many countries, ranging from Africa to Australia to Canada, attracted international attention. Our guests were shown all the Kirloskar plants in addition to non-Kirloskar plants in which they were interested. Their visit ended with a show for textile export promotion and a farewell dinner in Bombay, at which Mr. Manubhai Shah, then India’s Minister for Trade and Commerce, was the chief guest.

The dinner was somewhat educative for our Minister and the observing journalists. Our foreign guests were all praise for our production plants, the quality of our products and the industrial progress India had made; but they also noted certain less praise worthy features of the national scene, particularly prohibition and our unsatisfactory telephone system.

When our guests were requested to enter the permit-room for their pre-dinner drinks, many said they would prefer to drink outside in the lounge and I had to explain that our prohibition law did not allow anybody to drink outside the permit-room. Many of the guests had become friendly with our men during their travels together; but now, when the former asked our men to join them for drinks, some declined the invitation by making various excuses. Our guests could easily

make out that something was wrong. “What’s the matter with you?” a guest asked one of our men. “Why can’t you join me?”

“I don’t have a permit,” was the answer.

“What the hell does that mean?”

“I can’t enter the permit room without it.”

“You mean that’s the law? Don’t you have a choice?”

“Yes, I can take a glass of cow’s milk outside the permit room,” our man explained.

“In that case,” declared our guest, “I’m happy that I don’t live in this country and in future I’ll come only if I must. I’m no big drinker but I hate somebody telling me whether I can drink or not and where and what I can drink.” It was obvious that our prohibition law offended our foreign guests.

Another thing that all our guests were unanimous in condemning was our telephone system. One guest, a fairly well-known man in his home town asked me, “Who is the chairman of the board of your telephone company? I want to phone him and give him hell for his lousy service.”

“The President of India,” I told him.

“What do you mean?” he asked with irritation.

“Just that the Government of India owns all the telephones in this country”.

“My God!” he exclaimed. “Why don’t you do something about it?” He looked at Manubhai who was standing a little distance away and asked me, “Can I ask the Minister?”

“You may, but please use your best manners.”

“I will, and I will tell him,” he said; however, he did not approach Manubhai at once.

We had arranged a buffet dinner during which people stood about in groups and talked. Our irritated guest was rather loud in his comments obviously intending Manubhai to hear them. He was talking with a journalist who enjoyed the man’s frank manner of speaking as he declaimed, “Well, Sir, we were happy to see your Kirloskar factories. They are large, modern and make good products. We sell them in our country. I know Mr. Kirloskar is a very busy man. But during our visit we found out just why he is busier than we expected. He spends hours waiting for his long-distance calls to go through. I admire his patience but we don’t have that patience. We thought that if you could improve your telephones, businessmen can get more time for their business and we will sell more Indian products. Please let me know when you get organized, so that anybody can dial a number in Delhi or Agra direct from Bombay or Poona. Then I’ll come here and order more engines.”

The same dissatisfaction and disapproval were reflected in the farewell speeches. To all of it Manubhai said with admirable ministerial forbearance. “I will look into it.”

It took ten years for direct dialing to start between Bombay and Poona and Poona and Delhi. Both systems still need improvement, since getting wrong numbers or not getting the number at all are common occurrences.

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**32. TWO-FACED PEOPLE;  
POLITICIANS, OFFICIALS  
AND PANDITS**

The political developments in India and their adverse effect on our economic growth made me feel more and more strongly that we, as a nation, are developing two faces: one for public and international exhibition and a different one for private and domestic audiences. We have developed too many contradictions in our thinking, in our personal lives and in our national life. With these two different and contrasting faces, I was convinced, we could not grow nor even live as an industrial country.

In many of my discussions with political leaders and Cabinet Ministers, I spoke rather as an individual than as a spokesman for the business community. And I found that on this personal or practically man-to-man level, I could discuss with them many controversial issues without having to worry about traditional or personal prejudices or political ideologies. In their personal capacity, these politicians would sometimes confess that their preoccupations were more political than economic; they admitted that they did not have sufficient experience of managing our economy or the competence to operate the new technology. But in their public utterances, they would overlay socialism in order to promote their political image. If questioned about this, they would explain that they could not afford to displease their political colleagues, supporters or the electorate, all of whom, they maintained, expected them to speak the way they did.

I got a clear insight into the ways of the two-faced political creature one evening in 1964 when I was the elected Vice-President of FICCI. A common friend introduced me to a senior North Indian Congress leader, a man who had spent decades in politics and had risen to prominence in his organization.

While clarifying the character of Indian politics of the period, he explained to me that no matter which way the political trend might swing, the stable element in party politics was caste and religion. Turning to my own state of Maharashtra, he said “Same story, Kirloskarji; we have to see whether a candidate is a Maratha, a Mali, a Harijan and so on; or if he is a Muslim, is he a Shia or a Sunni? We had to eliminate most of the Brahmins and Gujaratis and there is hardly a single Rajasthani (Marwadi) among Congress

candidates in Maharashtra. In other states, we see whether a candidate is a Jat, a Thakur, a Kayastha... Well, we have to study dozens of castes before our candidates are selected.

I asked him, “What happens to your frequent declarations in favour of Socialism, and a classless, casteless and secular society?”

“We have to write such things in our manifestos, mention them in our speeches and emphasise them in our writings. Actually, they do not mean much to our voters; possibly a few educated persons believe in them, but they live in large cities and elect, at the most one or two persons on this basis. At any rate, what we did a century ago in our societies, we still keep on doing.”

Explaining how appointments to prestigious committees and top positions in the Public Sector undertakings are arranged, he said, “I tell you very frankly that in the present atmosphere a man like you will not be appointed even to a District organization. You are a very inconvenient man. You keep asking for facts and figures.”

“Supposing Karl Marx and Lenin had been Indians,” our common friend put in, “and applied for tickets as Congress Candidates...?”

“We would have sent them to the Rajya Sabha\*. They would never have got elected to the Lok Sabha; our voters don’t like men without acceptable castes. Neither Marx nor Lenin ever dreamt of the special variety of ‘Indian Socialist’, who must have a proper caste. Our socialists, in or out of Congress, could hold a training camp for Marx, Lenin,

\* Upper house of the Indian Parliament; its members are elected by the State Legislatures, not by general adult franchise as in the case of the Lok Sabha, the lower house of our Parliament.

Mao or anybody else, to train them in our Indian variety of Socialism.”

“What about Public Sector Undertakings?”

“Same rule. Also you must know the right men. It is quite all right if you don’t know your job—but you must be ‘acceptable’. Kirloskarji cannot be appointed. He has two disqualifications; he is a Brahmin and he knows his job. He will never promise he can make-say, an engine for a big ship... By the way, can you?”

“No,” I said, “I can’t make one in my present factory.”

“The Public Sector must promise to do something even when it cannot be done,” the man declared. “Supposing we say you are going to be appointed as a chief of a public sector factory on condition that you will promise to make a 3000 or 4000 hp engine for a ship. Will you promise?”

“No,” I said. “For that I shall need special foundries, forge-shops, machine-shops.”

“Wait a minute,” our political leader interrupted. “You are already out. We can’t consider you. You must say, ‘Give me a large allocation and I will make an engine as big as this room.’ You may never actually make one but you must at least promise and get the allocation.”

“You mean, caste considerations and false promises work?” I asked him.

“Yes.”

“How long will this continue?”

“As long as we have elections and millions of rupees to spend.”

It was a disturbing discussion. The man had evidently told me the truth perhaps with a little exaggeration. Unlike some others, he never asked me for favours and within a few years he himself fell out of favour and was relegated to a junior position. He was the wrong caste, the wrong age and had basically wrong temperament for our two-faced political life.

More than fifty years of my working life had been spent essentially in building our business enterprises. I had been trained in the productive use of modern technology and disciplined to accept its logic and its ever-growing demands of work-ethics and work-discipline. I had kept myself out of politics in the anti-British movement of 1920 to 1945 in which most of my family had been engaged. I was essentially a working man. I was ambitious but my ambitions strove in the vital world of industry and economics, not in the political field. And yet I found that I could neither escape nor ignore the effects of our political thinking with its two-faced character.

Political leaders occupy the apex of the pyramid, but they rest upon a framework of administrative officials and, to some extent, of technical advisors. My encounters with the first of these classes naturally brought me into contact with the other two.

Many administrative officers won my esteem. They had been trained to perform their administrative functions and were judged on the quality of their performance. They could listen to a businessman with the seriousness that the discussion deserved and they would as seriously explain their side of a problem. They and I got on well together. India's business owes many logical decisions to her administrative officers. Some of them were able to explain to their ministers, intricate and difficult economic problems with clarity and convincing

logic. They were in a better position to do this than we businessmen would have been, because in our case the ministers would always suspect 'ulterior motives'; this would make them think of their political image and which would come in the way of their taking the right decision.

There were of course administrative officers who preferred to keep their political bosses happy rather than inform and advise them in the broader interests of our economy. Businessmen could easily make out a man of this type. He would emit danger signals through his exterior calm and his false exhibition of understanding. His polite words covered his indifference to, or dislike of, logical discussions, his mind being coloured by the knowledge that his boss would not like what a businessman was saying. He certainly would not risk his 'good boy' reputation by telling his minister the truth and tendering advice according to his own conscience.

In an emerging society, politicians and their technical advisors - 'Pandits', as I choose to call them - generally go together. Many of our pandits in Yojana Bhavan\* give greater weight to their bosses' (i.e. the politicians') pet ideas than to their own accumulated knowledge. A pandit likes to hover on the periphery of the political limelight, to lend politicians a few catchy words and slogans, to add impressive academic terminology and thus to make the concoction sound like a new theory, which he then passes on as a life-saving nectar. Both pandits and politicians claim that their new terms and nostrums cure all the evils of modernity while preserving all the good from the past. In fact, they do neither, but only hold up our progress to modernity. But a man in a high political position,

\* The Government of India's Planning Secretariat, responsible for the Five-Year Plans.

or in a lofty administrative seat, hardly shows concern for such a 'modern' course as subjecting his ideas to rigorous tests and ascertaining their validity. I have already described how men whose knowledge seemed to extend no further than the sum of 2 added to 2, had forecast our requirements of diesel engines in 1952 and consequently caused immense harm to our economy, including the starvation of thousands of workers in the industry.

By the end of the 1950s, almost all the dissenting voices among the administrative officers and pandits had been subdued. From this time, I began to encounter the so-called 'committed' officials and advisors who could reel of 'Dont's' and 'Cant's', but would never risk any 'Do's'. One came across them principally in Yojana Bhavan or in such of the Ministries as had control over licences, permits and quotas. (At that time, licences had been made necessary for starting new enterprises and expanding old ones; permits were a necessary pre-requisite for obtaining scarce inputs for manufacturing industries; and quotas were necessary for determining how much of any given material one would be allowed to acquire. Quite a few of the measures still exist; others have been subsequently added.) In the government offices concerned with the issues of these documents, dozens of men would keep noting their opinions on applications received—opinions based largely on their 'hunches'. Their opinions or orders reflected the political views of their bosses rather than their own intimate knowledge of productive enterprises (which of course they did not possess) or even known facts or the logical needs of our economy.

By the 1960s, our political leaders and the ministers in the central and state cabinets were well entrenched in their

positions of authority. While most were seasoned political leaders, good at manoeuvring for positions of authority, few were aware of the requirements of the new far-reaching changes in our traditional society.

A politician's interest lies in keeping himself in the limelight and getting himself installed on a seat of authority. This is a fact of universal application; but a traditional society sees in its political leaders many qualities and attributes which are often not there.

In the 1970s, when the political parties were breaking up on all sides, a certain politician who had already jumped a couple of times from one party to another was asked, "Why are you struggling so hard to get yourself elected?" His answer was, "We have to serve the people, and we cannot serve the people unless we get a seat of power, and to get a seat of power, we have got to get elected. Therefore, the reason why we struggle to get the ministership is to serve the people." I know the politicians spend enormous amounts of money to get this seat of power. Who pays for this afterwards, is anybody's guess.

Politics in an emerging country is a heady wine, especially when that country possesses a traditional society. The characteristics of such a society tend to remain almost unchanged in the initial stage of transition to modernity. The resulting confusion can be dangerous, particularly in an emerging society like that of India, with a very large and poor population, of whom the majority is illiterate and almost stagnant in their outlook. These backward millions trust the political leader because he speaks to them as a 'giver'. They follow him because their forefathers have followed men in authority, such as religious *gurus* and holy men, for centuries.



Their forefathers never challenged such leaders to whom their long tradition demands obedience. One cannot challenge a holy man, because one can never prove him wrong in the spiritual field, a realm which in India can never be defined in words of logic. At the same time, post-independent India was learning to depend less on the religious *gurus* of the past and more on the political *gurus* of the present, because today's political *gurus* have the advantage of wielding the stick of administrative authority.

A political leader in an emerging society may still wear the garb of a 'servant of the people', because he will do anything to keep himself in a position of influence and authority. Traditional values or lack of any values work to his advantage. In democratic India, governmental authority assumed more value than proven ability. Men in command, holding positions of influence, were fond of throwing their weight about even in the areas of modern technology of which they were totally ignorant.

Amidst all these 'typical' politicians and political leaders, a sense of fairness compels me to note the conspicuous exception of our then Prime Minister, Jawaharlal Nehru. I have often wondered how a man like Pandit Nehru, by upbringing and education the product of an industrial society, could be so close to Mahatma Gandhi, who looked for guidance to heavenly spirits and his 'inner voice' and whom I have felt obliged to criticize for the ambivalence with which he offered a prize for a machine, and then rejected the winning entry because "it looked like a machine."

It was Pandit Nehru who filled the vacuum which the Mahatma's death had left in our political leadership. He was himself a rationalist who, I think, bent logic and rationality to

accommodate Mahatma Gandhi's views and to keep his colleagues together. Despite being an avowed socialist, while speaking on the Second Five-Year Plan at Awadi in 1955 and again in Parliament, he declared himself against nationalization as a means to achieve 'a socialistic pattern of society', and he insisted that an increasing money supply without a proportionate rise in production would ruin our economy.

Pandit Nehru was called a dreamer who wanted to see his dream of socialism come true in India. Yet he did not let his dream run wild, whereas those who worked with him failed to understand his logic and pragmatic views and started chasing their own utopian dreams. The Third Five-Year Plan gave rise to the notorious 'commanding heights for Public Sector' guidelines in our economy.

All these trends in our political thinking and behaviour, all the posturings and manoeuvrings of our leaders (especially when they were freed from Pandit Nehru's restraining presence) disturbed my mind more and more deeply. I began to feel that I could no longer sit back, meek and helpless, but must speak out and face the consequences whatever they might be.

I accordingly took up all those issues, which seemed to me so vitally important for our country's well-being and progress, with those who were concerned with our economy, and consequently brought upon my head the wrath of many. Friends and colleagues cautioned that a businessman like me could not afford to create hostility in the minds of the high and mighty. They told me that I should be made to pay the price of my 'political sins'. I replied that each of us has to decide for himself whether he will live with two faces and lose his soul in the process or meet whatever the consequences

may be of being truthful, logical and frank. I took my decision: I would not live with two different faces.

In my own business, I do not accept sloppy work or confused thinking nor excuses which try to justify the existence and prevalence of these defects. Men who work with me know me well enough not to indulge in such faults. The discipline observed in our enterprises is part of our tradition handed down from my father who was a just but demanding task master. My dislike of sloppiness is so strong that I hurt many men who are not used to good disciplined work as a way of life.

In public life, however, I inevitably met with sloppiness, the habit of which is a part of our national character. Let me recount one particular incident, in which I earned the displeasure of a cabinet minister, because it illustrates many of the points which I have been making in this chapter.

Presiding over a meeting of the Board of Trade, the minister had preached us a long sermon on the necessity of making products of good quality, particularly for export. He had charged the Private Sector with dishonesty, maintaining that we exported products of inferior quality, from which we made a lot of profit and thus brought a bad name to India.

The agenda papers which had been distributed to us were such a mess of blurred lines, smudges or bad printing, that I could not read them. When my turn came to speak, I could not resist getting up, showing him the sloppily prepared agenda papers and commenting, “Well, Sir, here we are to discuss the promotion of our exports and to emphasise that the quality of our products must be good. We are starting our deliberations with agenda papers which are unreadable and sloppily done; and in my bunch of papers, some papers are

wrongly placed. Sir, in the morning session you did not accept my explanation that the habit of doing sloppy work prevails in our society. You charged Private Sector enterprises with supplying bad quality materials to earn more profits. May I know, Sir, how much profit your ministry made by doing a bad job of printing agenda papers? Or, shall we all now accept that sloppy habits prevail everywhere, including your ministry, from which we received a rebuke in the morning and really sloppy work in the afternoon?”

The dignitary could not refute me, but though he tried to smile his way out of the awkward situation, it was obvious that he did not welcome my confrontation with him. My friends advised me to wear a second face for the remainder of the deliberations, but I held to my determination to say what seemed to me true and logical. Possibly my friends were right in saying that I was likely to suffer in my business; but this was a risk that I felt bound to take.

In fairness, I must record that I rarely suffered for my invariable habit of telling home-truths to our ministers and bureaucrats. If anything, I was often favoured with preferential treatment, and I found myself received in these exalted quarters with a certain respect. Many of my criticisms and suggestions actually bore fruit in official policies and decisions—after an interval of two to five years.

If my business suffered at all, it was from our refusal to stoop to the unethical practices which the system of licences, permits and controls so strongly encouraged.

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### **33. THE FOURTH PLAN; CRAZE FOR THE PUBLIC SECTOR**

During 1964-65, when I was Vice-President of the Federation of Indian Chamber of Commerce and Industry and 1965-66, when I was the Federation's President, much of my time and energy was devoted to the Fourth Five-Year Plan, to which I eventually found myself bound to offer the strongest opposition.

The Third Plan had got off to an unhappy start in 1962, thanks to the Border War with China, which mercilessly exposed our weakness—political, economic and military—and proved to be a traumatic experience for the entire country

and not least for our Prime Minister Pandit Nehru, whose prowess was already showing signs of declining. The infighting in the Congress Party which preceded, and the bitter contest for the premiership which succeeded Nehru's death in 1964, caused further setbacks to the Plan. 1965 brought on the Second Pakistan War which, although it was short and confined to a comparatively small area and although it found us much better prepared than we had been against the Chinese invaders in 1962, naturally imposed further severe strains upon our economy.

With all these handicaps, it was but natural that the Third Plan's progress and achievements should give Indian businessmen little to enthuse over. Indeed, our economy in 1964-65 was so delicate that ordinary prudence would have required our Planning Commission, under its enthusiastic and restless Vice Chairman Mr. Ashok Mehta, the former leader of the Socialist Party, to temper its further planning with caution. Many of us even suggested a 'Plan Holiday', to allow the economy time to recuperate.

Unfortunately, economic prudence and caution were not among Yojana Bhavan's virtues. While the Third Plan was still lagging so noticeably behind public expectations and the Planner's own claims, and gave very little hope of redeeming itself in its remaining two years of Annual Plans, the Commission had no hesitation in publishing the outline of the Fourth Plan on a scale that took businessmen's breath away. This provided for an expenditure of twenty one thousand crores of rupees (Rs. 210,000,000,000) of which a large portion was allocated to the expansion of the Public Sector.

Now the difference of outlook between political planners and businessmen stood fully exposed. The latter had to see that every rupee invested in an enterprise became productive; they were disciplined to work within the limits of their financial

resources, knowing that to overstep these would invite the death of their undertakings. When economic conditions are bad, a prudent businessman will go slow and 'hang on', as I had to go through the Depression of 1929-35 and again during a severe recession in 1952-53. The outlook adopted by our planners will be described in a moment.

Even as one of our foremost industrialists Mr. J.R.D. Tata sounded his warnings through press statements, debates and direct communications to the Planning Commission, I decided to attract the nation's attention to our critical economic conditions and use the pressure of public opinion to instill some caution into Yojana Bhavan. But alas, the only response of Mr. Ashok Mehta and his colleagues was to ignore our warnings and charge us with selfishness and anti-social motives.

With my growing contacts through discussions with various men and groups (particularly newspapermen), I started expressing myself against the too adventurous Fourth Plan. I was not then speaking on behalf of FICCI of which I was at that time Vice President and for whom only the President could speak. The opinions I put forward, I claimed as my own individual views, for which no responsibility rested on the Federation.

As my views came to be published by the Press, I received sharp reactions from politicians, pandits in the Planning Commission and certain 'committed' journalists. My friends kept me fully informed of the comments that were being uttered. These followed the pattern of "Who does he think he is?" "Talks like a rabid capitalist!" and "If this is how he talks, then FICCI is going to be in serious trouble." One cabinet minister, when apprised of my views by a journalist, told the newsman to inform me that he considered FICCI as 'a pot of stinking mud' and Kirloskar as 'a dirty mudslinger.' The message was faithfully conveyed to me.

Meanwhile, I kept up pressure to cause a serious re-thinking in government circles in general and the Planning Commission in particular. I was intrigued, above all, by the following declaration in the draft which was later published in the book on the Fourth Five-Year Plan:

*A matter of crucial significance will be the emergence of the Public Sector as a whole as the dominant and effective area of the economy. This will enable it to take charge more and more of the commanding heights in the production and distribution of basic and consumer goods.*

My presidential attacks on the 'political motive' of the Fourth Plan irritated Mr. Ashok Mehta who once criticised me in the presence of some members of the Press. The following evening I talked with pressmen, some of whom were in a mood to battle with me and questioned me on the figure of Fourth Plan outlay.

I said, "Businessmen differ on the exact figure but no one wants a Rs. 21,000 crore plan. Some want it cut down to 16,000, others suggest 15,000 and some claim that even 13,500 is enough".

"Which figure do you accept?" a journalist asked.

"Take the lowest."

"Why the lowest? You have studied the draft. You should give a definite figure which you consider acceptable."

"I have not worked out financial details. I need the entire lot of working papers if I have to work those out. I suggest we take the lowest as a basis for our discussion so that no one can reject it."

"But then, why not the highest?"

"Because we might discuss only the figure and ignore the logic in my argument. Supposing we take 13,500 crores



and in a couple of years we find we are doing more than expected, then we can raise the figure.”

“That is reasonable as an argument,” another journalist commented.

“No,” his friend protested. “Either Mr. Kirloskar knows his own mind and gives us an accurate figure of outlay or his criticism is not valid. He has just a general idea.”

I intervened to admit that I had not worked out the required outlay of each item.

“The Planning Commission has done it. Why do you criticise them?”

“I do not think one can come to a proper conclusion by arithmetical calculation. The whole world is going through economic uncertainty and we have more problems than many other countries. The calculations of the Planning Commission cannot be dead right. The figures of outlays might go very high if everything in the Plan-book is implemented.”

“But why do you say the targets can’t be fulfilled? How do you know? Can you name atleast one?”

“Yes, electric motors.”

“How do you know we can’t fulfil that target?”

“Because I make those motors. I have the largest plant in India and our production has gone down by 30%.”

“Why?” asked another pressman.

My reply of “No copper, no motors” plunged them into a puzzled silence for a few minutes till one man challenged me, “Mr. Kirloskar, why can’t you use aluminium?”

“Because it’s not efficient and as reliable as copper. If you’re a farmer, say, and you have a motor with aluminium wire and if it starts breaking down often, how will you feel?”

“You have a point there. But I think there is another substitute.”

“Yes”, I said “Silver.”

“Why not use that?”

“Because, if I make all the electric motors with silver wire, all the farmers and the industries will need almost the entire allocation of the Five-Year Plan to buy that. Silver is awfully expensive and the more we use it, the less will be available and the higher the price will go.” Then, turning to the man, I said, “I’ll make one for you and sell it to you at the usual ‘cost plus’ formula. Would you like to book one?”

They all laughed. What had started as a battle ended in a friendly dialogue. I had two hours over drinks and dinner with the journalists, who all the time kept on asking me questions on industries, their requirements and my opinions on many issues, which were then very controversial. At the end, they took my leave saying, “Thank you very much and goodnight. We have talked with a man who knows his subject.”

The two things which surprised me most about the pandits in Yojana Bhavan were their crusader’s zeal for the Public Sector and their capacity to ignore facts and indulge in political daydreams. Their obsessive desire of elevating the Public Sector to ‘the commanding heights’ in our economy was costing the country a large chunk of our scarce resources. In my talks with them as also with journalists I used to question them on their assumptions. I found that most of them were wedded to the idea that it is only the Public Sector that can bring about a ‘socialistic pattern of society’ in India.

In our private talk, some of them who know me as ‘an otherwise good man’, tried to impress upon me that I was too rich and too highly placed in society to understand the acute poverty of the Indian masses. Those who did not know

me tried to give me lessons in elementary economics according to the 'socialistic concept'. When they realised that I was not convinced, they dismissed me as an unfeeling monster in human form with a chunk of ice in place of a heart.

Speaking with many of them, I realised that a businessman needs a lot of patience to listen to the pandits, who need one hour to say what a businessman would say in ten minutes. Discussions with them would get no further, than the starting point as they would try to convince me that large outlays on the Public Sector would ensure economic quality. In reply, I used to quote case histories and figures to convince them that the larger the doses of scarce rupee or foreign exchange resources poured into the Public Sector, the larger would be our losses through inefficiency and wastage.

I could convince only a few of them. Some went so far as to plead that the running of economic enterprises was a brand new activity for an executive in the Public Sector and that they must be given more time to get the needed experience. "Agreed," I would reply, "but not at our people's expense."

Let the figures speak for themselves. During the fifteen years 1965 to 1980, the Public Sector swallowed over fifteen thousand crores, putting the country to an annual loss of at least Rs. one thousand crores (Rs. 10,000,000,000). Entrenched on the 'demanding' rather than 'commanding' heights, the Public Sector has dragged our national economy down to ever lower depths of poverty.

The November 13, 1964 issue, Time published a story about me and Kirloskar enterprises in their world business section. Just then, I happened to be on a world tour and read the story in Madison (Wisc.) USA.

The title, 'Ancient Gods and Modern Methods' raised some eyebrows and the story was received in Indian political

circles as a proof of my being Indian by birth but American by training and thinking. My claim to being a hundred per cent Indian was indirectly challenged, as by the Communist daily which described me as speaking with an American 'twang' (this gave my friends and family a good handle to tease me for "speaking Marathi with an American twang"). Some pious folks were greatly repelled by the story of a Hindu consenting to 'down a drink of hot blood taken from a live cow to sell an engine to an African Chief.' But in Europe and Latin America the story was well received. Many people there read for the first time that India had developed modern industries.

My criticisms of the size and content of the Fourth Five-Year Plan attracted the attention of several professional organizations, which wrote to me, expressing themselves in favour of my views and invited me to address them. I could not visit many of them because I was then busy with FICCI activities (I took over as president in March 1965) and with promoting our exports. The Fourth Plan was, however, a hot topic and even the Planning Commission was interested in ascertaining the Federation's views.

This seems to be the right place to set down my views on the whole concept of planning. The First Planning Commission had put out a draft of the First Plan and I was one of the persons invited by the Commission to comment on the draft. One of the comments I then made was, "Democracy as we popularly know, cannot exist with Planning; alternatively planning cannot be done in a democratic set-up."

It was obvious that planning means a lot of controls which necessarily curtail the citizen's liberty. We already possessed certain controls inherited from the second World War, which were not only preserved instead of being abolished, but had been reinforced by additional controls. The purpose of controls is declared as 'the judicious use of a developing

nation's scarce resources' and since certain projects require to be given a certain priority, control on production must, it is said, be established. As subsequent experience has shown, the few wise men in the Planning Commission have proved that there is no such thing as 'scarce resources'. Resources need dynamic effort and additional development creates additional resources. Any control on resources will inhibit development and thus positively create shortages.

Priorities, again, are decided by a few 'wise men' in the Planning Commission and the experience of four or five plans shows the non-wisdom of their decisions, most of which as it strikes me, clearly show the thinking of politicians rather than economists. The passing years and Plans have only confirmed the correctness of my judgement.

One of the central policies of the Planning Commission, starting from the Second Plan, was nationalization and the creation of a Public Sector. The authors of the Second Five-Year Plan wanted to give the Public Sector 'the commanding heights'. Pandit Nehru had no desire to nationalise existing private industries, preferring to set up new Public Sector industries to compete with the former. His successors rejected this policy and the Government of India began to direct its course towards nationalizing various services such as Banking and Insurance and further created a host of new companies whose objectives were more political than national. I have always opposed the running of any economic activity by government. My attitude has been "it is no part of government's functions to run a business; the task is beyond them."

The passage of time has fully vindicated me. Most of the nationalized and public sector industries took a long time to get started, spent enormous sums of money and ultimately began running into loss on such a scale that they became a positive burden on the central exchequer. We have reached

a position today where, as I estimate, the direct losses amount to more than 1000 to 1200 crores a year, while indirect losses run into hundreds of crores.

By 'indirect losses' I refer to the way in which the failure of such public sector undertakings as railways, electricity, airlines, mines and other services has strangled the industrial and civil activities and that too to such an extent that most of the industries are working short hours and cannot produce the goods they are capable of producing. Both raw materials and finished goods are running short and the condition throughout the country is chaotic. These indirect losses can be ascribed at once to the ownership of the vital industries by the government. The malfunctioning of the electricity boards causes a shortage of electricity which hits the coal mines because these cannot be kept dry without electric power; the consequent fall in coal production has affected the generation of electricity and the resultant vicious circle keeps the tragic situation alive.

Those who have sought to diagnose the trouble say variously,

1. The Public Sector management is new and, and therefore, requires more time to show the expected results.
2. The management is the victim of political interference by the government.
3. For the bureaucrats, who direct the public sector companies, their principal objective is to run these companies according to government rules; showing a profit is only a secondary objective.

If every organization needs a certain amount of red tape, an organization as vast as government must need a great deal of it; but at least government should try to dispense with it

while running these public sector companies. My conclusions therefore are:

1. The productive units cannot be run efficiently, so long as they are run as government is trying to run them today.
2. Forward-looking attitudes cannot be expected from a management whose tenure is limited to three years, directed from the top by political leaders who cannot hope to be in power for more than a few years. Naturally, neither the management nor their political bosses can plan any long-term future.
3. Public Sector companies function throughout in the 'Government style'. In this style of functioning, nobody trusts anybody else, and whenever anyone takes any action, his first concern is to be able to show that he acted in conformity with all the relevant rules. Whereas in a private organization, which is built up on mutual trust from the shareholders to the lowest worker, each member trusts and is trusted by both those above and below him. Any man who ceases to deserve trust, is simply relieved of his post.

It is clear that Planning has done no good to the country; on the contrary, it has done harm through establishing corruption and slowing down and distorting all economic activities. This disastrous situation can only be rectified if the Planning Commission as it has outlived its usefulness, is stripped of its power to order controls and its interference in economic activities is kept to the minimum or is completely eliminated.

Red tape is another thing that has to be eliminated, but if you ask a bureaucratic machine to cut a piece of red tape, instead of cutting it horizontally, it will cut it vertically, thus doubling its length.



### **34. PRESIDENT OF FICCI; CHAMPIONING THE CAUSE OF INDUSTRY**

1965 had started happily for me with the award of Padma Bhushan\* on Republic Day (26th January), for my 'outstanding performance in Export'. But March onwards I had to bear all the burdens of the Presidentship of the Federation of Indian Chambers of Commerce and Industry and that too during an extremely critical year when our far

\* One of the four new titles created for civilians after Independence, the others being Bharat Ratna, Padma Vibhushan and Padma Shri. These replaced the titles formerly awarded by the British Crown.



from sound economy was further weakened by military aggression from a neighbouring country.

One of my early tasks was to arrange for the Federation to discuss the Draft Memorandum of the Fourth Five-Year Plan. This was followed by some discussions with Mr. Ashok Mehta, Vice Chairman of the Planning Commission, after which we published a brochure outlining our views; these views were further clarified by a press communique which I issued on 17 August 1965.

The Federation assured the Indian Government of its co-operation in the execution of the Plan programme, but cautioned against the government's tendency to blame the Private Sector for all shortcomings, failures, shortages, price-rises, and other economic ills. The Federation pointed out that the government's investment in the Public Sector was excessive as well as unproductive and that this severely strained our meagre resources, gave rise to inflation and pushed the value of the rupee down.

September saw the outbreak of our 22-day Second Pakistan War along with the declaration of the National Emergency. I was out of India when the shooting started, but I lost no time in issuing a statement (6 September) promising the business community's full support to the government in the war effort. Circulars were sent to all constituent units of FICCI giving guidelines for action to be taken during the national emergency. While fighting was still in progress, I deputed one of my men—an ex-serviceman—to observe conditions in the battle area. He met army officers and businessmen, visited battle-fronts and studied the contributions which businessmen were making to the war efforts. His report

was so encouraging that I circulated it among the other members of our FICCI committee.

The war with Pakistan brought out certain weaknesses in our economy and exposed the defects in government's thinking. 'Self-reliance' was then being preached from the rooftops. On the contrary, Pakistan was equipped mostly with American armour, weapons and other material. On our side, India was in a much better position to make what she needed, but no perceptive person could fail to realise that the monstrous quantities of materials consumed in the fighting required their production in matching quantities within the country. Some of the requirements could be supplied from existing industries but not all. Many varieties of sophisticated instruments, weapons, aircraft and shipping were still, to a larger or smaller extent, imported. Accordingly, to the slogan 'e' was soon added another, 'Import-substitution'.

After the fighting was over, an exhibition was held in Delhi which showed the industrial products that the government wanted to be made in India in substitution for imported products. I visited this exhibition and found many items which could be easily made in India, as well as some which were actually being made but were not purchased by the Defence Department—for reasons which officials in the administration would not disclose.

One of the items I noticed at the exhibition was a square red tail-light for army vehicles, and I wondered why it was exhibited for 'import-substitution'. When I asked the attending officer why the Defence Department could not get Indian tail-lights for use on our tracks and cars, he said, "They are all round or oblong, not square." I asked, "What is wrong with

fixing a round or oblong glass to a tail-lamp? It would still give a warning light in red. If you *must* have a square tail-lamp, you can mask it with a steel sheet having a square hole.” The officer laughed but did not reply.

After seeing the exhibition, I wrote a letter to the government and suggested that the Private Sector industries could produce most of the Defence requirements, including armament, provided the government would place ‘educative orders’ with us. Such orders would help a manufacturing enterprise to solve the problems involved in manufacturing and in organizing production. In an emergency, the enterprise would turn out the same products in large quantities. My letter was passed to the Ministry of Defence Production (then in the charge of Mr. J. S. Hathi, Minister of State) where I suppose it is still ‘under consideration.’

During my tenure as President of FICCI, I used to meet Prime Minister Lal Bahadur Shastri almost every two months, to discuss with him the problems which Trade and Industry in India were facing. Mr. Shastri was a patient listener but not given to expressing his opinions on the spot. He would listen, ask for particulars and clarifications, and would say he would “look into the problem”. This he certainly did. He studied the problems just as he had promised and when convinced of the necessity for taking action he would do so without hesitation. Some of our problems he solved within weeks of my discussing them with him.

After Mr. Lal Bahadur Shastri’s much-regretted death at Tashkent (USSR) in January 1966, Mrs. Indira Gandhi was chosen to succeed him. After she had taken charge, I called on her with the Secretary General of FICCI, Mr. G. L. Bansal,

who formally introduced me to her. Mrs. Gandhi said at once that no introduction was necessary. “I went to Kirloskarwadi,” she explained, “when I was a 13-year-old school-girl at Panchgani and I visited Mr. Kirloskar’s factory with my father when he was Prime Minister. I know Mr. Kirloskar well.”

At this formal call Mr. Shri Krishna Sinha, a Congress leader from Bihar State, happened to be present and Mrs. Gandhi told him about the sensation she had caused at Kirloskarwadi all those years ago. “When my father said we were travelling to Poona, Aundh and Kirloskarwadi,” she narrated, “I looked for a hold-all to pack a small bedding-roll for the journey. I found one with my mother’s name KAMALA NEHRU painted on it in bold letters and I took it. When we got down from our train on the railway platform at Kirloskarwadi, someone read the name and in a few minutes the already large crowd of onlookers started swelling. I was rather surprised at the growing crowd and asked a man to find out the reason. He returned in a few minutes, reporting that the news of Kamala Nehru’s arrival had spread and that more and more people were rushing to see my famous mother! I couldn’t help feeling sorry for the people who had to see only me and not my mother.”

Mrs. Gandhi went on to tell Mr. Sinha of her visit to our machine tools factory, Mysore Kirloskar Limited, at Harihar with her father in April 1956. I found her memory, especially for that visit to Kirloskarwadi 35 years ago, quite astonishingly fresh.

During my tenure as President, FICCI, besides touring all over India, I visited Japan, the USA, UK, West Germany, France, East Germany, Czechoslovakia and other

countries of Europe. I was invited to attend the 800th Anniversary of the Leipzig Fair in East Germany. In India, I addressed Rotarians, Lions, Regional and Local Chambers. I visited Bombay, Ahmedabad, Surat, Patna, Muzaffarpur, Calcutta, Hubli, Coimbatore, Hyderabad, Bangalore, Madras and Srinagar.

My main theme was that, given the right atmosphere, plus the freedom to operate according to the logic of economic development, India's industry and trade could make a substantial contribution to our economic growth. I used to emphasise that private enterprises must develop sufficient foresight and sense of anticipation to seize opportunities rather than passively wait for them. I discouraged the tendency of businessmen to rely mostly on governmental help. Agriculture, I argued, must be made a productive sector of the economy and industry could play a major role in its development. "Government," I declared, "has no business to dabble in business."

During 1965–66, several Joint Committees were set up with foreign countries. At one time, we invited a delegation of Japanese businessmen and a Japanese Economic Mission under Mr. T. Adachi, President of Japan's Chamber of Commerce, who visited India for ten days in January 1966.

During this mission's visit to Calcutta, in the first week of February, a statement made by Mr. Adachi caused considerable agitation. At the press conference, the Japanese leader was asked why the Japanese made heavy investments in Brazil but were reluctant to invest in India. Mr. Adachi replied that all capital in Japan was private, and so an investor would go where he got better returns and from where he

could take his earnings home. He said that Japanese investors doubted India's capacity to honour her commitments and feared that they might not be allowed to take their money home in foreign exchange.

I felt Mr. Adachi's remark to be unfair, since we had already given his Mission a list of Japanese enterprises in India which were obviously working to earn profits and were being allowed to take their profits home. I announced, "As President of the Federation, I assure Mr. Adachi and his Mission that all businessmen in my country will honour their future commitments as faithfully as the existing ones are being honoured. As a responsible citizen of this country, I assure him that our government too will honour every commitment in the future just as they have been honoured in the past." (A similar assurance had already been given on 1st February, at a reception to the Mission by the Indian Merchants Chamber at Bombay, by the Chamber's President Mr. P. A. Narielwala).

My remarks surprised all and induced Mr. Adachi to explain that he did not mean to insult us. Later, it was clarified that translation difficulties had caused him to be misunderstood. I too felt that Mr. Adachi had not meant to speak in the way his remark was translated, although I knew that such doubts were felt. But since the remark was made at a press conference, I could not let it go on the record unchallenged and thus create further misunderstandings. In fact, the Japanese interpreter who accompanied the Mission, translating from Japanese to English, did not know English sufficiently well.

Here it will be appropriate to recall something I heard in Tokyo, in the mid-seventies. A young businessman, an officer

of Hitachi, whose job was to plan for five years and beyond, had come for a breakfast with me. He and I were already friends. While discussing the general policies of his company, he said that he was expecting a shortage of labour in Taiwan and South Korea and so his company was looking for some other countries in which to locate its ancillary industries. At that point, I asked him, “Why don’t you think of India as a place to get the material for your factories in Japan?” His blunt answer was, “We cannot depend on Indian sources, because India has a lot of labour trouble and consequently none of our factories could guarantee deliveries on time; we cannot allow our Japanese factories to be dependent on possible labour trouble in some other country.” I asked him whether the Taiwan factories could assure supply without any risk of labour trouble, to which he replied, “Yes, the Taiwan Government makes sure that such factories will never have labour trouble.”

He also complained that in India, the communication system is very poor. “To manage a factory from Tokyo, 5000 miles away,” he said, “is difficult because the postal system is not efficient, we cannot get our letters delivered on time which makes it impossible to get a reply on time. We cannot telephone when we want to. The railways in India are also very irregular and it affects the delivery of goods. All these considerations make us write off India as a site for our factories.”

These remarks of Mr. Adachi in 1966, from the point of view of foreign investors, proved rather far-sighted.

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### 35. PRESIDENTIAL SPEECH AT THE ANNUAL SESSION

The final task of the President of FICCI is to deliver the speech at the Federation’s annual session. When my turn came, it was the 39th Session, held on 12th March 1966.

During British rule, the Associated Chambers of Commerce, Calcutta and the European Association of India, Delhi, had set up a tradition of inviting the Viceroy to inaugurate their annual meetings. On such occasions, His Excellency would make policy statements on Indo-British relations, thus giving these European organizations the benefit of advance information which was often most advantageous to its listeners.



After independence, the Federation of Indian Chambers of Commerce and Industry established a similar practice by inviting the Prime Minister of India to inaugurate its annual session, which is always held in March, after the Budget has been laid before Parliament at the end of February.

The Session begins with the outgoing President's speech, in which he speaks on economic policies, fiscal measures and other subjects of importance to industry and trade, thus affording the Federation an opportunity to express the views of the business community. The Prime Minister, in his inaugural speech, deals with the points raised by the President, clarifies the government's position on controversial issues and enunciates his own and his government's views on other matters. Just two months before my turn came, Mrs. Indira Gandhi had been elected Prime Minister succeeding Mr. Lal Bahadur Shastri who had died at Tashkent in January.

Before I took to expressing my views on economic problems, speech-making used to make me uncomfortable. I used to speak only when my position in the enterprise concerned or my profession as an engineer obliged me to speak. After being elected Vice President of FICCI, I started speaking before various organizations in order to attract public attention to our economic problems. My audience appreciated my style of using simple words and short sentences, of avoiding as far as possible tongue-twisting words, definitions, formulas, and of adopting a direct approach to my subject. I realised that the usual FICCI style of presidential speech would not suit me and, therefore, decided to break away from the traditional pattern in structure as well as in language. Since I was going on a foreign tour in February 1966, I directed the FICCI secretariat to draft my speech in outline, to be amended and finalised on my return.

We worked over the draft for more than a week,

trimming, simplifying and re-arranging it to suit my style. As usual, before printing the final version, a copy was sent to the Prime Minister so that her inaugural speech might make reference to the issues raised in my Presidential speech and offer suitable replies or comments on important points.

I started my speech by observing that while we had succeeded during the Indo-Pak war against our visible enemies, we had not been able to succeed in our fight against our invisible enemy—poverty. I pointed out the problems we had not yet solved: to accelerate industrial growth, increase farm production, maintain the price level and improve the balance of payment position. I said, "Our citizen is still anxiously waiting for the better life we had promised him. He still remains one of the poorest in the world..."

Turning to an analysis of the causes of our failures, I first took our private enterprises to task. These, I explained, faced little competition from outside, since at home we functioned in a seller's market. "...As a result, we tolerate laxity, waste and inefficiency. Several industries lack cost-consciousness. We keep using techniques and methods of management which the rest of the world has long discarded."

On planning, a subject on which I had long maintained bitter controversies, I said, "...Planning is not merely an intellectual exercise or a political justification. When it takes the form of denying opportunities or preventing productivity, it becomes its own victim."

Giving examples of some countries which achieved rates of growth much higher than ours, I said "...Development is as much a function of capital investment as of right policies, planning, administration and implementation techniques."

While enumerating the causes of our failure to grow enough food, I mentioned uneconomic land-holdings,

governmental control of prices and markets and declared that during the past 15 years “...we have produced in the village an ethos which puts a higher price on political recognition... a model villager is a man who rides in a jeep and climbs the political ladder... not the one who improves his farm-yield.”

Dealing with the problem of our exports, I explained that our political policies consider a medium-sized undertaking as ‘large’, but when we face advanced countries in international markets, we find that our largest units are pygmies trying to compete with giants.

My reference to the politically ambitious farmer was not the only portion of my speech which completely departed from the normal pattern of the Federation. Another notable departure concerned the annual Central Budget, of which I observed, “Gentlemen, my research has revealed an outstanding phenomenon. I discovered that the successive budgets have a family likeness. When you read what is said in Part A of the Budget speeches, you get a sense of lively expectation and the generous measures of understanding displayed therein, but only till you reach Part B.

“I listened to Shri Chaudhary attentively. I felt happy when he started. He was sympathetic. He was frank in his analysis that the evil tendencies that dogged our industry need to be put in the reverse. He expressed concern for an orderly growth and economic stability. However, when he came to his Budget proposals there was only marginal tax-relief, which was more than offset by substantial additional tax-burdens on all sections of the public.

“I asked myself then and ask now: will the Budget reverse the process he wanted to reverse? Will it help increase production? Will it cure the sluggishness of the capital market? Will it relieve the pressure on our balance of payments? Will it halt the rise in prices of essential commodities?”

The rest of my speech dealt with the financial strain on our economy due to heavy taxation, credit squeeze and such problems. I then addressed the Federation and said that I was accustomed to meet a number of people in different occupations and felt that the Federation should explain to our common citizens what it stands for and make it clear to them “both by our efforts and by our achievements, that we stand for principles and actions which are in the country’s interest.”

There were certain customary features of Presidential speeches which I avoided. I did not harp on the Private Sector -Public Sector controversy: instead, I pleaded for a ‘meaningful dialogue’ between the government and private enterprises.

Prime Minister Indira Gandhi responded in a spirit of desiring a constructive dialogue with industry and trade. She agreed with me that laxity, inefficiency and waste existed in the private as well as in the public sector. She agreed that rigidity caused delays but claimed that rigidity on the part of government might not be intentional. She suggested that Industry and Government might sit round a table and discuss how our meager foreign exchange should be productively utilised. She emphasised that Planning was necessary and large plans were undertaken to ensure faster growth. She enumerated our considerable past achievements and said that though our future looked difficult, we had no cause to feel frustrated.

The Press commented favourably on my speech. *The Economic Times* wrote: “But Mr. Kirloskar approached the obstinate challenge in a spirit of candour and constructive criticism, to which the Prime Minister replied with a measure of understanding and self-confidence. At least the tenor of the speeches suggested that both the sides now want to move away from the tiresome bickering of yesteryears and seek to establish a useful rapport. The quest for a new youthful equation was underlined by Mr. Kirloskar’s decision to

discard the conventional language and trend of thought associated with the Federation House. He started off by highlighting the weaknesses of businessmen who lacked cost-consciousness, modernity and long vision, and this instantly seemed to have impressed the Prime Minister...”

“Mrs. Gandhi responded sympathetically to much of Mr. Kirloskar’s criticism regarding the rigidity of Planning and controls, the lack of dialogue between Industry and Government, and the absence of intensive effort to gear up production. But she countered his suggestion for a smaller Fourth Plan by posing a question—how could the charge of stagnation be reconciled with the Federation’s advocacy of smaller investment, when larger investments were the only guarantee of greater output?

“...in the field of agriculture, Mr. Kirloskar has raised a point which many planners and politicians appeared to have slurred over—motivation. Farmers, after all, can respond to Planning only if they are correctly motivated to newer ideas and given a sense of purpose. What is even more important is that agricultural schemes must not be made a tool to implement abstract political theories. The reference is presumably to uneconomic scale and methods of farming encouraged by local political pressures in the states. Another almost identical line of criticism made by the FICCI President is the tendency to condemn even medium size business as ‘monopolies’ and to frustrate the emergence of appropriate scales of production, without which Indian industrial products have practically no chance of facing international competition...”

*The Financial Times* and *The Indian Express* commented favourably. *The Times of India* did not approve of my recommendation that the Fourth Plan size be reduced considerably. *The Statesman* paid me a compliment:

‘Mr. Kirloskar shrewdly detected the split in Parts A and B of the Budget...’ *The Tribune* supported me with “Policies should be so framed as not to be led by ideological consideration...” Indian language papers were equally frank in their praise as well as criticism of my speech. Some found me too harsh with the Fourth Five-Year Plan, but most welcomed the suggestion of a ‘meaningful dialogue’ with the government.

Adverse criticism came from precisely the expected quarter. The leftist *Patriot* (March 13, 1966) wrote, “Mr. Kirloskar, the outgoing President of FICCI made no bones of his total opposition to all the economic policies which get the Congress Government the political support it has in the country... He told the Prime Minister that his class—which according to him is not yet monopolistic—wants a much smaller plan, almost total removal of controls and secured internal market, which it can exploit at will. If such a situation is created and not only industry but agriculture also thrown open to what is called the ‘Corporate Sector,’ mergers and takeovers like the ones that take place periodically in Western Capitalist countries could create here also true monopolies... FICCI is a body of vanishing tribe.”

Some indeed are there who suffer from the traditional complexes worse than a Brahmin who does not understand the sacred verses that he chants nor why he should chant them.

The only difference is that the former chant their mantras to the high priests instead of to the ancient gods. I had a letter from a real crank who worshipped the ancient gods: one Singh wrote to me that unless I paid him two million rupees to build a temple, I would be ‘done to death by a time bomb.’ Some people, it seemed, wanted me to include myself among those absent.

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**36. BOUQUETS: MACLAREN  
HUNTER SPEECH; PUBLIC  
SECTOR'S WORKING**

Uneasy lies the head that wears the President's crown, even though it belongs to the president of just a business federation. The year when I presided over FICCI and the years that followed immediately brought me my full share of bouquets and brickbats. As an optimist by disposition, let me take the former first, reserving the latter for a subsequent chapter.

Soon after the FICCI Session, *Fortune* published my profile in its March 1966 issue under the title 'An MIT Man

in Poona'. Like my story featured in *Time* of the November 1964 issue, *Fortune's* article brought a flood of wishes. *Time* has a large readership all over the world in all sections of the reading public whereas *Fortune* is mostly read by men of high education interested in economic activities.

One or two features in both the *Time* and *Fortune's* stories caused some sensation among those who knew me. Mr. James Shepherd, *Time* correspondent in New Delhi, who flew with three of us in our company's plane from Delhi to Poona, wrote that "Mr. Kirloskar keeps in touch with his enterprises by flying from plant to plant in his private twin-engine Beechcraft." Mr. Marvin Zim of *Fortune* wrote "He often visits them hopping about the country in a Piper Apache which he likes to fly himself-though he won't hazard a take-off or a landing..." Some readers who read both the stories got the impression that the Kirloskar companies maintain a fleet of aircraft and I had to explain that we had only two machines which were small, economical and fairly old, although kept in good condition.

Mr. Marvin Zim, of course, had a personal reason to remember our little Piper Apache. On his way to Poona from Delhi he flew as far as Bombay by Indian Airlines' regular early morning flight. My public relations man Mr. Puranik flew to Bombay in the Piper Apache and returned to Poona with Mr. Zim. My pilot was an ex-fighter pilot of the Indian Air Force and P. Raman was an ex-soldier who had taken part in amphibious landings against the Japanese on the Burmese coast. The two were in a boisterous mood and, I suspect, must have conspired to give Marvin Zim a thrill or two. On their way back to Poona the pilot climbed high, almost vertically, then nose-dived and levelled to a cruising height. Near our factory the pilot slowed down and flew over the



factory at the minimum safety height before landing at the airport. When Marvin Zim got into my car he told me, “Your pilot sure makes that little kite fly... he scared me!”

*Fortune* reprinted the article in their book ‘Businessmen Around The Globe’\*, to which Sir Patrick Hennessy, a famous British industrialist, wrote an introduction. The article concluded by saying that Kirloskar companies were growing by about 20% a year. It quoted me as claiming, “We have made money in spite of the planners, not because of them.” This *bon mot*, as I was to learn afterwards, roused more than one person to fury.

The publicity and the praise I received brought me a number of invitations to deliver speeches on a multitude of topics, of which I could accept only a few. One invitation which I readily accepted was from Canada to deliver a speech during the celebrations of Expo-67 at Montreal. Maclaren Hunter International Forum were sponsoring a series of lectures, to be delivered by eminent persons from different countries in the world, on the theme ‘Man And His World’, which was the motto of Expo-67; the lectures would cover human achievements in the fields of science, economics, culture and religion.

Naturally, I chose Economics, my own field of activity as the subject for my speech, rather than the topic on which most Indians are expected to speak, say like, Religion. I titled my speech ‘Folklore of Democratic Planning’ since India has a democratic constitution with centralised planning, which most of the democratic countries do not have. I felt our experience of the resulting situation in India offered a rich source of study.

\* Fortune Books in association with Stackpoole Books; Harrisburg, Pennsylvania (1967).

The sponsors approved the subject, which in the event created keen interest.

I started my speech by explaining that the relationship between folklore and democratic planning was something more than a mere conception. Since the Second World War, the free world had been making efforts to reconcile the twin claims of individual freedom and the compulsions of economic development.

“We are seeking,” I said, “to understand the pageant of human progress, i.e. man’s convictions and beliefs which sometimes help and which sometimes hinder his quest for a better life.”

I clarified my line of thinking by posing the questions: “Can private enterprise alone, untrammelled and free, meet the challenge of development? Equally, can the government claim to regulate or plan large areas of social and economic activity without infringing the basic democratic principles and processes?”

I traced the history of the concept of economic planning by considering the conditions in European democracies in the 1920s and 1930s, the sick capitalist economies of Western Europe and the economic development programme launched by the communists through centrally administered economies after the Russian Revolution. Explaining how the world had been attracted to the communist experiment, I stated that economists, teachers and intellectuals in Western democracies had paused for a look at the Soviet economic system, wondering whether planned socialism would not be the cure for the periodic ups and downs of boom periods and unemployment which persisted in those countries in the third decade of the century.

During the inter-War 1920s and 1930s, Britain and France were riding high as leading imperial powers, ruling between them over two-thirds of the existing colonies. The colonial people were getting restless, rocked by tidal waves of nationalism. Large numbers of their young people studying in British and French universities were exposed to the ferment of ideas through which Western democracies were passing. Students of social sciences, hitherto impressed by Mill's ideas of personal freedom and resistance to government's intervention in economic activities, were attracted to the new Soviet experiment of a centrally administered economy. At the same time they felt that the ideas of Keynes, Laski, the Webbs and Bernard Shaw had more contemporary relevance. The Fabians could point to the Soviet model and drive home the idea that government intervention in the economic activities of a country can cure all the ills of depression, recession and unemployment in the Western democracies. At that period no other way was convincingly effective.

The Second World War, started in 1939, was fought on a scale and for a duration which inevitably demanded a ruthless curtailment of civil liberties. Men were conscripted and materials diverted to war production, to whatever extent was deemed necessary; and the citizen found himself enmeshed in an unprecedented web of controls.

I then traced the roots of socialistic thinking in the post-war period. After the end of the war, most of the colonies struggled for freedom under the leadership of those who had studied in British or French universities and were convinced that the Soviet model was the only one which their countries could follow after becoming free. Along with their devotion to Mill's concept of personal freedom, they were equally

attracted to administered economy. When the Colonies were freed, these men, now in positions of authority, decided to retain personal freedom while at the same time resorting to massive government efforts in economic development. Faced with shortages, poverty, absence of productive skills and income-generating enterprises, these leaders of the new democracies found the war-time control mechanism a handy tool to start developing their countries.

I then made comparisons between the democracies with a free market economy and the emerging democracies in which prices are controlled. I said that market forces always assert themselves and defeat price controls, no matter how much governments might try to regulate prices and work for equitable distribution.

In an administered economy, I proceeded, the rule of the Civil Service is unavoidable. By their training and limitations of official functioning, civil servants cannot be expected to take the speedy decisions or initiate the changes which business managers are required to do and consequently economic development suffers.

Turning to the role of politicians, I said that no politician likes to give up his position and authority. It is human nature to enjoy power, and political power, which can take a politician to the commanding heights of the economy, is the most effective power that any man can exercise. Politicians wedded to socialism often equate social justice with state ownership. To them, state ownership becomes almost a religious issue rather than a matter of public policy.

I summed up my speech by declaring myself to be fully aware of the magnitude of the job which the leaders of emerging democracies are facing.

“But the job cannot be done by clinging to myths,” I declared. “Myths cannot produce faster growth. When I criticise planning, I do not claim that private ownership can meet the situation alone. The very magnitude and complexity of the problems demand that governments should take a live interest in economic matters. But the ‘live interest’ can easily develop into a folklore. I hope to have exposed it.”

“Planners see planning as a religious issue: in fact, it is a practical question of public policy. Planners see nothing but conflict between planning and the market: in fact, the economic laws will always reassert themselves. Planners tend to equate planning with state ownership: in fact, bureaucracy in the state sectors cannot be trusted in democracies to initiate or to decide economic policies.”

“But the state cannot disown its responsibilities. It can best help both freedom and progress by laying the groundwork of social overheads without which no private activity can flourish. Also, no private business can disown its obligations, which consist in conforming to the ground rules laid down by the government and in promoting wealth and welfare.

“Ladies and Gentlemen, for centuries man has fought against the elements of nature, against the oppression and tyranny of his fellow-men. He has fought against social systems which attempted to deprive him of his dignity. He did not fight just to survive. He fought to develop values, gain knowledge, form groups, to produce, sell, create and invent. In doing these, he learnt the highest value; *respect for man and for law*. With this ability in him, I am sure man everywhere, through competition and co-operation will overcome poverty and defeat hunger.

I say, leave him free to do so.”

After my speech there was a good deal of debate on my views. The differences of opinion revolved round the usual academic doctrine that government intervention or participation in economic units is necessary for economic development. This point, as I had indicated in my speech, I did not dispute. I gave the example of Japan’s development in the latter half of the last century, when the Japanese government resorted to massive investments in building the infrastructure and creating enabling conditions; having reached the point at which entrepreneurs could take over, the government handed over to them all that had been built and withdrew to its real job of administration.

I realised that very few individuals could understand that government ownership of economic enterprises does not come about on its own, nor can these enterprises be run by the sentiment of achieving public good. Every citizen pays for government enterprises and keeps on paying without having any say in their management; when their losses increase, the tax burden also increases, the weight of which falls directly or indirectly on every citizen.

My reflections on all these vital matters made me decide to examine the working of India’s Public Sector enterprises and evaluate the results. I had accepted an invitation to preside over the Annual General Meeting of the All-India Commerce Association, Gorakhpur, on 29th December 1967. I had previously read a book\* by Mr. S. S. Khera, a member of the elite Indian Civil Service with a rich experience of government undertakings in India. In this book Mr. Khera brilliantly pleaded the case for more and more of government

\* ‘Government in Business’; Asia Publishing House, 1966.

undertakings. I felt, however, that Mr. Khera failed to clinch the issue of evaluating government undertakings as economic ventures. I therefore decided that in my address to the All-India Commerce Association I would present the other side of the case.

Much against my usual practice of not packing a lot of figures in my speeches, I worked out the financial results of government undertakings, based on Mr. Khera's book and on 'The Performance of Government Undertakings, 1958-65' published by the Economic and Scientific Research Foundation, New Delhi, as the Foundation's Occasional Paper No. 3. I gave the following figures:

In 1958, every rupee invested in government enterprises produced an average of 13.4 paise; in 1965 it was 7.7 paise. For private enterprises the corresponding figures were 26 paise and 35 paise. Hence, the 'yield gap' increased from 13 in 1956 to 27 in 1965.

From 100 rupees invested in private enterprise, the country would have earned 27 rupees more than from the same amount invested in government enterprises. Based on figures for 1956, the gap came to be 22 rupees.

By the end of the Third Plan, investment in government enterprises amounted to 110,000 million rupees, and the 'yield gap' would work out to 24,000 million rupees per year.

I explained, that this large amount was lost to our economy because the government turned its socialism into a religion. I explained that 'owning' an enterprise is different from 'managing' it. The gap represents the result of inefficient management. To support my contention that the loss to the country meant loss of important productive investment, I said,

"Let us figure out for a moment what it means. It means that the sum the country has thus lost would represent:

Five times the cost of our foodgrain imports every year.

It could have bought quantities of fertilizers which would have improved our net agricultural output by more than 30%.

It could have enabled us to finance fully the construction of about two-thirds of our requirements of new minor irrigation.

In short, it would have helped us reach self-sufficiency in food at a fairly high level by now.

Alternatively, it would have left us with enough resources to break through the obstinate threshold between 'necessities' and 'discretionary spending' for a large mass of our people.

But this money is going down the drain every year. What makes it sad and disturbing is that this loss could have been avoided."

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**37. BRICKBATS: A VIPERISH  
VIP; PRESS CONDEMNS  
AND EXONERATES**

And now, the brickbats.

There was a world of difference between the men of international eminence whom I met in Montreal, or the members of the All-India Commerce Association, and the men who propagated the virtues of government's ownership of enterprises as the only way to achieve social justice. The latter class permitted themselves to be irritated by my speeches and some of them translated their irritation into action. Of the vindictive measures to which they were prepared to stoop, let me give a pre-eminent example.

During the last month of my tenure as President of FICCI, my office informed me that a certain political dignitary concerned with a state government wanted me to see him. The appointment was fixed for a day which was totally inconvenient to me; however, knowing that this individual would take my absence as a personal insult, I took the first available flight and met him.

The government of the State concerned had passed an administrative order that farmers could buy against their farm credit only such engine-pump sets as were included in the 'Approved List', which was just then being finalised. A few weeks earlier, I had been personally asked by the dignitary for an explanation about the price of our engines, coupled with a suggestion to reduce it to the figure desired by the government. I had declined to reduce our price, explaining that I could do this only at the cost of quality of performance and durability of the products, which was not acceptable to our enterprise. I guessed that this present meeting would be for a discussion on the reduction of our price. It was an important matter for us.

My guess proved correct. I repeated my previous explanations, pointing out that if a farmer felt our price to be totally unreasonable and uneconomic, he had the option to buy any other engine out of the Approved List (which contained dozens of brands).

I expected that the dignitary might want to know which of the materials and processes made our cost higher than that of other brands. Instead, he accused me of overlooking the fact that the farm-credits sanctioned by the government increased our sales and we accordingly benefitted. He wanted

me to consider the favour shown by the government and to accept the lower price suggested by him.

I explained that our prices are based on proper costing and are uniform throughout India. “If I reduce the price for one region,” I said, “I shall have to reduce it throughout the country. Any such reduction would throw our finances haywire.”

“Supposing you get less profits for one year, would it mean that you have to close down the factory?” the dignitary asked me.

Realising that he was losing his temper, I decided to keep cool. “We employ a large number of workers,” I told him; “our overheads are high compared with very small manufacturers in the Approved List. We lose a considerable amount on exports which are necessary for our country. We cannot lower the quality of materials and workmanship. If we lose money we will not have the financial strength to bear the losses. Please consider the difficulties we should face if all the states start pressurising us to reduce prices.”

“Your profits are high.”

“Not too high. We also have to go through lean years when we have to sustain.”

“Why don’t you raise the prices of bigger engines and reduce them for the small engines which farmers buy?”

“Because 85 percent of our production is of small engines,” I explained. “The market for big engines develops very slowly. I can’t price those engines so high that I price myself out of the market.”

He was not convinced. But just when I thought that would be the end of our discussion, the angry dignitary fired

one more shot. “Don’t you think that you are robbing the farmers because they want your engines?”

I felt the sting in his voice, but since I am not used to losing my temper, I quietly replied, “We have known the farmers for over fifty years and have been making several products for them for a long time. The farmer has more sense of the economics of his farm operations than you or I have. He won’t buy even if I pressurise him, in case he does not want my engine. He will buy even if anybody tells him not to, in case he wants it. Since the choice is entirely his and he is a shrewd businessman, he chooses an engine which is reliable and economic in operation, out of the dozens available to him. Even if I reduce the price but if the farmer does not want my engine, he won’t buy. I request you to leave the decision to him.”

My opponent was too angry to be logical. “Do you think you are bigger than the State?” he flung at me.

I looked steadily at him. I wanted to say that his question had no relevance whatsoever to the subject we were discussing, but seeing him too angry to be reasoned with, I replied, “I never claimed that.”

For a few minutes he maintained an eloquent silence. Then he abruptly terminated the discussion which he was too angry to continue. I returned to Delhi by the first available flight.

Next day, one of my friends went to this dignitary. The latter knew of his friendship with me and was curt with him. When my friend asked what he had found wrong, the dignitary said a few things about me which he embellished with some selected adjectives. At last, convinced that my friend had neither met me nor come at my persuasion, he exclaimed,

“Kirloskar is drunk with fame and money. He insulted me. He does not respect my position. He may be an Indian by birth but his thinking and living is all American. He thinks like a capitalist, exploits farmers...”

On my return from Delhi, I was told that orders had been passed to financing agencies to exclude our engines from credit-purchase. I sent a word through a common friend that my language might differ from that of a politician, but I had not meant to insult the dignitary. “We treat our farmer-customers as VIPs”, I assured him, adding that I was the last man to insult a well-known political dignitary.

If my explanations did not satisfy him, neither did his orders stop farmers from buying our engines. But those poor farmers found they could no longer obtain credit from those agencies who had been instructed to ban our products. Now I began to receive a pile of complaints from these farmers to the effect that they were losing the advantage of government loans.

Although our order-book was full and we had a long waiting list, I again sent a common friend to meet the dignitary. I conveyed to him that he need not deprive the farmers of their choice of engines on the wrong impression that I had insulted him. Even then he did not relent. Thereafter, we met a few times at public functions and exchanged pleasantries (I taking the initiative) but he refused to abandon the feeling that I had insulted him. The feeling became somewhat weaker after two years but did not completely disappear. After he lost his ministership, our engines once again figured in the Approved List.

One of my speeches started a controversy which I never expected. I had been invited by an association of small

industries in a town where industrial development had recently started. Members of the association discussed their difficulties with me, one of which concerned their workers’ demand for houses to be provided by the owners of small industries. My hosts explained that they were too small to invest in building houses, the cost of which was likely to exceed their business investment and requested me to express my views on this subject in my speech; and in a short extempore speech I explained that small industries do not have the financial capacity to lock up large amounts in housing for workers.

Let me take this opportunity of elaborating my views on this issue, which I consider an important one. The Government of India and our politicians, having between them made a mess of building activity under the old, rigid Rent Control Act and finding that the populace has been left without houses to live in, now starts insisting that our industries should provide housing for their workers. I have consistently maintained, for the last many years, that Industry should not supply housing unless there exist clear and compelling reasons for doing so, as for instance when an industry is located in some out-of-the-way and practically uninhabited spot. It is uneconomic for an industry to waste its money and tie up capital in the non-productive business of housing; any available resources ought rather to be devoted to investment in machinery and other productive items.

Moreover, the course dictated by government is against our national interest. When industry invests its resources productively, as in the purchase of machinery, it increases employment and adds to the country’s wealth. When, on the contrary, those same resources are invested in housing, production falls, employment declines and the returns from investment are diminished. There are already a sufficient

number of our citizens who have saved enough money to be able to build houses for the population, but this potential landlord class has been deterred and prevented from building houses by the Rent Control Act. Thanks to the strict and narrow provisions of this Act, society finds today an appalling shortage of housing, a situation which our government can find no better way of curing than to direct Industry to divert its resources from production to the non-productive object of housing.

To return to my extempore speech before that Small Industries Association, when reports of my remarks were published in the Press next day, some people got annoyed with me. One newspaper in Poona wrote an editorial demanding an apology from me for my ‘anti-workers attitude’. Within a couple of days of the publication of the article, an adjournment motion in protest against my ‘anti-workers’ attitude was moved on the floor of the Poona Municipal Corporation—the same corporation which, only a few weeks earlier, had voted a reception to compliment me on ‘the services I had rendered to industrial development’ and to felicitate me on my receipt of the Padma Bhushan award.

I read about this in the newspapers the following morning. The motion, I learned, had been discussed but not passed. I asked one of our men to get particulars and he gave me the transcriptions of speeches by some of the corporators. One had accused me of squandering money by chartering planes from Indian Airlines and keeping them in waiting at the airport for days. Poona did not have such facilities nor did Indian Airlines have planes to spare; moreover, my auditors knew their ethics by heart. Another had accused me of favouring certain castes for employment in the factory (he

meant *Brahmins*). I was advised that those who had delivered these speeches full of falsehoods and questionable statements, could be prosecuted for defamation.

A senior corporator met me and explained that the speakers had been carried away by their zeal in condemning ‘a rich and famous man’ like I, which made them heroes in their groups. He admitted that speeches on the floor of the corporation did not enjoy legal immunity from prosecution like speeches made on the floors of the Central and State Legislatures and that I could legally proceed against the individuals. My reaction was to laugh the whole affair away but to write to the Mayor that I would not accept their reception arranged in my honour. This refusal induced the newspaper which had previously criticised my speech as ‘anti-workers’ to write that I had insulted the citizens of Poona by declining to accept their felicitations. I decided to ignore this fresh accusation, and a few months later the Editor sent his senior assistant to me and tendered his apologies.

I soon realised that a particular section of the Press had launched a campaign against me. The newspapers got carried away by their passion and perhaps felt secure that I would not take any legal action against them. A weekly in Bombay, and another in Delhi, prominently displayed an ‘exclusive’ news report that I dashed in my plane to the capital of a certain state and using my influence, grabbed a large order of engine-pump sets by bribing the state authorities.

My people tried to convince me that the persons behind the campaign were acting deliberately and that my inaction would be taken by the readers as an admission that the reports were true and factual. I had already given instructions not to initiate any action against the Poona paper and the Municipal



corporators; but I could not ignore these reports in the two weeklies. I asked our legal advisors to examine the contents of the reports and give their opinion on the deliberate distortions and falsehoods. It was true that I had flown to the capital and met the Chief Minister; it was also true that we had received an order for engines and supplied them. But deliberate lies had been wrapped round these facts. What had actually happened is as follows:

I had gone to the State capital at the invitation of the local Chamber of Commerce, not having the slightest idea that the State government wanted our engine-pump sets in large numbers, and had called on the Chief Minister in my capacity as President of FICCI. Parts of the State were then in the grip of famine and the State Government wanted to save the crops by digging wells and installing a large number of pump-sets. Our order books were then full, with a long list of deliveries to be made after three to six months; and our area representative had previously explained to the Chief Minister that he was not in a position to guarantee supplies of so many engines immediately, or even within a short time.

During our talk, the Chief Minister had described the severity of famine in the affected parts of his State and insisted that Kirloskar enterprises alone were capable of helping the unfortunate farmers in the famine areas. He told me, "On their behalf and on behalf of our State, I earnestly request you to arrange delivery immediately." His request was a surprise to me, but his obviously sincere and earnest desire to arrange relief touched me. I told him that we were short of engines. "I cannot divert all the production to you," I pleaded. "Please instruct your officers to plan in advance and place orders early enough for timely deliveries. As I see your requirement is large and very urgent, I will do my best when I go back to Poona;

but I advise that you place your orders for next year well in time." After reaching Poona, I had worked at the order-book, re-scheduled deliveries, sent my men to persuade the affected parties elsewhere to accept late deliveries, ordered consignments 'in transit' to be diverted to that particular State and despatched a letter to the Chief Minister assuring him of early delivery.

Never had I imagined that such a humanitarian gesture would be misused to brand me as a 'black marketeer' who bribed Ministers to secure orders! When our lawyers served 'show cause' notices on the two weeklies, one of them published its regrets and explained its action by saying that it was a misunderstanding, while the other published a fresh news report explaining that the misunderstanding had been cleared up and paying me compliments as one of the few 'upright' businessmen.

One of my lawyers remarked, "How nice of the Editor! He first turns a man into a villain and when he's challenged on matters of fact, he turns him into an exceptionally honest person!"

Later, this affair assumed political significance after that Chief Minister lost his majority in the Legislative Assembly and found his name touched with scandal. We ourselves however remained unaffected, since the only bribe offered to me had been—a cup of coffee!

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### 38. THE INESCAPABLE GRABBERS

As soon as the elections were announced in 1967, the country was flooded with manifestos, appeals and press propaganda. It was time for me and my friends to consider which party and whom we should support.

The pre-election period is a season during which social and ethical values are put in a cold storage, while public principles and personal morality acquire an exceptional flexibility. Some individuals perform their share of this work without a flicker of regret, some with a mild sense of guilt.

Others again spring to the task with the zest of experienced robbers; garbed like holy *sanyasees* who look as though they would not hurt a fly; they mingle with their intended victims, and at the propitious moment fling off their disguise, set off (through their agents, of course, keeping themselves carefully in the background) a chain of scheming, deceit, threats and violence and grab all they can.

The first and most obvious cows for milking are the businessmen. We find ourselves approached by all parties and candidates, with demands for money, vehicles, volunteers and various other facilities. Largest of all are the demands of the ruling party which tend to be persistent and accompanied by veiled offers or threats. They can be fully met only at the cost of a businessman's personal integrity and his share holders' assets. In any case, they can neither be evaded nor ignored.

The horse-trading that goes on finds its main basis and support in 'Control Raj', with its plethora of licences, permits, quotas and other government controls. It is a self-sustaining and steadily expanding system in which each man sets his price and the premium for every licence and permit rises sharply at every bargain. 'Empty your pocket, pick up your permit.' Often I have felt that the whole system of controls and even of loans sanctioned to help poor entrepreneurs, was designed and imposed in order to facilitate corruption and to force businessmen to shell out money under the table.

It has always been a cardinal principle of ours to conduct our business in as straightforward a manner as possible. Till 1950, we never had to pay any bribes nor indulge in any type of corruption—not even during the War—either to obtain orders, or get goods passed by the inspector, or procure payments. Indeed, most of the officers of those days never

asked for any irregular payments. After 1955, the position changed markedly, as government's spending for the farmers and general purchases rose higher and higher. All this has spawned a tremendous amount of corruption and it has become next to impossible to do business without arranging some under-the-table payment.

To pay the high political premiums and satisfy the grabbers, requires huge sums of money never exposed to accountants and auditors. No business house in the world is a mint or a security printing-press. Already plagued by steeply rising taxes, a business organization must earn enough extra to cover the inescapable political bribes. Those business houses who are reputed to be 'fountainheads of corruption' are basically groups of especially shrewd financial manipulators, who make their 'political investment' as remunerative as their regular business investment. A business house without a generous political investment will find its chances of prospering or even surviving, in our centrally controlled economy, very shaky.

The well-known social scientist Dr. Arun Shourie quotes a North Indian proverb to explain the prevailing corruption in our system. The Hindustani may be translated as, "How can you draw *ghee*\* out of a jar without crooking your finger?" In the corridors of the 'commanding heights' of our national economy, the crooked finger indeed proves itself more effective than the bruised knuckle. The Chinese have a corresponding aphorism, 'The one in authority acquires money for improving the living standard of the masses. The masses include him, his family and his relatives. Let him begin with these.'

\* Clarified butter, widely used in Indian cooking.

While in this philosophical vein, I would observe that the political system of an emerging society such as ours requires the presence of (i) the common man and (ii) the poor. It is only in their name that a political leader can survive and prosper. The promises he has made to them represent his investment, and his assets consist of their poverty, ignorance and inertia—all of which he must try to perpetuate for his own survival in power. To the poor and the 'dumb' public, I should perhaps add a section of the stagnant literate class, the 'middle-class intelligentsia' which the politician needs in order to substantiate his claims of having achieved 'social progress' and 'public good'. The poor and the dumb must of course be kept as they are because there is no profit in working for the self-supporting few, and a politician requires a large body of dumb and poor followers, off whom he can live comfortably and on whose shoulders he can ride to success and power.

Along with my fellow businessmen, I too suffered the approaches of men from all the parties, even though my views on economic policies had made me known as a 'difficult' man. Compared with those possessing a long association with political parties and their leaders, I was a novice and, therefore, exchanged views and experiences with some of my fellow businessmen.

For myself, I had the advantage of knowing the leaders of most of the parties through my personal discussions with them. I had found that some candidates belonging to different parties believed that they could be useful to the people by being in the Central and State Legislatures, while others preferred working in their own particular organization. Some were totally devoted to the work in which they had faith, with which work they merged their personal lives. Some came from

poor families and remained poor all their days, while some made their political career into an occupation primarily designed to lift them from rags to riches in the shortest possible time.

A veteran in politics once said to me, “I am not in business, but I know most of the businessmen who were associated with political parties before and during the Freedom Struggle in the 1920s and 1930s. Some of those men were then devoted to the cause of freedom; others put their faith in men who devoted their lives to the cause. Of the then political leaders, some lived in utter poverty, some chose to work without consideration of personal well-being. Such men and their organizations received generous financial help from men in business. There was no bargaining involved. Till we formed our cabinets in the States and at the Centre, after Independence, there was little that a politician could give to a businessman in return for his financial help.

Many of the businessmen who talked with me opened their hearts and narrated what they had observed for themselves. The sum total of their experience was that the ‘socialistic pattern of society’, which our politicians and pandits declared as their ‘holy commandment’, had got itself established for the benefit of politicians, bureaucrats, pandits and professional ‘fixers’. The numbers of the first category were swollen by sections of the vast army of government servants, both the officers and the men under them. All made their ‘grab’ together. The Marxian principle ‘to each according to his needs’ was perverted, in the case of sharing out the grab money, into ‘to each according to his position and his power’. The socialistic pattern was evident only in the fact that some share—be it large or small—was given to each

individual. Legally speaking, the lowest man with his microscopic share of the loot is as much of a criminal as the man who grabs a lakh\* of rupees. But in practice, no one ‘squeals’ and so all remain safe and indebted to each other.

So sound and practical was my political education at the hands of the veterans, that I came to accept the logic of business as the only guideline in my approach to election money. In my speech at Hyderabad in 1966, I had said that businessmen should support only such individuals as would study our economic conditions, observe the state of affairs in various departments and agencies, examine the effects of taxation and licensing policies and objectively declare their findings on the floor of the Legislatures.

I printed my views and posted copies to hundreds of businessmen. Some politicians said that my statement was an attempt to ‘buy politicians’, but in saying this, they ignored my stipulation that those persons should gain sound knowledge of business and of the economy and should always remain rational and objective.

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\* One hundred thousand





### 39. I CHAMPION THE GRAIN - TRADERS

My championship of our traditional and long-established grain trade, including the interests of all concerned in it from primary producer to merchant to ultimate consumer, dates from the year (1965-66) when I was President of the Federation of Indian Chamber of Commerce and Industry.

That was the time, when our government saw fit to launch a hectic and massive drive against grain merchants all over India. The statements issued by government authorities seemed to imply that India's grain-merchants were a bunch of hoarders, black-marketeers and greedy profiteers, who inflicted

shortages and high prices on innocent citizens in order to fatten themselves; and that the country's only saviours were those who worked in the administration and were now waging war on the above 'evil doers'. This war was marked by the arrest of thousands of grain-traders, many of whom were handcuffed and paraded through the streets "to make an example of them". Reports started pouring into FICCI's office from every corner of the land, detailing the harassments and humiliations to which the grain-merchants were being subjected.

The reactions of the public and the Press were sharp. Newspapermen who met me in the Federation office, to question me as the spokesman of Indian business, were in an aggressive mood and the Press conference started more as a confrontation than as the normal interchange of views and information. I recognised my visitors' mood and understood its cause. Most were hard-working men, representatives themselves of the middle classes so severely affected by the shortages and high prices and wrote for a readership that bitterly complained of the prevailing hardships.

I started replying to the pressmen's questions with good humour and understanding, but was compelled to draw their attention to the facts in order that they might not be carried away by their emotions. I quote some of the questions and answers we asked and gave each other:

*Press:* Isn't it a fact that businessmen resort to profiteering and black-marketing by hoarding large stocks of essential material?

*Kirloskar:* Please explain to me what you mean by 'hoarding', 'profiteering' and 'black-marketing'.

*Press:* We mean that the traders corner large stocks, create a shortage and then sell the goods at exorbitant prices by taking money under the counter.

*Kirloskar:* My experience is that no trader can run a shop without having some stock on the premises. Otherwise, how can he serve his customers and supply what they need?

*Press:* No, no... not 'some stock'. We mean 'large stocks'.

*Kirloskar:* How large?

*Press:* More than what is reasonable.

*Kirloskar:* And what is 'reasonable'? (Laughter) As the President of the Federation, I have received a large number of reports from which I see that by far the greatest number of traders arrested had 10, 20 or a few more bags of grain. Assuming that a trader sells about 3 or 4 bags a day, a stock of these quantities would last him only three to five days. I think that is 'reasonable' stocking: with anything less, the trader might as well shut his shop.

*Press:* Supposing you do not want to call this 'hoarding', isn't it true that the traders take more than the fixed price?

*Kirloskar:* Prices always rise for materials in short supply.

*Press:* Do you agree that the high prices impose suffering on the people?

*Kirloskar:* I agree that some of the customers can't afford to buy their needs when the prices go up.

*Press:* Now that you have agreed to that, don't you also agree that whoever takes more money is a criminal and should be punished?

*Kirloskar:* If the rule is applied to all—including the government—Yes.

*Press:* Do you mean to say that the government also profiteers?

*Kirloskar:* I do. Let me ask you whether for journalists

like you a telephone is a necessity? Can you do without a telephone?

*Press:* We certainly cannot.

*Kirloskar:* And all the telephones are owned, installed and managed by the government and whoever runs this essential service is supposed to do it promptly, efficiently and at reasonable charges? Do you agree with this?

*Press:* Of course we agree.

*Kirloskar:* Then just think over what we suffer. In these trunk calls we have categories like Ordinary, Urgent, Immediate and Lightning Calls and the charges vary between twice and eight times the ordinary call rate. If I have the money and my work is urgent I can pay eight times more for a Lightning call. But supposing an ordinary citizen, a small trader or a journalist, has equally urgent work, can he afford to pay eight times more to get a call? In fact, many cannot get their trunk calls at all, their work suffers and they cannot do anything about it. Don't you think this is sheer profiteering by the government in a service which is absolutely essential to people, but of which the government holds the monopoly? Isn't it callousness on government's part when our telephones refuse to operate or persistently give us wrong numbers, or blow into our ears all kinds of sounds and noises except the voice of the person whom we dial. Yet we have to pay for all of it, even for the bad service and indifferent attitude.

However, the press could not accept the idea that grain-traders and the government should be compared as equals. Some expressed their disagreement with the comparison. One of them said, "We don't have enough telephones in the country. That is why the government has to restrict the use of them. How do you say that charging higher rates amounts to profiteering or black-marketing?"

“It is true that we have shortages of telephones,” I conceded. “When a shortage occurs, the price of anything moves up. When the government raises the price you do not consider it criminal; when a trader does it in conditions of shortage you do consider it criminal. I do not understand your logic.”

A journalist explained that whatever the government receives goes into the public exchequer, but whatever the trader gets, goes into his own pocket to fatten his wallet. “How can you compare the two?” he asked. But I replied, “Wherever the money might go, it comes out of the pocket of a poor person and out of his limited means.”

After an intensive Press campaign against the traders, the government-owned Food Corporation of India (FCI) stepped into the grain trade. Established in 1965 under the Food Corporation Act, 1964, the FCI was supposed to procure, store, transport, distribute and sell foodgrains and foodstuffs. Politicians and administrators constantly declared that the FCI would work for the benefit of both the farmer and the consumer and would eliminate the middlemen, i.e. the trader and the commission agent.

Men who intimately knew the grain trade in India, however, felt that the tall claims of the FCI and its supporters were an instance of political deception and an economic fiction. Those of us who wanted to judge the utility of the FCI, waited and watched its performance for some time.

The FCI started expanding its activities without ever watching costs or estimating benefits to the customers. This attempt by the politicians to monopolise the grain trade was too ambitious to be successful. It meant abolishing the ancient market channels—over 3000 grain markets employing five million workers, markets which operated through agents and

purchasers to reach the smallest farmer in the remotest village and work in essence as the farmer’s agent. Over the centuries, generations of farmers and agents had worked together, knowing each other intimately and helping each other as friends and business partners.

In our villages, the farmer, who is the primary producer of our grain, generally retains a part of his produce for his family till the next crop is in. His labourers are often paid in grain. Seed-grain is borrowed and returned, serving in effect as a form of currency. When the crops are bad, the agent or trader helps the farmer out, getting repaid when crops are good. This man works on commission and is, therefore, keen to realise the highest prices for the farmer’s produce. If a farmer’s daughter is to be married, the agent lends the money. Usually no papers are signed and no other security is required than the farmer’s own honesty. Dr. A. S. Kahloni’s study for the Punjab Agricultural University has revealed that ‘93% of cultivators preferred to sell their produce through commission agents because they could get clean loans throughout the year.’

The FCI found itself unable to displace the agent and the trader. In 1966-67, FCI bought 87% of its total purchases of wheat from the traders and only 13% directly from the farmers. Even after promoting marketing co-operatives, its purchases from the traders were not less than 60% in the case of wheat and in the case of rice over 90%.

In 1973, the Government announced that the FCI would take over the wholesale grain trade and establish a monopoly. This decision, again, was more political than economic. It was opposed by the All India Foodgrain Dealers’ Association, which pointed out that it would throw five million out of employment and would work to the farmer’s disadvantage. Indeed, the FCI’s performance was so inefficient and costly,

that sheer prudence and economic discipline would have demanded that the Corporation be wound up.

The story of 1973 was different from 1965 when, as the President of FICCI, I had first joined issue with the Government in public debate. After the 1971 elections the highly charged political atmosphere was hardly conducive to objective discussions. The Government could do anything it chose without being mindful of either costs or consequences. The 'Indira wave' was at its peak. While paying scant attention to strengthening the economy, the Government was willing to scatter more than 30,000 millions of rupees through the FCI—over 35% of which (about 11,200 million rupees) would be eaten up by administrative expenses.

It was obvious that the Government would react with hostility to anybody who might take up the collective case of the foodgrain traders, but when the A.I.F.D. Association requested me to deliver the key address to their members in Delhi, I accepted. They told me that my speech should give out full facts about the grain trade and about how farmers and consumers would equally suffer if the FCI took it over. The Association decided to hold a rally of foodgrain merchants at the National Football Stadium, New Delhi, on 11th March 1973.

In my address to the 100,000-strong rally, I explained the background and the nature of the grain trade. The operations of the FCI were so wasteful, I pointed out, that its further expansion would escalate the present losses, which the Government would be compelled to make good through taxing the public.

I told my audience that the 2150 workers employed by FCI in 1966 had risen to 28,982 in 1970-72; establishment expenses had risen from 41 paise per 100 rupees of trading

in 1966, to 1 rupee 22 paise in 1970-71; and that today's handling charges came to Rs. 13.00 per quintal of rice against the trader's Rs. 3.75, putting the consumer to an additional cost of Rs. 9.25 per quintal. I explained that between 1966-67 and 1970-71 the FCI's losses in handling and storage increased by 350%, administrative expenses rose by 170% and godown expenses by 37%; and that thefts and misappropriations were more numerous and on a larger scale than ever.

I warned the consumer that neither the Government shops nor the FCI could give him proper service. "When the country suffers from under-production in agriculture, with a shortage in foodgrains," I declared, "the Government shifts all the blame to the traders; if it assures supplies to consumers, this is done more for political advantage than for the consumer's own benefit and the assurances invariably prove false. When the Government cannot render the kind of service that the grain dealers have been rendering for ages, how can it fulfil its promises? Ultimately, the consumers are put to great inconvenience."

I concluded my address with "Whether the Government or a small trader handles foodgrains, the citizen must be satisfied. His basic desire is to get good-quality foodgrains at a reasonable price. By 'good-quality' the consumer means clean, unadulterated and wholesome grain. A trader is compelled to render such service; in order to win or hold his customer, he has to serve him. When your wife buys foodgrains, she is likely to tell the trader, 'See that it is clean.' When a factory worker has to buy his rationed foodgrains, he is not likely to say, 'I want to lose a day's wages to go to the ration-shop and buy my foodgrains because the Government desires it so'. His loss of a day's pay is serious to him and adds to the cost of his food.



“I would, therefore, like to ask whether this is the area of operation in which Government can operate to the benefit of our citizens, and if this intervention is considered necessary, whether Government can serve the citizen in the same way as the citizen expects of a trader . . . The facts narrated lead us, I think, to the conclusion that the Government administrative machinery is not competent to trade in foodgrains. Such trading has always been essentially a field of operation for the skilled and the experienced and success in it depends on the satisfaction of the customers...

“I, therefore, request the Government to reconsider their decision of taking over the wholesale trade in wheat. The large investment they would make will give pleasure to few and suffering to many. It will benefit neither the farmer nor the consumer. I feel it will be prudent on their part to harness the experience and the skills of traders to ensure better food distribution at an economic cost. To destroy what is useful is to destroy what is productive. Let us not ignore logic in order to follow political ideologies.”

The foodgrain policy of the Government of India still wavers between unmixed *laissez-faire* and threatening the traders with a complete take-over. The only force operating in practical life is the market mechanism. When crops are good, as in 1977, prices are lowered to adjust to the supply. But when shortages develop the Government talks of monopolising the foodgrain trade. The shortages are perpetuated and for feeding himself the consumer is driven to the employment of black money.

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40.

## PAPA'S BIRTH CENTENARY

On 20th June 1969 we celebrated Papa's Birth Centenary. Our celebrations were shared by the Government of India, several of our associates, many professional and other organizations and all Kirloskar enterprises. The Government of India issued a special commemorative postal stamp to honour Papa as a pioneer industrialist and social reformer. The first stamp was released at Poona by the Governor of Maharashtra State. Memorial ceremonies were held in Bombay, Delhi, Calcutta, Bangalore and at several other places. Newspapers issued special supplements on Papa's life and work.

On 22nd June, the then Central Home Minister Mr. Y. B. Chavan unveiled Papa's seven-foot high bronze statue set on a lofty pedestal at the entrance of Kirloskarwadi. Mr. Chavan was accompanied by Mr. Vasant Rao Patil, then President of the Maharashtra Congress, and Mr. Rajarambapu Patil, Minister for Industries for Maharashtra State. All three of them hailed from towns closer to Kirloskarwadi, whose progress they had watched during Papa's lifetime and from their childhood. They were our neighbours and we felt proud of the way in which, by their work and ability, they had reached political eminence. The function was attended by a very large number of people who came from distant places to pay their respects to Papa's memory.

In his speech, Mr. Chavan recalled the economic, social and political conditions for more than half a century ago and said that his admiration for Papa's work increased tremendously when he evaluated it against the background of those times. "If we apply the tests we now use to plan a factory," he said, "Kirloskarwadi could not have passed any. When Papa Kirloskar established it in 1910, there was nothing to favour its working and growth. The founder had no capital. There was no raw material nearby, no market for the finished products; there was then no electric power anywhere near and no water supply. The only thing Kirloskarwadi had, when it was established about 60 years ago, was the slow meter-gauge railway line, the only communication through which Kirloskarwadi could be linked with other towns. There was no other communication of any kind."

"The factory prospered in spite of these handicaps because the right man, Laxmanrao Kirloskar, managed it. It is the creation of one man, the healthy result of his determination to succeed. Papa Kirloskar amply proved that a man, fired

by the determination to succeed, can overcome most of the disadvantages and succeed."

Turning to me, Mr. Chavan said, "Papa Kirloskar's son, Shantanurao, took over from his father and built the large network of Kirloskar enterprises which is now famous in the world. But he cannot equal his father's achievements. Papa Kirloskar's decision to make the first iron plough started India's industrial as well as agricultural revolution. Shantanurao built on that foundation."

Mr. Vasant Rao Patil put Papa's work into historical perspective through comparisons which every Maharashtrian, with his deep attachment to Maratha history, can readily grasp. "I have no hesitation," said Mr. Vasant Rao, "in calling Shantanurao the 'Shivaji' of India's industrial development. His vision, knowledge, foresight, and his dedication to India's industrial development, backed by his achievements, put India on the industrial map of the world. But he built all this on the very sound foundation of the industrial base laid down by his father, the 'Shahaji' who reared his son 'Shivaji' to achieve what Shantanurao has achieved."

The speech of Mr. Rajarambapu Patil, the Minister for Industries was equally emotional and was filled with rich compliments to my father.

The celebration of Papa's Birth Centenary on a national scale was organized by the Laxmanrao Kirloskar Birth Centenary Committee headed by Mr. Morarji Desai, then Deputy Prime Minister of India and destined to be later Prime Minister. The Committee included the Chief Minister of Maharashtra, Mr. V. P. Naik, Cabinet Ministers and other dignitaries. The function was to be held in Poona and presided over by the President of India, Dr. Zakir Hussain. It was delayed due to Dr. Zakir Hussain's foreign tour and was finally cancelled after his unfortunate death.

We, of the Kirloskar family and the members of our enterprises celebrated Papa's Birth Centenary in a way he would have appreciated. Celebrations in India are generally marked by declaring holidays; but we, in the spirit of the tradition that my father himself built up, celebrated by working for the full day. Whatever funds were contributed for Papa's centenary by our enterprises, Papa's well-wishers and friends, were put into the Laxmanrao Kirloskar Foundation.

This foundation, which we had established as a charitable trust in 1957, one year after Papa's death, helps new and small industries to get properly established by furnishing them guarantees for their bank loans; it also assists them with technical advice in production, and for deserving cases, in other appropriate ways. Over 300 small enterprises have received aid from the Foundation since its establishment. (The Foundation had also benefitted from the funds collected by my friends and admirers on the occasion of my sixty-first birthday in 1964).

Papa's Birth Centenary was for me an occasion to take an objective look at his work. Mr. Y. B. Chavan had described him as a pioneer industrialist. To us, his family, and to the families of all the men who worked with Papa, he was a pioneer in starting a new way of life in our tradition-bound society. Papa was among the first Brahmins to ban untouchability. From the day Kirloskarwadi was established in 1910 untouchability was banned there in every form. Papa did not allow segregation either in work or in living. There was no segregated section in Kirloskarwadi for the so-called 'untouchables' and these were never discouraged from participating in any activity, but acted in plays, participated in sports and mixed freely on all occasions with persons of all the other castes.

For taking such measures of social reform Papa had

to suffer. Brahmins from the neighbouring areas imposed on him a social boycott, which was openly declared in 1912 when Papa invited a Brahmin priest to perform the marriage ceremony of a Harijan youth, the son of one of our employees. This Brahmin had been accustomed to perform all the religious rites in Kirloskarwadi and Papa wanted him to do the same for this Harijan youth; but our priest refused to come to Kirloskarwadi from his village, saying that he "would not come to an untouchable's marriage."

Papa was determined that the Harijan boy and his family should not be deprived of the religious sanctity which his marriage could obtain only through the chanting of the customary mantras and performance of the prescribed rites by a Brahmin. Looking for another Brahmin priest, he remembered one such who was then staying in Kirloskarwadi, while on a visit to some relatives there and knew the mantras. Papa called the young man, appointed him 'Priest to Kirloskarwadi' on the spot and put him on our payroll. The new appointee respected Papa's wisdom and performed all that was required, without hesitation. With Brahmin priest, mantras and all, the wedding was a grand success.

The professionals among the Brahmins in the neighbouring villages were furious and intensified their social boycott of Papa. This did not hurt Papa much because he never believed in tradition but it hurt Mama with her faith in rituals, Brahmins and idols. The Brahmins started a religious crusade against Papa which continued for a few years. Influential citizens of Aundh State tried to intervene and bring about a compromise, but neither of the parties would relent. Eventually, those Brahmins decided to refer the dispute to the Shankaracharya, who is for Hindus what the Pope is for Catholic Christians and whose decision would be final. An invitation was sent to the Shankaracharya to visit Kirloskarwadi.

This exalted personage was at that time Dr. Kurtakoti, who had studied Western Philosophy and had a his Doctorate in Philosophy; in his learning he combined the best of both cultures and religions, Hindu as well as Christian. Dr. Kurtakoti visited Kirloskarwadi, held discussions with Papa and the Brahmins and gave his verdict. In support of this he cited Vedic authority; more, I think, to impress the Brahmins than to supply a necessity. He ruled that according to Hindu religious requirements and traditional dictates, even if a man is a Harijan by birth, his productive work bestows on him an honourable place in society. Hence, all workers were equals and Papa had committed no social or religious sin by defying the traditional caste-system and by mixing 'touchable' and 'untouchable' Hindus together.

Another feature of Papa's character was a strict adherence to Prohibition, which he enforced with ruthless discipline and for which he once risked his life.

During the early years of Kirloskarwadi, Papa used to employ ex-convicts and even traditional robbers to work as night watchmen; this represented his attempt to rehabilitate such men as good citizens. His first two were taken from the State jail at Aundh, with the permission of the Rajasaheb. One of these was a giant of a man with bulging muscles and reddish eyes, who had spent half his life in his traditional profession of robbery. He had been wont to use an axe or a sword to facilitate the efficient execution of his designs and speedily dispose of any victim who resisted him. His temper was as short as his body was tall and he used to fortify himself with plenty of booze. Once under the influence of this, he would stalk through the village street, his axe held aloft, and challenge anyone to come and fight him. (The challenge had never been accepted.) His last use of his terrible axe had earned him a life sentence.

When Papa employed him, he made the giant take a vow 'never to rob, never to kill and never to drink.' For sometime our watchman stuck to all the three vows; but although the abstinence from robbery or killing was not too severe for his instincts and his strong body, I think the denial of alcoholic spirits was a different matter.

One evening at Kirloskarwadi he succumbed to the lure of the bottle. After drinking deeply, he was in an excited and merry mood by the time he was due to stand his night guard. When he was called out for duty, his happy grin, hesitant walk and the strange look in his eyes began to cause some alarm. Already late, he was summoned repeatedly. This provoked him and he came out of his house carrying his old weapon, the huge axe with which he used to hack his victims to pieces. Lifting the axe to strike he challenged the messenger who had disturbed him. The man's instant flight roused the giant to fury. With axe held aloft, he stalked along the street, his rich vocabulary a marvel of obscenity in our pious atmosphere. Itching to pick a fight, he challenged everybody and when none accepted the offer, his murderous mood grew even more furious.

Somebody ran and reported this to Papa. My father got up and started for the gate where the giant was challenging the crowd of scared men who kept a safe distance.

Although advised to keep away from the monster until the effect of the high spirits wore off, Papa was too angry to listen to any such suggestion. The man had broken his vows, a sin which Papa could never excuse, quite apart from his present violent conduct.

Papa went up to the man and stood before him while the entire crowd held its breath. The six-and-a-half foot giant, drunk and belligerent, and Papa, a foot shorter and smaller in build, glared at each other, both too enraged to speak. Even



while the stupidly staring drunk was wondering what to do to the small man before him, Papa stepped forward and the gave the fellow two resounding slaps, at the same time calling him all sorts of names.

The onlookers stood aghast, expecting that the man's habit of killing an opponent would determine his reflexes and that the feel of his axe would overcome his respect for his employer. All breathed a sigh of relief when the giant began to waver. After staring at Papa for a couple of minutes, he bent down, touched Papa's feet, tendered his apologies and took a new vow never to drink. This time he kept his word. During his service with us he raised a family, educated his children and retired in happiness and honour at a ripe old age.

As I dwelt once again upon this incident of high drama, I savoured afresh the overmastering sense of Right and Duty, as well as the shining physical courage, of the man who had brought it to a happy conclusion.

There he stands today, on his pedestal resembling a rough-hewn rock, his moustaches lending him the slightly stern look that he wore in life, on one side of the entrance to Kirloskarwadi. On the opposite side, a beautifully executed statue of his wife in pure marble faces him. With a basket of fresh flowers in her hand, and her face a glow with a look of utter contentment, Mama seems as though she is on her way to some favourite temple, to worship the God whom she so steadfastly adored.

Mama's statue was erected on 8th March 1936. Soon after her death in 1933, the Radhabai Maternity Home was built in her memory at Kirloskarwadi, the corpus being provided out of her own savings.

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#### 41. **BUILDING KIRLOSKAR CUMMINS**

After signing an agreement with Cummins Engine Company of Columbus, (Indiana) USA, we established (1962) Kirloskar Cummins Limited (KCL), a joint venture with equity participation by Kirloskars and Cummins. 24.5% of the equity was offered for public subscription and when the list closed the issue was found to have been oversubscribed 200 times.

This overwhelming public response was particularly encouraging to the team of young people who were going to manage the new company. My son Chandrakant (Chanda),

then 35, had been appointed as Managing Director and had selected his own team of executives, all young men in their twenties and thirties. They established their office in a small building at KOEL. I left everything to the youthful team giving my help only when they needed it.

Chanda, since his joining KOEL in 1952 as a labourer in the packing section, had risen to be the Chief Engineer, first of KOEL and later of Mysore Kirloskar Limited, Harihar. In his twelve years of employment he had gained an insight into the working of large companies, besides acquiring practical experience in manufacturing diesel engines and machine-tools. He now made it a point to choose young men with practical experience in accounts, secretarial work, shop-floor supervision and other important aspects of production and management. He aimed at enjoying the benefit of their services for a number of years, which was a sound decision because the growth and smooth working of any company demand men with an intimate knowledge of the company's affairs.

KCL's small office at KOEL looked like the operational HQ of an army group. Young, eager minds were straining to get down to the job at the earliest possible moment. Time schedules were meticulously drawn—so meticulously (and with such disregard of our uncertain economic conditions) that I once good-humouredly remarked that all that the team needed were army uniforms and badges of ranks. First on the schedule was, of course, the construction of the building and on this everybody focused attention. Chanda's men hung a small blackboard in the office on which, every day, they wrote the number of days left for completion of the construction of their factory building; a sort of 'D-day minus' calculation. I used to go there sometimes and note the daily declining figure.

The building, however, did not come up according to schedule. When less than 50 days were left, the team began to develop jitters and uncertain tempers; when they talked to each other their voices had an edge. In the beginning the building had kept rising in inverse proportion to the decline of the 'D minus' figure on the blackboard; but after some time the building construction froze, while the board went on faithfully recording the diminishing number of days left for the building's completion.

At our discussion with the contractor (a man with a past record of efficiency) he explained his difficulties in getting building materials: when he had steel, the cement supply would be delayed; and by the time the cement arrived, his expected steel supply would fail to reach him. The resulting uncertainty slowed down work so much that his workers would simply absent themselves without notifying him. Chanda's men and the contractor thereupon decided to accept the facts of Indian life. The blackboard was removed. But interest on loans kept accumulating, while our young team gnashed their teeth in helpless rage.

What happened to Chanda's team happened no less to the Cummins men who had come from America to help and advise us as soon as we were ready to start production. Our American engineer, used to Cummins ways in the USA, would throw up his hands and say, "How the hell do you expect me to work without *that*?" (naming a particular instrument) The instruments needed were not available in India, being mostly imported from the USA. In that happy land, where everything is readily available, manufacturers hold inventories for the next two to four weeks' requirements for production; and when replenishment becomes necessary, they simply

phone the supplier and order the material and ‘hey, presto!’ it is delivered.

In the beginning, poor Chanda as Managing Director had to listen to many complaints regarding instruments which the Purchase Manager had been told to order “a whole week ago”. He would explain that importing an instrument from the USA to India did not involve only the simple sending of a cable or a telex message to the supplier in the USA and telling him to put it on the next flight to India. This was not our Indian way of doing things. We had an elaborate procedure imposed by the Government of India, copious forms to be filled in, authorities who must approve of the import, more authorities in the Reserve Bank of India who must release foreign exchange. All this, before we even order the instrument. On getting at last to Bombay’s airport, the contraption would have to pass through the Customs staff and the Excise men. And on the final leg when entering Poona, the Municipal man would hold it up to collect his Octroi duty on it and since the instrument was not likely to be listed in his guide-book, he would go through the ‘proper channel’ in assessing its values and imposing Municipal tax on it. “No question of one week,” explained Chanda, “we need *months* and that too if every form is found in order, every officer in a good mood, and on the package’s arrival in Bombay, if our man is fortunate enough to catch the custom man in a hurry to go to a picture with his girlfriend.”

Our American colleagues soon developed ‘tropical jitters’; they would get annoyed at every shortage and delay. While we were familiar with the production technology in the USA, they were not familiar with Indian conditions. We could not get the right materials in the right quantities and production

schedules lost any relevance to realities. In the meantime, we went about finding and choosing substitute materials, training and equipping our component-suppliers and developing our own sources for the supply of reliable components and other materials. When the plant went into operation, our problem was to maintain the quality to the required level, make and deliver the engines to our customers who were already pressing for early deliveries.

Cummins had sent a few engineers and inspectors to help us in the initial stage. We experienced some problems in manufacturing certain items such as cylinder-liners, which did not fulfil their life-expectancy when tested. The inspectors from Cummins would not accept them and though we ourselves were confident that we could improve upon the quality, the Cummins men felt that we could not make these parts. The uneasy mutual relations were not helpful to the new enterprise.

Eventually, I decided to take up the problem with the Cummins top men in USA, When I went there and discussed the matter with them, I found that they had some different suggestions to make, namely, that “we should sell the Company (KCL) to some concern like Rolls Royce or any other concern which was making large engines similar to Cummins.”

This suggestion was obviously made due to a feeling that Kirloskars could not manage the company, nor make engines to Cummins specifications and equal in quality to those made in the US factory. I did not welcome the suggestion, since I was confident we could make the engines. However, I realised that Cummins wanted to recover their investment, so after some more discussion I said, “The Company bears

my name—Kirloskar—and I am not selling it. But if Cummins feel that their investment should be recovered, I am willing to buy all Cummins' shares.” My offer surprised the Cummins men. They adjourned the meeting to the following morning, in order to think whether they should accept my offer.

When we met next morning, the Cummins men told me that they had decided not to sell their shares to me or to anybody else. They said they had decided to rely on me, because my confidence of running the company successfully had assured them that I should turn the corner and succeed. However, I made it clear that they should pull back all the Cummins men who were with us at Poona, after which the factory should be managed by Kirloskar men. They accepted this suggestion and recalled all their men from Poona, at the same time promising their full support and co-operation for successfully running the factory.

On my return we appointed young Indians to positions of responsibility. I and Chanda explained the position to our senior men. My son was confident that his men would do the job.

Initially we had to cross many hurdles, but we stuck to the job and within a short period produced good results. But by the time we got our Poona-made Cummins engines in the market, we had run out of all the cash we had and interest on various loans kept piling up. The KCL team drastically cut down their expenses; Chanda stopped his room air-conditioner; all travelling was cut to a bare minimum. We were expecting to sell our engines in large numbers soon and start getting cash.

Our cash, however, was still far away and meanwhile we had to submit to another trial. By the time we had engines

to deliver, the Third Five-Year Plan got into serious difficulties. The Government of India ordered Plan Expenditure to be cut down drastically; Bank credits and loans and credits from other sources were frozen; purchases of capital equipment were almost entirely stopped. Our largest purchasers were Public Sector enterprises which had ordered our engines as prime movers for earth-mover machines, for shunting locomotives, for power generation and similar uses. After receiving the orders stopping their credits, these enterprises could no longer take delivery of our engines. Our sales projection based on the figures given by the Planning Commission, Public Sector units or other purchasers who financed their purchases out of Plan Expenditure, lost all relevance to realities. We could sell less than half the projected figure and the reduced sales badly affected our flow of cash. Kirloskar Cummins, like KOEL a decade ago, had to fight for its survival and further to explain to our partners in the USA when they started entertaining doubts about the economic viability of India herself.

In our country, a private corporation is sometimes treated as something undesirable and when an Indian corporation like Kirloskar Cummins suffers from severe financial difficulties, its foreign partners and collaborators naturally feel disturbed. Our partners were convinced of our personal ability, but expressed doubts about the soundness of India's economy. Our government's large-scale experiments with the Public Sector, and the huge losses suffered thereby, had shaken the confidence of foreign investors. We had no means of convincing the developed countries that India was going through a critical financial difficulty for a short time, but that her economy was basically sound and would soon revive.



We now took the unusual step of inviting some of our foreign friends to visit Delhi, to which they agreed. I, Chanda, and our friends arranged discussions between our guests and men from various political parties, Members of Parliament, editors of financial journals and some businessmen. In spite of a very short notice all responded to our invitations. Our invitees discussed India's economic conditions with men of experience and intimate knowledge of the Indian economy. We neither briefed our guests nor intervened in their discussions, which were conducted in small groups. As a result, they were satisfied that the Indian economy of 1966 and 1967 was not on the verge of collapse.

Chanda had to struggle very hard to overcome his early difficulties, but within a couple of years Kirloskar Cummins was launched on the path to progress, all ready to reach further heights by 1970.

Cummins engines, let me remark, are large and sophisticated. Following our policy of rendering after-sales service, Kirloskar Cummins took over this activity by establishing Cummins Diesel Sales and Service Private Limited as a wholly owned subsidiary of Kirloskar Cummins Limited.

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## 42. A TALE OF TRACTORS

During 1969 and 1970 I was again involved in a controversy with the Government of India. Looking at the shortage of tractors, I decided to start a new company to manufacture these, by securing a collaboration agreement with a tractor-manufacturing organization of good reputation from an industrially developed country, preferably the USA or West Germany, with whom I had previously held discussions. I picked on Klockner Humboldt Deutz of the latter country. I had already discussed the desirability of our starting tractor manufacturing with the concerned ministries in India, who had

exhibited favourable reactions. The negotiations continued for some time and our application for a licence to manufacture tractors had long been pending with government, when the 1971 elections were announced.

I kept urging the Government of India to clear our licence and allow us to start manufacturing. Due to shortage of tractors, the government had decided that we would import the first lot of 3000 Deutz tractors on the condition that we should deliver one machine of each model for testing at the Tractor Testing Centre at Budhni (Madhya Pradesh). If the Budhni Centre passed the tractors, we would get the import licence for the first lot and a manufacturing licence to make the tractors.

Major conditions for foreign collaborations were two: (1) the collaborator must possess a plant in current operation and must agree to give the benefit of his Research and Development to the Indian manufacturer; (2) imported contents must be reduced by the Indian manufacturer over a period of five years, after which the tractors should be wholly indigenous.

Klockner Humboldt Deutz, with whom we had signed a collaboration agreement, could fulfil every condition mentioned. In addition, they made air-cooled engines and were among the leading manufacturers in Europe. An air-cooled engine eliminates all the disadvantages of the water-cooling system, which is troublesome to maintain in our hot climate, our dusty fields and poor maintenance by the users. An air-cooled engine lasts longer and cuts out the expenses of radiator, waterpump, hosepipes and cylinder water-jacket. We had decided to manufacture three models of Deutz, ranging from 30 to 100 bhp. Three models were already undergoing rigorous tests at Budhni and preliminary reports indicated that they would be approved.

As I waited for our import licence to be cleared for the first lot, I came to know that a new organization (without any manufacturing background) was being granted a licence to import 3000 tractors in 1971. I was surprised to see that our application was kept pending and even more so when I learnt that the new organization had signed a collaboration agreement with a West German company which had already left the tractor business. German Law lays a strict rule for the manufacturer of any kind of vehicle; he must guarantee the supply of spares and components to a purchaser for seven years effective from the date of purchase of his vehicle. In observance of this rule, the company with whom the new applicant had signed collaboration had merged with Deutz, who henceforth undertook to supply spares and components on behalf of the defunct company. Deutz were *our* collaborators; and yet the government had granted an import licence to the new applicant, whose collaborators had already merged with our collaborators.

In effect, the Government of India had granted an import licence for tractors which were no longer being made by the Indian party's West German collaborators and the terms and conditions for collaboration had been blatantly thrown over. The relevant Ministry had favoured the new organization at the time of the 1971 elections, acting, as I suspect, more from political considerations for the elections than because it felt any urgency for tractors.

I asked for an explanation, pointing out that the entire affair smacked of political corruption, since it had produced a situation in which the collaborators of the licensed enterprise had merged with the collaborators of the one whose licence was kept pending. That this had been done for political convenience, to satisfy the needs of the elections, was obvious. Indeed, when that new importer received his

imported machines, he promptly sold the lot without even bothering to put up his factory! After a few years, he even returned his manufacturing licence.

At that time, an intense agitation was being conducted in six states of India by farmers who had purchased East German RS-09 tractors and found them defective. A survey taken at the end of July 1970 showed that, out of 489 RS-09 tractors sold to farmers in the Punjab, 468 (that is, 94.68%) were reported defective. The distributors of the tractors, Agro-Industries Development Corporation of Punjab, a government-owned corporation (such as exists in each of our States) showed its unwillingness to take serious notice of the complaints and consequently the agitation in the Punjab grew in intensity. The same situation was seen in Andhra Pradesh, Gujarat, Rajasthan, Karnataka and Tamil Nadu in each of which the State Corporation had sold these tractors to farmers. Andhra Pradesh, Gujarat and Rajasthan had received 364, 478 and 400 machines respectively.

On receipt of the complaints and faced by the powerful agitation, the government stopped importing RS-09 tractors and further called upon the East German suppliers to come to India, carry out the repairs and, where necessary replace all the defective tractors free of cost. The East German technicians came to India, checked the defective tractors and reported that 'the bad working of the tractors was due to deficient training by the servicing organization, absence of organized after-sales service and wrong handling and maintenance by untrained farmers.' The Minister of State for Food and Agriculture in the Government of India answered a Member in the Rajya Sabha thus; "Even good tractors sometimes go out of order by mishandling or because of defective spares." What the minister did not mention was that farmers in India had been using other brands of tractors

satisfactorily for a number of years, before the arrival of RS-09 on the scene.

The agitation was so widespread that several jokes were coined on 'behaviour' of RS-09. One of our salesmen topped them all. He said that while travelling in the Punjab he had met and talked with an RS-09 tractor. When he asked the tractor why it was working so badly, the tractor said it was angry with the farmer, its owner and did not feel like working.

The farmer was listening to what the tractor was telling our salesman, who now turned to the farmer and asked him, "What is your tractor suffering from?"

"It's an illness called 'dialectical materialism'," replied the farmer. And when the Communist tractor from East Germany heard this (reported our salesman) it "started growling."

The joke pilloried the political favours shown by the State Trading Corporation of India which purchased the tractors from the East Germans for political reasons. The tractor business was kept under strict control by the government, more for political considerations and for the politicians' private advantage than for rendering service to the farmers. Instances of this sort could be multiplied indefinitely.

The government had laid down so many regulations that both manufacturer and importer were reduced to the status of Government agents. All the imports had to be arranged through the State Trading Corporation (STC) which collected one-and-a-half per cent of the price of the tractor, while itself doing nothing more than putting one rubber stamp on the 'Letter of Credit' and another rubber stamp for clearing the tractors from the docks after their arrival in India. The importer himself had to do everything that mattered. He had to take all the consignments to his factory, assemble and test them and then go to the Agro-Industries Development Corporation

of his State and report that the tractors were ready. The Corporation would then give the manufacturer a list of farmers to whom the tractors should be sold and at what price. The manufacturer would then deliver the tractors through his own dealers and pay the State Agro-Industries Development Corporation 2 ½% on the price for rendering the service of giving him a list of farmers and undertaking to render after-sales service.

The undertaking of 'rendering after-sales service' by the State Corporations was hardly observed. In fact, one of the State Corporations bluntly told its farmers that it had too many tractors and too few mechanics, so that the farmer must take his turn for the mechanics' services. In effect, this official exercise in socialism was paid for by the farmers themselves.

This elaborate procedure left no option to the tractor manufacturers. It was obviously a political procedure which ultimately cost the farmer more in price and production losses than could have occurred from direct purchases from the manufacturer. Tractor prices were fixed by the government without consideration of price-rise and cost-rise in material, labour and services, for all of which the manufacturer had to pay.

When our licence for importing Deutz tractors was held up, I had raised the question of the government's impropriety in allowing the new applicant to import tractors over the head of our application. I was given no explanation; but then, as soon as I was told that Budhni Centre had not completed the tests of our Deutz tractors and would take a long time to complete them, I no longer needed one.

Kirloskar Tractors Limited, Nasik, (Maharashtra) received all clearances in 1972.

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### **43. INVADING THE EEC AND DEVELOPED COUNTRIES**

Up to 1972, the major portion of our exports went to developing countries in South-East Asia, the Middle East, and Africa. In these areas, which were not partial to Indian products (especially the products of our machine-building industry) we had to compete with manufacturers from developed countries; the latter already possessed sizable sales and sales organizations there, whereas our sales were yet to be established.

As I contemplated our growing sales in India and in

foreign countries, I decided to make a determined attempt to 'invade' the developed countries. My regular visits to these countries kept me informed on the vital matters of new products, new techniques, costs of production and several other aspects which a businessman must closely study.

In 1972, I was elected to the Executive Board of Directors of the International Chamber of Commerce, Paris, which gave me an opportunity to exchange useful information and come to understand the economic conditions in advanced countries. In addition, we possessed a ready operating base in F. H. Schule GmbH (Limited) at Hamburg, West Germany, which we had acquired in 1967. Hitherto this company had chiefly manufactured rice-milling machines, packaging and car-washing machines; but after taking it over I took two major decisions designed to lower the manufacturing costs of Schule in Germany and to introduce Indian products into Germany and other countries of the European Economic Community. Our cost-benefit study justified my proposals and I proceeded to put them into effect.

From the late 1960's, enterprises in industrially developed countries, both in Europe and elsewhere, faced a serious problem of steeply rising costs, those in the USA being in a worse condition than in Europe. Many industrial products from such countries became more costly. In a survey of several countries it was found that US enterprises were pricing their products out of the European markets, while most of the advanced countries priced themselves out of the markets in developing countries. Many of these developing countries we had already penetrated, by opening offices there, appointing dealers to ensure speedy supplies and paying continuous attention to local needs. We had a further advantage over the developed countries in that India is herself a developing

country, going through the same problems as other developing countries. Our persistent effort soon brought their rewards.

Schule gave me a foothold in the EEC markets, to which exports from India were restricted, but to which our products made in West Germany, being 'of German origin', had full access. In addition to Schule, we had an office with warehousing facilities at Rotterdam (Holland) a city and port conveniently situated to feed the European and Latin American markets. We had actually made concentrated attempts, from 1964, to promote our sales in Latin-American countries; but finding that those vast areas and long distances made our supplies and after-sales service very expensive, we had to slow down our efforts. Accordingly, we used Rotterdam for looking after the European market. Ultimately we abandoned our efforts in South America and closed down the Rotterdam office.

The first of my two critical decisions was to assemble Kirloskar diesel engines in the Schule plant at Hamburg. My second decision was to make labour-intensive items for Schule in India. Kirloskar enterprises were already equipped for castings and forgings and were capable of sub-assemblies, but we had never yet made rice-milling machines. I, therefore, as the Chairman (of G. G. Dandekar Machine Works Limited, at Bhiwandi), which had been manufacturing rice-milling machines for a number of years, decided that we could do casting and fabrication work for Schule. KOEL had acquired a substantial interest in Dandekars and we combined the cost advantage of labour-intensive items in India with the sophistication of Schule in Germany.

I had observed that Indian products lack the kind of 'finish' which gives the 'attractive look' to products made in advanced countries. The concept and practice of selling our



products in highly competitive European markets was rather difficult for an Indian worker to digest, even though we did our best to explain to our workers in Poona the importance of meticulous habits and care in production and of that 'final touch' to a finished product which purchasers in developed countries demand as a matter of course. While we were discussing this aspect, one of our engineers said that unless our workers could study what was needed, they could not grasp its significance and would not learn suitable work disciplines. I agreed with him; and before our discussion was over I told the assembled executives:

“Select twenty men for training.”

“Where?” asked our Production Executive.

“At Schule’s, in Germany,” I told the surprised man.

“Teach them enough German to converse with Germans,” I went on. “Convince them that they will have to work with Germans and equal their skills and output and live in Germany for a few months. Send only those who can mix with Germans and eat and drink whatever the Germans do. Select only those who can leave their traditional habits at home. They should not carry their Hindu or Muslim taboos to Germany.”

We sent forty workers, two steno-typists and some other men to Schule’s for practical experience. They came back sufficiently improved.

My participation in several meetings of the International Chamber of Commerce, various discussions with the EEC, and our business interests in Germany, all provided me with a closer look at world events and the economies of several countries. Costs and prices in Europe, USA and Japan kept on rising, especially as a result of the oil-price crisis after the Israeli War. India did not escape the effects of oil-prices, but

compared with the economies of the advanced countries India, with her slow economic growth-rate and vast manpower, was in a better condition. The dramatic jacking up of oil-prices by the OPEC countries had the unexpected effect of improving rather than damaging India’s foreign exchange position. Her negative balance in 1973 was converted by 1979 to a credit balance of five hundred million rupees. At the same time, she accumulated buffer food-stocks sufficient for two years. Unfortunately, our Government lacked the astuteness to take advantage of these favourable factors and was too much preoccupied with what it fancied to be more important matters.

India’s low profile in the industrial world made European businessmen disinclined to consider her as a potential supplier of their needs, particularly labour-intensive items. I, however, felt that the present situation offered India an opportunity that must be seized.

I discussed with Indian businessmen and government officers in various ministries, the desirability of promoting India’s image as an emerging but fairly well-developed industrial country and was happy to find that they too were thinking on the same lines. I particularly admired the intelligent and productive efforts made by our Ambassador to EEC, Mr. K. B. Lall, with whom I was well-acquainted. Mr. Lall’s grasp of economic matters is admirable—both intelligent and practical. He, too, had been making serious efforts to induce businessmen from EEC to turn their attention to India.

During this period, I was happy that the Government of India was alertly watching for openings, and aggressively cultivating business opportunities for Indian products in European markets. Though the government and I differed on domestic economic policies, we worked together on promoting India’s image and India’s exports.

Following my decision to utilise every opportunity to promote India's business, with a view to getting acceptance from businessmen in EEC and other European countries, I wrote an article in the prestigious and influential journal *Revue* published from France in French and English. The September-October 1972 issue contained, besides my article, two other educative articles from eminent British businessmen: (1) 'On Entering the Community' by Sir Ray Geddes, Chairman of Dunlop Holdings Limited\* and (2) 'International Trade in the 1970's—Questions from the 1973 GATT Negotiations' by Sir Patrick Reilly, GCMG, OBE, President of the London Chamber of Commerce and Industry.

My article made a favourable impact on the leaders of business organizations who read *Revue*, as I could feel from the interest shown by businessmen from the EEC countries and UK, where the benefits of Britain's entry to EEC were still being hotly debated.

I pursued my objective in Europe with more confidence after the visit of the British Original Equipment Manufacturers (described in the next chapter) and the worldwide publicity which Kirloskar enterprises received. In my efforts to promote sales in foreign markets I was (as I still am to this day) determined to build an acceptable image of India.

I was invited to speak at the seminar organized at Brussels (Belgium) on October 22nd 1974, when the Belgo-Indian Chamber of Commerce was due to celebrate its twentieth Anniversary. I got useful guidance from Mr. K. B. Lall who, as India's Ambassador to the EEC, had taken every opportunity to serve India's cause and safeguard her interests. My speech on 'Prospects of Trade and Industrial

\* He became President of I.C.C. in 1980.

Collaboration in the Engineering Sector', in which I explained the contents and quality of India's engineering industry, included the following observation—

In engineering industries we have built a strong and a wide base. Our engineering development in India is in-depth. We dig iron-ore from the pits and transport it to our steel plants in Indian ships, trains or trucks. We make steel in steel plants designed, built and operated by Indians. We convert our steel into thousands of items, from huge steel plants to tiny paper-clips. We make machines which make other machines. We make machine-tools, tractors, tanks, locomotives, diesel engines, air-compressors, electric motors, transformers, power generating sets and many more things... We can cast, forge, machine, fabricate, assemble or manufacture almost everything European countries need.

I showed several slides to convince my businessmen audience from the EEC countries that our factories are large and modern. I then gave concrete examples to prove beyond all doubt that we have enough capability to satisfy their requirements. I said, "You may like to know how these advantages work to the benefit of Europeans. I draw, again on our experience. The Kirloskar Cummins plant is located in Poona, India. As the name indicates, it is a joint venture of Kirloskar of India and Cummins Engine Co. of USA. One of the types, NHC-4, is now exclusively made in India. Cummins Engine Co. has plants in USA, Japan, UK, India and Brazil, but NHC-4 is made only in our Indian Plant from where it is distributed all over the world. Everybody is happy with its quality and performance and both the partners, Kirloskar and Cummins, enjoy benefit in cost-reduction. In another Kirloskar plant—Mysore Kirloskar at Harihar, Karnataka State, India—we have joined hands with Alfred

Herbert, machine tools manufacturers of UK, to make machine-tools exclusively for the world market. Another enterprise in Poona—not Kirloskar—makes spares for trucks for the European manufacturer who does not make any more trucks; the entire plant for the manufacture of spares was shifted from West Germany to India. One of our Kirloskar enterprises makes ice-slab machines exclusively in India for its European manufacturer. Another makes arc-welding generators on the same basis.”

“I think such instances are sufficient to dispel any doubts in European minds about Indian ability.”

The visit of British Original Equipment Manufacturers to Kirloskar enterprises, in 1974, supplied me with plenty of good material for my speech at the Cavendish Conference Centre, London, on 26th January 1977. Entitled ‘Indo-British Co-operation in Engineering Products’, my speech was a part of the Symposium organized by the Government of India to promote closer economic co-operation between India and UK.

I laid the foundation of my speech by pointing out that the combination of men and machines in our manufacturing industries saves our costs and that Indian industries have built sufficient capacity, acquired capability and expertise in manufacturing and management. “I am confident,” I declared, “that we can work with you in projects in this country or in third(world) countries. The services we can render are many—market research, project reports, planning, implementation in part or full, turn-key jobs or package deals—all would prove mutually beneficial.”

“Further cost-saving can be done by you by entrusting to Indian firms not only acquisition of supplies like capital goods, tools, equipment and other materials from India for

projects in third(world) countries, but also entrusting to Indians the responsibility of maintenance, repairs and servicing of machines and equipment—of Indian or any other origin and make. The various ways I have suggested will ensure cost-savings to you. We are already doing such jobs with non-Indian organizations and with some others in third (world) countries. Forty projects in third (world) countries are already completed with Indian participation; sixty more are in different stages of completion.”

“While thinking of the future, I suggest, we all pay serious attention to developing co-operation in Research and Development. Enterprises in UK can entrust exploratory and innovative research problems to India. We have well-equipped Research Institutes and highly educated men to carry out what you want under your guidance.”

My reference to co-operation in projects undertaken by British enterprises in third(world) countries was deliberately emphasised. British business organizations have undertaken large projects, in Middle East and African countries, whose size and nature render them suitable for Indian know-how and economically advantageous to British project-holders if pursued through Indian collaboration. My suggestion that British business enterprises should give preference to our engines was by way of an inducement to the audience to verify my claims, by talking with users of our products and thereafter buying their requirements from India.

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#### 44. GUESTS FROM BRITAIN

Our exports to UK started in 1958 with a few engines. Between then and 1972, when I was concentrating on selling in European markets, our exports to UK were yet in small quantities.

That country had been severely affected by the economic crisis of the late 1960's and early 1970's; she had suffered from a very high inflation aggravated by the steep price-rise after the oil crisis; she was troubled by strikes, price-rises, low production and productivity, and balance of payment

problems; altogether, her economy was in an acutely strained condition. The British Government, however, had already started taking measures to alert the managers and workers of their enterprises to the realities and had started lowering tariffs to allow import of goods and make British industries realise that they could either compete and hold on or close down and cut their losses. These measures were spread over nearly ten years, sufficient to allow British enterprises to gear themselves to sell their products in competitive markets.

When I found that our products could compete with those of Britain, I concentrated my efforts in that country. I started probing deeper for responsive purchasers of our engines, pumps and other products. I talked with British businessmen who responded favourably to the idea of giving Kirloskar products exploratory trials and who became convinced after actual experience of the good quality of Kirloskar engines. However, what had disturbed European purchasers disturbed the British too. Their lingering suspicions hovered round two practical questions: (1) Could we manufacture in sufficient quantities and of even quality? (2) Could we deliver on time?

To satisfy the rising interest and initiate effective action we set about persuading our old friends from Parry and Company, now retired and settled in Britain, to establish a company to sell our engines in UK. The idea appealed to them and they formed P. M. Engineering Company Limited, 35 Piccadilly, London W. 1, to take over sales of Kirloskar engines and organize after-sales service in UK.

Our next step was to talk to British Original Equipment Manufacturers and invite them to buy our engines as prime movers. Keen interest was shown by one member, Mr. K. J. Harrison, Managing Director of Liner Concrete

Machinery Company Limited, which manufactures concrete-mixers that are sold all over the world. He tried our engine and was satisfied. I also met Mr. J. A. Nutt, Chairman and Chief Executive of SSP Pumps who was interested in joining hands with us and was ready to give us an order for a large number of pumps. Mr. Nutt had become interested in our pumps when he lost some sales to Kirloskar pumps in Bangladesh. He flew to India, had a look at our factory and confirmed that he would be joining hands with us.

Mr. Harrison wanted to finalise a deal. He needed 1,500 Kirloskar engines for his concrete-mixers and got down to working out with the details. He wanted the engines immediately, but though I assured him we could supply them, both of us were doubtful about shipping conditions. "I used to buy from the USA because I got fed up with our own suppliers. Then there came dock-workers' strikes in the USA as well as in UK... and my engines get stuck somewhere. No thanks, no more shipping for me! Your Indian dock-workers are no different. Let us see if we can lift all the engines by air from Poona to Newcastle where I have my plant."

We worked out all particulars of the cost. Mr. Harrison talked with Tradewings, a British air-charter firm, who worked out the details and agreed to air-lift the entire lot of 1,500 Kirloskar engines from Poona to Newcastle.

Out problems, however, were not yet solved, since Poona did not have a civilian international airport and India and UK did not allow each other's cargo planes to land at their airports. We should need special permission from the Indian Air Force and the Ministry of Civil Aviation and would have to make arrangements for customs inspection and permission from the health authorities. I was confident, we could get the co-operation of the Government of India, but

it was bound to take some time. Meanwhile, Mr. Harrison had to make arrangements at his end of the air-lift.

I was keen on coming to practical arrangements with Mr. Nutt. Mr. Harrison's calculations had shown me that we could come to the same arrangements with other O.E. manufacturers from UK. Some of their members were interested, but still doubted whether buying Kirloskar engines from India would work out to their advantage.

At this point, I decided to invite some of the British O. E. manufacturers to India to visit our Kirloskar enterprises. They welcomed the idea and we finalised the arrangements. On 24th February 1974, twenty-three British O.E. manufacturers arrived at Delhi with their wives. Along with them, we had invited the editors of two influential technical journals—Mr. J. F. Moon, European Director of *Diesel and Gas Turbine Progress Journal* and Dr. G. G. Maclellan of *Gas and Oil Power Journal*. I wanted both editors to have a close look at our factories and give their objective opinion. They arrived together with the British O.E.M. visitors.

Most of the couples who landed at Delhi at 10 a.m. on 24 February, after a night flight by Air India, were visiting our country for the first time. The customs men at Delhi airport were quick and efficient which pleased our guests. They were then taken to Delhi's Oberoi International Hotel by air-conditioned coaches. Both the air-conditioned coaches and the five-star hotel were a surprise to some of the party, one of whom frankly admitted, "We thought of India as the Taj Mahal, sadhus, snakes, monkeys... and, with a bit of luck, tigers!"

Between 24th February 1974 and the end of the month, chartered and company planes took our guests to Kirloskar Electric Company Limited and Kirloskar Asea



Limited at Bangalore; Mysore Kirloskar Limited at Harihar; Kirloskar Brothers Limited at Kirloskarwadi; and Kirloskar Oil Engines Limited, Kirloskar Pneumatics Company Limited, Kirloskar Cummins Limited, Kirloskar Kisan Equipment Limited and Bharat Forge Limited at Poona. These hectic factory visits left half-a-day for business discussions.

During the visit, we arranged a daily bulletin on the results of the British elections. Reading one of these, a guest quipped, "I just want to see whether it would be Heath or Harold Wilson. We want to see who ruins our economy faster!" We also arranged discussions between our guests and the Press in Delhi, Poona and Bombay. The frank exchange of views and information was appreciated by all the participants.

Mr. Harrison having announced that he was air-lifting Kirloskar engines from Poona to Newcastle (for which we had now received the approval of the concerned Ministries), the pressmen asked him to explain the economics of the air-lift. He willingly obliged them, as follows:

Suppose Kirloskars ship engines to me to a UK port, here is what they will have to do: load engines in Poona on trucks, unload them on the docks in Bombay, carry them to the ship, load them on the ship. The same thing in the UK—off the ship, on to the trucks, away to Newcastle, off the trucks. And what happens in between? Bombay docks are choked up. Ports in the UK are choked up. Then you may have a strike of the dock-workers (we have them in the UK; most of the docks have strikes now and then).

"I used to buy American engines and ship them to the UK. What happened? Strike in the US, strike in the UK, ships held up and I didn't know when I would get my engines. Without them my concrete-mixers wouldn't move. Result: I've got lots of money locked up in engines and mixers and so

have my buyers. They can't work without mixers and I can't make mixers without engines. Even if everything is OK with ships, I might get my engines 60 or 90 days after they leave Poona. I have large orders to supply. I can't wait. My mixers must move so my buyers can work with them. And then there's the cost and the labour for loading, unloading, trucking, shipping; same in the UK. Labour and trucks are expensive."

"So I've said I want to take all my engines by air. We have organizations who rent cargo planes. I wet-book them—that's our term for keeping them under contract to get the planes whenever you want them. I pay for the full trip UK-Pune-UK. I see that the plane is loaded with something or other up to the Persian Gulf. It unloads there and picks up something for India if it can. Otherwise, it flies empty to Poona which may be a dry-hop, but the plane company loses nothing over that because I'm paying. Now the plane lands in Poona; gets a full load of Kirloskar engines; may take half-a-day. Then it takes off and on the second or third day I can fit the engines right away on my mixers.

"If you total the entire cost—labour, trucking, shipping, off-loading in the UK, labour again, trucks again, unloading—plus the interest I and my buyers pay on money locked up—air-lifting is definitely less expensive. Poona to Newcastle in, say, three days—good enough!"

Mr. Nutt, young and aggressive, explained in the press conference: "I am not an engine man. I'm a pump man. I make and sell pumps all over the world. I've tried Kirloskar Pumps and they are excellent in quality and competitive in price. I'm convinced that Kirloskars can make a variety of pumps to our specifications. They have technical, productive and organizational competency and, I must say, very fine men—altogether an outstanding achievement anywhere in the world."

Explaining to the newsmen that his SSP group is old in the business, with a worldwide sales network, Mr. Nutt went on to say, “What I desire to do is the reverse of what happened over forty years ago. We used to export our pumps to India and Ceylon (now Sri Lanka) and we had sizable sales in India and African countries. We couldn’t send our pumps to India or Africa during the Second World War and when it was over, we found that Kirloskars had stepped in and captured our markets. Kirloskar pumps are good, prices are competitive and their users are happy with them. But I have an edge over Kirloskars in marketing because we have a very wide and very competent marketing organization. A prominent West German organization is joining hands with us. So I want Kirloskars to join us. They can make the pumps and we will sell them all over the world.” Then he added with a chuckle, “Kirloskars are tough bargainers, but I don’t grumble. I want their help for my own reasons. That’s sound business logic.”

An accountant by training, Mr. Nutt explained that in UK and Europe fixed costs had gone forbiddingly high; wages, materials, plant, machinery—everything was much costlier than in India. He confirmed that productivity in Europe had gone down and products had become more expensive. “We cannot afford to build factories as large as Kirloskars,” he admitted.

After giving a brief review of the economic conditions in the industrially advanced countries, he proceeded to “the passive outlook of Indians”, which he manifestly deplored. “Looking at the conditions now prevailing in most of the industrially advanced countries,” he said, “I wonder why Indians do not sell like the Japanese do. You have everything in India and plus something which should take you ahead of the Japanese. In engineering production—finished machines or intermediates—you have the capacity, competence and

experience. If India decides to compete, the whole worldwide market is open to her products. With Japan suffering from several acute handicaps, you have a field-day.”

“I feel like asking Indians: What’s wrong with you? Why don’t you go out and sell? Do you know how the Japanese sell in Europeans markets? They thrust their product right under your nose and say, ‘Buy this! Good product! Costs less!’ They don’t stop until they sell and so they just sell and sell and sell. Many of us don’t like the Japanese but we all admit they know how to make things and sell them. Compared to Japan, India has better national resources, larger area, much more manpower. Indians can be capable if they want to—as Kirloskars are—but I wonder why Indians don’t manufacture and sell much more than they do now.”

“Men in the UK and Europe don’t know about industries in India. I didn’t know till I saw the Kirloskar factories. Now, because Kirloskars brought so many of us and showed their factories, we know; that’s the right way of selling. Buyers must know you, they should talk about you. You should go to them and talk about yourself and your products. You have to advertise, write; by every possible way you should tell the whole world about yourself. If you do, you can sell, sell a lot of things like the Japanese do—and now you have an edge over the Japanese, too”.

Mr. Moon and Dr. MacLennan wrote articles in their journals giving detailed information about our plants, products, and organization. Mr. Moon summed up his article thus:

The combination of good technical and marketing know-how, sound engineering principles, advanced production and quality control methods will make the name ‘Kirloskar’ much more familiar in the world of market engines over the next few years. (*Diesel and Gas Turbine Progress Journal*,

June 1974) Dr. MacLennan in his summer 1974 issue of *Gas and Oil Power Journal* wrote:

The air-conditioned central laboratories within the KOEL (Kirloskar Oil Engines Limited) complex are generously equipped with precision machines for measuring and undertaking metallurgical analysis. Kirloskars appreciated from the outset that failure to exercise precise quality control would soon be reflected in a loss of reputation and falling sales. They regard firm discipline in this area as a necessary adjunct to good housekeeping.

Just as we had planned, we completed the air-lifting of Kirloskar engines from Poona to Newcastle. The first load was carried by a CL-44 swing-tail cargo plane which landed at Poona on 28 April 1974. It took off for UK next day with a load of 217 Kirloskar engines weighing 26 tons and 500 kgs. In all, we sent 13 plane-loads, each of similar weight. We likewise started delivering Mr. Nutt's requirements.

As a footnote to our successful invasion of the UK, I would mention that Kirloskar products are now well received in many industrially advanced countries. In 1977, we started selling our engines in the USA by establishing Kirloskar Incorporated at Baltimore. We expanded our activities in Africa and established Kirloskar Kenya Limited to render wider and better service to the countries of that continent. We opened a service centre at Abu Dhabi to look after our sales and after-sales service for countries in the Middle East. Our Philippines enterprise, Kirloskar Industries (PHIL) Inc. is marching ahead and so is our Indo-Malaysian Engineering Company, Berhad, in Kuala Lumpur, Malaysia.

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**45. BACK WITH  
CONTENTMENT: FORWARD  
WITH CONFIDENCE**

To compress the thoughts and actions of nearly eighty years into some 300 pages is no simple task. What I have aimed at doing is to tell a bit about myself, relate some of my more important experiences and express such of my plentiful ideas as seemed most worth expressing. I am not so perversely modest as to deny that my personality and career have been of interest (mostly friendly but no invariably so) to many people in many lands. And the sincerity with which I hold my views, provocative as some of them are, makes

me hope that they may be found stimulating and helpful even by those who cannot immediately accept them.

While propounding my views, however, I do not set myself up as a *Guru*, a teacher, or a prophet. I have no desire to establish a creed or a school. Indeed, I have often criticised and even ridiculed our multifarious *Gurus*, especially the political species which post-Independence India has so foolishly added to the religious *Gurus* inherited from our hoary past. These political *Gurus* are numerous and preach different 'isms'; the one thing they all agree upon is that our material and spiritual salvation lies in following their 'Holy Commandments', as they run our lives from the cradle to the burning ghat. It is they who dictate which textbooks should be studied from primary school to university; what crops the farmer should grow, to whom he should sell them and at what price; what and how much I should manufacture in my plants, and how much I should ask for it. It is they who decide the 'tremendous' question of whether I should be permitted to take my accustomed drink of an evening. Political *Guruism* has almost achieved the status of a new religion in our country. Over these last thirty years the demand for these *Gurus* has steadily increased; and the supply has always kept pace with it.

*Gurus* need conformists just as much as conformists needs their *Gurus*. 'Trust Thy *Guru*' has become a way of life. To conform or not to conform is no longer a matter of choice for us; conformity is demanded and the reluctant are obliged to toe the line. To me, of course, the sort of conformity which our *Gurus* and prophets prescribe is a negation of Man's priceless attributes of enquiry and objectivity. The foregoing pages have given many examples of the spirit of non-conformity which has possessed me from my early years. I am proud of being a non-conformist.

As a non-conformist, I have frequently found myself in conflict with some of our economic, political and social illusions. There is so much inter-connection between social beliefs, political ideologies and economic practices, that unless all are attuned to economic growth and production, we shall never succeed in eliminating our country's poverty (which our political *Gurus* never weary of proclaiming as their chief objective).

Our long history shows that India remained poor, not because she was short of natural and human resources, but because we deliberately kept these resources from any productive use. Our political slavery was due, not to any overwhelming British military strength (indeed, Britain's Indian Army was composed mainly of Indian privates and NCOs, though officered by British professionals) but to the traditional thinking which prevented us from uniting as a nation. Our economic backwardness was due, not to the British presence in India, but to our failure to initiate productive economic practices in a purposeful manner, a failure of which our own independent Parliament has continued to be no less guilty. How much could be achieved, even in the face of British competition and in spite of our government's Planning activities, was shown by some of our trading and industrial communities, by the pioneers of our textile industry and by a few enterprising individuals such as the House of Tatas. Yet the overwhelming majority of our countrymen continued to live resigned to their 'destiny' of poverty and ignorance. We lacked real far-sighted and patriotic leaders.

Our position today is not much better. Our leadership since 1977 has been exposed as a set of selfish, short-sighted and corrupt men, torn apart by their internal quarrels, whose claim to be called 'leaders' is open to the gravest doubt. Our socialistic thinking is an exercise in chanting mantras that have

no relevance to contemporary conditions. In this technological age with its premium on productive effort, both Gandhism and our native branch of Socialism have failed either to stimulate economic growth or to achieve social justice. I see both these 'isms' as relics of a vanished age, swamped by the tide of modern productive technology, new social structures and the growing and diverse needs of our populace.

I do not undervalue nationalism, nor do I wish to abolish social justice. But I must draw attention to the limitations of these two noble ideals, particularly when they become obsessive passions devoid of productive action. All nations, especially the emerging (developing) ones, over-indulge in both of these at some time or other, succumbing to a human weakness which even a hard-headed rationalist will recognise. But continued over-indulgence in nationalist emotions or in the socialist fancies of long ago, can lead to a senseless mismanagement of a country's economy and an increase in its poverty.

My own conception of social good is very different from that of our politicians. My fifty years' experience of Kirloskarwadi and recent experiences which I shall describe below, amply justify my claims that creative skills and gainful productive work alone can cure India of her poverty. These experiences and the faith they have engendered have turned me against all measures which restrict human productive activities. Centralised Planning hinders such activities rather than helping them to grow; whatever help it may have given has been of more benefit to politicians and bureaucrats than to enterprising individuals.

India's industrial growth owes its origin and strength to the pioneering efforts of individuals and groups who faced countless difficulties in order to establish their creative

enterprises. Many were neither rich nor yet mere 'cotton traders'. Many, like my father, had nothing but their ambitions and the ability to work tenaciously to fulfil them. Even after Independence men strove to achieve success through productive activities and built their ventures into successful concerns in the teeth of controls, permits, corruption and political interference. My own contribution to our economic development has followed my father's: to build organizations for doing productive work and generating income and wealth for our society. While longing for our country's freedom no less sincerely than those who shouted anti-British slogans, spun on the charkha, wore khaddar and courted arrest in various ways, I had no faith whatever in such methods. I chose to work for India's freedom in a way which would simultaneously contribute to her economic prosperity.

Let me illustrate my argument by describing two schemes of socio-economic development which I launched in rural areas of Maharashtra in 1960. Both were patterned after our experience at Kirloskarwadi, whose industrial development has produced the healthiest economic and social effects in the surrounding villages. One was at Khed Shivapur (Poona District) where Poona's Dnyan Prabodhini institution has long been doing educational, medical and social-welfare work. The other was at Ellora (Aurangabad District) where similar work is being done by the Kailas Trust. To each of these institutions KOEL gave units for manufacturing components for Kirloskar diesel engines from steel bars. I assisted the setting up of the plants and the training of young villagers for the work and helped them through their teething troubles. Together they employ over 250 workers, paying them wages which form a substantial relief to their families.

As I watched their progress, I found that the migration



from these plants, at a time when we see such a widespread flocking of youth from the villages to our cities, was negligible. From his regular pay-packet a Khed Shivapur youth derives benefits such as he has never known. He does not have to spend on accommodation, food, transport and other out-of-pocket items, all of which eat up a large portion of the wages of those who migrate to the cities. Working in his own village he saves almost all the entire amount of his pay and thus renders substantial help to his poor family. In addition to his wages, the youth villager benefits enormously from the productive skill he acquires and the self-confidence he feels as a trained operator. The progress at Khed Shivapur has taken a further step with some of the young workers transferring the machines to their own huts, where the whole family shares in the work up to the delivery of the finished parts at the Dnyan Prabodhini Workshop.

The social rewards are as striking as we found them at Kirloskarwadi. In the plants I gave to these two villages, workers are judged and paid according to their merits and they gain a social acceptance based on their competence in their work. The worker's new status cuts across the traditional caste and religious barriers. Productive skills have proved to be the most effective social equalisers in these villages, both for these young men who work together and share the pride of performance and also for their families.

Here I must mention the contribution of my wife, Yamutai, who has initiated and established Mahila Udyog Limited, a factory run entirely for poor and destitute women. The workers of this wholly women-managed factory are also its shareholders. Besides being financially very successful, the factory makes a valuable contribution to the rehabilitation of these unfortunate women as responsible citizens, proud of living on their own earnings, which suffice to maintain their

status in society. Women thus employed are laying a solid foundation for future generations.

Here, perhaps, I may fittingly mention a movement which has for long been close to my heart: the 'Clean and Beautiful Pooa' (*Swachchha va Sundar Pune*) movement. The ideals of cleanliness and neatness need to be taught right from childhood. The child who has been taught and encouraged to keep his school and its surroundings clean, will develop qualities which will benefit him, his fellow-citizens, his place of work, and the city he lives in. Today's child may be tomorrow's factory worker or manager, and if he follows those ideals and possesses those qualities, he will be an asset to any company which insists on cleanliness and neatness of work, as all members of the Kirloskar Group already do. As I note the involvement of pupils, teachers and others in keeping their school premises and the surroundings clean, I am filled with satisfaction and hope for the future.

However clean and well regulated a city may be, it is bound to contain a proportion of citizens who need the sort of help which enlightened Industry can supply. The work of the Kirloskar Foundation, and many other sources of help given by Kirloskars to the less privileged sections of society, have been recorded in this book. Here let me briefly answer those who sometimes ask what we do for disabled persons. In accordance with expert medical advice, we avoid giving employment in our factories to blind or otherwise disabled persons, to whom our working conditions would in all likelihood constitute a source of danger. Instead, we support and contribute to those specialised institutions where they can work in safety, thus making it possible for them to receive an adequate wage. In this manner, we have assisted many blind persons, spastics, mentally retarded women, and other unfortunates.

When I contemplate the difference of attitude, thinking and method between the businessman and the politician, I am proud of being the former and have no regrets for not having turned myself into the latter. A businessman's life in India, it must be admitted, is made to a complex social and political pattern which overshadows both his business and personal life. He cannot afford the luxury of following the 'holy scripts' of our Five-Year Plans, nor yet is he free to ignore them and be guided solely by the dictates of his own wisdom and experience. He must somehow struggle through, using his common sense, keeping his business objectives clear before him and following—whether to his profit or his hurt the rational way. But, like them or not, he has to accept the facts before him and work in the conditions which others have created. Every businessman in every country has to pass such a test of survival. His life includes working through good days and bad; and in emerging economies it will also include conflicts with politicians, ideologists and the traditional Pandits or *Gurus*. India's businessmen are capable of passing the test with credit.

I have lived and worked through these complex situations, both before and after the Independence and have had to struggle to overcome the obstacles they created. I have had my share of painful experiences, which I took in my stride, never resenting my critics, because I was equally critical of them. Whether as the decision-maker in my own concerns or as spokesman on behalf of business interests in general, I used to accept full responsibility for my views and actions.

Years ago I felt (and still feel) that our political leaders took a grip on India's economy, not so much for strengthening the nation, as for maintaining themselves and others of their ambitious tribe, in positions of power and authority. Although

their declared aim was to achieve economic equality with social justice, they failed to attain it because of their wrong ideas and their misconceived actions brought the poor man little or no benefit. State ownership of productive enterprises is a powerful instrument both for exercising and retaining political authority and for indulging in nepotism and corruption. State ownership by itself achieves nothing, because economic development is not a 'happening' which would automatically follow a given pattern of ownership. Even in the Private Corporate Sector, it is intelligence and objective decisions, hard productive work and cost-consciousness, prudence and the far-sighted perspective, which bring success. State ownership does not by its mere ownership-pattern guarantee all or any of these virtues. India cannot achieve good results merely through the pursuit of socialism or State ownership. Our customers in Britain, Europe or Africa buy our products, not because of our socialism or our Public Sector, nor because of Mahatma Gandhi, but for their good quality and competitive prices and the satisfactory service that goes with them.

What, then, do I expect our politicians to do? For an answer, let me remind them of what the late President Johnson said of the Chief Executive's task\*. "A President's hardest task," he said, "is not to do what is right, but to know what is right." Johnson's advice should be solemnly digested by our politicians, who (as I am forced to conclude) 'do not know what is right' even while they force upon us a great deal of what is wrong.

With half-a-century of working life behind me, I am convinced that we have built a sound foundation of industrial production on which we can grow in many directions, but that

\* Lyndon B. Johnson: "Towards the Great Society".

we shall grow much faster if the political restraints are removed. The new technology does not accept emotions, nationalism or political ideologies and the elements of economic development are impersonal in their operation, even though very 'personal' in their responses. When productively used, capital and materials, men and machines, yield results in proportion to the skill and brains of the user.

There is much we can learn from the example of Japan, whose people, with all their national handicaps such as lack of raw materials and natural resources, have overcome every obstacle and achieved the highest industrial output and highest growth-rate in the world. How have they done this? Their industries and trading are free of government ownership and Socialism has not been made the guideline of their national administration. They have arrived where they are as the result of their personal decisions and actions and their skill in using the elements of economic activities.

What Japan has done, can India not do? Yes, she can—as soon as our politicians and leader realise that economic laws and market forces prevail and will always prevail, in India just as they do in Japan or Europe or the USA. India cannot live, let alone progress, with folklore at home and harsh economic facts just outside the door.

And so I find myself in the happy position of looking back on a life of Profit and Loss in which the latter is far outweighed by the former. My habit of saying what I truly feel and propagating the views I believe in, has often earned me the sharpest rebukes from the politicians, the conformists, the *Gurus* and their followers. At times my 'punishment' went beyond rebukes and some of my encounters with politicians and others were actually more unpleasant than I have permitted

them to appear in this book. Yet I refused to allow such vexations to turn me from the path which I saw as the right one.

The Credit side of the ledger is long and full, beginning with the parents who formed me and set me on the creative path and continuing with my wife Yamutai, who has shared my life for more than fifty years and a host of friends as well as relatives and families very close to me. And—most particularly—my three children and their children, Chandrakant (Chanda) the eldest, has won on merit positions of responsibility in our organizations and several others. My younger son Shreekant (Shree) is achieving progress through his managerial skill. My daughter Sarojini (Jini), married into a Gujarati business family, is a competent businesswoman in her own right.

In a little over fifty years, I have watched the solitary Kirloskar Brothers Ltd., with a turnover of 3,00,000 rupees a year, swell into a powerful group of industries having a turnover of 5000 millions. Here, let me make it clear that my frequent use of the First person Singular merely illustrates my habit of accepting full responsibility for my words and actions; it is far from indicating any claim to have done everything all by myself. I could call myself the Chief of the Kirloskar tribe, comprising several hundred engineers, managers and executives besides many thousands of other men. Our organizations' personnel come from every state of India and from a number of other countries both East and West; they belong to different religious, national and ethnic groups. Ours are among India's many multi-national companies. Indians, Arabs, Africans, Malaysians, Filipinos and our European colleagues, all work happily together. We have a common purpose and a pride in our competency which binds us together as a productive force.

Formal recognition, has been shown to me on a number of occasions. In 1969 I received the Sir Walter Pucky Prize for ‘the most outstanding contribution to production engineering in India during 1968’. The Institute of Engineers (India) elected me as their Life Member in 1970. I was made Member of the Executive Board of the International Chamber of Commerce of Paris, France. In 1976, the Karnataka Chamber of Commerce awarded me the Vanijya Ratna for my ‘achievements in Industry, Commerce and Trade’ and Escort-NIF chose me as the ‘Man of the Year’. In 1977, I received the National Institute of Quality Assurance Award and medal for the year 1976 at Madras.

A variety of companies and educational and social welfare Institutions have conferred awards, chairmanships and directorships upon me and these have brought me the satisfaction of feeling that my efforts have benefited many of my fellow citizens in all stratas of society. Even the Government of India, which I so often and so vehemently criticised, appreciated our enterprises’ contribution to the economy, especially to the promotion of Indian exports and honoured me with the Padma Bhushan award in 1965.

I am a happy man, content with what I could achieve in and through my chosen work as well as with my private life. Even now, I am too busy with our expansion and diversification to have time to think about my age but sometimes friends do ask me, “How do you feel at seventy-nine?” I can truthfully answer, “I feel fine. The old machine is still running faithfully, after all it’s a Kirloskar product.”



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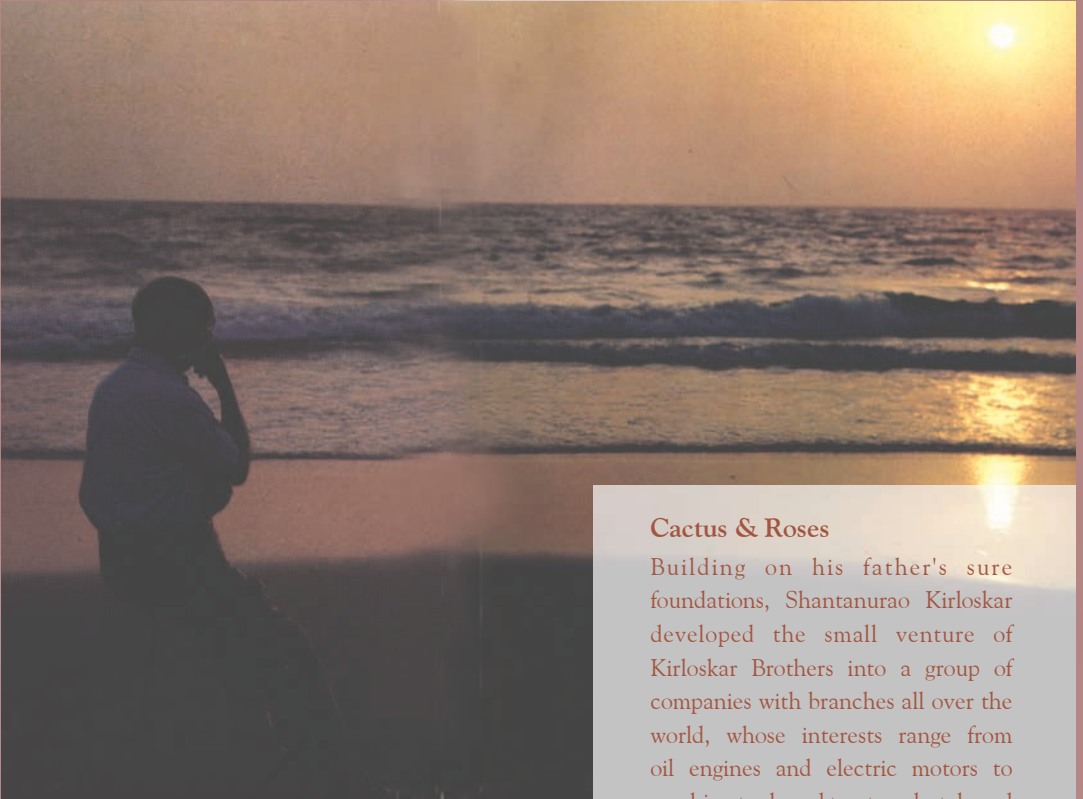
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